

Godrej Agrovet

BSE SENSEX 82,727 S&P CNX 25,220



Stock Info

Bloomberg	GOAGRO IN
Equity Shares (m)	192
M.Cap.(INRb)/(USDb)	163.2 / 1.9
52-Week Range (INR)	874 / 654
1, 6, 12 Rel. Per (%)	13/9/0
12M Avg Val (INR M)	253
Free float (%)	32.5

Financial Snapshot (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	93.8	107.1	117.3
EBITDA	8.2	10.0	11.9
Adj. PAT	4.3	5.7	7.1
EBITDA Margin (%)	8.7	9.3	10.1
Cons. Adj. EPS (INR)	22.4	29.7	36.7
EPS Gr. (%)	19.5	32.6	23.8
BV/Sh. (INR)	124	95	121

Ratios

Net D:E	0.6	1.1	0.7
RoE (%)	17.5	27.1	34.1
RoCE (%)	11.7	15.5	18.7
Payout (%)	46.9	35.4	28.6

Valuations

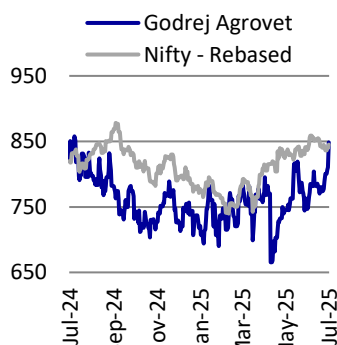
P/E (x)	37.9	28.6	23.1
EV/EBITDA (x)	21.9	18.5	15.2
Div. Yield (%)	1.2	1.2	1.2
FCF Yield (%)	4.6	3.1	3.5

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	67.6	67.6	74.1
DII	9.2	10.4	12.9
FII	3.8	2.9	1.7
Others	19.5	19.1	11.4

FII Includes depository receipts

Stock performance (one-year)



CMP: INR849

TP: INR980 (+15%)

Buy

Capitalizing on crop protection and palm oil momentum

Godrej Agrovet (GOAGRO), a leading agribusiness company with a diversified presence across multiple segments, is well placed to leverage the growing domestic crop protection industry and the increasing realizations in the palm oil segments.

- Despite a challenging macroeconomic environment, the company's domestic crop protection segment delivered a strong performance in FY25, led by robust growth in the in-house portfolio, particularly the Hitweed herbicides. With a favorable monsoon outlook for CY25 and a planned expansion into new crops and geographies, we expect this momentum to continue in FY26.
- With improving price trends, the normalization in volumes across geographies and management's strategic initiative to increase the revenue contribution of the CDMO business, Astec is well on its recovery path and is expected to turn EBITDA positive in FY26.
- GOAGRO's palm oil segment is positioned for robust growth, supported by recent investments in crude palm oil refinery and Kernel palm oil refinery, along with the introduction of value-added products. With palm oil prices projected to increase by 6% in CY25, we expect margin to expand going forward.

Domestic crop protection outlook steady with expansion on track

- The domestic agrochemical sector experienced a challenging FY25, led by subdued farmer demand due to erratic weather patterns and a decline in prices of key agricultural crops.
- Despite a challenging macroeconomic environment, **GOAGRO's standalone crop protection business delivered a resilient performance in FY25**, achieving a higher margin of ~40%. This was primarily driven by strong growth of the in-house portfolio, particularly the **Hitweed** range of herbicides, which witnessed substantial volume expansion during the year.
- The outlook for Indian agriculture remains positive, driven by favorable monsoon forecasts and improving rural demand. The IMD has projected "above-normal" rainfall, supporting expectations of a strong recovery and potential record-high food grain production.
- Looking ahead, the company intends to expand its presence across new geographies and additional vegetable crops.
- However, this expansion is expected to result in a contraction in margin to ~30% — **still likely to remain among the highest in the industry. The management anticipates these growth initiatives to drive ~30% growth in revenue in FY26E.**
- Additionally, the company maintains a healthy product pipeline, with plans to launch around five molecules over the next three years.

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Turning the corner with volume-led recovery of Astec

- During FY24 and FY25, Astec faced significant headwinds due to a decline in volumes of key active ingredients and intermediates amid high industry inventory levels, widespread de-stocking, and a persistent demand-supply imbalance.
- Additionally, price corrections in enterprise and contract manufacturing portfolios (deferment of orders), coupled with challenges from high-priced inventory in the enterprise segment, further pressured profitability. **The company has since responded by strategically liquidating high-cost inventories to realign with market conditions.**
- With better raw material availability, favorable pricing, and a likely volume recovery from 2QFY26 amid improving demand in key markets like the US, the enterprise business appears to have moved past its challenging phase.
- Alongside the ongoing recovery in the enterprise business, management is focusing on improving profitability by increasing the contribution of the CDMO segment. Currently, CDMO contributes around 60% to Astec's revenue, and the company plans to raise this share to 70-75% over the medium term, which is expected to result in a more favorable margin profile.
- **With the normalization of raw material dynamics, a recovery in key end-markets, and a strategic shift toward a higher-margin CDMO portfolio, Astec is well-positioned to deliver improved and sustainable performance. We estimate Astec to achieve ~35% YoY revenue growth in FY26 and transition to positive EBITDA.**

