

Godrej Agrovet (GAVL) - ADD

Company Update

Current Market Price (CMP)

Rs. 743

Fair Value (FV)

Rs. 820

Rationale:

- Key takeaways from our visit to GAVL's chemical R&D center in Navi Mumbai.
- CDMO business saw no impact on business from the departure of CEO Anurag Roy.
- Management remains confident of 40-50% growth in CDMO revenues in FY25 as well as the next two years.
- Expect FY27E CDMO EBITDA above Rs200 cr and see it as a key growth driver.

(EBITDA: Earnings Before Interest Tax Depreciation & Amortization; GTFL: Godrej Tyson Foods; CDMO: Contract Development and Manufacturing Organization)

Company Update:

Positives:

- Enhanced capabilities have already started to demonstrate an impact.
- Rs450 cr invested in capacity addition will suffice for the next three years.
- GAVL has thus far commercialized nine molecules in its CDMO business.
- R&D center has helped assemble a strong pipeline of new molecules.
- Company is winning additional orders for existing products, which will drive growth.

Negatives:

- Margins in CDMO have dipped amid the industry downturn & intensely competitive environment.

[Click here](#)

For detailed report dated 9th Dec 2024. Note: CMP & valuation may differ due to difference in dates.



This is a synopsis of the Research report issued by Kotak Securities Limited. This is not a comprehensive report and before taking any investment decision we request you to refer the detailed report including disclaimers by clicking here: <https://www.kotaksecurities.com/ksweb/ResearchCall/Fundamental>. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 Months; Disclaimer: <http://bit.ly/2n5AxIE>