Godrej Agrovet Ltd.
Registered Office : Godrej One,
3rd Floor, Pirojshanagar,
Eastern Express Highway,
Vikhroli (E), Mumbai 400 079, India.
Tel. : +91-22-2518 8010/8020/8030
Fax : +91-22-2519 5124
Email : gavlho@godrejagrovet.com
Website : www.godrejagrovet.com
CIN : L15410MH1991PLC135359

Date: May 15, 2024

To,
BSE Limited
P. J. Towers, Dalal Street,
Fort, Mumbai – 400 001

Ref.: BSE Scrip Code No. "540743"

To,
National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex,
Bandra (East), Mumbai-400 051

Ref.: "GODREJAGRO"

Dear Sir / Madam,

Sub.: Transcript of Conference call with Investors & Analysts held on Thursday, May 9, 2024 at 3.30 p.m.

Ref.: Regulation 30 of the Securities and Exchange Board of India (Listing obligations and disclosure Requirements) Regulations, 2015

Please find enclosed herewith a transcript of Conference call of Godrej Agrovet Limited with the Investors and Analysts held on **Thursday, May 9, 2024** at **3.30 p.m. IST**.

The aforesaid information is also available on the website of the Company viz., www.godrejagrovet.com.

Please take the same on your records.

Thanking you,

Yours faithfully,

For Godrej Agrovet Limited

Vivek Pritamlal
Raizada

Vivek Raizada
Head – Legal & Company Secretary & Compliance Officer
(ACS - 11787)

"Godrej Agrovet Limited
Q4 FY-24 Earnings Conference Call"

May 9, 2024

MANAGEMENT: **MR. NADIR GODREJ – CHAIRMAN, GODREJ AGROVET LIMITED**

MR. BALRAM S. YADAV – MANAGING DIRECTOR, GODREJ AGROVET LIMITED

MR. S. VARADARAJ – CHIEF FINANCIAL OFFICER, GODREJ AGROVET LIMITED

MR. ANURAG ROY – CHIEF EXECUTIVE OFFICER, ASTEC LIFESCIENCES LIMITED

MODERATOR: **MR. ABHIJIT AKELLA – KOTAK SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Godrej Agrovet Limited Q F.Y. 2024 Earnings Conference Call hosted by Kotak Securities.

As a reminder all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhijit Akella from Kotak Securities. Thank you and over to you sir.

Abhijit Akella: Thank you, Darwin. Good afternoon, everyone and thank you for joining us on the Godrej Agrovet Q4 and F.Y. 2024 Earnings Conference Call.

From the Company we have with us Mr. Nadir Godrej – Chairman of the Company, Mr. Balram S. Yadav – Managing Director, Mr. S. Varadaraj – Chief Financial Officer and Mr. Anurag Roy – Chief Executive Officer of Astec LifeSciences.

We would like to begin the call with brief opening remarks from the Management following which we will have the forum open for an interactive question and answer session.

Before we start, I would like to point out that some statements made in today's call may be forward looking and a disclaimer to this effect has been included in the earnings presentation shared with you earlier. Participants are requested to note that this is an Earnings Call in respect of the performance of Godrej Agrovet Limited. We would like to request all participants to limit their question to the performance of the Company and refrain from asking questions with respect to the Godrej family settlement which the Company believes does not impact Godrej Agrovet.

I would now like to invite Mr. Nadir Godrej to make the initial remarks. Thank you and over to you sir.

Nadir Godrej: Good afternoon, everyone. I welcome you all to the Godrej Agrovet Earnings Call.

Godrej Agrovet recorded consolidated revenue from operations of Rs. 9,561 Crore in Fiscal Year '24 as against Rs. 9,374 Crore in Fiscal Year '23. While the revenues were flat, Fiscal Year '24 augured well in terms of a strong resurgence in profitability. Profit before tax improved by 55% to 434 Crore as compared to 280 Crore in Fiscal Year '23. This growth in profitability was primarily driven by exceptional performance of the domestic Crop Protection business, structural turnaround of the dairy business, market share gains and animal feed and robust volumes and margin growth in branded products in the Poultry business.

During the year, Godrej Agrovet also focused on achieving the long-term sustainability targets guided by the Godrej Group's Good & Green vision. We are one of the two companies in Indian agricultural sector to be included in the "A" list – leadership band of Climate Disclosure Project (CDP). GAVL CDP scores are ahead of the global averages. We made good progress towards achieving 2025 sustainable targets led by a 77% of energy consumption from clean renewable energy sources as against a target of 90% and being water positive Company already conserving 20x more water than our consumption.