Better realizations and investment initiatives to support palm oil outlook

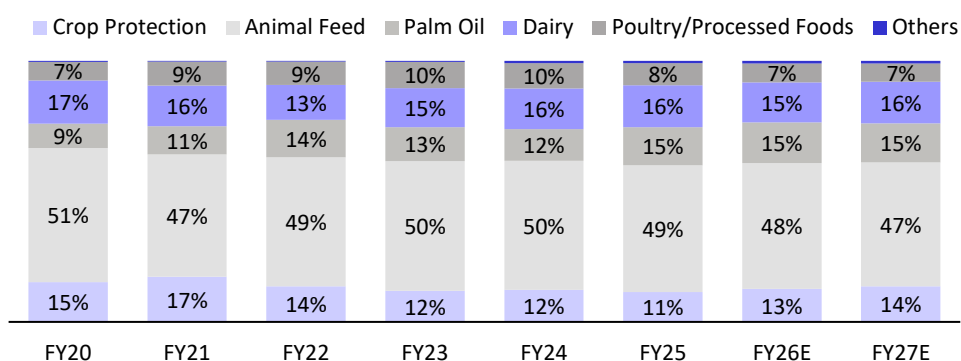
- FY24 was a subdued year for the vegetable oil segment, as volume growth of ~6% was offset by an ~11% decline in realization due to the volatility in prices of CPO and PKO (down 20% and 30% YoY, respectively).
- The pricing scenario changed in FY25, with higher average realizations in both CPO and PKO (up 32% and 43% YoY, respectively). The palm oil segment delivered revenue growth of ~17% and margin expansion of ~170bp.
- While the prices have begun to soften since 4QFY25, we expect them to remain stable, driven by steady demand.
- The monthly average prices of CPO/PKO in Jul'25 are currently standing at USD925/USD1,860 per MT (as per World Bank commodities price data) compared to USD1,067/USD2,063 per MT in Mar'25 and USD873/USD1,155 per MT in Jul'24.
- With the additional investment in PKO refining and the sale of associated value-added products, management anticipates this initiative to contribute an incremental 1%-1.2% to overall profits, subject to product price realizations. Combined with the earlier investments in CPO refining capacity, the **cumulative increase to overall profitability is expected to be in the range of 2%-2.5%.**
- Going forward, GOAGRO plans to manufacture shortenings, bakery fats, and cocoa butter substitutes, which would add another 1-2% to the overall profitability once the company starts these products, for which the company has already set up an R&D facility in Rabale, Navi Mumbai.
- With the palm oil prices projected to rise by 6% in CY25 (as per World Bank data), led by favorable demand-supply dynamics, we expect the palm oil

segment's revenue to grow by 20% YoY and EBITDA margins to pick up going ahead.

Valuation and view

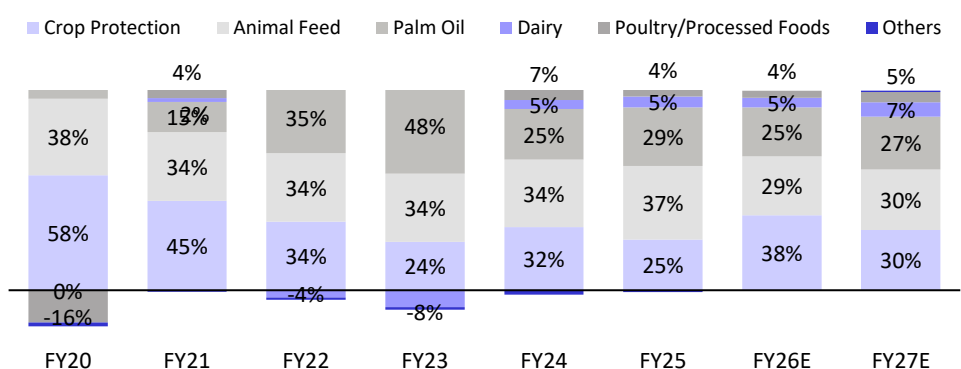
- On the back of a strong FY25, we expect GOAGRO to witness healthy revenue growth and margin expansion in the near term. Growth will be led by i) the improving outlook for the domestic crop protection segment, ii) the strategic shift toward the CDMO business in Astec, and iii) the improving pricing scenario in the palm oil segment.
- Moreover, with the VAP mix expected to cross ~40% in the dairy segment, along with price hikes and stabilization in live bird prices in the poultry segment, we expect a CAGR of 12%/21%/28% in revenue/EBITDA/PAT over FY25-27. We reiterate our BUY rating on the stock with an SOTP-based TP of INR980.

