

May 10, 2024

Godrej Consumer Products Limited: Update on material event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term/ Short-term, Fund-based/ Non-fund Based Facilities	800.00	800.00	[ICRA] AAA (Stable)/ [ICRA] A1+
Commercial Paper Programme	3,000.00	3,000.00	[ICRA]A1+
Total	3,800.00	3,800.00	

*Instrument details are provided in Annexure-1

Rationale

Material Event

Godrej Consumer Products Limited (GCPL or the company) vide a BSE release dated April 30, 2024, informed about the family settlement agreement (FSA) and a brand and non-compete agreement entered into among some of the members of the Godrej family. As a part of this arrangement, Mr. Adi Burjorji Godrej (ABG) and Mr. Nadir Burjorji Godrej (NBG) family and their immediate relatives will continue to be promoters with controlling/management interest, of companies including – GIL, 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, and Anamudi Real Estates LLP. Mr. Jamshyd Naoroji Godrej (JNG) and Ms. Smita Godrej Crishna (SVC) and their immediate relatives will be managing Godrej & Boyce Manufacturing Company Limited (rated [ICRA]A1+), Godrej Holdings Private Limited and Godrej Infotech Limited (collectively the G&B Group Companies) and all of their respective subsidiaries and joint ventures, and RKNE Enterprises.

The Godrej name and brand will be equally owned and shared by both the family groups. The family groups have also entered into a 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 in their corporate/ entity names).

The FSA and the Brand and Non-Compete Agreement will become effective post the receipt of requisite approvals (including from the Competition Commission of India).

Impact of Material Event

The announced FSA is expected to be credit neutral for ICRA-rated entities in the Godrej Group from 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 GCPL and, therefore, the ratings remain unchanged at [ICRA]AAA (Stable)/[ICRA]A1+.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, environmental and social risks, liquidity position, and rating sensitivities. [Click here](#).

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Fast Moving Consumer Goods Industry
Parent/Group Support	Not applicable
Consolidation/Standalone	The rating is based on the company's consolidated financial profile. The company's subsidiaries and step-down subsidiaries are all enlisted in Annexure-II.

About the company

Formed out of a de-merger of the consumer products division of the erstwhile Godrej Soaps Limited in April 2001, GCPL is a part of the Godrej Group of companies. Although GCPL was established in its current form in 2001, it has been operating for almost 100 years, as Godrej Soaps, in the personal care segment.

Currently, GCPL's standalone business includes household insecticides, toilet soaps, hair colours, toiletries, home and car air fresheners and liquid detergents. The company is a market leader in the household insecticide, hair colour and air freshener categories, and the second largest player in the soaps category in the domestic market. GCPL's manufacturing plants are located in Assam, Goa, Himachal Pradesh, Jammu & Kashmir, Madhya Pradesh, Meghalaya, Pondicherry, Sikkim and Tamil Nadu in India and also at various overseas locations including Indonesia, South Africa, Kenya, Mozambique, Nigeria, Ghana, Argentina and Chile, through its subsidiaries. Over the years, its capacity expansions were undertaken in areas where it could avail fiscal benefits extended by the Government, thereby improving its profitability. Over the last decade, GCPL has undertaken several overseas acquisitions to build its presence in key emerging markets outside India, with focus on Asia, Africa and Latin America. These acquisitions give GCPL access to well-established international brands and the distribution and marketing networks of its subsidiaries. Recently, it also acquired the FMCG business of Raymond Consumer Care Limited to strengthen its presence in the deodorant and sexual wellness categories in the domestic market.

Key financial indicators (audited)

GCPL- Consolidated (Amount in Rs. crore)	FY2022	FY2023	FY2024
Operating Income (Rs. crore)	12,276.5	13,316.0	14,096.1
PAT (Rs. crore)	1,783.1	1,702.5	-560.6
OPBDIT/OI (%)	20.4%	19.2%	21.8%
PAT/OI (%)	14.5%	12.8%	-4.0%
Total Outside Liabilities/Tangible Net Worth (times)	0.3	0.2	0.4
Total Debt/OPBDIT (times)	0.7	0.4	1.0
Interest Coverage (times)	11.4	8.6	7.3

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; NA: Not Available

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)	10-May-2024	07-Jul-23	04-May-23	26-Apr-23	29-Jun-22	28-Jun-21
1	Fund-based / Non-fund Based Facilities	Long-term/ Short-term	800.00	--	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+
2	Commercial Paper Programme	Short-term	3,000.00	--	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

