

September 29, 2026

Godrej & Boyce Manufacturing Company Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated Amount (Rs. crore)	Rating action	Financial Sector Regulator [#]
Commercial Paper	1,200.0	1,200.0	[ICRA] A1+; reaffirmed	RBI
Total	1,200.0	1,200.0		

*Instrument details are provided in Annexure I

[#]SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The rating reaffirmation factors in the diversified business risk profile of Godrej & Boyce Manufacturing Company Limited (G&B) which has presence across multiple consumer and industrial product segments, insulating the company from downturns in any particular sector. The company enjoys a strong footing in the domestic home and office furniture space and is among the leading players in the domestic refrigerator segment. The ratings also factor in G&B's strategic importance to the Godrej Enterprises Group as its oldest operating company and its strong brand recall. The rating also continues to factor in the in addition to its exceptional financial flexibility enjoyed by G&B by being a part of the Godrej Enterprises Group, which is further augmented by the significant market value of its listed investments in associate entities (valued at Rs. 10,693 crore as of July 31, 2026). That said, such financial flexibility is also subject to volatility in the stock market. ICRA will continue to monitor the value of G&B's listed investments, going forward. ICRA also takes into consideration G&B's land and real estate holdings at Vikhroli in Mumbai. Apart from its monetisation potential, the latter also provides a steady lease rental income flow to the company.

These strengths are partially offset by the company's moderate financial risk profile due to its presence in low-margin mass products in the consumer products segment and modest profitability of some of its divisions. Besides, sizeable working capital requirements and ongoing capital expenditure have resulted in modest debt coverage and return indicators for G&B. The receivables position has increased over the past couple of fiscals mainly on account of few of the divisions seeing an increasing trend in revenue share from the Business-to-Government (B2G) and Business-to-Business (B2B) business models which entail a relatively longer credit period. While the company reported a healthy 10% YoY revenue growth in FY2026 (15% YoY revenue growth in 4M FY2027), backed by steady demand across the key business verticals, its operating margins contracted to 7.4% in FY2026 from 8.2% in FY2025 due to inflationary pressure, which could not be fully passed on to the end-consumers in some of the divisions. G&B continues to face intense competition in the consumer appliances, and furniture and interiors divisions, limiting its pricing power and margins in these divisions, which account for close to half of its revenues. However, increased thrust on improving market penetration and reach by expanding its distribution network, and focus on premium offerings, are expected to support the performance of these segments over the medium term. In line with G&B's plans to enhance its focus on the premium offerings within the appliances division, its market share has been steadily increasing across different appliances segments, with the expectations of the same to sustain, going forward.

ICRA also takes comfort from the sizeable market value of its listed associate investments, which lends it high financial flexibility.

Apart from retaining and improving its market share in the appliances and furniture segment to support its profitability, G&B's ability to reduce its fixed costs through cost optimisation will be crucial for maintaining its credit profile. In this context, ICRA notes the ongoing relocation of few of the G&B's business verticals from Vikhroli to Khalapur, with the said activity expected to be completed in the next 1-2 years. Apart from providing favourable cost dynamics, the said relocation is also expected to offer logistical advantage for the relocating divisions.

Key rating drivers and their description

Credit strengths

Enjoys exceptional financial flexibility for being a part of the Godrej Enterprises Group; further supported by significant market value of listed investments and real estate holdings – As a part of the Godrej Enterprises Group, the company enjoys exceptional financial flexibility. The company has interests in various businesses spanning white goods appliances, home and office furniture, locks, security solutions, storage solutions, real estate development and heavy engineering projects. ICRA derives considerable comfort from the market value of listed investments in the associate entities, with G&B's unquoted investments [including Godrej Consumer Products Limited/GCPL (7.33% as of June 2026) and Godrej Properties Limited/GPL (3.54% as of June 2026)] valued at Rs. 10,693 crore as of July 31, 2026. The company had transferred its majority stake in GCPL and GIL to other investment companies from the Group as a part of its business restructuring in FY2017. Nevertheless, ICRA expects G&B to continue to retain the balance stake in GCPL and GPL. Further, comfort is also drawn from the company's large land bank at Vikhroli in Mumbai, apart from its holdings in significant commercial real estate, which can be monetised as and when required.

Diversified business presence insulates it from downturn in any single segment – G&B is the oldest operating company in the Godrej Enterprises Group and is strategically important to it with a diverse business presence spanning 13 business divisions, categorised under two broad segments of consumer products and industrial divisions. Its consumer products division includes consumer appliances, furniture and interiors, security solutions, storage solutions, vending machines and locks & architectural solutions. Its industrial divisions include process plant and equipment, material handling equipment, precision engineering, aerospace and tooling, energy solutions, and motor solutions. In FY2026, G&B derived around 66% of its total revenues from its consumer products division, with the balance generated by the industrial division (around 29%), followed by the leasing and construction businesses (around 5%) and other income. Such diversified presence reduces its dependence on a single sector, thus insulating it from downturn in any single segment, to a large extent. The steady revenue stream of around Rs. 300-350 crore per annum from leasing its commercial real estate also imparts some stability to the company's financial risk profile.

