

October 24, 2024

## Birla Group Holdings Private Limited: Rating reaffirmed; rated amount enhanced for commercial paper programme

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial paper programme	6,500.00	7,500.00	[ICRA]A1+; assigned/reaffirmed
<b>Total</b>	<b>6,500.00</b>	<b>7,500.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating factors in Birla Group Holdings Private Limited's (BGHPL) position as one of the main holding companies of the Aditya Birla Group. The rating takes into account the company's equity ownership in listed Group entities with key investments in companies like Grasim Industries Limited (rated [ICRA]AAA (Stable)/[ICRA]A1+), Aditya Birla Capital Limited (rated [ICRA]AAA (Stable)/[ICRA]A1+), Aditya Birla Fashion and Retail Limited (rated [ICRA]AA+ (Rating Watch with Developing Implications)/[ICRA]A1+), Hindalco Industries Limited, Pilani Investment and Industries Corporation Limited and Aditya Birla Real Estate Limited. The rating also factors in the company's adequate liquidity position, driven by the market value of its holdings in listed Group entities. It also has holdings in the unlisted investments of other Group companies (including other Group holding companies).

BGHPL continues to report losses with financing costs exceeding dividend income, resulting in a negative reported net worth. However, considering the market value of the listed investments in Group entities, the adjusted net worth is substantially higher. ICRA notes that the company has demonstrated the ability to raise resources within and outside the Aditya Birla Group. This, coupled with the sizeable market value of its listed investments, adds to its financial flexibility.

BGHPL has completed its amalgamation with six Group entities, w.e.f. May 24, 2024, as per the scheme of amalgamation on February 27, 2023. 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). Of the merged entities, apart from BGHPL, Umang had external borrowings and investments in listed Aditya Birla Group companies. The overall quoted investment of the six merged entities was much higher at ~Rs. 14,500 crore in relation to the external debt of Rs. 870 crore held by them as on May 23, 2024. Post-merger, the market value<sup>1</sup> of the quoted investments held by BGHPL stood at Rs. 80,494 crore compared to the external debt of Rs. 8,155 crore as on June 30, 2024. This translates into a cover (market value of listed investments/external debt) of 9.9 times (which is within ICRA's negative trigger of 4 times).

### Key rating drivers and their description

#### Credit strengths

**Key holding company of Aditya Birla Group** – BGHPL is the key holding company of the Aditya Birla Group. It holds equity in a number of Group companies including Grasim Industries Limited, Aditya Birla Capital Limited, Aditya Birla Fashion and Retail Limited, Hindalco Industries Limited, Pilani Investment and Industries Corporation Limited, Aditya Birla Real Estate Limited, Century Enka Limited and Vodafone Idea Limited. The company also holds stakes in a number of unlisted companies of the

<sup>1</sup> As on October 16, 2024

Group. By virtue of the market value of its listed holdings and the demonstrated ability to raise resources within and outside the Aditya Birla Group, BGHPL enjoys considerable financial flexibility.

**Healthy market value of listed Group entities** – The market value of the quoted investments held by BGHPL stood at Rs. 80,494 crore as on October 16, 2024, translating into a cover of 9.9 times of the total external<sup>2</sup> debt outstanding (Rs. 8,155 crore as on June 30, 2024). The cover stood at 6.2-10.2 times during the 12 months ended September 2024.

### Credit challenges

**Refinancing risk and negative reported net worth** – BGHPL has been reporting losses due to limited revenues in relation to interest expense, with the same likely to continue in the near term. Its total external debt stood at Rs. 8,155 crore as on June 30, 2024 (Rs. 7,895 crore as on March 31, 2024) and is expected to be Rs. 9,000-10,000 crore in near to medium term. The company has been relying on refinancing its debt to service its principal and interest repayments. At the proposed level of external debt, the market value of its holdings in listed Group entities will provide a cover of 8.0-8.9 times, based on the market value as of October 16, 2024. ICRA notes that BGHPL has been able to refinance its commercial paper borrowings in a timely manner. Further, ICRA expects the Aditya Birla Group to extend support to BGHPL, as and when required.