Coming to the key "Financial and Business Highlights" of each of our business segments:

In Animal Feeds, while volumes remained flat, segment margins improved significantly in Quarter 4 due to favorable commodity positions and higher realizations in the Cattle Feeds category. For Fiscal Year '24 sustained volume growth in Cattle Feed and Fish Feed of 11% and 19% respectively over Fiscal Year '23 was partly offset by lower Poultry feed sales resulting in volume growth of 3%.

Segment margins improved sharply as compared to Fiscal Year '23 on account of softening commodity prices and higher realizations in Cattle Feed and Fish Feed categories. Our Vegetable Oil segment margins in Quarter 4 were adversely impacted by lower fresh fruit bunch arrivals and lower sales volumes on account of lower inventory of palm kernel oil brought forward from the previous quarter as compared to Quarter 4 Fiscal Year '23. The oil extraction ratio however improved sequentially as well as versus Quarter 4 Fiscal Year '23. For Fiscal Year '24 fresh fruit bunch volume growth of 6% was more than offset by lower crude palm oil and palm kernel oil prices which came off the highs of Fiscal Year '23 and normalized in Fiscal Year '24. The CPO and PKO prices were lower by 20% and 28% respectively compared to Fiscal Year '23. This resulted in segment margins being lower.

Standalone Crop Protection segment results witnessed strong growth in Quarter 4 as well. Stellar performance throughout the year driven by higher sales of in-house and in-license portfolio and lower sales returns as compared to Fiscal Year '23 has resulted in top line growth of 37%. The segment margin of 31% in Fiscal Year '24 was 3.4 times that of Fiscal Year '23.

For Astec LifeSciences Quarter 4 the top-line and margin profile improved on account of higher salience of contract manufacturing and new products. The full year top line and segment margin was severely impacted by sluggish demand for key enterprise products and a sharp drop in realizations due to the demand supply imbalance.

The Poultry segment recorded strong growth in profitability in Quarter 4 driven by higher live bird prices and an increase in volumes of branded products. Segment revenues declined primarily due to lower volumes in the live bird business. In terms of Fiscal Year '24 this segment delivered excellent growth in profitability led by higher live bird prices, consistent improvement in volumes and margins of branded products and operational efficiencies.

For the dairy segment Fiscal Year '24 was a year of structural turnaround as a result of significant improvement in operational efficiencies and improved milk spread. Salience of value-added products has improved to 36% of total sales from 32% a year ago. Quarter 4 Fiscal Year '24 also witnessed a robust improvement in segment margin led by operational efficiencies and lower procurement costs as compared to Quarter 4 Fiscal Year '23.

GAVL's joint venture in Bangladesh ACI Godrej recorded revenue growth of 8% year-on-year in Fiscal Year '24. Profitability improved remarkably and was higher by 117% over Fiscal Year '23 on account of lower input costs. That concludes our business and financial performance update for the quarter.

With this I close my opening remarks. We will be now happy to answer your questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press * and 1 on your touchtone phone. If you wish to withdraw from question que you may press * and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will now wait for a movement while the question que assembles. The first question is from the line of Nitin Awasthi from InCred Equities.

Nitin Awasthi: The first question which I had was regarding the fish meal prices which have been quite high, astronomically high in India because of the international dynamics if I am not wrong. How are we panning out, right now is there any relief on that side? And how does it affect us given that a Fish Feed business is growing rapidly?

Balram S. Yadav: You are absolutely right that the fish meal prices were very high. But what we are seeing now is some kind of softening has started happening and good thing is that we don't have too much of stock either in Bangladesh or India. So, my sense is that we are reasonably well placed in case the price falls.

Nitin Awasthi: And the Fish Feed formulation that we use, it's heavily dominated by Fish Meal or are we using alternatives? What is specifically I am asking is are we anywhere close to using insect meal in our feed?

Balram S. Yadav: No insect meal is being used and the only animal protein we use is the fish meal and I am sorry I won't be able to give you what percentage we add in our formulations because there are I think almost a dozen SKUs in Fish Feed and almost equal number in shrimp feed if I remember. So, I think formulation wise SKU wise it differs.

Nitin Awasthi: **Understood Sir. That works.** Second question was predominantly regarding use of DDGS which is maize DDGS within our animal feed segment and are we currently tying up with distilleries around India who have an excess DDGS production happening because of the maize ethanol program right now?

