July 10, 2025

Godrej Agrovet Limited: Ratings reaffirmed, rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term – Fund Based / Term Loan	23.25	20.00	[ICRA]AA(Stable); reaffirmed
Short Term – Fund Based Facilities	287.20	296.20	[ICRA]A1+; reaffirmed/ assigned for enhanced amount
Short Term – Non Fund Based Facilities	333.00	425.00	[ICRA]A1+; reaffirmed/ assigned for enhanced amount
Commercial Paper	1,200.00	1,500.00	[ICRA]A1+; reaffirmed / assigned for enhanced amount
Total	**1,843.45**	**2,241.20**	

**Instrument details are provided in Annexure-1*

Rationale

The reaffirmation of ratings continues to take into account the diverse presence of Godrej Agrovet Limited (GAVL) in agri-focused businesses such as animal feed, vegetable oil (palm oil), crop protection (agri inputs), dairy and poultry, which insulates the company from downturns in any particular business sector. Among the various sectors in which it operates, GAVL enjoys a strong position in the domestic organised animal feed segment, which accounts for ~50% of its consolidated revenues. The ratings also factor in the company's comfortable capitalisation metrics, as reflected in a gearing (total debt/net worth) of 0.5 times and TOL/TNW (total outside liabilities/net worth) of 1.1 times as on March 31, 2025. The company also continued to demonstrate comfortable interest coverage at 6.3 times in FY2025, while total debt / OPBDIT stood at 1.7 times as on March 31, 2025, aided by steady profitability and containment of debt levels and finance costs. ICRA further draws comfort from GAVL's strong parentage (it is a part of the Godrej Group), which imparts financial flexibility. ICRA also notes that GAVL has been gradually increasing its stake in its subsidiary companies such as Astec LifeSciences Limited (Astec), and has acquired the balance stake in its subsidiaries – Creamline Dairy Products Limited and Godrej Foods Limited (erstwhile Godrej Tyson Foods Limited) through FY2025 and Q1 FY2026, making these entities the wholly-owned subsidiaries of GAVL.

GAVL's operational performance in FY2025 largely remained steady. The consolidated revenues reported a marginal 2% YoY decline for the fiscal, with the moderation in realization levels across divisions due to softening seen in the input costs being one of the reasons for the constrained revenues. The said softening in the input costs supported margin expansion for the fiscal, with operating profit margin (OPM) expanding to 8.9% in FY2025 from 7.5% in FY2024. While the animal feed division (largest division in terms of revenue contribution) saw a decent margin expansion on back of favourable input costs in FY2025, margin expansion remained substantial for crop protection business which benefitted from favourable product mix for the fiscal. The edible oil division, aided by healthy realization levels for crude palm oil (CPO) and palm kernel oil (PKO), reported a decent 20% YoY revenue growth in FY2025, with segmental margins showing decent improvement on the back of healthy realization levels. In the longer run, GAVL plans to enhance its focus on higher value-added (branded) products for businesses like edible oil, dairy and poultry, which is expected to support margin expansion over the medium term.

GAVL's cost structure and profitability remain susceptible to raw material price fluctuations due to its exposure to a price-sensitive consumer segment, which limits its ability to fully pass on any increase in input prices. In this context, GAVL's ability to pass on the input cost fluctuations to end-consumers either through strengthening market position or increasing salience of value-added / differentiated products for protecting its margins, remains a key rating monitorable. The company's presence in diverse agri-businesses provides comfort to the overall business model of GAVL. Nonetheless, the agri-focused business portfolio of GAVL remains vulnerable to factors such as adverse weather conditions and Government regulations. The company also faces intense competition in the agro-chemicals business from the domestic as well as external players, which may influence the profitability in this segment. The ratings also factor in GAVL's capex outlay of around Rs. 250-270 crore per annum over the near term and also the recent acquisition of balance stake in the subsidiaries – Creamline Dairy Products Limited (CDPL) and Godrej Foods Limited (GFL) along with rights issue for Astec, with the funding mix of internal accruals and external borrowings. Though such debt-funded capex and investment activities are likely to have some influence over the capital structure in the near-to-medium term, the same is expected to remain fairly comfortable because of the company's robust net worth position and healthy accruals generation. While the company's dependence over short-term borrowings for meeting its funding requirements remains sizeable, comfort is drawn from the refinancing capabilities of the Godrej Group.

