Dated: 1 Sept 2026

Godrej Agrovet (GOAGRO) - BUY

Company Update

Current Market Price (CMP)	Fair Value (FV)
Rs.615	**Rs.1010**

Rationale:

- Oil palm EBITDA clocked ~Rs430 cr in FY26 & is expected to exceed ~Rs1,000 cr by FY31.
- Double-digit growth in FFB volumes and a sharp increase in value-added products should drive growth.
- The segment's long growth runway, margin stability and high RoCE warrant attractive valuations.
- The oil palm segment could be worth more than GAVL's current market cap.
- SoTP-based September 2027E FV for GAVL moves to Rs1,010 (from Rs850). BUY.

Positives:

- The clear implication is long runway for growth in acreages, considering India's hefty import bill for palm oil (~US$1000 cr p.a.) and negligible domestic production.
- Own area can nearly double to 150k ha by 2031 from 80k at present.
- GAVL's existing allotment of >230k ha offers a long growth runway, with >80% of area additions now coming from states other than AP.
- Could benefit in coming years from a shift in mix toward the NMEO-OP formula.
- Besides, shift toward value-added products could alone add another 300 bps or more to margins.
- Management expects that revenues could hit ~Rs4,500 cr by FY31 with EBITDA margins of 23%+, even in a conservative scenario.

Negatives:

- This is a challenging target compared to the present 0.6 mn ha.

(NMEO-OP – National Mission on Edible Oils – Oil Palm | ha – Hectares | FFB – Fresh Fruit Bunches | EBITDA – Earnings Before Interest, Taxes, Depreciation & Amortization | CAGR – Compound Annual Growth Rate | ROCE – Return on Capital Employed | SOTP – Sum-of-the-Parts)

Holding Period: 12 months

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RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY – We expect the stock to deliver more than 15% returns over the next 12 months

ADD – We expect the stock to deliver 5% - 15% returns over the next 12 months

REDUCE – We expect the stock to deliver -5% - +5% returns over the next 12 months

SELL – We expect the stock to deliver < -5% returns over the next 12 months

NR – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.

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NA – **Not Available or Not Applicable.** The information is not available for display or is not applicable

NM – **Not Meaningful.** The information is not meaningful and is therefore excluded.

NOTE – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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