Balram S. Yadav: Yes, so because of ethanol the bad news was the corn prices went up because almost 6 million tons out of 35 million tons was taken by ethanol. The good thing which happened is that we have substantial DDGS availability. So, if the energy prices because of corn have gone up, the protein prices because of DDGS have come down which has helped utilize the cost increase in our feed segment.

Nitin Awasthi: Understood Sir. Thank you.

Balaram S. Yadav: I must also say that we are producing good quality DDGS in India.

Moderatior: Nitin, that's an answer your question or do you have any further question.

Nitin Awasthi: Yes. That answers all the questions.

Moderator: Ladies and gentlemen if you wish to ask a question please press * and 1 .The next question is from the line of Sarvan Vora, an individual investor. Please go ahead.

Sarvan Vora: Hi. Thanks for the opportunity. My first question is on Godrej Agrovet. Could I get a view how does the management see palm oil prices going ahead in F.Y. 2025?

Balaram S.Yadav: Sir would you like to take this question.

Nadir Godrej: Yes. Palm oil prices have dropped somewhat but they seem to be stabilizing now and of course they could rise a little bit. We don't expect that palm oil prices will go very high but Indian prices also depend on the import duty and since we have bumper red seed crops and farmers have to be kept satisfied it is likely that after the elections import duties on imported oil could be raised.

Sarvan Vora: Got it Sir. Thank you. And My second question is were discussed in the previous call also, that like you had highlighted that you are looking at maybe different corporate structure or other restructuring kind of things for Godrej Agrovet to enhance shareholder value. So, any updates that you can share on that point?

Balram S. Yadav: We have no update on that and I think in case we are thinking something like that at the right time we will let you know.

Sarvan Vora: And my third question is on Astec LifeSciences. So, in the previous quarter Mr. Roy had highlighted that you had launched some new products and we see it in the press release this time also. So just wanted to get a color on how those products are doing and in the current quarter and how do we see F.Y. 2025 for those products?

Anurag Roy: Yes, so we mentioned about the new products, last three or four quarters with our new R&D center, we have been actively focused on putting some of the new CDMO products in the pipeline and considering the enterprise business was under stress, our target was to get those products commercialized as soon as possible. So happy to say that some of it is even factored into the Q4 numbers, financial performance as well that some of those new products we have been working on are almost getting commercialized. So, as we move forward in F.Y. 2025 from July-August onward we will start seeing the financial performance kicked in from some of these new products which we have been working on.

Sarvan Vora: Got it. Just finally sir any outlook you can share for CDMO business for F.Y.2025, you've highlighted in the past that we're looking to grow top line by 50% to 100% and also, for enterprise business if you are hearing anything from your clients when do we see some recovery? Just both businesses separately.

Anurag Roy: So, on CDMO if you would have seen from last 2 years or so we have been almost doubling our revenues. This year we have grown by almost 67% from last year and we have a very good confidence that we'll continue to maintain that run rate as we get into F.Y. 2025. Now our base for the CDMO new products have also crossed 250 Crore. So, getting to almost a similar kind of run rate means significant revenue generation as we get into F.Y. 2025. And that's where our energies or our new R&D, our all developments are focused on. On the enterprise side, we haven't seen any green shoots in the market. But internally I would hate to give any forecast on when the market should revive back. In turn what we are focusing on are the things which are in our hand which are the CDMO, and the new product development and our entire goal and ambition is that as we get into F.Y. 2025, we completely de-lever ourselves from enterprise profits and the CDMO and new products itself can take care of the majority of financial performance and if the market turns back that will be a big plus on the enterprise side.

Sarvan Vora: Just to follow-up on that because you talk about margins and profitability. So CDMO margins are significantly higher than our traditional enterprise margins. But even with the increasing share that doesn't seem to show in the numbers. So, any highlight you can give there on that part?

Anurag Roy: So clearly the CDMO numbers are at much higher margins. But on the enterprise portfolio, the deterioration has been significant. If you see the contributions generated on enterprise portfolio is barely nil or in fact negative. That's one factor and the second important thing which you have to look at the numbers closely, is below the contribution margin, if you see over the last 2 years, we have also taken a lot of investment for future growth. Be it be the new herbicide plant; be it be the new R&D center. So, if you are looking at the profitability of the PBT levels clearly you see lot more negative. But if you dig a little bit deeper, we would have been even much more negative if CDMO and the new products have not kicked off at this fast pace.
So there has been a lot of investment which has been put up in the last 2 years. The revenue generation from those new investments for the CDMO and new product will kick in the coming years.

