

March 09, 2023

Birla Group Holdings Private Limited: Update on Material Event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial paper programme	5,000.00	5,000.00	[ICRA]A1+; outstanding
Total	5,000.00	5,000.00	

*Instrument details are provided in Annexure I

Rationale

Material Event

Birla Group Holdings Private Limited (BGHPL) has informed ICRA that it has filed a scheme of amalgamation on February 27, 2023 with the National Company Law Tribunal (NCLT) Bench at Mumbai and Kolkata pertaining to the amalgamation of some of its group companies with itself. These entities include Birla Family Investment Private Limited, Birla TMT Holdings Private Limited, Umang Commercial Company Private Limited (Umang), Aditya Birla Online Fashion Private limited, Infocyper India Private Limited and Sunbeam Trading & Investment Private Limited (Transferor Companies) which will be amalgamating into BGHPL (Transferee Company). The matter is expected to come up for hearing in NCLT in due course.

Impact of the Material Event

Of the entities to be merged, apart from BGHPL, Umang has external borrowings and investments in the listed Aditya Birla group companies. On a pro forma basis, the external debt of BGHPL is expected to increase from Rs. 6,360 crore to Rs. 7,618 crore as on February 28, 2023. Similarly, on a pro forma basis the market value¹ of the quoted investments held by BGHPL is expected to increase from ~Rs. 36,354 crore to Rs. 45,020 crore. This translates into a cover (market value of listed investments / total external debt) of 5.9 time (which will be within ICRA's negative trigger of 4 time). Considering the healthy cover in relation to the external debt, ICRA does not expect any impact of the event on the credit profile of BGHPL.

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

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Non-banking Finance Companies Holding Companies
Parent/Group support	As BGHPL is the key holding company of Aditya Birla Group, ICRA expects financial support from the promoter as and when required
Consolidation/Standalone	The rating is based on the standalone financial statements of the company

About the company

Birla Group Holdings Private Limited is a key holding company of the Aditya Birla Group. It holds equity in many Group companies including Grasim Industries Limited (rated [ICRA]AAA(Stable)/A1+), Aditya Birla Capital Limited (rated

¹ As on March 02, 2023

[ICRA]AAA(Stable)/A1+), Aditya Birla Fashion and Retail Limited (rated [ICRA]AA(Stable)/A1+) and Hindalco Industries Limited. The company also holds stakes in a number of unlisted companies of the Group.

In FY2022, BGHPL reported a loss of Rs. 164.39 crore on total assets of Rs. 5263.95 crore compared to a loss of Rs. 525.12 crore on total assets of Rs. 5,009.42 crore in FY2021. For 9M FY2023, the company reported a net loss of Rs. 149.09 crore.

Key financial indicators (audited)

Birla Group Holdings Private Limited	FY2021	FY2022	H1 FY2023 [^]
Dividend income	76	187	220
Interest income	1	9.6	5.3
Net profit on sale of investments	0.74	98	0.34
Total income	97	295	226
Interest expense	574	453	238
Profit after tax	(525)	(164)	(22)
Net worth	(1,519)	(1,683)	(1,705)
Adjusted net worth	12,663	17,396	15,826
Total debt	6,503	6,933	6,999
Investments	4,985	5,195	5,243
Market value of quoted investments	31,275	41,173	38,077
Book value of quoted investments	2,914	3,015	3,015
Total assets	5,009	5,264	5,355
Leverage ratio (times)	0.5	0.4	0.5

Amount in Rs. crore; [^]H1 FY2023 financials are unaudited

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2023)			Chronology of rating history for the past 3 years								
		Amount rated (Rs. crore)	Amount outstanding as of Feb 28, 2022 (Rs. crore)	Date & rating in FY2023			Date & rating in FY2022			Date & rating in FY2021		Date & rating in FY2020	
				Mar 09, 2023	Jan 18, 2023	Aug 30, 2022	Aug 31, 2021	Aug 24, 2021	May 27, 2021	Aug 28, 2020	Apr 14, 2020	Jul 24, 2019	
1 Commercial paper programme	Short term	5,000.00	4,800.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
2 Non-convertible debenture programme	Long term	-	-	-	-	-	[ICRA]AA-(Stable); reaffirmed and withdrawn	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)

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 I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
INE09OL14BY9	Commercial Paper Programme	Dec 15, 2022	-	Mar 15, 2023	250	[ICRA]A1+
INE09OL14BZ6	Commercial Paper Programme	Dec 15, 2022	-	Mar 06, 2023	25	[ICRA]A1+
INE09OL14CA7	Commercial Paper Programme	Dec 19, 2022	-	Mar 20, 2023	550	[ICRA]A1+
INE09OL14CB5	Commercial Paper Programme	Dec 20, 2022	-	Mar 14, 2023	150	[ICRA]A1+
INE09OL14CC3	Commercial Paper Programme	Dec 23, 2022	-	Mar 24, 2023	150	[ICRA]A1+
INE09OL14CD1	Commercial Paper Programme	Jan 20, 2023	-	Apr 21, 2023	400	[ICRA]A1+
INE09OL14CE9	Commercial Paper Programme	Jan 25, 2023	-	Apr 26, 2023	50	[ICRA]A1+
INE09OL14CF6	Commercial Paper Programme	Jan 27, 2023	-	Apr 28, 2023	175	[ICRA]A1+
INE09OL14CF6	Commercial Paper Programme	Jan 30, 2023	-	Apr 28, 2023	50	[ICRA]A1+
INE09OL14CG4	Commercial Paper Programme	Jan 31, 2023	-	May 02, 2023	50	[ICRA]A1+
INE09OL14CH2	Commercial Paper Programme	Feb 03, 2023	-	May 04, 2023	100	[ICRA]A1+
INE09OL14CI0	Commercial Paper Programme	Feb 08, 2023	-	May 09, 2023	500	[ICRA]A1+
INE09OL14CJ8	Commercial Paper Programme	Feb 15, 2023	-	May 15, 2023	25	[ICRA]A1+
INE09OL14CK6	Commercial Paper Programme	Feb 15, 2023	-	May 17, 2023	475	[ICRA]A1+
INE09OL14CL4	Commercial Paper Programme	Feb 16, 2023	-	May 18, 2023	150	[ICRA]A1+
INE09OL14CM2	Commercial Paper Programme	Feb 20, 2023	-	May 22, 2023	350	[ICRA]A1+
INE09OL14CN0	Commercial Paper Programme	Feb 23, 2023	-	Feb 22, 2024	275	[ICRA]A1+
INE09OL14CO8	Commercial Paper Programme	Feb 24, 2023	-	Feb 23, 2024	250	[ICRA]A1+
INE09OL14CP5	Commercial Paper Programme	Feb 27, 2023	-	May 29, 2023	350	[ICRA]A1+
INE09OL14CQ3	Commercial Paper Programme	Feb 28, 2023	-	May 30, 2023	475	[ICRA]A1+
Yet to be placed	Commercial paper programme	NA	NA	NA	200	[ICRA]A1+

Source: Company; data as on February 28, 2023

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

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