BGHPL had a negative net worth of Rs. 4,862 crore as on June 30, 2024 due to continued losses. While it is registered as a non-banking financial company (NBFC) with the Reserve Bank of India (RBI) and its investment in Group entities exceeds the regulatory guidelines for NBFCs, it is in the process of seeking a core investment company (CIC) licence from the RBI. As per CIC regulations, the adjusted net worth of the company shall not be less than 30% of its aggregate risk-weighted assets and it is not permitted to have a gearing of more than 2.5 times of its adjusted net worth. Given the high market value of its quoted investments in Group companies, BGHPL's capital adequacy and gearing on the adjusted net worth<sup>3</sup> remained adequate at 118% and 0.63 times, respectively, as on March 31, 2024.

### Liquidity position: Adequate

BGHPL has adequate liquidity considering its stakes in Grasim Industries Limited and Hindalco Industries Limited, which also qualify as high-quality liquid assets (HQLA). The total market value of these two investments was Rs. 62,339 crore as on October 16, 2024 while the external debt repayment for the six-month period ending March 2025 is Rs. 7,410 crore (including interest payment). ICRA notes that the primary mode of debt repayment, apart from refinance, would be through a reduction in the promoter stake in listed entities and capital infusion/support from Group entities.

### Rating sensitivities

**Positive factors** – Not applicable

**Negative factors** – The rating could be downgraded in case of a sustained decline in the market value of its unencumbered equity shares of listed companies to below 4 times of its external debt. Negative pressure on rating could arise if there is any change in the status of the company being a key holding company for the Group or deterioration in the credit ratings of any of the large Group investee companies.

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Investment Companies</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

<sup>2</sup> External debt excludes debt from Group entities

<sup>3</sup> Adjusted net worth means the aggregate of the net worth as shown on the balance sheet increased by 50% of the unrealised appreciation in the book value of quoted investments (such appreciation being calculated as the excess of the aggregate market value of such investments over their book value)

## 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)/[ICRA]A1+), Aditya Birla Capital Limited (rated [ICRA]AAA (Stable)/[ICRA]A1+), Aditya Birla Fashion and Retail Limited (rated [ICRA]AA+ (Rating Watch with Developing Implications)/[ICRA]A1+), Hindalco Industries Limited, Pilani Investment and Industries Corporation Limited, Aditya Birla Real Estate Limited, Century Enka Limited and Vodafone Idea Limited. The company also holds stakes in a number of unlisted companies of the Group.

BGHPL reported a loss of Rs. 765 crore in FY2024 on total assets of Rs. 10,271 crore compared to a loss of Rs. 175 crore on total assets of Rs. 5,906 crore in FY2022. The company reported a net loss of Rs. 324 crore in Q1 FY2025.

## Key financial indicators (audited)

Birla Group Holdings Private Limited	FY2023	FY2024 <sup>#</sup>	Q1 FY2025 <sup>^</sup>
Total income	370	309	25
Profit after tax	(175)	(765)	(324)
Total assets	5,906	10,271	NA
Reported net worth	(1,858)	(4,538)	(4,862)
Adjusted net worth	14,784	23,426	30,340
Total debt	7,822	14,765	15,386
Market value of quoted investments	36,299	61,627	80,494*
Gearing (times)	0.5	0.6	0.5

Amount in Rs. crore; <sup>^</sup>Q1 FY2025 financials are unaudited; <sup>\*</sup>As on October 16, 2024; <sup>#</sup>Based on financials post amalgamation of BGHPL and six group entities  
Gearing = Total debt/Adjusted net worth

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Current (FY2025)				Chronology of rating history for the past 3 years					
				FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Oct 24, 2024	Date	Rating	Date	Rating	Date	Rating
Commercial paper programme	Short term	7,500	[ICRA]A1+	24-Jan-24	[ICRA]A1+	30-Aug-22	[ICRA]A1+	27-May-21	[ICRA]A1+
			-	-	-	18-Jan-23	[ICRA]A1+	24-Aug-21	[ICRA]A1+
			-	-	-	9-Mar-23	[ICRA]A1+	31-Aug-21	[ICRA]A1+
Non-convertible debenture programme	Long term	-	-	-	-	-	-	27-May-21	[ICRA]AA-(Stable)
			-	-	-	-	-	24-Aug-21	[ICRA]AA-(Stable)
			-	-	-	-	-	31-Aug-21	[ICRA]AA-(Stable); reaffirmed and withdrawn

