

May 10, 2024

Godrej Agrovet Limited: Update on material event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term – Fund-based/ Cash Credit	60.00	60.00	[ICRA]AA(Stable)
Long-term – Fund-based/ Term Loan	8.25	8.25	[ICRA]AA(Stable)
Short-term – Fund-based Facilities	436.20	436.20	[ICRA]A1+
Short-term – Non-fund Based Facilities	229.00	229.00	[ICRA]A1+
Commercial Paper	1,000.00	1,000.00	[ICRA]A1+
Total	1,733.45	1,733.45	

*Instrument details are provided in Annexure-1

Rationale

Material Event

Godrej Agrovet Limited (GAVL or the company), vide a BSE release dated April 30, 2024, informed about the family settlement agreement (FSA) and a brand and non-compete agreement entered into amongst some of the members of the Godrej Family. As part of this arrangement, Mr. Adi Burjorji Godrej (ABG) and Mr. Nadir Burjorji Godrej (NBS) family and their immediate relatives will continue to be promoters with controlling/management interest, of companies including – GIL, Godrej Consumer Products Limited (GCPL, rated [ICRA]AAA (Stable)/ [ICRA]A1+), Godrej Properties Limited (GPL, rated [ICRA]AA+ (Stable)/ [ICRA]A1+), Godrej Agrovet Limited (GAVL, rated [ICRA]AA (Stable)/ [ICRA]A1+), Godrej Seeds and Genetics Limited (rated [ICRA]AA (Stable)/ [ICRA]A1+), Innovia Multiventures Private Limited and Astec Lifesciences Limited (Astec, rated [ICRA]AA- (Stable)/ [ICRA]A1+) (collectively the “GILAC Group Companies”) and all of their respective subsidiaries and joint ventures, and Anamudi Real Estates LLP.

Mr. Jamshyd Naoroji Godrej (JNG) and Ms. Smita Godrej Crishna (SVC) and their immediate relatives will be managing Godrej & Boyce Manufacturing Company Limited (rated [ICRA]A1+), Godrej Holdings Private Limited and Godrej Infotech Limited (collectively the “G&B Group Companies”) and all of their respective subsidiaries and joint ventures, and RKNE Enterprises.

The “Godrej” name and brand will be equally owned and shared by both the family groups. The family groups have also entered into a non-compete agreement for a period of six years, post which a family group can enter into the exclusive business of the other family group without the use of the ‘Godrej’ brand (including in their corporate/ entity names).

The FSA and the Brand and Non-Compete Agreement will become effective post the receipt of requisite approvals (including from the Competition Commission of India).

Impact of Material Event

The announced FSA is expected to be credit neutral for ICRA-rated entities in the Godrej group from strategic, business and operations standpoint. Further, ICRA does not anticipate any increase in leverage in any of the ICRA-rated companies in the Group specifically owing to the announced FSA. However, timely completion of the FSA subject to regulatory approvals and potential change in shareholding of rated entities within the group, if any, will remain a monitorable.

Overall, ICRA does not expect any material impact of the arrangement on the credit profile of GAVL and, therefore, ratings remain unchanged at [ICRA]AA (Stable)/[ICRA]A1+.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Environmental and Social Risks, Liquidity position, and Rating sensitivities. [Click here](#).

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology
Parent/Group Support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of GAVL. The details are given in Annexure-2.

About the company

Godrej Agrovet Limited is a part of the Godrej Group, which has diverse business interests spanning home appliances, fast moving consumer goods, consumer products, industrial products, oleo chemicals, animal feed, real estate development, crop protection, and oil palm plantation through various Group companies. Godrej Industries Limited (rated [ICRA]AA(Stable)/[ICRA]A1+) holds 64.88% stake in Godrej Agrovet Limited (as on March 31, 2024).

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 (palm oil) and crop protection (agri inputs). The company is one of the largest organised animal feed manufacturers in India. It offers cattle, layer, broiler, shrimp and fish feed in its product portfolio in the animal feed segment. In the vegetable oil division, the company has a sizeable quantity of palm tree plantations across nine states and has six manufacturing facilities across four states for manufacturing for producing crude palm oil, palm kernel oil and palm kernel cake. As part of the crop protection business, it is also a niche player in select agri-inputs such as insecticides, fungicides, soil conditioners and herbicides, with a pan India network of ~7,000 distributors.