The Stable outlook on the rating reflects ICRA's expectation that GAVL is likely to sustain its operating metrics, aided by its diversified presence across different business verticals and its focus on increasing the revenue share from value-added products across businesses. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, to further expand the capacity will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

Strong position in the domestic organised animal feed industry – GAVL enjoys a strong position in the domestic organised animal feed industry with presence across sub-categories like cattle, broiler, layer and aqua feed. The animal feed segment has remained the largest contributor to revenues with a share of ~50% in the total consolidated revenues in the recent years. The company's research and development (R&D)-driven efforts to achieve cost leadership and cost competitiveness are expected to help it remain a leading player in the segment, going forward, as well. The animal feed segment reported a marginal 2% YoY volume decline in FY2025 due to lower placements and lower end product prices in the first half of the fiscal, although favourable commodity costs led to a decent YoY margin expansion for the division in FY2025.

Diversified business presence insulates the company from downturns in any individual business segment – GAVL is a well-diversified agri-product player with presence across multiple segments including animal feed, vegetable oil (palm oil), crop protection (agri inputs), dairy and poultry. Over the years, GAVL's focus on diversification of its revenue streams has resulted in a gradual decline in the animal feed segment's share in the consolidated revenues (from 51.7% in FY2019 to 48.5% in FY2025). Most of the key operational divisions reported a YoY improvement in the profitability in FY2025. The diversified business presence of GAVL insulates the company from downturn in any particular business segment to an extent.

Comfortable capitalisation and coverage indicators – The company's capitalisation metrics continued to remain comfortable in FY2025, as reflected in a gearing (total debt/net worth) of 0.5 times and TOL/TNW (total outside liabilities/net worth) of 1.1 times as on March 31, 2025. Further, the company continued to demonstrate a comfortable interest coverage of 6.3 times in FY2025 (previous year, PY: 6.7 times). Total debt/OPBDIT stood fairly adequate at 1.7 times as of March 31, 2025, demonstrating some improvement YoY on the back of improved profitability and containment of debt levels. The overall capital structure is expected to remain comfortable going forward as well, supported by comfortable profitability and access to favourable cost of funding. While a sizeable debt addition is envisaged over the near term, given the debt-funded investment drives such as incremental stake acquisition in CDPL and rights issue for Astec, the credit metrics of GAVL is expected to remain commensurate with the present rating category.

Strong financial flexibility as part of the Godrej Group – GAVL is a subsidiary of Godrej Industries Limited (GIL), which held a 64.87% stake in GAVL as on March 31, 2025. GIL is one of the flagship companies of the GILAC Group Companies, a large and established business house in the country. Although GAVL has high reliance on the short-term borrowings, comfort is drawn from its parentage, which lends strong financial flexibility. The Godrej Group's parentage provides GAVL with access to capital markets and helps maintain healthy relationships with the banks.

Credit challenges

GAVL's cost structure and profitability remain susceptible to raw material price fluctuations – GAVL's revenues and profitability remain susceptible to commodity price fluctuations, especially in the animal feed and palm oil businesses. Although GAVL is a strong player in the organised animal feed industry, its ability to pass on the increase in commodity prices is limited due to its exposure to the highly price sensitive consumer segment. While the revenue sharing with farmers in the palm oil business is formula driven, GAVL's revenues and operating margin would vary with fluctuations in end product prices, which are influenced by global palm oil prices. In this context, forward-integration initiatives undertaken by GAVL, such as setting up of solvent extraction plant and refinery, provide some comfort as the same are expected to de-link the edible oil business' profitability from the volatility associated with the market to an extent.

Agri-focused business portfolio vulnerable to weather conditions and Government regulations – As the company is present in agri-businesses, its revenues and profit margins are vulnerable to weather conditions as well as Government regulations to some extent, which may restrict its ability to expand its operations or margins. Nonetheless, its presence across diverse agri-businesses mitigates the risks to some extent.