Sarvan Vora: Got it sir. Thank you.

Moderator: Thank you. The next question is from the line of Dhananjai Bagrodia from ASK.

Dhananjai Bagrodia: Hi Sir. Congratulations on very good set of numbers. My question is more on the dairy business. What are we doing exactly to change it structurally because now we are showing good numbers in this kind of business, and we have increased our VAP percentages?

Balram S. Yadav: I think multiple initiatives were taken and we also had consultants to work on our team, to bring in a lot of efficiencies in the business and I think one of the things which I can highlight is that we shrugged the business a little just to get rid of products where we were not making money and the region where were bleeding. So, I must say that a major improvement has come from our cost structure in our procurement system. From over 100 chilling centers where we procured milk, now we procure milk from less than 60 chilling centers. The denser we are the nearer we are, the cheaper we are, so that added to the margin. Apart from that several other experiments in procurement have been concluded and they will be rolled out this year which will further make our procurement efficient. Rationalization of SKUs and certain geographies we closed down. A whole lot of things have happened. That is why our gross margins are at par with the industry leaders in the private sector in Q4 and we are very sure because the benefits have not been fully realized on annualized basis because most of these projects started yielding results in Q2 and Q3. I believe this progress will continue this year and we will see those benefits. Apart from that our continuous focus on value added products is also yielding results that from 32% salience we became 36% salience, and we hope that this year we will grow the salience by another 4%-5%. So, it's a combination of things and we are very confident that in case the milk prices remain benign which they are following a regular pattern of a normal year, rather than the shortages which we saw in calendar year 2023 and 2024 which ate into our margins. In case the margins or the cost of milk remains at a normal level, I am very sure we will up the margins further in this case.

Dhananjai Bagrodia: Okay**.** How are we now just to have an idea, are we looking at now for this volume growth? Are we looking at more VAP percentage growth because now we've done all the hard work in terms of stabilizing the division, any thoughts on that? And how is competitive intensity being now in this segment because more and more players are trying to get into protein and other things in milk products?

Balram S. Yadav: I must tell you very honestly, that the competitive intensity in liquid milk is very high in all parts of the country where cooperatives are also big. In the South there are a lot of private players. So that will always be highly competitive and that will also be price sensitive also. But I think, last few quarters I have conveyed that our focus is on branded value-added products. That will be the focus area. Whatever growth we will get this year, or we are getting this year since April is gone, I think most of the growth is coming from the value-added segment which we also like because it has higher contribution margins than liquid milk and less price sensitive. So, that will be the course of action. However, for liquid milk we also have a strategy. We are not represented in all geographies in these five southern Indian states we operate. We plan to at least saturate these geographies in the next 2 years and grow to a level where our plant utilization from currently 60% come to about 75% to 80% which is the ideal. But yes, the focus will definitely be value added product, premiumization, new product development and branding.

Dhananjai Bagrodia: Ok. Fantastic. So Congratulations on doing such an incredible job turning around a division like this which is historically been tough other players. Thank you.

Moderator: Thank you. Participants who wish to ask question may press * and 1**.** The next question is from the line of Abhijit Akella from Kotak Securities.

Abhijit Akella: Thank you. A few questions from my side. First on the animal feed segment while cattle and fish have been growing strongly in terms of volumes, Poultry lagged behind a little bit last year. How do you see that shaping up in the year ahead and can we expect cattle and fish to sustain double digit volume growth going forward? Also, any comments on the margins that you would like to make for animal feed?

Balram S. Yadav: So, I must say that Cattle Feed and Fish Feed the game is wide open. There is no integration likely to happen because Cattle Feed market is huge. Category conversion is at 20% level, and we believe Cattle Feed and Fish Feed can both grow in double digits for the next at least foreseeable future. Poultry is integrated, particularly broilers, as more and more companies integrate and feed becomes part of the input for producing broilers, the market is shrinking. But we believe that we will have a dominant share in this shrinking market, and we will be in this segment, maybe a very small improvement in volume but definitely we will be able to maintain volumes in this segment. Layer feed suffered because of very high egg prices. The replacement of chicks was not very high because people continued with the flock which were made to realize the benefit of high egg prices and now that replacement has started, we believe layer feed which was a growing segment for us barring last year will start growing again. So, in all and all this year I believe that the growth in animal feed will be driven by Fish Feed, Cattle Feed and Layer Feed. On the margins, I must tell you that steadily we have been improving the margins. So, I'll give you some color quarter-on-quarter. So, I must say that Q4 of last year we had dropped to about Rs. 1,223 per ton EBIT margin. Then Q1 went to Rs. 1,442, Q2 Rs. 1,531, Q3 is always a tough year in the animal feed business because the new crop starts coming and players start dropping prices even though the crop is not usable because of high moisture. So that has always been a poor quarter for us in EBIT per ton. But a very good quarter for us for volumes and Q4 we have gone to Rs. 1,874. So, my sense is that the upward trend will continue and I am very sure whatever on the year-on-year basis I am saying, and we will be able to maintain close to Q4 numbers in this quarter also.