Exhibit 1: GOAGRO revenue mix trend



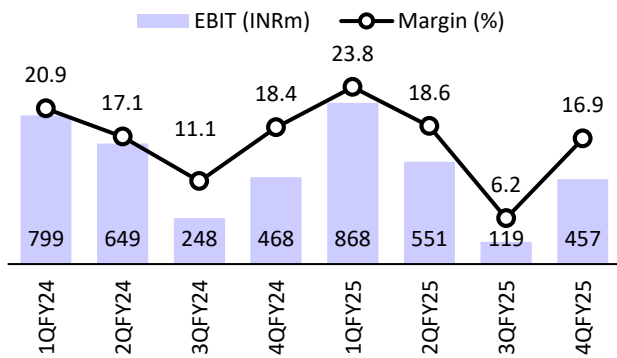
Source: Company, MOFSL

Exhibit 2: Segmental EBIT mix trend



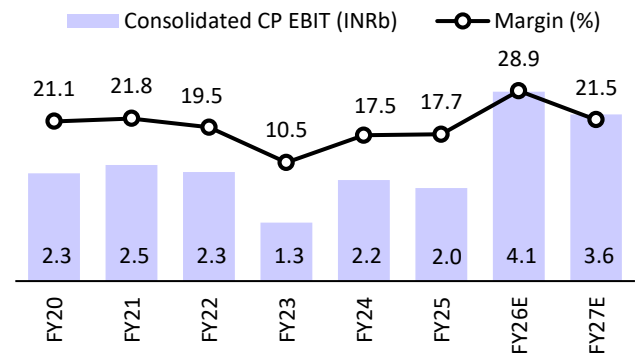
Source: Company, MOFSL

Exhibit 3: Cons. crop protection quarterly margin trend



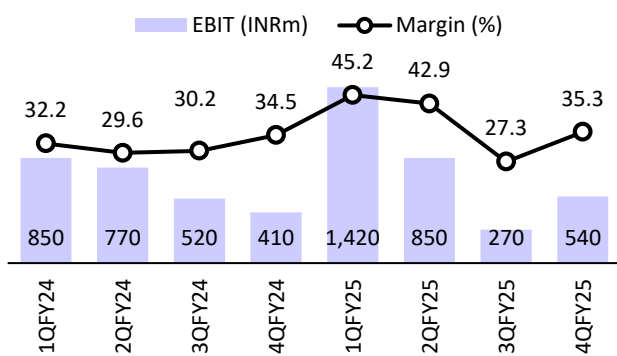
Source: Company, MOFSL

Exhibit 4: Consolidated crop protection margins



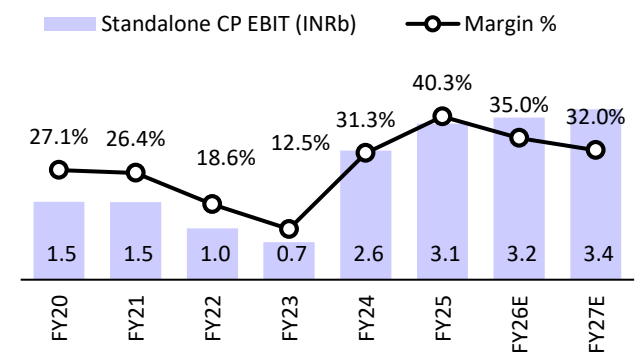
Source: Company, MOFSL

Exhibit 5: Standalone crop protection quarterly margin trend



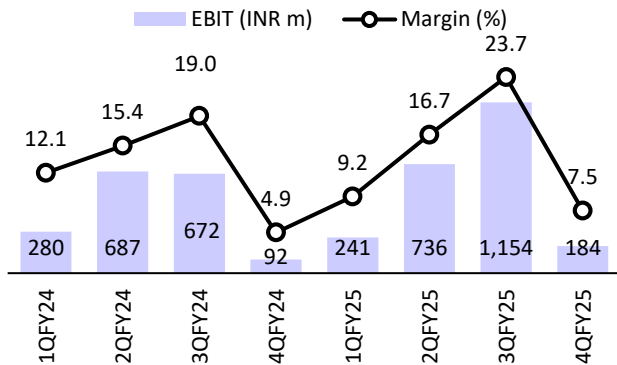
Source: Company, MOFSL

Exhibit 6: Standalone crop protection margins



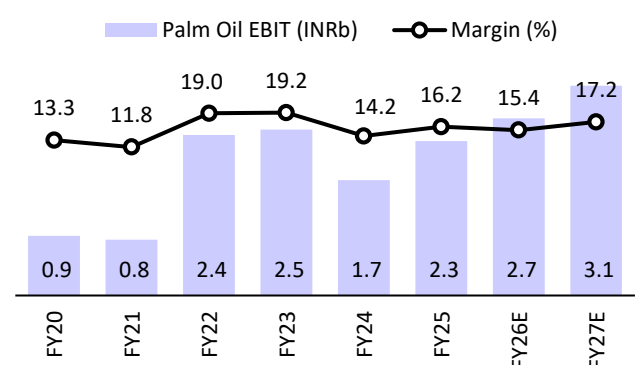
Source: Company, MOFSL

Exhibit 7: Palm oil quarterly margin trend



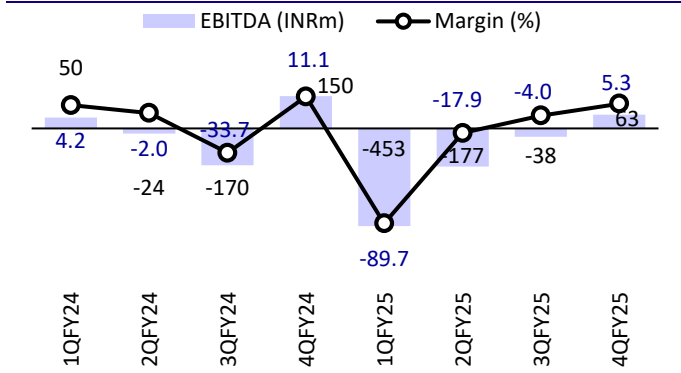
Source: Company, MOFSL

Exhibit 8: Annual palm oil margins



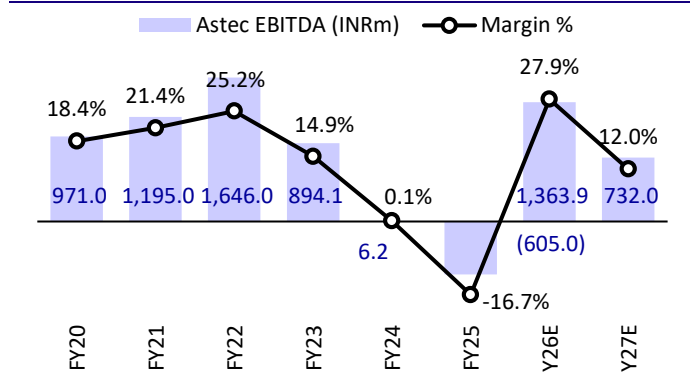
Source: Company, MOFSL

Exhibit 9: Astec quarterly EBITDA margin trend



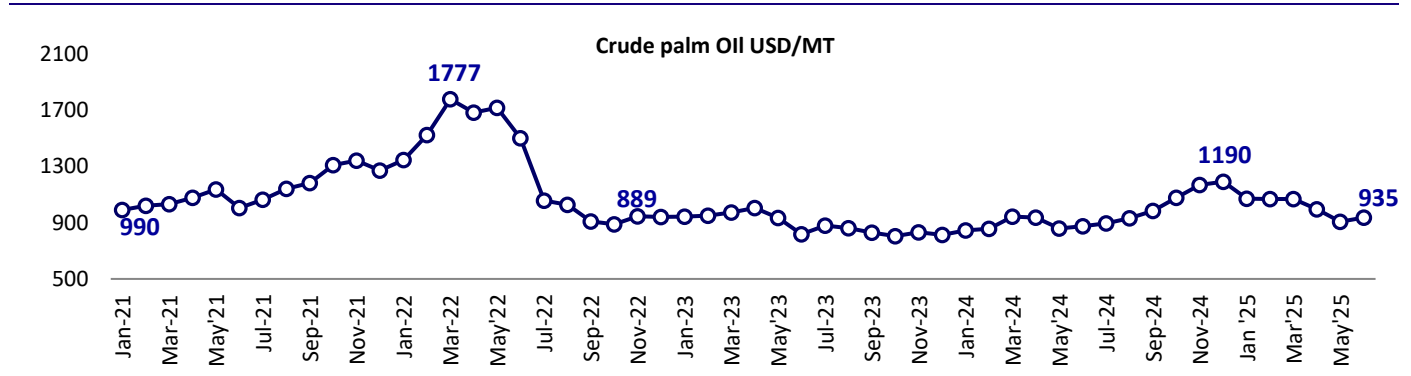
Source: Company, MOFSL

Exhibit 10: Astec EBITDA margin trend



