

Birla Corporation Limited

September 29, 2020

Credit update

A single judge bench of Calcutta High Court passed an order on September 18, 2020, restraining Mr. Harsh Vardhan Lodha from holding any position within M.P. Birla Group of companies including Birla Corporation Limited (BCL – rated: CARE AA; Stable/ CARE A1+) and RCCPL Private limited (RCCPL – rated: CARE AA-; Stable/ CARE A1+; CARE AA (CE); Stable), wherein Mr. Lodha held the position of Non-Executive Director & Chairman. Subsequently, an appeal against the said order has been filed by Mr. Lodha before the division bench of Calcutta High Court and the same has been admitted for hearing by the bench.

Impact of the order on credit profile of the company

As per discussion with the management, the order does not impact the day to day business operations of the company which is run by professionals, and hence does not impact the risk profile of the company. However, CARE will closely monitor any further development in this matter and their resulting implications on the company's operations and financial position.

About the Company

Birla Corporation Limited (BCL), incorporated in August 1919, is currently the flagship company of the M. P. Birla group. The company is a multi-location cement manufacturing company with an aggregate capacity of 10 mn tonnes p.a. It is also engaged in Jute sales which contributed around 4.81% of BCL's consolidated sales in FY20. BCL sells cement under various well established brands, prominent being MP Birla Perfect Plus, MP Birla Unique, MP Birla Samrat, MP Birla Ultimate, MP Birla Ultimate Ultra, MP Birla Chetak, MP Birla Concrecem, MP Birla Multicem, MP Birla PSC Samrat with its key markets being Uttar Pradesh, Madhya Pradesh, Rajasthan, Haryana, Bihar, Bengal, Delhi, Gujarat and Maharashtra.

Annexure-1: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Non-fund-based - ST-BG/LC	ST	833.00	CARE A1+	1)CARE A1+ (07-Jul-20)	1)CARE A1+ (20-Sep-19)	1)CARE A1+; Stable (04-Oct-18)	1)CARE A1+ (30-Aug-17)
2.	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (30-Aug-17)
3.	Debentures-Non Convertible Debentures	LT	-	-	1)Withdrawn (07-Jul-20)	1)CARE AA; Stable (20-Sep-19)	1)CARE AA; Stable (04-Oct-18)	1)CARE AA; Stable (30-Aug-17)
4.	Debentures-Non Convertible Debentures	LT	130.00	CARE AA; Stable	1)CARE AA; Stable (07-Jul-20)	1)CARE AA; Stable (20-Sep-19)	1)CARE AA; Stable (04-Oct-18)	1)CARE AA; Stable (30-Aug-17)
5.	Fund-based - LT-Cash Credit	LT	350.00	CARE AA; Stable	1)CARE AA; Stable (07-Jul-20)	1)CARE AA; Stable (20-Sep-19)	1)CARE AA; Stable (04-Oct-18)	1)CARE AA; Stable (30-Aug-17)
6.	Fund-based - ST-Bank Overdraft	ST	10.00	CARE A1+	1)CARE A1+ (07-Jul-20)	1)CARE A1+ (20-Sep-19)	1)CARE A1+; Stable (04-Oct-18)	1)CARE A1+ (30-Aug-17)
7.	Fund-based/Non-fund-based-LT/ST	LT/ST	50.00	CARE AA; Stable / CARE A1+	1)CARE AA; Stable / CARE A1+ (07-Jul-20)	1)CARE AA; Stable / CARE A1+ (20-Sep-19)	1)CARE AA; Stable / CARE A1+ (04-Oct-18)	1)CARE AA; Stable / CARE A1+ (30-Aug-17)

8.	Debentures-Non Convertible Debentures	-	-	-	-	-	-	-
9.	Fund-based - LT-Term Loan	LT	921.48	CARE AA; Stable	1)CARE AA; Stable (07-Jul-20)	1)CARE AA; Stable (20-Sep-19)	1)CARE AA; Stable (08-Mar-19) 2)CARE AA; Stable (04-Oct-18)	1)CARE AA; Stable (30-Aug-17)
10.	Debentures-Non Convertible Debentures	LT	400.00	CARE AA; Stable	1)CARE AA; Stable (07-Jul-20)	1)CARE AA; Stable (20-Sep-19)	1)CARE AA; Stable (04-Oct-18)	1)CARE AA; Stable (30-Aug-17)

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Contact us

Media Contact

Name: Mr. Mradul Mishra
Contact no.- +91-22-6837-4424
Email ID – mradul.mishra@careratings.com

Analyst Contact

Name: Mr. Punit Singhania
Tel: 033-4018 1620
Mobile : 98743 41122
Email: punit.singhania@careratings.com

Name: Mr. Arindam Saha
Tel: 033-4018 1631
Mobile : 92305 31485
Email: arindam.saha@careratings.com

Business Development Contact

Name: Mr. Lalit Sikaria
Contact No. - 033-4018 1607
Email id – lalit.sikaria@careratings.com

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**