Abhijit Akella: So Rs. 1,800 plus for F.Y. 2025 is what we are looking at?

Balram S. Yadav: No, I am talking about quarter-on-quarter. Our average last year was about Rs. 1,531 and I can definitely F.Y. 2024 was Rs. 1,531. The only thing I can say is that F.Y. 2025 will better than that.

Abhijit Akella: Understood sir. And There is also a comment in your presentation about increasing realizations in both Cattle Feed and Fish Feed. Is this primarily driven by the new product launches?

Balram S. Yadav: Yes.

Abhijit Akella: And then there's also a lot of mention of new products launched in Q4 in Cattle Feed. So, any specific features or attributes that we are targeting here to continue to gain market share?

Balram S. Yadav: All these products there are only two segments where we are launching products, new geographies to compete with the existing competitor and new products to cater to very high yielding animals.

Abhijit Akella: Got it Sir. On the oil palm business, we seem to have started some trading revenues which contributed quite significantly. So, if you could please just elaborate on the strategy behind what's happening there?

S. Varadaraj: So, in oil palm as you know we have commissioned our refinery and for the purpose of refinery to ensure that the refinery is completely up and running, we do sort of get into buying crude palm oil and refining and further selling it in lean months. So that is what the trading fees is here.

Balram S. Yadav: So, Abhijit I want to specify that normally the refinery and solvent extraction capacities are higher than our in-house production of palm kernel cake for solvent extraction and CPO for refinery and just to utilize the refinery I think marginal contribution is very important. So, we buy oil and refine it and sell only Stearin and Palm Fatty Acid Distillates (PFAD). I am very sure that we will have to do it for a year or two, but my sense is that all our capacities will match with our production in 2 years' time.

Abhijit Akella: Understood Sir. And then just on the Godrej Tyson business if you could please just help us with a breakdown of the revenues between the branded business and live bird and also, what sort of growth rates are we seeing in the branded business going forward?

Balram S. Yadav: So, we are defocusing on commodities. So, the live bird has started degrowing from last year onwards, it will continue to degrow because more and more birds are going into the processing plant. Yummy's grew about 13% and Real Good Chicken grew about 15.6% and if we take the blended number, then the branded volumes grew by about 15% in F.Y. 2024 over F.Y. 2023 and that is the focus for this year also.

Abhijit Akella: And you mentioned in the past that the target is to by F.Y.2028 take this branded share to maybe 80% plus.

Balram S. Yadav: No, I think this will happen much earlier because we are getting very good traction in our processed chicken business and good thing, we did is that about 2 years ago we enhanced capacity marginally. So, my sense is that it will happen earlier because our growth rate in Real Good Chicken is pretty good.

Abhijit Akella: So, what would be the margin differential approximately between the brands and commodity business here?

Balram S. Yadav: So live bird can be -25% to +25%. You can choose whichever number you want. Ok. and Yummy's our contribution margin which is margin after variable is about +35% and Real Good Chicken is close to 15%. I must tell you that a large portion of Real Good Chicken is B2B to QSRs and E-com and direct to home Company.

Abhijit Akella: Just one last thing from my side. The unallocable expenses within the segment financials, those seem to have increased quite meaningfully this quarter. So, if you could please just help us understand that.

S. Varadaraj: When you compare it with last year, there was sale of land which was netted off in the unallocable expenses and that is the reason why you are seeing a big jump.

Abhijit Akella: So, this Rs. 50 Crore number that we are seeing for this quarter in unallocated that's a sustainable number is it going forward?

S. Varadaraj: Yes, that is a sustainable number. Last year was because of the netting-off of the income.

Abhijit Akella: Ok. Thank you so much for taking my question. All the best.