Strong brand and established presence in home and office furniture space; renowned player in the refrigerator segment – By virtue of its established presence in the consumer appliances and locks business, the 'Godrej' brand held by G&B has become a household name and has been suitably used by the company to expand its product portfolio across businesses. The company also has a strong footing in the home and office furniture space through its Interio brand and is well poised to capture a higher share in the growing organised market. In the consumer durables space, the company enjoys a decent presence in the refrigerator market with a 7.3% volume market share¹ in FY2026 (8.8% in Q1 FY2027). It is also reasonably placed in the air conditioner and washing machine markets with a value market share of 6.8% and 4.6%, respectively, in FY2026 (7.7% and 5.2%, respectively, in Q1 FY2027). The company is aiming to strengthen its product portfolio and enter the high-end product segments across different appliance categories. It also plans broader geographical penetration through expansion in the rural and tier-II/III markets. The company also plans to roll out new products across different segments to further strengthen its product portfolio. Such efforts are expected to augur well for the future growth prospects of the company.

Credit challenges

Moderate financial risk profile – The company has a moderate financial risk profile due to its presence in low margin, mass products in the consumer products segment and modest profitability in some of the industrial divisions, which coupled with long outstanding receivables (given the increasing revenue share from B2B and B2G businesses) and sizeable capex incurred over the past few years, have resulted in modest debt coverage and return indicators. With few of the G&B's key business divisions reporting moderation in their respective contribution margins in FY2026 and 4M FY2027, G&B's operating profit margin (OPM) moderated from 8.2% (FY2025) to 7.4% (FY2026). While OPM stood at 4.5% in 4M FY2027, it is to be noted that the seasonality effect associated with profitability typically results in a gradual improvement in margin profile through the rest

¹ Market share data as per company

of the fiscal. Moreover, upcoming festive season is likely to aid demand for divisions like appliances, furniture and interiors, which coupled with project-based divisions typically getting Government orders in Q3 and Q4 every fiscal year is likely to support revenue growth and margin expansion in H2 FY2027.

Intense competition in the consumer appliances and furniture businesses – The company derives 35-40% of its revenue from the consumer appliances business, where it faces intense competition from players such as Samsung, LG, Whirlpool, Voltas etc. G&B's market share across addressable sub-segments in the appliances division remains limited. Hence, its ability to expand its market share will be crucial to support its business risk profile, going forward. In this context, ICRA takes note of the gradual improvement in market share of G&B seen in FY2026 and Q1 FY2027 across segments like refrigerators, air conditioners and washing machines, aided by new product launches (such as new model launches in split air conditioners, front load washing machines and frost-free refrigerators). Competition also remains quite high in the furniture and interiors business on account of competition from both organised and unorganised players. While G&B has demonstrated healthy revenue growth momentum in the division in the past couple of fiscals, its ability to maintain a healthy profitability in the segment remains monitorable, especially in wake of heightening competition.

Liquidity position: Adequate

The company's liquidity profile is adequate, supported by free cash and liquid investments of Rs. 615 crore and unutilised working capital lines of over Rs. 505 crore as on March 31, 2026. The average fund-based working capital utilization for FY2026 stood limited, at 34%, underlining substantial buffer available in the form of undrawn working capital lines. Considering the improvement in sales momentum, ICRA expects G&B's cash flow from operations of Rs. 600-800 crore over the medium term, and its existing liquidity to remain sufficient to fund its annual capex spends of Rs. 1,200-1,300 crore, and debt repayment obligations of Rs. 561 crore in FY2027 and Rs. 600-620 crore in FY2028 (including repayments towards public fixed deposits which are renewable). While the company has dependence on short-term borrowings to meet some of its funding requirements, the rolling-over nature of most of the short-term funding instruments provides some comfort. Further, the sizeable market value of its investments in associate companies amounting to Rs. 10,693 crore as of July 31, 2026, lends an exceptional financial flexibility to G&B. Apart from the above, G&B's financial flexibility is enhanced by the company's real estate and land holdings. In addition, the company enjoys easy access to debt markets and enjoys strong relationships with banks as it is a part of the Godrej Enterprises Group. These factors, cumulatively, are expected to support the company's liquidity position, going forward.

Rating sensitivities

Positive factors – Not Applicable.

Negative factors – Pressure on G&B's rating could arise if there is weakening of cash flow generation and/ or an elongation of its working capital cycle or higher-than-expected debt-funded capex, leading to a material and sustained deterioration in its financial risk profile, along with considerable decline in the value of quoted investments, which affects its financial flexibility.

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

Godrej & Boyce Manufacturing Company Limited (G&B) is a part of the Godrej Enterprises Group, which is engaged in diverse business segments spanning home appliances, locks, consumer products, industrial products (process plant and equipment), , real estate development and IT solutions through group company. G&B was a holding-cum-operating company until March 2017, when its majority stake in GIL (around 58.0%) and GCPL (around 27.4%) was transferred to other Group investment companies, while retaining 7.34% stake in GCPL and 4.64% stake in GPL. The rationale for the restructuring was to enhance the company's flexibility for any future corporate action, such as an Initial Public Offering (IPO), public listing of an individual division or a strategic partner coming on board. As of June 2026, G&B's stake in GCPL and GPL stood at 7.33% and 3.54%, respectively.