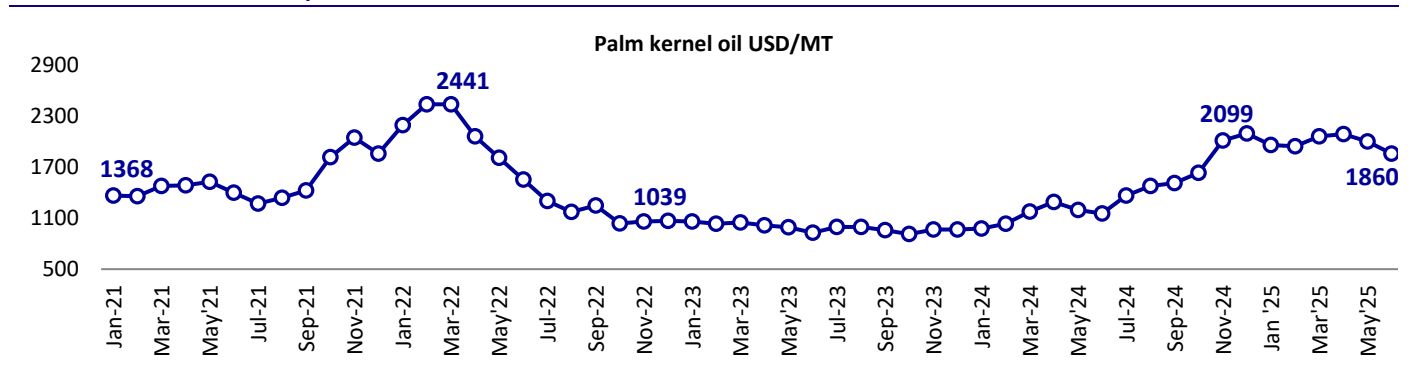
Source: Company, MOFSL

Exhibit 11: Crude palm oil price trend



Source: Company, MOFSL

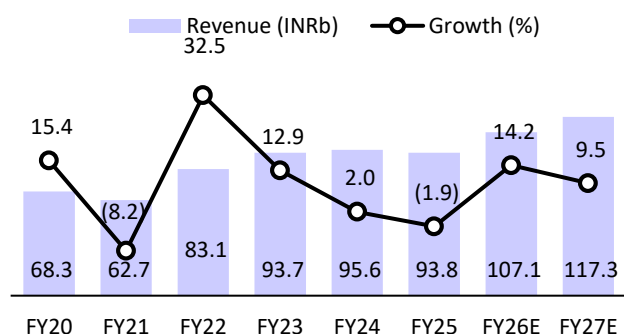
Exhibit 12: Palm kernel oil price trend



Source: Company, MOFSL

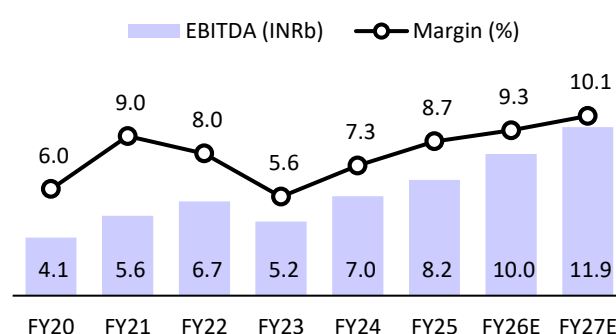
Story in Chart

Exhibit 13: Consolidated revenue trend



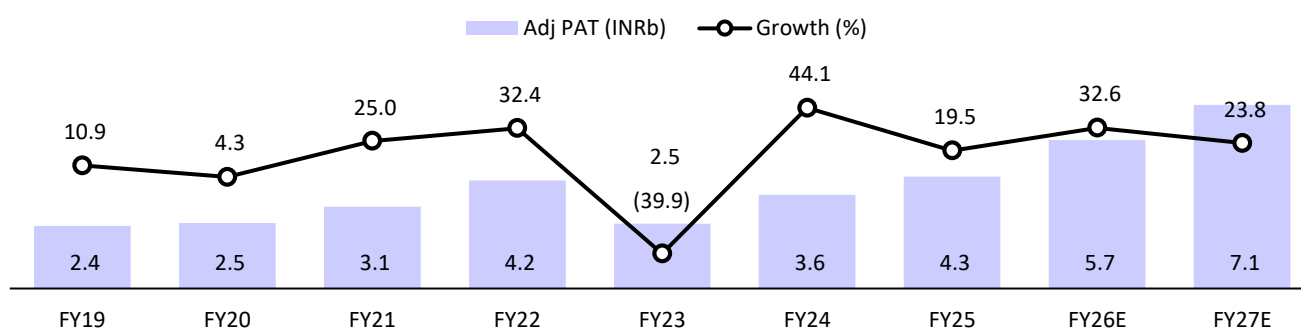
Source: Company, MOFSL

Exhibit 14: Consolidated EBITDA trend



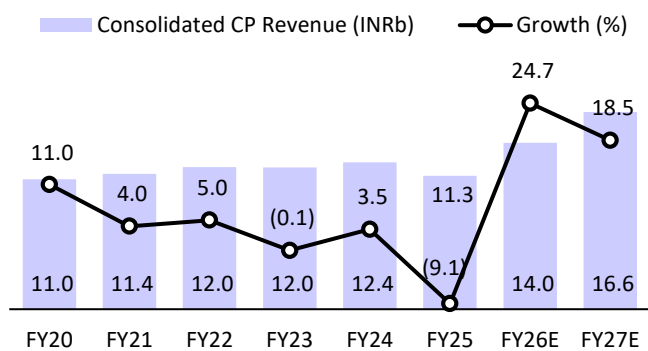
Source: Company, MOFSL

Exhibit 15: Consolidated adjusted PAT trend



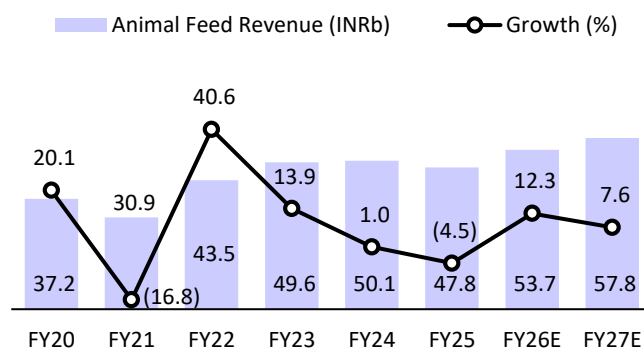
Source: Company, MOFSL

Exhibit 16: Consolidated CP revenue trend



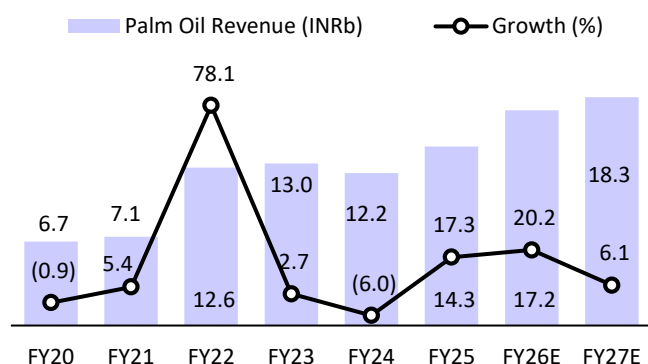
Source: Company, MOFSL

Exhibit 17: Animal Feed revenue trend



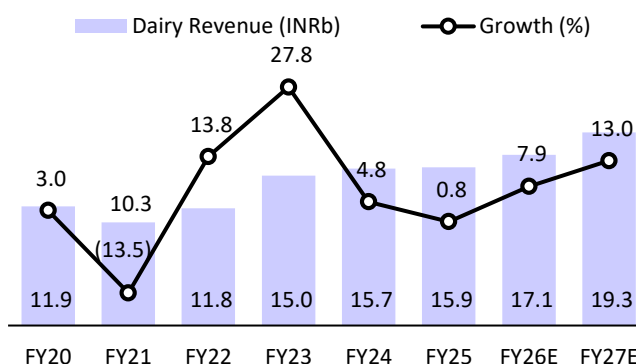
Source: Company, MOFSL

Exhibit 18: Palm oil revenue trend



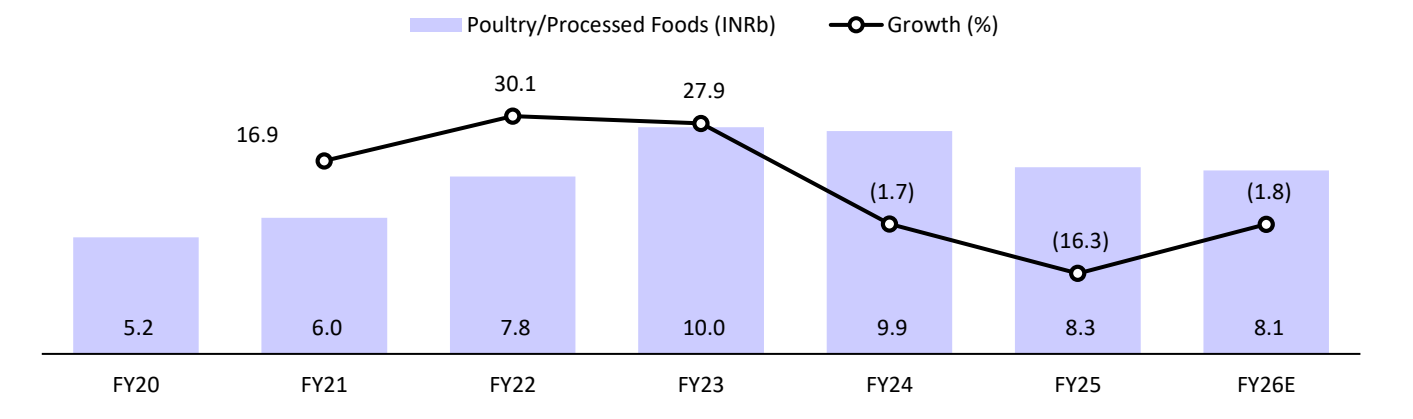
Source: Company, MOFSL

Exhibit 19: Dairy revenue trend



Source: Company, MOFSL

Exhibit 20: Poultry / Processed food trend



