

Issue Details	
Issue Opens	04-Oct-17
Issue Closes	06-Oct-17
Issue Size (Rs. Crore)	1,157.3
Face value (per equity share)	10
Price Band (Rs.)	450-460
Lot Size (No of Share)	32
No of Shares on Offer (crore)	2.52
QIB (%)	50%
Non-Institutional (%)	15%
Retail (%)	35%
Commencement of Trading	16-Oct-17

Issue Date: 04th Oct – 06th Oct 2017
Price Band (Rs.): 450-460
Lot Size (No. of Share): 32

Company Background

Incorporated in 1991, Godrej Agrovet is India based agri-business Company offering products including Animal Feed, Crop Protection, Oil Palm, Dairy & Poultry and Processed Foods. Godrej Agrovet is leading animal feed company and the largest crude palm oil producer in India. Godrej Agrovet (GAVL) is part of the prestigious "Godrej" group and is a well-diversified agri-business player that serves to enhance both crop and livestock yields.

Financials

Particulars	For the year/period ended (in Rs. Million)				
	FY-17	FY-16	FY-15	FY-14	FY-13
Total Revenue	4,983	3,818	3,325	3,117	2,772
Total Expenses	4,649	3,608	3,108	2,929	2,634
Profit After Tax	249	262	208	154	94

Concerns

- Business verticals exposed to vagaries of nature.
- Interruption in third party services.
- Outbreak of livestock diseases.
- Inability to innovate and introduce new products in the market place.

Strengths

- Pan-India presence with extensive supply and distribution network.
- Leading position in the segments it operate.
- Strong distribution network and established brands.
- Diversified Businesses with proven promoter pedigree ("Godrej group").
- Healthy balance sheet & robust return ratios.

Our View

On the upper price band of Rs.460 and on FY17 EPS of Rs.11.42, P/E ratio works out to 40.2x. Even based on last 3 years restated consolidated EPS of Rs.10.4, P/E Ratio works out to be 43.8x. Means, company is asking the higher price band of Rs.460 in the P/E Ratio 40.2x to 43.8x. There is no listed peers to check whether the issue price is highly priced or under priced.

Company revenues grew at 16% CAGR in the last 5 years. It has posted consistent margins between 5.5% to 6.8% in the last 5 years. After long, a well diversified company from the house of Godrej is coming with a maiden offer. Company is playing major role in all its verticals and is poised for better prospects. Considering all these positive factors, investor can invest for short to long term.

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	74.8	68.7
Public (incl institutions and employees)	25.2	31.3
Total	100.0	100.0

Objects of the Issue

1. Offer for Sale: Each of the Selling Shareholders will be entitled to the respective portion of the proceeds of the Offer for Sale.
2. Fresh Issue: Company proposes to utilise the proceeds from the Fresh Issue towards:
 - a) Repayment or prepayment of working capital facilities availed;
 - b) Repayment of commercial papers issued by the Company; and
 - c) General corporate purposes.