

March 21, 2025

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 / Term Loan	23.25	23.25	[ICRA]AA(Stable)
Short Term – Fund Based Facilities	287.20	287.20	[ICRA]A1+
Short Term – Non Fund Based Facilities	333.00	333.00	[ICRA]A1+
Commercial Paper	1,200.00	1,200.00	[ICRA]A1+
Total	1,843.45	1,843.45	

*Instrument details are provided in Annexure-1

Rationale

Material Event

On March 11, 2025, Godrej Agrovet Limited (GAVL) informed the stock exchanges about receipt of approval from its Board of Directors for acquisition of the remaining 48.06% stake in Creamline Dairy Products Limited (CDPL) and for execution of share purchase agreement with the promoter group of CDPL, making CDPL a wholly owned subsidiary of GAVL (i.e., increasing its stake in CDPL from present 51.94% to 100.00% post the said transaction). The cost of acquiring the balance stake in CDPL is Rs. 930 crore, with the transaction expected to be completed on or before September 30, 2025.

Impact of the Material Event

With this transaction, GAVL aims to gain complete control over CDPL, as part of its strategic decision-making process. ICRA understands that GAVL plans to fund the consideration (~Rs. 930 crore) for the aforementioned transaction through a mix of incremental accruals and external debt. Despite the short-term impact of increased net debt levels, given GAVL's steady margin profile and expected strong internal accrual generation, ICRA does not expect any material deterioration in the company's credit profile on a sustained basis. ICRA has noted the above event and will continue to monitor any development in this regard and take appropriate rating action, if necessary.

Please refer the following link for the previous detailed rationale that captures key rating drivers and their description, liquidity position, and rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for the Entities in the Agrochemicals Industry Rating Methodology for the Entities in the Edible Oil Industry
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 fast moving consumer goods, consumer 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 64.87% stake in Godrej Agrovet Limited (as on December 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- (Negative) / [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	9M FY2025*
Operating Income (Rs. crore)	9,379.0	9,573.4	7,249.1
PAT (Rs. crore)	263.4	307.4	296.0
OPBDIT/OI (%)	5.6%	7.5%	9.2%
PAT/OI (%)	2.8%	3.2%	4.1%
Total Outside Liabilities/Tangible Net Worth (times)	1.0	0.9	1.1
Total Debt/OPBDIT (times)	2.7	2.0	1.7
Interest Coverage (times)	5.3	6.7	6.4

Source: GAVL, ICRA Research; PAT: Profit after Tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; * the financial information for 9M FY2025 is prepared basis the unaudited financial statements, and the groupings for these financials may vary from the groupings for audited financial statements

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 (Rs. crore)	Date & Rating on			FY2024		FY2023		FY2022	
				21-Mar-25	10-Jul-24 30-May-24	10-May-24	Date	Rating	Date	Rating	Date	Rating
1	Fund-based Facilities	Short-term	287.20	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	25-May-23	[ICRA]A1+	31-May-22	[ICRA]A1+	31-May-21	[ICRA]A1+
2	Term Loan	Long-term	23.25	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	25-May-23	[ICRA]AA (Stable)	31-May-22	[ICRA]AA (Stable)	31-May-21	-
3	Non-fund Based Facilities	Short-term	333.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	25-May-23	[ICRA]A1+	31-May-22	[ICRA]A1+	31-May-21	[ICRA]A1+
4	Commercial Paper Programme	Short-term	1,200.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	25-May-23	[ICRA]A1+	31-May-22	[ICRA]A1+	31-May-21	[ICRA]A1+
5	Fund-based Facilities	Long-term	0.00	-	-	[ICRA]AA (Stable)	25-May-23	[ICRA]AA (Stable)	31-May-22	[ICRA]AA (Stable)	31-May-21	[ICRA]AA (Stable)