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement

(InR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Total Income from Operations	68,294	62,667	83,061	93,737	95,606	93,828	107,150	117,335
Change (%)	15.4	-8.2	32.5	12.9	2.0	-1.9	14.2	9.5
Raw Materials	53,194	46,078	63,048	73,891	72,437	69,462	78,556	85,772
Employees Cost	3,541	3,764	4,393	4,534	5,391	5,347	5,893	6,277
Other Expenses	7,454	7,187	8,966	10,084	10,763	10,857	12,705	13,391
Total Expenditure	64,189	57,029	76,407	88,509	88,591	85,666	97,155	105,440
% of Sales	94.0	91.0	92.0	94.4	92.7	91.3	90.7	89.9
EBITDA	4,104	5,638	6,654	5,228	7,015	8,162	9,995	11,895
Margin (%)	6.0	9.0	8.0	5.6	7.3	8.7	9.3	10.1
Depreciation	1,481	1,540	1,733	1,855	2,143	2,261	2,565	2,707
EBIT	2,624	4,098	4,921	3,373	4,872	5,901	7,430	9,188
Int. and Finance Charges	416	465	631	991	1,079	1,334	1,409	1,454
Other Income	468	396	797	367	413	435	471	516
PBT bef. EO Exp.	2,675	4,029	5,086	2,749	4,206	5,002	6,492	8,250
EO Items	682	0	-173	708	0	0	0	0
PBT after EO Exp.	3,357	4,029	4,914	3,457	4,206	5,002	6,492	8,250