Continued capex and investment plans has kept dependence on external borrowings high – GAVL's capex outlay over the near term remains moderate, at around Rs. 250 crore per annum. Moreover, the company also acquired the balance stakes in its subsidiaries CDPL and GFL through FY2025 and Q1 FY2026, making them the wholly-owned subsidiaries of the company. The company also plans to infuse capital into Astec through the ongoing rights issue of the subsidiary. Accordingly, GAVL's dependence over external debt is expected to continue over the near-to-medium term, which may have some bearing on its credit metrics in the near term, although the credit metrics is expected to show a gradual improvement in the medium term, aided by improving earnings across the major divisions. Moreover, the robust net worth base and healthy accruals generation are expected to continue lending support to GAVL's capital structure, going forward.

Environmental and Social Risks

Environmental considerations: The **crop protection business** remains exposed to the risk of tightening regulation for production, handling and transport of chemical products with regards to safety and environmental impact and remedial measures for pollution and effluent treatment. However, the company's efforts to expand its product and segment portfolio are expected to provide some comfort against regulatory risks pertaining to a specific product or segment. The **dairy business** remains indirectly exposed to physical climate risks, which could result in variations in availability of fodder for cattle and impact their productivity. The **animal feed segment** remains partially exposed to regulations from the Government, such as price capping mechanisms. Moreover, this sector remains indirectly exposed to physical climate risks, which could result in variations in availability of cattle fodder. Extreme weather conditions like harsh summers or floods can also impact raw material availability, and in turn, may lead to higher input costs in this segment. However, the dominant status of GAVL in the domestic animal feed market coupled with its presence across multiple states provides some comfort. The **vegetable oil segment** remains indirectly exposed to physical climate risks, which could result in variations in availability of palm crop (FFB).

Social considerations: GAVL, like most conglomerates, has a healthy dependence on human capital; as such retaining human capital, maintaining healthy employee relations as well as supplier ecosystem remain essential for disruption-free operations for the entity. In view of this, GAVL undertakes several measures to maintain high health and hygiene standards as well as employee morale at the workplace. Importance is also given to physical and mental health of employees, by providing all-round support, organising expert workshops as well as setting up specific benefit programmes to help families of deceased employees.

Liquidity position: Adequate

The company's liquidity profile is adequate, supported by a cash and liquid investment balance of Rs. 56 crore (on a consolidated basis as on March 31, 2025) and sufficient buffer in the form of undrawn working capital lines, which stood at ~Rs. 375 crore as on May 31, 2025. Further, the cash flow generation at the consolidated level is expected to remain comfortable at Rs. 500-600 crore per annum, providing further comfort to the liquidity profile. Against these, the consolidated capital expenditure outlay for FY2026 is at ~Rs. 250-270 crore, and debt repayment quantum for the fiscal at ~Rs. 68 crore. GAVL also enjoys healthy financial flexibility as a part of the Godrej Group, which lends it easy access to capital markets to raise funds in the case of exigencies. While the company's dependence over short-term borrowings for meeting its funding requirements remains sizeable, comfort is drawn from the refinancing capabilities of the Godrej Group.

Rating sensitivities

Positive factors – A considerable increase in the company's scale of operations, while maintaining profitability, leading to an improvement in its credit profile will be a positive rating trigger. Sustained total debt/OPBIDTA of below 1.2 time would also be a positive trigger.

Negative factors – Large debt-funded capex or inorganic expansion, leading to weakening credit metrics, would pose a downward pressure on GAVL's rating. Sustained total debt/OPBIDTA of above 2.7 times will also be a negative rating trigger.