Source: Company

Complexity level of the rated instruments

Instrument	Complexity Indicator
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	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	287.20	[ICRA]A1+
NA	Long Term – Fund Based / Term Loan - 1	FY2020	NA	FY2025	3.25	[ICRA]AA(Stable)
NA	Long Term – Fund Based / Term Loan – 2	FY2024	NA	FY2029	20.00	[ICRA]AA(Stable)
NA	Short Term – Non Fund Based Facilities	NA	NA	NA	333.00	[ICRA]A1+
INE850D14TD1	Commercial Paper	7-Jan-25	NA	7-365 days	50.00	[ICRA]A1+
INE850D14TE9	Commercial Paper	9-Jan-25	NA		50.00	[ICRA]A1+
INE850D14TF6	Commercial Paper	10-Jan-25	NA		50.00	[ICRA]A1+
INE850D14TG4	Commercial Paper	13-Jan-25	NA		50.00	[ICRA]A1+
INE850D14TK6	Commercial Paper	28-Feb-25	NA		50.00	[ICRA]A1+
INE850D14TM2	Commercial Paper	4-Mar-25	NA		50.00	[ICRA]A1+
INE850D14TL4	Commercial Paper	4-Mar-25	NA		50.00	[ICRA]A1+
INE850D14TO8	Commercial Paper	13-Mar-25	NA		50.00	[ICRA]A1+
INE850D14TN0	Commercial Paper	18-Mar-25	NA		50.00	[ICRA]A1+
Unplaced	Commercial Paper Programme	NA	NA		750.00*	[ICRA]A1+

Source: Company; *Not yet placed

[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	51.94%	Full consolidation
Godrej Foods Limited (formerly known as Godrej Tyson Foods Limited)	100.00% ¹	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	0.00%	-

Source: GAVL; ¹with effect from August 27, 2024

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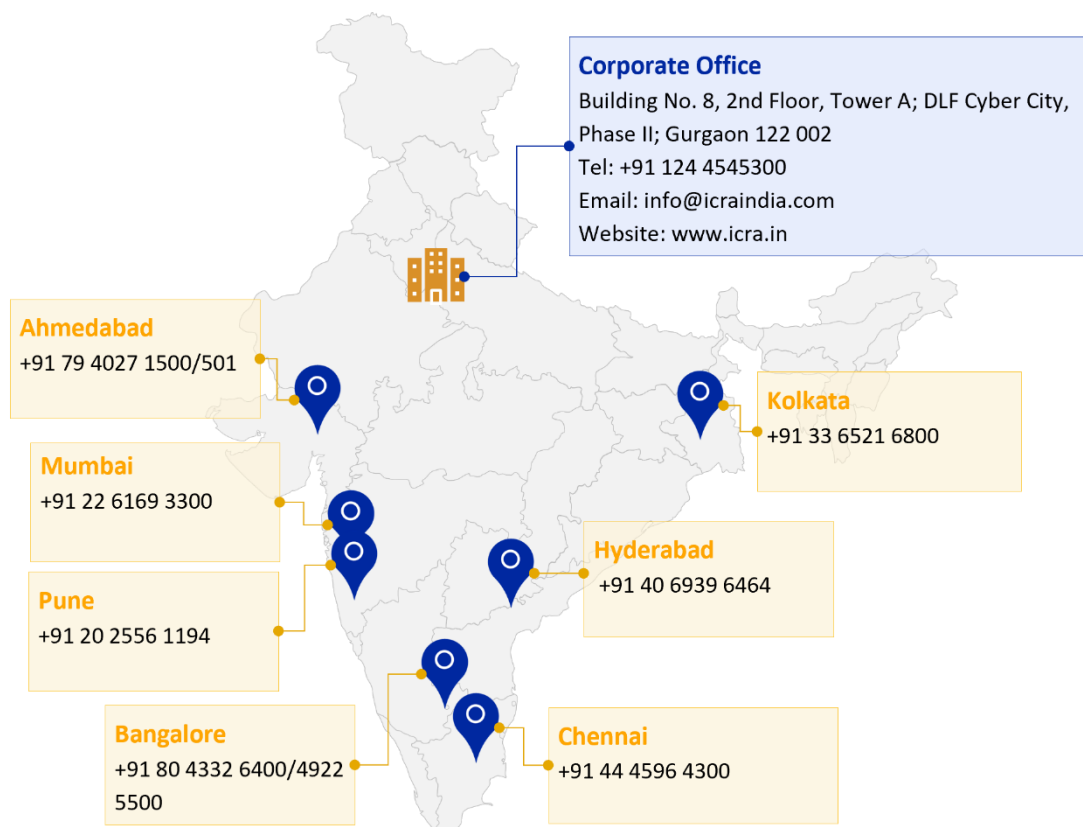


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