Total Tax	481	1,055	1,224	823	1,133	1,504	1,634	2,076
Tax Rate (%)	14.3	26.20	24.91	23.81	26.93	30.1	25.2	25.2
Profit from Associate & MI	-185	-164	-337	-385	-523	-799	-839	-881
Reported PAT	3,062	3,137	4,026	3,019	3,596	4,297	5,697	7,054
Adjusted PAT	2,510	3,137	4,154	2,495	3,596	4,297	5,697	7,054
Change (%)	4.3	25.0	32.4	-39.9	44.1	19.5	32.6	23.8
Margin (%)	3.7	5.0	5.0	2.7	3.8	4.6	5.3	6.0

Consolidated - Balance Sheet

(InR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	1,920	1,921	1,921	1,922	1,922	1,922	1,922	1,922
Total Reserves	16,461	18,590	20,763	21,454	23,244	21,886	16,267	21,306
Net Worth	18,381	20,511	22,684	23,375	25,167	23,808	18,190	23,228
Minority Interest	3,825	4,103	4,203	4,061	4,045	2,216	1,939	1,649
Total Loans	6,185	9,428	15,660	13,215	13,085	13,672	20,672	15,672
Deferred Tax Liabilities	1,751	1,713	1,559	1,798	1,679	1,433	1,433	1,433
Capital Employed	30,142	35,755	44,105	42,449	43,975	41,130	42,234	41,982
Gross Block	23,812	26,551	29,372	30,520	34,717	39,206	40,625	42,669
