

Godrej Agrovet Ltd : Very Good Issue

IPO Note : Largest Crude Palm oil Producer in India with diversified businesses : Part of 'Godrej Group' : Ranking****



Issue details

Price band (Rs)	Rs.450-460
IPO Opening Date	04/10/17
IPO Closing Date	06/10/17
Issue Size	Rs. 1157 Cr.

Recommendation

Total revenue grew at a CAGR of 15.80% from Rs.2771.82 Cr for the FY 2013 to Rs.4983.44 Cr for FY 2017 and Net Profit grew at a CAGR of 29.77% in the same period. Net profit grew from Rs.96.74 to Rs.274.39 crore in FY17. In the June qtr. the company has reported EPS of Rs.3.87. If we attribute latest earnings on fully diluted equity post issue then asking price is at a P/E of 29+. Being the first mover from the segment the issues price seems attractive. There is no comparable listed peer. Investors may consider investment in this IPO

Highlights

- Godrej Agrovet is India based agri-business Company offering products including Animal Feed, Crop Protection, Oil Palm, Dairy and Poultry and Processed Foods. Godrej Agrovet is leading animal feed company and the largest crude palm oil producer in India.
- Pan-India presence with extensive supply and distribution network.
- Diversified businesses with five business verticals.
- Part of the Godrej group. Part of strong 'Godrej' brand.
- Leading position in the segments it operate

Company Introduction

Incorporated in 1991, Godrej Agrovet is India based agri-business Company offering products including Animal Feed, Crop Protection, Oil Palm, Dairy and Poultry and Processed Foods. Godrej Agrovet is leading animal feed company and the largest crude palm oil producer in India.

Product Portfolio

1. In animal feed business, the products comprises cattle feed, poultry feed (broiler and layer), aqua feed (fish and shrimp) and specialty feed. The products are produced at 35 facilities and sold through 4000 distributors across India.
2. In crop protection business, company produces plant growth regulators, organic manures, generic agrochemicals and specialized herbicides. The products are sold in India and 24 countries. Company has over 6000 distributors in this business segment.
3. In oil palm business, the products include crude palm oil, crude palm kernel oil and palm kernel cake. Company owns five palm oil mills.
4. The dairy business is operate through a subsidiary Creamline Dairy. Company sell milk and milk based products under the



www.godrejagrovet.com

Financial Summary (Rs. In Crore)

Particulars	For the Qtr. Ended June 2017	FY2017	FY 2016	FY2015
Total Income	1369.42	4983.44	3817.67	3325.5
Net Profit	74.28	274.39	261.09	210.13
EPS (Rs)	3.87	14.31	13.62	10.96

*EPS not annualized

Source: RHP and ACE Equity

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

'Jersey' in 5 south India states. Company own nine milk processing units. Company has 2,500 milk product distributors and 50 retail parlors.

5. Company also produce processed poultry and vegetarian products under the brands 'Real Good Chicken' and 'Yummiez'.

Company Promoters:

Mr Nadir B. Godrej and Mr Adi B. Godrej are the promoters of GIL.

The object of the issue

Offer for Sale: Each of the Selling Shareholders will be entitled to the respective portion of the proceeds of the Offer for Sale.

Fresh Issue:

Repayment or prepayment of working capital facilities availed; repayment of commercial papers issued by the Company; and general corporate purposes.

IPO Issue Proceed

To part finance repayment/pre-payment of certain debts, and general corpus fund needs, Godrej Agrovet Ltd is coming out with a maiden IPO of approx. Rs. 1157 crore consisting of fresh equity (approx 63.37 lakh shares) issue of Rs. 291.50 crore and offer for sale of 1.88 crore shares by existing shareholders. Issue opens for subscription on 04.10.17 and will close on 06.10.17. Issue is done via book building route with a price band of Rs. 450-460 per share for Rs. 10 FV share. Minimum application is to be made for 32 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE.

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