

May 10, 2024

Godrej Industries Limited: Update on material event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Non-Convertible Debenture Programme	4,750.00	4,750.00	[ICRA]AA (Stable)
Long-term Fund-based Facilities – CC	90.00	90.00	[ICRA]AA (Stable)
Long-term – Term Loans	230.77	230.77	[ICRA]AA (Stable)
Short-term – Non-fund Based Facilities	126.00	126.00	[ICRA]A1+
Long-term/Short-term – Unallocated	1,693.23	1,693.23	[ICRA]AA (Stable)/ [ICRA]A1+
Commercial Paper Programme	3,500.00	3,500.00	[ICRA]A1+
Total	10,390.00	10,390.00	

*Instrument details are provided in Annexure-I

Rationale

Material Event

Godrej Industries Limited (GIL 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 GIL and, therefore, the ratings remain unchanged at [ICRA]AA (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 Investment Companies
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

GIL is the holding company of the Godrej Group, which has interests in real estate, agriculture and consumer goods (through its subsidiaries, associate companies and JVs). On a standalone basis, apart from being the Group's holding company, GIL is engaged in the manufacturing of oleochemicals, where it is the domestic market leader across various sub-segments (like fatty acids, fatty alcohols, glycerine and surfactants). Its chemicals business caters to several end-user industries including FMCG, oil and gas, chemicals intermediates, pharmaceuticals, tyres etc. As on March 31, 2024, GIL's unencumbered listed investment portfolio (book value) stood at Rs. 4,189.2 crore, with key investments in GCPL (23.7% stake), GAVL (64.9% stake) and GPL (47.3% stake). The company's manufacturing facilities are in Ambernath (Thane, Maharashtra), Dombivli (Thane, Maharashtra), and Valia (Gujarat). GIL also generates rental income from its Vikhroli premises in Mumbai. The promoters hold 67.16% equity in the company (as on March 31, 2024), while the remaining is held by the public.

Key financial indicators (audited)

GIL Standalone	FY2022	FY2023	9M FY2024*
Operating income	3,339.6	4,488.0	2,333.5
PAT	-44.2	232.6	-48.4
OPBDIT/OI	11.8%	16.3%	15.9%
PAT/OI	-1.3%	5.2%	6.3%
Total outside liabilities/Tangible net worth (times)	4.9	4.7	NA
Total debt/OPBDIT (times)	15.7	9.5	NA
Interest coverage (times)	1.1	1.5	0.9

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore; *unaudited

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2025)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Amount outstanding as of Sep 30, 2023 (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023		Date & rating in FY2022	
				May 10, 2024	Dec 18, 2023	Dec 20, 2022	Nov 11, 2022	Feb 22, 2022	Nov 22, 2021
1 Non-Convertible Debenture Programme	Long-term	4,250.00	3,200.00	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)
2 Non-Convertible Debenture Programme	Long-term	500.00	-	[ICRA]AA (Stable)	[ICRA]AA (Stable)	-	-	-	-
3 Non-Convertible Debenture Programme	Long-term	-	-	-	[ICRA]AA (Stable) withdrawn	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)
4 Long-term fund-based facilities – CC	Long-term	90.00	-	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)
5 Long term Term-Loans	Long-term	230.77	230.77	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)
6 Non-fund Based Facilities	Long-term	-	-	-	-	-	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)
7 Short-term Term Loans	Short-term	-	-	-	-	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
8 Short Term – Non-fund-based facilities	Short-term	126.00	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
9 Long term/Short term unallocated	Long-term/short-term	1,693.23	-	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+	-	-	-
10 Commercial Paper Programme	Short-term	3,500.00	2,415.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Non-Convertible Debenture Programme	Very Simple
Long-term fund-based facilities – CC	Simple
Long term Term-Loans	Simple
Short Term – Non-fund-based facilities	Very Simple
Long term/Short term unallocated	NA
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 I: Instrument details

