Short Term Fundamental Pick

Monday, 15 June 2026

GODREJ AGROVET

Rating : **Buy**

Cmp : **₹564.95** as on 12th June 2026

Sector : **FMCG**

Target : **₹758.25**

Upside Potential : **34.21%**

Time Frame : **8-12 Months**

Godrej Agrovet Limited

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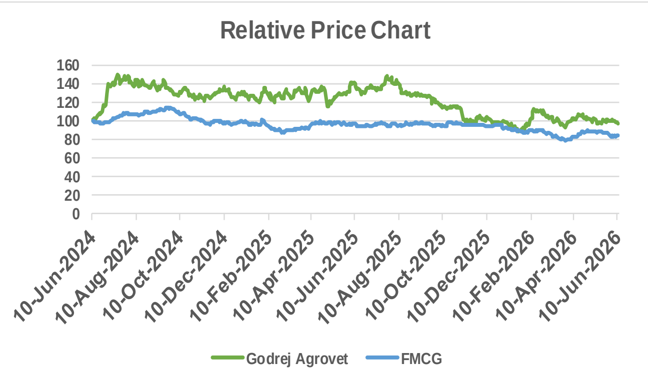
Key Data	
Nifty/Sensex	23622.90/75527.95
BSE Code	540743
NSE Code	GODREJAGRO
Bloomberg Code	GOAGRO:IN
Industry	Food Products
Market Cap	10,869.64
No of shares	19.24
Face Value	10
52 Week High/Low	876.30/506.70

Shareholding Pattern

Particulars	Q4FY26
Promoter	67.74%
Mutual Funds	4.00%
FII	6.32%
Public	20.08%
Others	1.90%



Strong Growth Momentum in Animal Feed & Foods Segments, Improving Profitability, Structural Growth Opportunity in Oil Palm Business, and H2FY27/FY28 Expected to Act as Key Growth Catalysts, Supporting Long-Term Growth Visibility for the Company.…

Godrej Agrovet is a diversified agri-business company with a strong presence across the agricultural value chain, operating in segments such as animal feed, oil palm, crop protection, dairy, and poultry. The company holds a leadership position in key businesses, being the largest producer of Crude Palm Oil (CPO) in India with an estimated ~30% market share and one of the leading players in the compound animal feed segment, holding an approximate 10–15% market share. Animal feed remains its largest business, contributing nearly 48–50% of overall revenue. The company follows an integrated business model aimed at addressing the evolving needs of Indian farmers and rising demand for food products, supported by a robust manufacturing network of over 60 facilities across India, including 30 dedicated animal feed plants.

Highlights and Investment Rationale

- **Strong Financial Performance with Improving Profitability:** The company reported Q4FY26 consolidated revenue of ₹2,333 crore (+9% YoY) and PBT (excluding exceptional items) of ₹87 crore (+16.8% YoY), driven by volume-led growth, better product mix, and disciplined margin management. For FY26, revenue crossed the ₹10,000 crore milestone to ₹10,233 crore (+9% YoY), while PBT increased 17.2% YoY to ₹569 crore, reflecting improved earnings quality.
- **Improving Cash Flow and Capital Efficiency:** Better working capital management in FY26 improved operating cash flow, with ROCE rising sharply from 16% to 20%. Management remains focused on maintaining capital discipline, guiding for FY27 capex of ~₹350–400 crore, while still expecting post-capex surplus cash of ₹100–125 crore.
- **Animal Nutrition Business Driving Growth:** The animal feed segment delivered 15% volume growth in Q4FY26, led by 24% growth in cattle feed, with

management highlighting market share gains East and Central India. EBIT/tonne expanded to a 3-year high of ₹3,089/t, supported by favourable commodity costs, operational efficiencies, and premium product offerings such as Samruddhi and Dhanlaxmi, reinforcing the shift toward higher-margin branded nutrition.

- **Oil Palm Business Positioned for Structural Growth:** The company remains the largest domestic producer of crude palm oil, benefiting from record plantation expansion and improved extraction efficiency, with Q4 oil extraction ratio (OER) improving to 20.77% vs 19.76% last year. Management aims to reduce cyclicality by increasing the contribution of value-added specialty fats to 50–55% of portfolio by FY31, with the new refinery expected to contribute from 2HFY27.
- **Crop Protection Business Entering Recovery Phase:** After temporary pressure from inventory buildup in the co-marketing channel, management expects recovery from Q2FY27 onward, supported by key launches such as Ashitaka (maize herbicide) and TAKAI (multi-crop insecticide). Combined contribution from new products is expected to rise sharply from ~3% to 16–18% of segment revenue in FY27, alongside a strong pipeline of 5–6 products and Dahej plant commissioning.
- **Astec LifeSciences Turnaround with CDMO Opportunity:** Astec achieved EBITDA breakeven in FY26, supported by strong CDMO-led volume growth and improved realizations. Management expects 15–20% topline growth in FY27, with exports likely increasing to ~60% of revenue, supported by higher CDMO contribution and improving utilization.
- **H2FY27 and FY28 remain key growth catalysts:** Management has guided FY27 EBITDA growth of 18–30% YoY with long-term margins of 19–20%. H2FY27 is expected to be a key turning point as 15.4GW cell capacity becomes fully operational, while FY28 should benefit from contributions across BESS, ingot/wafer, transformers, and inverter businesses.