G&B commenced its journey with the manufacturing of high-quality locks in 1897. Currently, the company operates across 13 diverse business divisions, offering consumer, office and industrial products and services with a presence across India and the globe. G&B's main production facility is located at Mumbai (Vikroli and Khalapur) along with manufacturing units at Shirwal and Shindewadi (near Pune), Mohali, Bhagwanpur, Haridwar and Chennai.

Key financial indicators

G&B (Standalone)	FY2025 Audited	FY2026 Audited
Operating income (Rs. crore)	19,563.9	21595.5
PAT (Rs. crore)	568.6	503.6
OPBDIT/OI (%)	8.2%	7.4%
PAT/OI (%)	2.9%	2.3%
Total Outside Liabilities/Tangible Net Worth (times)	0.9	1.1
Total Debt/OPBDIT (times)	2.9	3.5
Interest Coverage (times)	5.2	4.4

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Sep 29, 2026	Date	Rating	Date	Rating	Date	Rating
Commercial Paper Programme	Short-term	1,200.00	[ICRA] A1+	Sep 5, 2025	[ICRA]A1+	29 Oct,24	[ICRA]A1+	6 Oct,23	[ICRA]A1+
		-	-	-	-	10 May,24	[ICRA]A1+	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Commercial Paper	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 I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook	Financial Sector Regulator [#]
INE982D14BP4	Commercial Paper	06-Aug-2026	7.03 %	05-Nov-2026	500.00	[ICRA]A1+	RBI
INE982D14BQ2	Commercial Paper	10-Sept-2026	6.52%	09-Dec-2026	700.00	[ICRA]A1+	RBI

Source: Company

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Annexure II: List of entities considered for consolidated analysis: Not applicable

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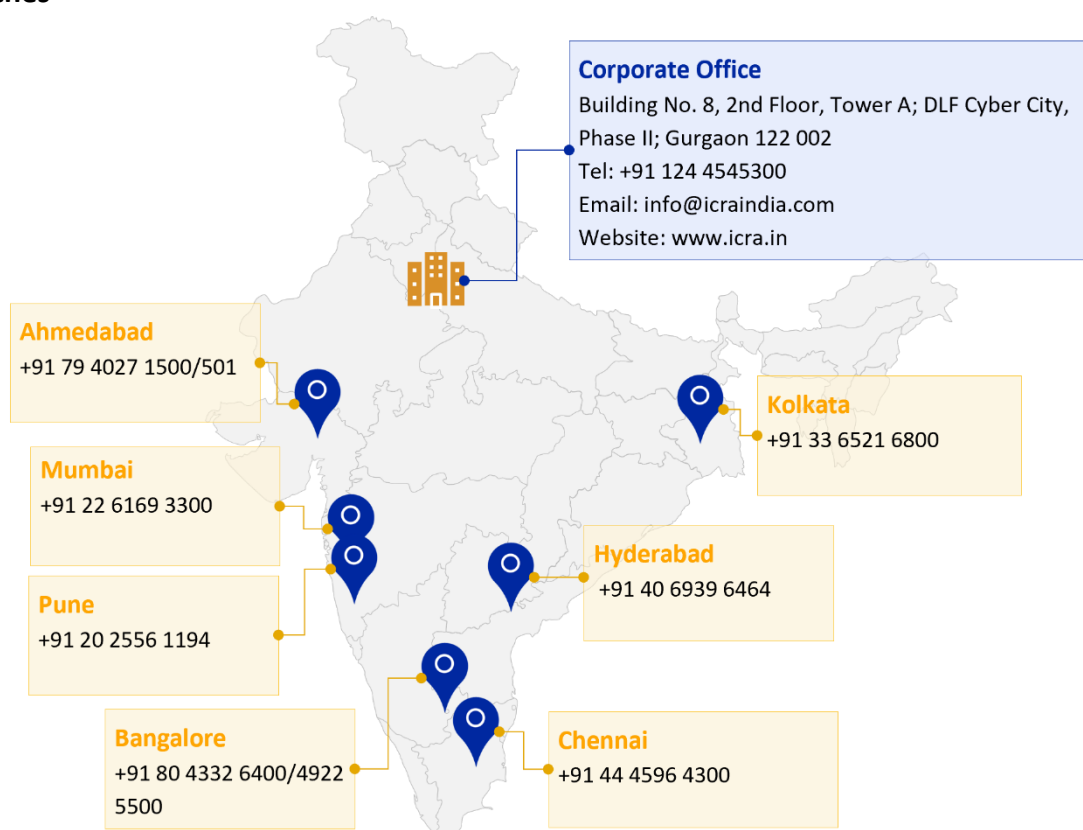
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