Less: Accum. Deprn.	4,677	6,217	7,950	9,805	11,948	14,209	16,773	19,480
Net Fixed Assets	19,136	20,334	21,422	20,715	22,770	24,998	23,852	23,189
Goodwill on Consolidation	2,649	2,649	2,649	2,649	2,649	2,649	2,649	2,649
Capital WIP	1,532	1,414	902	2,044	1,915	399	1,180	1,336
Total Investments	1,292	1,237	1,597	1,584	1,766	1,386	1,386	1,386
Curr. Assets, Loans&Adv.	22,392	22,355	29,271	27,867	27,933	25,727	28,698	30,338
Inventory	9,436	10,419	14,288	13,441	13,830	12,587	14,374	15,599
Account Receivables	8,539	8,226	9,514	5,740	5,189	5,721	5,871	6,429
Cash and Bank Balance	508	509	347	295	529	393	953	-491
Loans and Advances	3,910	3,200	5,123	8,390	8,385	7,026	7,500	8,800
Curr. Liability & Prov.	16,859	12,235	11,735	12,411	13,058	14,029	15,531	16,916
Account Payables	12,885	7,326	6,948	7,043	6,278	8,855	9,316	10,111
Other Current Liabilities	3,467	4,206	3,384	4,459	6,020	4,754	5,357	5,867
Provisions	507	703	1,403	909	760	421	857	939
Net Current Assets	5,533	10,120	17,536	15,456	14,875	11,698	13,167	13,422
Appl. of Funds	30,142	35,755	44,105	42,449	43,975	41,130	42,235	41,982