- **Branded Foods and Dairy Margin Expansion:** The dairy and food businesses continue shifting toward higher-margin products, with value-added products (VAP) contribution in dairy improving to 40% and branded product share in foods exceeding 80%. Improved mix and operational efficiencies are expected to support profitability once milk procurement prices normalize from Q2FY27 onward.
- **Positive FY27 Outlook Despite Macro Uncertainty:** Management has guided for early double-digit revenue growth and mid-teens PBT growth in FY27, supported by volume growth, premiumization, and portfolio diversification. While risks from the Iran conflict, monsoon variability, and commodity prices remain, the company's diversified portfolio and balanced exposure across businesses are expected to limit downside risk.

Key risks:

- **Monsoon and Raw Material Risk:** A weaker-than-expected monsoon and sharp increase in raw material prices could adversely impact agricultural output, input costs, and overall profitability.
- **Competitive and Demand Risk:** Intensifying competition and lower-than-expected acceptance/offtake of newly launched products may impact market share growth and revenue performance.
- **Regulatory and Disease Risk:** Any outbreak of disease in poultry/livestock could lead to government restrictions on the import, export, or domestic sale of fresh chicken and related products, affecting business operations.

Key Financial Indicators &Valuation (Consolidated)					
Year	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Revenue Growth %	2.0%	-1.9%	9.1%	9.7%	9.0%
EBITDA Margin	7.3%	8.6%	8.4%	8.4%	8.6%
EBITDA Growth %	35.1%	15.6%	6.5%	9.4%	12.1%
Net Profit Margin	3.2%	3.7%	4.0%	4.2%	4.4%
Net Profit Growth %	16.7%	13.8%	15.8%	16.6%	14.4%
ROE	14.3%	18.0%	24.8%	22.7%	21.9%
ROCE	11.5%	15.1%	17.5%	17.4%	17.7%
EPS	18.71	22.35	24.58	28.08	31.62
BVPS	130.93	123.83	105.66	123.74	144.30
Debtor Days	19.00	21.25	24.00	20.39	20.39
Inventory Days	50.63	46.75	48.45	48.56	49.16
Creditor Days	22.98	32.89	58.89	50.96	50.96
P/E	26.01	33.74	21.75	20.12	17.87
P/B	3.72	6.09	5.06	4.57	3.92

Variance Analysis (Consolidated)					
Particulars(Cr.)	**Mar-26**	**Mar-25**	**YoY %**	**Dec-25**	**QoQ %**
Net Sales	2322.97	2125.46	9.29	2713.26	-14.38
Total Expenditure	2193.74	1986.96	10.41	2476.76	-11.43
PBIDT (Excl OI)	138.91	146.68	-5.3	241.56	-42.49
PAT	92.46	53.8	71.86	102.15	-9.49
PBIDTM% (Excl OI)	5.96	6.87	-13.25	8.89	-32.96
PBIDTM%	8.86	7.48	18.45	9.56	-7.32
PATM%	3.96	2.52	57.14	3.76	5.32
Adj. EPS(Rs)	5.45	3.68	48.1	5.97	-8.71

Valuation and Outlook:

Godrej Agrovet’s current valuations appear to underplay its strong growth potential over FY26–28E, supported by momentum in key businesses, particularly the structural growth opportunity in the oil palm segment and improving business performance expected in H2FY27 and FY28. While H1 performance may remain relatively subdued, stronger execution and operational improvement in H2 are expected to drive overall earnings momentum. **We expect the company to deliver Revenue/EBITDA/PAT growth of 9.7%/9.4%/16.6% in FY27E and 9.0%/12.1%/14.4% in FY28E, reflecting improving profitability and operating leverage. The stock is currently trading at a P/E of 22.98x based on the June 12, 2026 closing price, and we expect it to trade at a forward P/E of 19.97x on FY27E EPS of ₹28.08. Considering the robust growth outlook and earnings visibility, we maintain a positive stance on the stock with a target price of ₹758.25, implying an upside potential of ~34.21% over the next 8–12 months from the June 12, 2026 closing price.**

Profit and loss Statement (Consolidated)					
Year(Cr.)	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Net Sales	**9,560.55**	**9,382.77**	**10,232.68**	**11,230.27**	**12,241.00**
Cost of Good Sold	7,243.73	6,946.23	7,575.62	8,376.72	9,101.67
Gross Profit	**2,316.82**	**2,436.54**	**2,657.06**	**2,853.55**	**3,139.33**
Other Manufacturing Expenses	1,076.25	1,090.73	1,158.36	1,235.33	1,346.51
Employee Cost	539.12	534.68	635.15	673.82	734.46
EBITDA	**701.45**	**811.13**	**863.55**	**944.40**	**1,058.36**
Depreciation	214.29	226.10	228.86	250.75	284.75
EBIT	**487.16**	**585.03**	**634.69**	**693.65**	**773.61**
Other Income	41.32	48.55	105.84	68.00	80.00
Interest Cost	107.87	133.35	138.27	123.35	123.35
Exceptional Income / Expenses	-	-	-30.44	-	-
PBT	**420.61**	**500.23**	**571.82**	**638.30**	**730.26**
Tax	113.20	150.43	166.82	165.96	189.87
PAT	**307.41**	**349.80**	**405.00**	**472.34**	**540.39**
Minority Interest	0.22	26.35	27.60	27.60	27.60
Share of Associate	52.04	53.57	40.18	40.18	40.18
Cons PAT	**359.67**	**429.72**	**472.78**	**540.12**	**608.17**

Source: Company website, SSL Research Centre, ACE Equity, Screener, Trendlyne, NSE & BSE,

Investment Rating Matrix

Ratings	Expected Return
Buy	>15%
Accumulate	10% to 15%
Hold	0% to 15%
Sell	< - 15%

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