Godrej Agrovet

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	GOAGRO IN
Equity Shares (m)	192
M.Cap.(INRb)/(USDb)	136.8 / 1.6
52-Week Range (INR)	878 / 460
1, 6, 12 Rel. Per (%)	-1/23/25
12M Avg Val (INR M)	240

Financials & Valuations (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	98.0	111.8	122.7
EBITDA	9.4	10.9	12.6
Adj. PAT	5.0	6.6	7.9
EBITDA Margin (%)	9.6	9.8	10.2
Cons. Adj. EPS (INR)	26.2	34.4	41.0
EPS Gr. (%)	39.7	31.6	19.1
BV/Sh. (INR)	147	171	212
Ratios			
Net D:E	0.3	0.2	0.0
RoE (%)	18.8	21.7	21.4
RoCE (%)	13.9	16.1	16.8
Payout (%)	40.1	30.5	-
Valuations			
P/E (x)	27.3	20.8	17.4
EV/EBITDA (x)	16.1	13.5	11.3
Div. Yield (%)	1.5	1.5	-
FCF Yield (%)	4.0	3.4	4.3

Shareholding pattern (%)

	Sep-24	Jun-24	Sep-23
Promoter	74.0	74.0	74.1
DII	5.9	12.1	13.0
FII	7.5	1.7	1.8
Others	12.6	12.1	11.2

Note: FII includes depository receipts

CMP: INR715 TP: INR910 (+27%) Buy

Broad-based improvement in margin profiles

Operating performance in line with estimates

- Godrej Agrovet (GOAGRO) reported healthy operating performance (EBIT grew 11% YoY) in 2QFY25 despite a decline in revenue (down 5% YoY). This can be attributed to the improved profitability in the Animal Feed (AF)/palm oil/dairy business (EBIT up ~24%/7%/2.9x YoY), which was partly offset by a decline in the operating profitability in the Crop Protection (CP)/Poultry (Tyson) business (EBIT down 15%/97% YoY).
- Despite subdued revenue growth in 2Q (down 5% YoY), GOAGRO has been able to improve its overall profitability backed by strategic initiatives incorporated across businesses. We expect continued improvement in profitability in 2H and FY26.
- We largely maintain our FY25/26 EBITDA estimate and reiterate our BUY rating on the stock with an SOTP-based TP of INR910.

Volumes in AF, palm oil, and Tyson remain under pressure in 1H

- Consolidated revenue declined 5% YoY to INR24.5b (est. INR24.8b). EBITDA margins expanded 130bp YoY to 9.1% (est. 9.2%), led by expansion in gross margins by 190bp YoY to 25.6%. EBITDA stood at INR2.2b, up 11% YoY (est. in line).
- Adjusted PAT declined 9% YoY to INR958m (est. INR1.3b). The decline of adjusted PAT in 2Q is attributed to the withdrawal of indexation benefit on LTCG. The company has reversed the deferred tax assets created on certain capital assets (carried at indexed cost), having a one-time non-cash impact of INR196m on adjusted PAT. Without this, adjusted PAT grew 10% YoY to INR1.2b in 2QFY25.
- **AF:** Revenue declined ~3% YoY to INR12b, led by a volume decline of 3% YOY to 362kmt on account of lower volumes in cattle feed as a result of lower milk prices. EBIT/kg grew 27% YoY to INR1.95, led by favorable commodity positions and optimization measures.
- **Palm Oil:** Revenue declined 1% YoY to INR4.4b, led by the delay in the arrival of fresh fruit bunch (volume down 13% YoY) majorly offset by higher realizations in Crude Palm Oil (CPO) and Palm Kernel Oil (PKO). EBIT margin expanded 135bp YoY to 16.7%, leading to EBIT growth of 7% YoY to INR736m, led by improved Oil Extraction Ratio (OER) and increased downstream VAP.
- **CP**: Consolidated CP revenue declined 22% YoY to INR3b, led by demand and realization pressure in both standalone CP and Astec (down 24%/17% YoY to ~INR2b/INR987m). Consolidated CP EBIT declined 15% YoY to INR551m, largely due to operating loss in Astec (INR300m), while standalone CP EBIT grew 10% to INR850m.
- **Dairy** business's revenue grew ~3% YoY to INR4b, while EBIT grew 2.9x to INR84m due to significant improvement in operational efficiencies and improved milk spread.