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 animal feed, fast moving consumer goods, consumer products, oleo chemicals, 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 March 31, 2025). 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 over 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 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)	FY2024 Audited	FY2025 Audited
Operating income (Rs. crore)	9,573.4	9,399.9
PAT (Rs. crore)	307.4	349.8
OPBDIT/OI (%)	7.5%	8.9%
PAT/OI (%)	3.2%	3.7%
Total Outside Liabilities/Tangible Net Worth (times)	0.9	1.1
Total Debt/OPBDIT (times)	2.0	1.7
Interest Coverage (times)	6.7	6.3

PAT: Profit after Tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Source: GAVL, ICRA Research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Jul 10, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based Facilities	Short-term	296.20	**[ICRA]A1+**	21-Mar-25	**[ICRA]A1+**	25-May-23	**[ICRA]A1+**	31-May-22	**[ICRA]A1+**
				10-Jul-24	**[ICRA]A1+**	-	-	-	-
				30-May-24	**[ICRA]A1+**	-	-	-	-
				10-May-24	**[ICRA]A1+**	-	-	-	-
Term Loan	Long-term	20.00	**[ICRA]AA(Stable)**	21-Mar-25	**[ICRA]AA(Stable)**	25-May-23	**[ICRA]AA(Stable)**	31-May-22	**[ICRA]AA(Stable)**
				10-Jul-24	**[ICRA]AA(Stable)**	-	-	-	-
				30-May-24	**[ICRA]AA(Stable)**	-	-	-	-
				10-May-24	**[ICRA]AA(Stable)**	-	-	-	-
Non-fund Based Facilities	Short-term	425.00	**[ICRA]A1+**	21-Mar-25	**[ICRA]A1+**	25-May-23	**[ICRA]A1+**	31-May-22	**[ICRA]A1+**
				10-Jul-24	**[ICRA]A1+**	-	-	-	-
				30-May-24	**[ICRA]A1+**	-	-	-	-
				10-May-24	**[ICRA]A1+**	-	-	-	-
Commercial Paper Programme	Short-term	1,500.00	**[ICRA]A1+**	21-Mar-25	**[ICRA]A1+**	25-May-23	**[ICRA]A1+**	31-May-22	**[ICRA]A1+**
				10-Jul-24	**[ICRA]A1+**	-	-	-	-

	Current rating (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount rated (Rs. crore)**	**Jul 10, 2025**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
				30-May-24	**[ICRA]A1+**	-	**-**	-	**-**
				10-May-24	**[ICRA]A1+**	-	**-**	-	**-**
Fund-based Facilities	Long-term	-	-	-	**-**	25-May-23	**[ICRA]AA(Stable)**	31-May-22	**[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	296.20	[ICRA]A1+
NA	Long Term – Fund Based / Term Loan – 1	FY2024	NA	FY2029	20.00	[ICRA]AA(Stable)
NA	Short Term – Non Fund Based Facilities	NA	NA	NA	425.00	[ICRA]A1+
INE850D14TL4	Commercial Paper	04-Mar-25	NA	7-365 days	50.0	[ICRA]A1+
INE850D14TR1	Commercial Paper	08-May-25	NA		100.0	[ICRA]A1+
INE850D14TS9	Commercial Paper	08-May-25	NA		50.0	[ICRA]A1+
INE850D14TS9	Commercial Paper	08-May-25	NA		50.0	[ICRA]A1+
INE850D14TT7	Commercial Paper	08-May-25	NA		100.0	[ICRA]A1+
INE850D14TU5	Commercial Paper	08-May-25	NA		100.0	[ICRA]A1+
INE850D14TW1	Commercial Paper	08-May-25	NA		100.0	[ICRA]A1+
INE850D14TV3	Commercial Paper	08-May-25	NA		50.0	[ICRA]A1+
INE850D14TX9	Commercial Paper	23-May-25	NA		75.0	[ICRA]A1+
INE850D14TY7	Commercial Paper	26-May-25	NA		50.0	[ICRA]A1+
INE850D14TZ4	Commercial Paper	27-May-25	NA		50.0	[ICRA]A1+
INE850D14UA5	Commercial Paper	09-Jun-25	NA		100.0	[ICRA]A1+
INE850D14UB3	Commercial Paper	26-Jun-25	NA		50.0	[ICRA]A1+
Unplaced	Commercial Paper Programme	NA	NA		575.00	[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	64.75%	Full consolidation
Behram Chemicals Private Limited	65.63%	Full consolidation
Comercializadora Agricola Agroastrachem Cia Ltda	100.00%	Full consolidation
Creamline Dairy Products Limited	100.00%	Full consolidation
Godrej Foods Limited	100.00%	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: Company

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