



## Godrej Agrovet Limited

September 21, 2018

### Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund-based-Working Capital Facilities	525.00	500.00	[[ICRA]A1+; reaffirmed
Fund-based-Working Capital Facilities	60.00	60.00	[[ICRA]AA (Stable); re-affirmed
Non-fund based-Working Capital Facilities	70.00	70.00	[[ICRA]A1+; re-affirmed
Commercial Paper Programme	650.00	600.00	[[ICRA]A1+; re-affirmed
<b>Total</b>	<b>1,305.00</b>	<b>1,230.00</b>	

\*Instrument details are provided in Annexure-1

### Rating action

ICRA has re-affirmed the long-term rating of [[ICRA]AA (pronounced ICRA double A) for the Rs. 60-crore<sup>1</sup> fund-based limits of Godrej Agrovet Limited (GAVL or the company)<sup>2</sup>. ICRA has also re-affirmed the short-term rating of [[ICRA]A1+ (pronounced ICRA A one plus) for the Rs. 500-crore (reduced from Rs. 525 crore) fund-based limits, the Rs. 70-crore non-fund based limits and the Rs. 600-crore (reduced from Rs. 650 crore) Commercial Paper Programme of GAVL. The



---

### Outlook: Stable

ICRA expects GAVL to continue to benefit from being part of the Godrej Group, a large and established business house in the country. The outlook may be revised to Positive if GAVL achieves substantial scale up in revenues while maintaining the current healthy profitability levels, resulting in strong growth in net cash accruals. The outlook may be revised to Negative if cash accrual is lower than expected or if any major capital expenditure, leveraged acquisitions or stretch in the working capital cycle weakens liquidity.

### Key rating drivers

#### Credit strengths

**Dominant position in the domestic animal feed industry** - GAVL enjoys a dominant position in the domestic organised animal feed industry, with a market share of around 20%. Historically, the animal feed segment has been GAVL's main business, with the company being present across various sub-categories like cattle, broiler, aqua and layer feed. ICRA notes the company's concerted efforts for improving the performance of its animal feed business and will continue to monitor the impact of the same on its future performance.

**Diversified business presence insulates the company from downturns in any individual business segment** - In FY2013, animal feed contributed more than 80% to GAVL's standalone revenues, thus leading to concentration risks. Over the years, GAVL's focus on the diversification of its revenue streams have led to the segment's contribution to standalone sales decline to ~70% as of FY2018. The diversification has been provided by healthy revenue growth of the other two



---

**Analytical approach:** For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

**Links to applicable criteria:**

[Corporate Credit Rating Methodology](#)

### **About the company**

Godrej Agrovet Limited is a part of the Godrej Group, which is engaged in diverse business segments spanning home appliances, fast moving consumer goods, consumer products, industrial products, oleo chemicals, animal feed, real estate development, and oil palm plantation through various Group companies.

GAVL's product segments primarily cater to the rural sector and agricultural community. On a standalone basis, the company has three major business segments—animal feed, vegetable oil (oil palm plantation) and crop protection (agri inputs). The company is one of the largest organised animal feed manufacturers in India. It offers cattle, poultry, fish and speciality feed categories in its product portfolio. It has over 64,000 hectares of palm tree plantations across six states for producing crude palm oil, palm kernel oil and palm kernel cake. It is also a niche player in select agri-inputs like insecticides, fungicides, soil conditioners and organic manure, with a pan India network of ~6,000 distributors.

On a consolidated basis, through its subsidiaries, GAVL has interests in businesses like agro-chemicals (Astec) and dairy products (CDPL). Through its joint ventures, GAVL also has interests in integrated poultry (Godrej Tyson Foods Limited) and animal feed (ACI Godrej Agrovet Private Ltd., Bangladesh).



### Rating history for last three years:

	Instrument	Type	Current Rating (FY2019)		Chronology of Rating History for the Past 3 Years				
			Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating September 2018	Date & Rating in FY2018		Date & Rating in FY2017	Date & Rating in FY2016
					January 2018	July 2017	August 2016	August 2015	
1	Fund-based-Working Capital Facilities	Short-term	500.00	NA	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
2	Fund-based-Working Capital Facilities	Long-term	60.00	NA	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)
3	Non-fund-based-Working Capital Facilities	Short-term	70.00	NA	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
4	Commercial	Short-term	600.00	NA	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+



#### Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Short Term Loans	NA	NA	NA	500.00	[ICRA]A1+
NA	Cash Credit/WCDL	NA	NA	NA	60.00	[ICRA]AA (Stable)
NA	Letter of Credit & Bank Guarantee	NA	NA	NA	70.00	[ICRA]A1+
NA	Commercial Paper	NA	NA	7-365 days	600.00	[ICRA]A1+

Source: Godrej Agrovet Limited



---

### ANALYST CONTACTS

**Subrata Ray**  
+91 22 6114 3408  
[subrata@icraindia.com](mailto:subrata@icraindia.com)

**Shreekiran Rao**  
+91 22 6114 3469  
[shreekiran.rao@icraindia.com](mailto:shreekiran.rao@icraindia.com)

**Rushit Doshi**  
+91 22 6114 3422  
[rushit.doshi@icraindia.com](mailto:rushit.doshi@icraindia.com)

### RELATIONSHIP CONTACT

**L. Shivakumar**  
+91 22 6114 3406  
[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

### MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**  
Tel: +91 124 4545 860



---

## ICRA Limited

### Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: [info@icraindia.com](mailto:info@icraindia.com)

Website: [www.icra.in](http://www.icra.in)

### Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

### Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 6606 9999