Moderator: Thank you. Ladies and gentlemen if you ask question you may please press * and you're your touchtone phone. Participants to ask a question press * and 1 this time. The next question is from the line of Sarvan Vora, an individual investor. Please go ahead.

Sarvan Vora: Thanks for giving this opportunity again. I just wanted to understand from you, in our Godrej Agrovet business because some businesses are related, so what kind of cross business knowledge or functionality do we share among businesses?

Balram S. Yadav: So, one thing which we share very well is talent. So, most of our business either totally or at least in the supply chain are rural facing businesses. So, I think talent fungibility is very high in our businesses. The second thing is that this if you take, there are several businesses where we buy commodities. ACI Godrej is a feed Company in Bangladesh. Our feed businesses, both aqua feed and normal animal feed plus Godrej Tyson Foods feed requirement all this is bought by central buying organization and when we combine these volumes, the volume purchased in India including for Bangladesh is close to 1.8 million tons which is a substantial quantity. So, this is another thing. Plus, all good practices, etc., which is standard exercise. So, I am saying that there are a lot of synergies which we capitalize on.

Sarvan Vora: Got it. Like you mentioned about the indeed dairy business how we have increased the share of the value-added products and also, in Tyson we are adding more of de-commoditized products. So, can you just share it for the other businesses also, just a brief on how we are trying to make our margins less commodity driven?

Balram S. Yadav: So, I will give 3-4 examples. So, in the oil palm plantation business; earlier were sellers of only crude palm oil and palm kernel oil and volatility will affect us significantly. By setting up a solvent extraction plant, other wealth from waste project plus refinery now we are less impacted by volatility of CPO and CPKO because we are selling only Palm Fatty Acid Distillates (PFAD), Stearin, palm kernel extraction which is one level of value addition. So, I am saying that I will give an example of this year, we had a target of Rs. 184 Crore PBT and there was a significant drop in CPO prices. There was almost a 12% - 13% drop in crude palm oil price, 20% drop. So, if we were only in crude palm oil and palm kernel oil, our profits should have fallen by 40%. But because of these profits came down only by about 20%. Now this is the way to go in this business. We will not stop here. We will start going into further value addition, including refining other oil also which is PKO and probably doing something with the product. So that journey has started. As we learn I think in 3 years' time my sense is that the oil palm plantation business will be less dependent on CPO prices. Of course, we cannot totally I would say disconnect from that but the impact will become insignificant on a long-term basis. Similarly, the story of Godrej Tyson Foods Limited, I have talked about. I have talked about Godrej Creamline Dairy also. So similarly, all areas we are moving towards either value added products or down the value chain where margins are better. CDMO was another example in Astec LifeSciences.

Sarvan Vora: Sir, What would be our CAPEX guidance for F.Y. 2025 for Godrej Agrovet standalone as well as for Astec LifeSciences separately?

Balram S. Yadav: On an average we keep on investing about Rs. 250 to 300 Crore. I think, we will maintain that run rate but the investment will come. We just have added some capacities in our dairy business. We have to invest in distribution in our chicken and dairy business. I will tell you how we invest in distribution because wherever we go, we require freezers and chillers which we invest in and a big chunk of investment once our plan firm up for our refinery expansion in our oil palm business. But that all will be decided sometime around end of Q2.

Sarvan Vora: And for Astec?

Balram S. Yadav: Astec, we have commissioned one herbicide plant and capitalized it in Q1, so we are in a situation where we have capacity to fill. But I am very sure that Astec CAPEX cycle will come under discussion in Q3 and Q4 because in case contract manufacturing or CDMO business picks up, we will require specialized capacity for specialized product for specialized customers.

Sarvan Vora: Because cash flows have fallen significantly for Astec this year, are we looking at any equity raise plans for Astec?

Balram S. Yadav: No, we are not looking at any raise because we strongly believe that we have industry has bottomed out and now the journey will be upwards and in this business, I am saying that debt equity is still about 1.3 or something. So, it's not a very big concern. We can tide over whatever is the short-term requirement by supporting internally.

Sarvan Vora: Got it Sir. Thank you so much sir.

Moderator: Thank you. Ladies and gentlemen, we have no further questions. I would now like to hand the conference over to the management for closing comments. Over to you sir.

Nadir Godrej: Thank you. I hope we have been able to answer all your questions. If you have any further questions or would like to know more about the Company, we will be happy to be of assistance. Stay safe and stay healthy. Thank you once again for taking the time to join us on this call.

Moderator: Thank you. On behalf of Kotak Securities, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.