On a consolidated basis, through its subsidiaries, GAVL has interests in businesses like agrochemicals (Astec LifeSciences Limited, rated [ICRA]AA- (Stable) / [ICRA]A1+), dairy (Creamline Dairy Products Limited), processed poultry and vegetarian food products (Godrej Tyson Foods Limited), as well as in-vitro production of high-quality (milk yielding) cows (Godrej Cattle Genetics Private Limited (formerly known as Godrej Maxximilk Private Limited). In addition, GAVL has interests in animal feed through its 50% joint venture in Bangladesh, ACI Godrej Agrovet Private Ltd., Bangladesh.

Key financial indicators

GAVL (consolidated)	FY2023	FY2024
Operating Income (Rs. crore)	9,379.0	9,560.6
PAT (Rs. crore)	263.4	307.4
OPBDIT/OI (%)	5.6%	7.3%
PAT/OI (%)	2.8%	3.2%
Total Outside Liabilities/Tangible Net Worth (times)	1.0	0.9
Total Debt/OPBDIT (times)	2.7	2.0
Interest Coverage (times)	5.3	6.5

PAT: Profit after Tax (excludes share of profit from associates); OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Source: GAVL, ICRA Research; FY2024 key financial indicators have been prepared from company's published results for FY2024

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2025)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated	Amount Outstanding as of March 31, 2024	Date & Rating on	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022
			(Rs. crore)	(Rs. crore)	10-May-24	25-May-23	31-May-22	31-May-21
1	Fund-based Facilities	Short-term	436.20	NA	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
2	Term Loan	Long-term	8.25	3.09	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	-
3	Fund-based Facilities	Long-term	60.00	NA	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)
4	Non-fund Based Facilities	Short-term	229.00	NA	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
5	Commercial Paper Programme	Short-term	1,000.00	510.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

Source: Company

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term, Fund-based Facilities	Simple
Term Loan	Simple
Short Term, Fund-based Facilities	Simple
Short Term, Non-fund Based Facilities	Very Simple
Commercial Paper Programme	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, are available on ICRA's website: [Click Here](#)

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 – Fund Based Facilities	NA	NA	NA	436.20	[ICRA]A1+
NA	Long Term – Fund Based / Cash Credit	NA	NA	NA	60.00	[ICRA]AA(Stable)
NA	Long Term – Fund Based / Term Loan	FY2020	NA	FY2025	8.25	[ICRA]AA(Stable)
NA	Short Term – Non Fund Based Facilities	NA	NA	NA	229.00	[ICRA]A1+
INE850D14QH8	Commercial Paper	21-Feb-24	NA	7-365 days	50.00	[ICRA]A1+
INE850D14QI6	Commercial Paper	22-Feb-24	NA		50.00	[ICRA]A1+
INE850D14QK2	Commercial Paper	26-Feb-24	NA		50.00	[ICRA]A1+
INE850D14QK2	Commercial Paper	1-Mar-24	NA		50.00	[ICRA]A1+
INE850D14QM8	Commercial Paper	1-Mar-24	NA		50.00	[ICRA]A1+
INE850D14QR7	Commercial Paper	5-Apr-24	NA		25.00	[ICRA]A1+
INE850D14QR7	Commercial Paper	12-Apr-24	NA		25.00	[ICRA]A1+
INE850D14QT3	Commercial Paper	15-Apr-24	NA		50.00	[ICRA]A1+
INE850D14QS5	Commercial Paper	16-Apr-24	NA		50.00	[ICRA]A1+
INE850D14QU1	Commercial Paper	18-Apr-24	NA		50.00	[ICRA]A1+
INE850D14QT3	Commercial Paper	18-Apr-24	NA		25.00	[ICRA]A1+
INE850D14QV9	Commercial Paper	22-Apr-24	NA		25.00	[ICRA]A1+
INE850D14QV9	Commercial Paper	22-Apr-24	NA		25.00	[ICRA]A1+
INE850D14QW7	Commercial Paper	2-May-24	NA		50.00	[ICRA]A1+
Unplaced	Commercial Paper Programme	NA	NA	7-365 days	425.00	[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-2: List of entities considered for consolidated analysis

Company Name	GAVL Ownership	Consolidation Approach
Godrej Agrovet Limited	100.00%	Full consolidation
Astec LifeSciences Limited	64.77%	Full consolidation
Behram Chemicals Private Limited	65.63%	Full consolidation
Comercializadora Agricola Agroastrachem Cia Ltda	100.00%	Full consolidation
Creamline Dairy Products Limited	51.91%	Full consolidation
Godrej Tyson Foods Limited	51.00%	Full consolidation
Godrej Cattle Genetics Private Limited	100.00%	Full consolidation
Godvet Agrochem Limited	100.00%	Full Consolidation
ACI Godrej Agrovet Private Limited	50.00%	Equity Method
Omnivore India Capital Trust	9.62%	Equity Method

Source: GAVL

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Branches



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