

May 10, 2024

Godrej & Boyce Manufacturing Company Limited: Update on material event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Commercial Paper	900.0	900.0	[ICRA]A1+
Total	900.0	900.0	

*Instrument details are provided in Annexure-1

Rationale

Material Event

Godrej & Boyce Manufacturing Company Limited (G&B), vide its press release dated April 30, 2024, informed about the family settlement agreement (FSA) and a brand and non-compete agreement entered into amongst some of the members of the Godrej Family.

As part of this arrangement, Mr. Jamshyd Naoroji Godrej (JNG) and Ms. Smita Godrej Crishna (SVC) faction of the Godrej family will be managing Godrej & Boyce Manufacturing Company Limited (rated [ICRA]A1+), Godrej Holdings Private Limited and Godrej Infotech Limited and all of their respective subsidiaries and joint ventures, collectively referred to as Godrej Enterprises Group (GEG).

Mr. Adi Burjorji Godrej (ABG) and Mr. Nadir Burjorji Godrej (NBG) family will continue to be promoters with controlling/management interest, of companies including – Godrej Industries Ltd (GIL, rated [ICRA]AA (Stable)/ [ICRA]A1+), Godrej Consumer Products Limited (GCPL, rated [ICRA]AAA (Stable)/ [ICRA]A1+), Godrej Properties Limited (GPL, rated [ICRA]AA+ (Stable)/ [ICRA]A1+), Godrej Agrovet Limited (GAVL, rated [ICRA]AA (Stable)/ [ICRA]A1+), Godrej Seeds and Genetics Limited (rated [ICRA]AA (Stable)/ [ICRA]A1+), Innovia Multiventures Private Limited and Astec Lifesciences Limited (Astec, rated [ICRA]AA- (Stable)/ [ICRA]A1+) (collectively the “GILAC Group Companies”) and all of their respective subsidiaries and joint ventures, , referred to as Godrej Industries Group (GIG).

The “Godrej” brand is owned and utilized by the family groups. The family groups have also entered into a brand and non-compete agreement for a period of six years, post which a family group can enter into the exclusive business of the other family group without the use of the ‘Godrej’ brand (including no-use of Godrej in their corporate/ entity names).

The FSA will be effective post the receipt of requisite regulatory approvals (including from the Competition Commission of India).

Impact of Material Event

The announced FSA is expected to be credit neutral for G&B from a strategic, business and operations standpoint. Further, ICRA does not anticipate any increase in leverage in any of the ICRA-rated companies in the Group specifically owing to the announced FSA. However, timely completion of the FSA subject to regulatory approvals and potential change in shareholding of rated entities within the group, if any, will remain a monitorable.

Overall, ICRA does not expect any material impact of the arrangement on the credit profile of G&B and, therefore, ratings remain unchanged at [ICRA]A1+.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Key financial indicators, Liquidity position, and Rating sensitivities. [Click here](#).

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology
Parent/Group Support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of G&B.

About the company

G&B is a part of the GEG Group, which is engaged in diverse business segments across multiple industries spanning Aerospace, Aviation, Defence, Engines and Motors, Energy, Security, Building Materials, Construction, Green Building Consulting, EPC Services, Intralogistics, Healthcare Equipment, Durables, Furniture, Interior Design, Architectural Fittings, IT, Software as well as Infrastructure Solutions through G&B's various business units and other Group companies. Currently G&B holds 7.33% stake in GCPL and 3.83% stake in GPL of the Godrej Industries Group (GIG).

G&B began its journey by manufacturing high quality locks in 1897. Currently, the company operates in diverse business divisions, as detailed above across India and the globe. G&B's production facility is in Mumbai (Vikhroli), and outside Mumbai its manufacturing units are at Khalapur, Shirwal and Shindewadi (Maharashtra), Mohali (Punjab), Bhagwanpur and Haridwar (Uttarakhand), Dahej (Gujarat) and Chennai (Tamil Nadu).

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2025)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated	Amount Outstanding as of March 31, 2024	Date & Rating on	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022
			(Rs. crore)	(Rs. crore)	May 10, 2024	October 6, 2023	October 27, 2022	October 29, 2021
1	Commercial Paper Programme	Short-term	900.00	900.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

Source: Company

Complexity level of the rated instruments

Instrument	Complexity Indicator
Commercial Paper Programme	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, are available on ICRA's website: [Click Here](#)

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
INE982D14AV4	Commercial Paper	21-Mar-2024	7.70%	20-Jun-2024	200.0	[ICRA]A1+
INE982D14AW2	Commercial Paper	6-May-2024	7.25%	5-Aug-2024	700.0	[ICRA]A1+

Source: Company

Annexure-2: List of entities considered for consolidated analysis – Not Applicable

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