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)								
EPS	13.1	16.3	21.6	13.0	18.7	22.4	29.7	36.7
Cash EPS	20.8	24.4	30.7	22.7	29.9	34.2	43.0	50.8
BV/Share	95.7	106.8	118.1	121.7	131.1	124.0	94.7	121.0
DPS	5.5	8.0	9.5	9.5	10.0	10.5	10.5	10.5
Payout (%)	41.5	49.0	45.3	60.4	53.4	46.9	35.4	28.6
Valuation (x)								
P/E	64.9	51.9	39.2	65.3	45.3	37.9	28.6	23.1
Cash P/E	40.8	34.8	27.7	37.5	28.4	24.8	19.7	16.7
P/BV	8.9	7.9	7.2	7.0	6.5	6.8	9.0	7.0
EV/Sales	2.5	2.8	2.2	1.9	1.9	1.9	1.7	1.5
EV/EBITDA	42.0	31.2	27.4	34.4	25.6	21.9	18.5	15.2
Dividend Yield (%)	0.6	0.9	1.1	1.1	1.2	1.2	1.2	1.2
FCF per share	-1.2	-13.1	-20.2	33.6	14.1	39.5	25.9	29.3
Return Ratios (%)								
RoE	14.4	16.1	19.2	10.8	14.8	17.5	27.1	34.1
RoCE	11.8	12.2	12.6	7.6	10.3	11.7	15.5	18.7
RoIC	8.8	10.2	10.0	6.4	9.1	10.5	14.3	17.5
Working Capital Ratios								
Fixed Asset Turnover (x)	2.9	2.4	2.8	3.1	2.8	2.4	2.6	2.7
Asset Turnover (x)	2.3	1.8	1.9	2.2	2.2	2.3	2.5	2.8
Inventory (Days)	50	61	63	52	53	49	49	49
Debtor (Days)	46	48	42	22	20	22	20	20
Creditor (Days)	69	43	31	27	24	34	32	31
Leverage Ratio (x)								
Current Ratio	1.3	1.8	2.5	2.2	2.1	1.8	1.8	1.8
Interest Cover Ratio	6.3	8.8	7.8	3.4	4.5	4.4	5.3	6.3
Net Debt/Equity	0.3	0.4	0.7	0.6	0.5	0.6	1.1	0.7

Consolidated - Cash Flow Statement

(Inr m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	3,486	4,531	5,416	2,749	4,206	5,538	6,492	8,250
Depreciation	1,481	1,540	1,733	1,855	2,143	2,261	2,565	2,707
Interest & Finance Charges	416	465	631	624	666	1,334	938	938
Direct Taxes Paid	-969	-1,123	-1,533	-823	-1,237	-1,465	-1,634	-2,076
(Inc)/Dec in WC	-2,204	-5,413	-7,085	4,335	812	2,569	-1,186	-1,989
CF from Operations	2,210	0	-838	8,740	6,590	10,236	7,174	7,830
Others	188	-104	-362	0	190	-542	0	0
CF from Operating incl EO	2,398	-104	-1,201	8,740	6,780	9,693	7,174	7,830
(Inc)/Dec in FA	-2,634	-2,406	-2,680	-2,290	-4,068	-2,116	-2,200	-2,200
Free Cash Flow	-236	-2,510	-3,880	6,449	2,712	7,577	4,974	5,630
(Pur)/Sale of Investments	0	-9	-166	12	-182	232	-9,300	0
Others	82	627	765	-564	976	1,069	1,034	1,106
CF from Investments	-2,552	-1,787	-2,081	-2,842	-3,273	-815	-10,466	-1,094
Issue of Shares	0	0	0	1	1	1	0	0
Inc/(Dec) in Debt	2,311	3,579	5,778	-2,445	-130	-274	7,000	-5,000
Interest Paid	-390	-430	-602	-991	-1,079	-1,219	-1,409	-1,454
Dividend Paid	-1,076	-1,122	-1,591	-1,824	-1,920	-1,923	-2,016	-2,016
Others	-481	-136	-478	-689	-145	-5,598	277	291
CF from Fin. Activity	364	1,891	3,108	-5,949	-3,273	-9,013	3,852	-8,180
Inc/Dec of Cash	210	-1	-173	-51	233	-135	559	-1,444
Opening Balance	299	510	509	347	296	529	393	953
Closing Balance	508	509	347	296	529	393	953	-491

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

NOTES