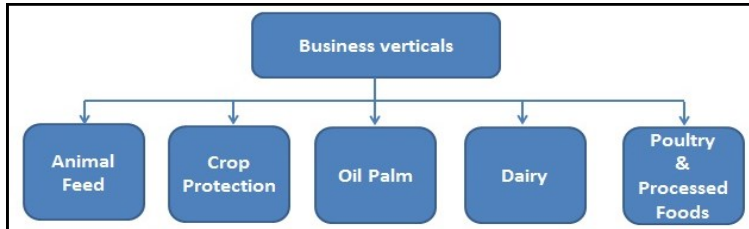


IPO UPDATE

Godrej Agrovet Limited

About the company:

The company is a diversified, research and development focused agri-business company with operations across five business verticals. The same is illustrated below :



Source: Red Herring Prospectus

The company was the largest crude palm oil producer in India, in terms of market share, as of March 31, 2017. It is also the leading compound animal feed company in India, on the basis of installed capacity for the financial year 2016. In Bangladesh, the company's joint venture, ACI Godrej was the fourth largest feed producer, in terms of sales volume, during the financial year 2016.

Business verticals and Product Portfolio

(A) Animal feed :

The portfolio of products comprises cattle feed, poultry feed (broiler and layer), aqua feed (fish and shrimp) and specialty feed. The animal feed products of the company are manufactured at 35 facilities, of which 10 facilities are owned, and seven are operated by the company, located near major consumption centers across India, with an aggregate production capacity of 2.36 million MT per annum, as of March 31, 2017. The company has pan-India distribution network for animal feed products including approximately 4,000 distributors, as of March 31, 2017. The company's 50:50 joint venture, ACI Godrej, was incorporated in 2004 and produces cattle, poultry and fish feed in Bangladesh. ACI Godrej operates two manufacturing facilities with an aggregate production capacity of 0.57million MT per annum, as of March 31, 2017.

(B) Crop Protection :

The Company manufactures a wide range of products that cater to the entire crop lifecycle including plant growth regulators, organic manures, generic agrochemicals and specialized herbicides. In October 2015, the company acquired a majority equity interest in Astec LifeSciences and currently owns 55.7% of its outstanding equity shares. Astec LifeSciences manufactures agrochemical active ingredients (technical), bulk and formulations as well as intermediate products and sells its products in India as well as exports them to approximately 24 countries, including the United States and countries across Europe, West Asia, South East Asia and Latin America. It also undertakes contract development and manufacturing services for other agro-chemical companies. The distribution network of the company's crop protection business in India includes approximately 6,000 distributors, as of March 31, 2017.

(C) Crop Protection :

The company produces a wide range of products including crude palm oil, crude palm kernel oil and palm kernel cake. The company purchases fresh fruit bunches ("FFBs") from palm oil farmers and works closely with them by providing planting material, agricultural inputs and technical guidance. Further, the company had entered into a MoU with nine state governments, which provides access to approximately 61,700 hectares under oil palm plantation, which is equivalent to approximately one-fifth of India's area suitable for oil palm cultivation, as of March 31, 2017. The company was recognized as the Highest Crude Palm Oil Producer in the Country at the GLOBOIL conference in 2015.

SNAPSHOT	
Issue Opens	Wednesday, October 04, 2017
Issue Closes	Friday, October 06, 2017
Price Band	Rs450 to Rs460
Bid Lot	32 shares and multiples thereafter
Face Value	Rs10
Listing	BSE & NSE
Type of Issue	Fresh Issue & Offer for Sale
Offer Size	291.51cr Fresh Issue & 865.80cr of Offer for Sale
Implied Market Cap	8,816cr
PE (based on FY17 earning)	32.23

Details of Selling Shareholder & No of Shares	
Godrej Industries *	Upto 65,21,739
V-Sciences Investments Pte Ltd.	Upto 1,23,00,000
Total	Upto 1,88,21,739

*Note : Equity Shares aggregating up to Rs3,000mn and number of shares have been calculated at higher price band

Issue allocation	
Reservations	% of Net Issue
QIB	50%
NIP	15%
Retails	35%
Total	100%

Objects of the issue	
<ul style="list-style-type: none"> • Repayment or repayment of working capital facilities availed by the company. • Repayment of commercial paper issued by the company • General corporate purpose, subject to applicable laws 	

Last 3 year Summarized Financials			
Rs(mn)	FY15	FY16	FY17
Sales	33,118	37,502	49,111
EBITDA	3,059	2,965	4,380
EBITDA %	9.2%	7.9%	8.9%
Net profit After Tax	2,100	2,610	2,735
Net Profit Margin %	6.3%	7.0%	5.6%
Earning Per Share	8.99	9.78	11.45
Return on Net worth	27.12%	23.94%	22.71%

IPO UPDATE

Godrej Agrovet Limited

Business Verticals & Product Portfolio : (contd...)

