Twitter Thread by JST Investments



JST Investments
@JstInvestments

Godrej Agrovet & Astec Lifesciences FY21 Annual Report Takeaways ■

'Improving the productivity of farmers by innovating products and services that sustainably increase crop & livestock yields'

Hit the 'retweet' & help us educate more investors.

A Thread ■■

1/ About the company:

The resilience of the Agriculture sector (3.6% growth vs economic contraction)

Focusing on People, Planet & Profits: Investments continue in Animal Feed & Astec's businesses

One of the challenges that management overcame was robust distribution in COVID.

2/ From the desk of the chairman (Mr. Nadir)

- Strong performance in Animal Feed biz (margins expanded) & Astec Lifesciences
- Being in 5 cyclical businesses, is a hedge as the outperformance of a few compensates for others
- Will continue to invest in R&D & a +ve outlook.

3/ Numbers that matter

Rev down 9%
EBITDA margin of 10%
PAT (ex. one-offs) up 60%
Weak cash flows: led to jump in debt

Diversified: 47% Animal Feed | 17% Crop protection | 16% Dairy | 11% Vegetable Oil | 9% Poultry & Processed Foods
4900+ Employees

15cr R&D Spend
256cr capex

4/ Agricultural sector macro overview

- Vaccination program is the only key to riches here
- FY21 was a windfall for Agriculture: Rainfall which was highest in last 25yrs, higher sowing, higher food grain production
- FY22 has started on a +ve note with better Rabi harvest YoY

5/ Animal Feed Business

- Volumes down 13% & rev down 17%: weak HoReCa (out of home consumption) sales & feed sales are directly proportional to end protein products
- Margins higher: R&D & low RM costs
- Capacity expansion: New fish feed plant going online in FY22.

6/ Crop Protection (Incl. Astec)

- Acceleration collections (up 27%) to improve WC
- Results flat, increased distribution by partnering with major Agrochem players
- Astec Life: Rev up 5% & PAT up 45%: New Herbicide plant (115cr capex) & R&D facility (medium-long term) coming up

7/ Oil Palm

- Rev up 5%, PAT down 6%: Affected by white-fly infestation affecting FFBs volumes & the oil content
- Oil prices up 30% YoY, Company has been allotted land with a possible increase of 40% of capacity
- R&D initiatives: to improve the oil extraction ratio & new VAPs.

8/ Dairy

- Rev down 13%, PAT better due to lower procurement prices & fixed cost rationalization
- Godrej Jersey logo got revamped & relaunched after a lot more marketing (what has changed this time?)
- Working on strengthening milk procurement network (the most important part)

9/ Poultry & Processed Foods

- Income up 17%, back to profitability
- Live bird segment: Low RM & higher realizations | Will continue to expand
- Frozen foods: strong in-home consumption (veg & non-veg) | Increasing product portfolio & distribution

10/ Opportunities & Threats

Diversified agri-focused conglomerate: few of the businesses have not yet reached critical mass & pricing power is not found in any

A class company whose 'fortunes are dependent on 3G: God, Government & Godrej Team' ~ Balram Yadav, MD

End of Thread.

Godrej Agrovet Q4FY21 results
https://t.co/Ny88qYdURy

Godrej Agrovet Q4FY21 key insights
https://t.co/jfAyLjrQQJ

> Godrej Agrovet - Q4FY21 - Stable (base quarter had exceptional item due to sale of real estate)
>
> Revenue down 10.4% YoY
> EBITDA down 4.9% YoY
> Net Profit down 8.4% YoY
> Margins same
> Bad Cash flows
> Final dividend \u20b98
> Borrowings increase from 618 cr to 943 cr#Q4withJST #FMCGwithJST pic.twitter.com/YIZs9QcQSd
>
> — JST Investments (@JstInvestments) May 7, 2021