ISIN No	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. Crore)	Current Rating and Outlook
INE233A08030	NCD	28-Oct-20	6.43%	26-Apr-24	750.00	[ICRA]AA (Stable)
INE233A08048	NCD	14-May-21	6.92%	14-May-25	750.00	[ICRA]AA (Stable)
INE233A08055	NCD	28-Sep-21	7.58%	28-Sep-28	750.00	[ICRA]AA (Stable)
INE233A08071	NCD	20-Mar-23	8.30%	12-Jun-26	250.00	[ICRA]AA (Stable)
INE233A08063	NCD	20-Mar-23	8.35%	12-Dec-25	300.00	[ICRA]AA (Stable)
INE233A08089	NCD	27-Sep-23	8.29%	26-Feb-27	400.00	[ICRA]AA (Stable)
Yet to be placed	Proposed NCD	-	-	-	1,550.00	[ICRA]AA (Stable)
NA	Long-term Term Loan	28-Mar-19	1Y-MCLR	31-Mar-25	230.77	[ICRA]AA (Stable)
NA	Fund Based – Working Capital	-	-	-	90.00	[ICRA]AA (Stable)
NA	Non – Fund Based Short Term	-	-	-	126.00	[ICRA]A1+
NA	Long-term/Short Term unallocated	-	-	-	1,693.23	[ICRA]AA (Stable)/ [ICRA]A1+
INE233A14B78	Commercial Paper	21-Sep-23	7.06%	21-Dec-23	75.00	[ICRA]A1+
INE233A14B86		22-Sep-23	7.05%	22-Dec-23	75.00	[ICRA]A1+
INE233A14B94		25-Sep-23	7.05%	26-Dec-23	75.00	[ICRA]A1+
INE233A14C28		3-Oct-23	7.10%	2-Jan-24	50.00	[ICRA]A1+
INE233A14C10		4-Oct-23	7.10%	3-Jan-24	50.00	[ICRA]A1+
INE233A14C36		5-Oct-23	7.10%	4-Jan-24	25.00	[ICRA]A1+
INE233A14C02		6-Oct-23	7.10%	5-Jan-24	75.00	[ICRA]A1+
INE233A14C44		9-Oct-23	7.09%	8-Jan-24	75.00	[ICRA]A1+
INE233A14C51		12-Oct-23	7.16%	11-Jan-24	75.00	[ICRA]A1+
INE233A14C85		17-Oct-23	7.19%	16-Jan-24	75.00	[ICRA]A1+
INE233A14C77		18-Oct-23	7.19%	17-Jan-24	75.00	[ICRA]A1+
INE233A14C69		19-Oct-23	7.19%	18-Jan-24	75.00	[ICRA]A1+
INE233A14C93		20-Oct-23	7.19%	19-Jan-24	75.00	[ICRA]A1+
INE233A14D01		23-Oct-23	7.17%	22-Jan-24	75.00	[ICRA]A1+
INE233A14D19		26-Oct-23	7.17%	25-Jan-24	75.00	[ICRA]A1+
INE233A14D27		27-Oct-23	7.16%	24-Jan-24	75.00	[ICRA]A1+
INE233A14D35		31-Oct-23	7.16%	30-Jan-24	75.00	[ICRA]A1+
INE233A14D43		2-Nov-23	7.23%	1-Feb-24	75.00	[ICRA]A1+
INE233A14D68		6-Nov-23	7.22%	5-Feb-24	75.00	[ICRA]A1+
INE233A14D50		8-Nov-23	7.22%	7-Feb-24	75.00	[ICRA]A1+
INE233A14D84		9-Nov-23	7.25%	8-Feb-24	75.00	[ICRA]A1+
INE233A14D76		10-Nov-23	7.25%	9-Feb-24	75.00	[ICRA]A1+
INE233A14D92		13-Nov-23	7.22%	12-Feb-24	75.00	[ICRA]A1+
INE233A14E00		16-Nov-23	7.22%	15-Feb-24	75.00	[ICRA]A1+
INE233A14E18		17-Nov-23	7.22%	16-Feb-24	75.00	[ICRA]A1+
INE233A14E26		23-Nov-23	7.24%	22-Feb-24	75.00	[ICRA]A1+
INE233A14E34		24-Nov-23	7.24%	23-Feb-24	75.00	[ICRA]A1+
INE233A14E67		28-Nov-23	7.29%	27-Feb-24	75.00	[ICRA]A1+
INE233A14E42		29-Nov-23	7.29%	28-Feb-24	40.00	[ICRA]A1+
INE233A14E59		30-Nov-23	7.29%	29-Feb-24	75.00	[ICRA]A1+
INE233A14E75	1-Dec-23	7.29%	1-Mar-24	75.00	[ICRA]A1+	
INE233A14E91	4-Dec-23	7.29%	4-Mar-24	75.00	[ICRA]A1+	

ISIN No	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. Crore)	Current Rating and Outlook
INE233A14E83		5-Dec-23	7.29%	5-Mar-24	75.00	[ICRA]A1+
INE233A14F09		6-Dec-23	7.29%	6-Mar-24	75.00	[ICRA]A1+
Yet to be placed		-	-	-	1,085.00	[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

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

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