(D) Crop Protection :

The company operates through subsidiary Creamline Dairy and sells a majority of milk and milk based products under the 'Jersey' brand across the states of Telangana, Andhra Pradesh, Tamil Nadu, Karnataka and Maharashtra. As of March 31, 2017, the company owned and operated nine milk processing units. The supply chain network includes procurement from six states through a network of 121 chilling centers. The dairy distribution network included approximately 4,000 milk distributors, approximately 2,500 milk product distributors and 50 retail parlors, as well as direct sales to institutional customers.

(E) Poultry and Processed Foods:

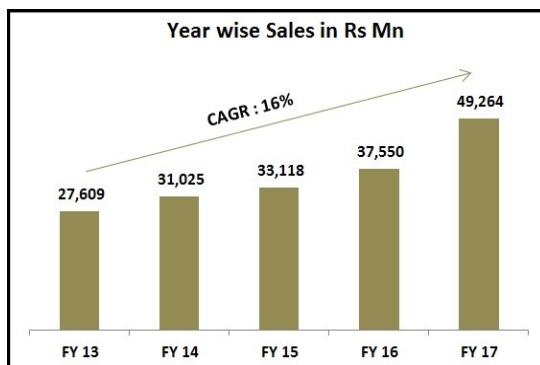
The company manufactures and markets processed poultry and vegetarian products through brands 'Real Good Chicken' and 'Yummiez'. In 1994, the Company ventured into the poultry business by launching the 'Real Good Chicken' brand and in 2008, with an objective to grow our poultry and processed foods business, the company entered into a joint venture with Tyson India Holding Limited, a subsidiary of Tyson Foods Inc., U.S.A. The company believes that joint venture with Tyson India Holding Limited provides with the technical and operational expertise to compete successfully in India.

The company has set up two processing plants with integrated breeding and hatchery operations and has a diverse customer base comprising of retail customers as well as institutional clients such as quick service restaurants, fine dining restaurants, food service companies and hotels.

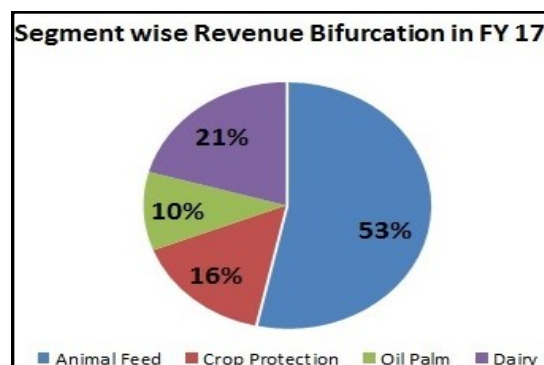
Financials

Rs(mn)	FY13	FY14	FY15	FY16	FY17
Sales	27,605	31,025	33,118	37,502	49,111
Sales Growth		12%	7%	13%	31%
EBITDA	1,946	2,415	3,059	2,965	4,380
EBITDA %	7.0%	7.8%	9.2%	7.9%	8.9%
Net profit After Tax	966	1,565	2,100	2,610	2,735
Net Profit Margin %	3.5%	5.0%	6.3%	7.0%	5.6%
Earning Per Share	1.21	7.13	8.99	9.78	11.45
Return on Net worth in %	-	-	27.12%	23.94%	22.71%

Source: Red Herring Prospectus



Source: Red Herring Prospectus



Source: Red Herring Prospectus

Outlook and Recommendations:

In terms of valuations, on the upper price band of Rs460 and consolidated EPS of Rs11.42, the P/E is 40.2x. There is no direct peer to compare the same for the company. In terms of the value unlocking across the diversified business segments that the company is present into, which could otherwise be a risk as well if any of the segments do not perform as per the expectations, is something that the investors could bet on. The IPO could be subscribed for short to long term with or without any definite listing gains.

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