## 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
INE09OL14EI6	Commercial paper programme	Dec 27, 2023	-	Dec 26, 2024	100	[ICRA]A1+
INE09OL14EJ4	Commercial paper programme	Jan 19, 2024	-	Jan 17, 2025	225	[ICRA]A1+
INE09OL14EK2	Commercial paper programme	Feb 06, 2024	-	Feb 05, 2025	375	[ICRA]A1+
INE09OL14EM8	Commercial paper programme	Feb 06, 2024	-	Feb 03, 2025	275	[ICRA]A1+
INE09OL14EL0	Commercial paper programme	Feb 09, 2024	-	Feb 07, 2025	500	[ICRA]A1+
INE09OL14EN6	Commercial paper programme	Feb 16, 2024	-	Feb 14, 2025	200	[ICRA]A1+
INE09OL14EP1	Commercial paper programme	Feb 22, 2024	-	Feb 21, 2025	100	[ICRA]A1+
INE09OL14EP1	Commercial paper programme	Feb 23, 2024	-	Feb 21, 2025	175	[ICRA]A1+
INE09OL14EU1	Commercial paper programme	Mar 13, 2024	-	Mar 13, 2025	150	[ICRA]A1+
INE09OL14EU1	Commercial paper programme	Mar 14, 2024	-	Mar 13, 2025	75	[ICRA]A1+
INE09OL14EU1	Commercial paper programme	Mar 15, 2024	-	Mar 13, 2025	300	[ICRA]A1+
INE09OL14EY3	Commercial paper programme	Mar 20, 2024	-	Mar 20, 2025	200	[ICRA]A1+
INE09OL14EZ0	Commercial paper programme	Mar 21, 2024	-	Mar 21, 2025	200	[ICRA]A1+
INE09OL14FB8	Commercial paper programme	May 03, 2024	-	Mar 07, 2025	100	[ICRA]A1+
INE09OL14FB8	Commercial paper programme	May 08, 2024	-	Mar 07, 2025	150	[ICRA]A1+
INE09OL14FN3	Commercial paper programme	Jul 10, 2024	-	Oct 09, 2024	250	[ICRA]A1+
INE09OL14FO1	Commercial paper programme	Jul 26, 2024	-	Oct 25, 2024	225	[ICRA]A1+
INE09OL14FP8	Commercial paper programme	Aug 06, 2024	-	Nov 05, 2024	75	[ICRA]A1+
INE09OL14FQ6	Commercial paper programme	Aug 13, 2024	-	Nov 12, 2024	150	[ICRA]A1+
INE09OL14FS2	Commercial paper programme	Aug 21, 2024	-	Nov 20, 2024	300	[ICRA]A1+
INE09OL14FR4	Commercial paper programme	Aug 23, 2024	-	Nov 22, 2024	450	[ICRA]A1+
INE09OL14FT0	Commercial paper programme	Aug 27, 2024	-	Nov 26, 2024	500	[ICRA]A1+
INE09OL14FU8	Commercial paper programme	Sep 11, 2024	-	Dec 11, 2024	275	[ICRA]A1+
INE09OL14FV6	Commercial paper programme	Sep 13, 2024	-	Dec 13, 2024	300	[ICRA]A1+
INE09OL14FW4	Commercial paper programme	Sep 24, 2024	-	Dec 24, 2024	200	[ICRA]A1+
INE09OL14FW4	Commercial paper programme	Sep 26, 2024	-	Dec 24, 2024	250	[ICRA]A1+
INE09OL14FX2	Commercial paper programme	Sep 27, 2024	-	Dec 27, 2024	200	[ICRA]A1+
Yet to be place	Commercial paper programme	NA	NA	NA	1,200	[ICRA]A1+

Source: Company; Data as on Sep 30, 2024

## Annexure II: List of entities considered for consolidated analysis

Not applicable

## ANALYST CONTACTS

**Karthik Srinivasan**

+91 22 6114 3444

[karthiks@icraindia.com](mailto:karthiks@icraindia.com)

**Neha Parikh**

+91 22 6114 3426

[neha.parikh@icraindia.com](mailto:neha.parikh@icraindia.com)

**Bharat Toplani**

+91 22 6114 3428

[bharat.toplani@icraindia.com](mailto:bharat.toplani@icraindia.com)

**Anil Gupta**

+91 124 4545 314

[anilg@icraindia.com](mailto:anilg@icraindia.com)

**Harsh Mange**

+91 22 6114 3429

[harsh.mange@icraindia.com](mailto:harsh.mange@icraindia.com)

## RELATIONSHIP CONTACT

**L Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## Helpline for business queries

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

[info@icraindia.com](mailto: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](http://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](http://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.