Source: Company

Complexity level of the rated instruments

Instrument	Complexity Indicator
Fund-based / Non-fund Based Facilities	Simple
Commercial Paper	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	Coupon Rate	Maturity	Amount Rated (Rs. Crore)	Current Rating and Outlook
NA	Long-term / Short-term, Fund-based / Non-fund Based Facilities	NA	NA	NA	800.0	[ICRA]AAA (Stable)/ [ICRA] A1+
INE102D14849	Commercial Paper	April 2023	7.23%	September 2023	727.9	[ICRA]A1+
INE102D14856	Commercial Paper	May 2023	7.38%	December 2023	477.5	[ICRA]A1+
INE102D14864	Commercial Paper	May 2023	7.47%	March 2024	469.8	[ICRA]A1+
INE102D14872	Commercial Paper	May 2023	7.14%	July 2023	245.9	[ICRA]A1+
NA*	Commercial Paper	NA	NA	NA	1078.9	[ICRA]A1+

Source: Company; *not yet placed

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership^	Consolidation approach
Godrej Household Products (Lanka) Pvt. Ltd.	100%	Full Consolidation
Godrej South Africa Proprietary Ltd	100%	Full Consolidation
Godrej Consumer Products Bangladesh Ltd*	100%	Full Consolidation
Godrej Household Products (Bangladesh) Pvt. Ltd.	100%	Full Consolidation
Beleza Mozambique LDA	100%	Full Consolidation
Consell SA*	100%	Full Consolidation
Cosmetica National	100%	Full Consolidation
Charm Industries Limited	100%	Full Consolidation
Canon Chemicals Limited	100%	Full Consolidation
Darling Trading Company Mauritius Ltd	100%	Full Consolidation
Deciral SA	100%	Full Consolidation
DGH Phase Two Mauritius	100%	Full Consolidation
DGH Tanzania Limited	100%	Full Consolidation
Frika Weave (PTY) LTD	100%	Full Consolidation
Godrej Africa Holdings Limited	100%	Full Consolidation
Godrej Consumer Holdings (Netherlands) B.V.	100%	Full Consolidation
Godrej Consumer Investments (Chile) Spa	100%	Full Consolidation
Godrej Consumer Products (Netherlands) B.V.	100%	Full Consolidation
Godrej Consumer Products Dutch Coöperatief U.A.	100%	Full Consolidation
Godrej Consumer Products Holding (Mauritius) Limited	100%	Full Consolidation
Godrej Consumer Products International (FZCO)	100%	Full Consolidation
Godrej East Africa Holdings Ltd	100%	Full Consolidation
Godrej Global Mid East FZE	100%	Full Consolidation
Godrej Holdings (Chile) Limitada	100%	Full Consolidation
Godrej Indonesia IP Holdings Ltd	100%	Full Consolidation
PT. Godrej distribution Indonesia	100%	Full Consolidation
Godrej Mauritius Africa Holdings Limited	100%	Full Consolidation
Godrej Mid East Holdings Limited	100%	Full Consolidation
Godrej Netherlands B.V.	100%	Full Consolidation
Godrej Nigeria Limited	100%	Full Consolidation
Godrej Peru SAC	100%	Full Consolidation
Godrej SON Holdings INC	100%	Full Consolidation
Godrej Tanzania Holdings Ltd	100%	Full Consolidation
Godrej (UK) Ltd	100%	Full Consolidation
Godrej West Africa Holdings Ltd.	100%	Full Consolidation
Hair Credentials Zambia Limited	100%	Full Consolidation
Hair Trading (offshore) S. A. L	51%	Full Consolidation

Company Name	Ownership^	Consolidation approach
Indovest Capital*	100%	Full Consolidation
Issue Group Brazil Limited*	100%	Full Consolidation
Kinky Group (Pty) Limited	100%	Full Consolidation
Laboratoria Cuenca S.A	100%	Full Consolidation
Lorna Nigeria Ltd.	100%	Full Consolidation
Old Pro International Inc	100%	Full Consolidation
Panamar Producciones S.A.*	100%	Full Consolidation
PT Ekamas Sarijaya	100%	Full Consolidation
PT Indomas Susemi Jaya	100%	Full Consolidation
PT Megasari Makmur	100%	Full Consolidation
PT Sarico Indah	100%	Full Consolidation
Sigma Hair Industries Limited	100%	Full Consolidation
Strength of Nature LLC	100%	Full Consolidation
Style Industries Limited	100%	Full Consolidation
Subinite (Pty) Ltd.	100%	Full Consolidation
Weave Ghana Ltd	100%	Full Consolidation
Weave IP Holdings Mauritius Pvt. Ltd.	100%	Full Consolidation
Weave Mozambique Limitada	100%	Full Consolidation
Weave Senegal Ltd*	100%	Full Consolidation
Weave Trading Mauritius Pvt. Ltd.	51%	Full Consolidation
Godrej CP Malaysia SDN. BHD	100%	Full Consolidation

Source: As on March 31, 2023; *under voluntary liquidation

ANALYST CONTACTS

Shamsher Dewan

+91 124 4545328

shamsherd@icraindia.com

Kinjal Shah

+91 22 6114 3442

Kinjal.shah@icraindia.com

Sahil Jogesh Udani

+91 22 6114 3465

sahil.udani@icraindia.com

Trisha Agarwal

+91 22 6114 3457

trisha.agarwal@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



© Copyright, 2024 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.