



Press Release
Hinduja Group Limited
February 15, 2024

Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	100.00	ACUITE A+ Stable Reaffirmed	-
Bank Loan Ratings	75.00	Not Applicable Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	100.00	-	-
Total Withdrawn Quantum (Rs. Cr)	75.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE A+**' (read as **ACUITE A Plus**) on the Rs.100.00 Cr. bank facilities of Hinduja Group Limited (HGL). The outlook is '**Stable**'.

Further, the long-term rating on the Rs.75.00 Cr. bank facilities of Hinduja Group Limited (HGL) is withdrawn without assigning any rating as the instrument is fully repaid. The withdrawal is in accordance with Acuite's policy on withdrawal of ratings. The rating is being withdrawn on account of request received from the company and No Due Certificate from the lenders.

Reason for reaffirmation

The rating continues to factor in the benefit Hinduja Group Limited (HGL) gets of being the flagship company and an investment arm of the Hinduja Group. It also takes into account the diversified revenue streams of HGL i.e. consultancy income, dividend income from its investments in group companies, profit from partnership firm, interest income from the loan advanced to group companies, rental income, etc. The company maintains a healthy financial risk profile and has a financial flexibility in the form of unsecured loans availed from the group companies that are repayable on demand.

However the ratings are constrained by the uncertainty of company's revenues, which majorly depend on the performance of the group companies wherein HGL has invested and advanced loans to. Any major volatility on the performance of such entities may impact HGL's business risk profile, financial risk profile as well as the liquidity position.

About the Company

HGL based in Mumbai is the holding Company of Hinduja Group Incorporated in 1995. The group entities include several corporates, viz. Hinduja Realty Ventures Limited, Hinduja Global Solutions Limited, Hinduja Ventures Limited etc. Hinduja Group Limited is a holding company and its income is in the form of consultancy income, dividends, interest income and share of profits from its subsidiaries. Hinduja Group Limited borrows money from the group companies as well as advances loans to the group companies.

About the Group

Hinduja Group is a diversified conglomerate established in 1914 by Late Mr. Parmanand

Deepchand Hinduja and is currently headquartered in London, UK. It currently has footprint in 37 countries. In India, the Group has presence in various sectors viz. Automotive, Oil & Lubricants, Power, Banking & Finance, Information Technology & Business Process Outsourcing, Media, Foundry, Real Estate, Hospitals & Healthcare etc.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has taken a standalone view of the business and financial flexibility of HGL to arrive at the rating.

Key Rating Drivers

Strengths

Company is the Holding Company to the larger Hinduja Group

Hinduja Group Limited (HGL) is the holding company in the Hinduja group of companies, wherein, the company performs the functions of treasury management for the group companies. HGL issues Inter-Corporate Deposits (ICD's) to its group companies (Companies with Deficit) for temporary cashflow requirements. As also, the Company avails loans from group companies (Companies with Surplus) which are repayable on demand. As on March 31, 2023, the Company has advanced Rs. 1377.09 cr. to the group companies. Whilst, the Company has borrowed Rs.1261.65 cr. from the group companies.

Healthy financial risk profile

The Company maintains a healthy financial risk profile marked by healthy net worth of Rs. 1013.63 crores as on March 31, 2023, as compared to Rs. 964.74 crores as on March 31, 2022. The total debt stood at Rs.1389.10 crore as on March 31, 2023. It majorly consists of long-term debt of Rs.2.09 crore, unsecured loans of Rs.1261.66 crore and short-term debt of Rs.100.00 crores. The company has repaid the outstanding long-term debt as on December 2023. The company maintained a comfortable adjusted debt equity position, which showed improving trend in past 3 years through FY23 and stood at 0.13 times in FY23 vis-à-vis 0.19 times in FY22. Acuité believes the company is likely to maintain a healthy financial risk profile in medium term.

Weaknesses

Substantial Exposure to Real Estate

HGL provides advances to its subsidiary, Hinduja Realty Ventures Limited for the real estate projects. The funding for such projects are raised through HGL. In the event of the real estate project being delayed or being stalled due to any contingent reason, the impact on cashflows from such entities to whom loans are advanced could in-turn impact the cashflows of HGL.

Uncertainty of revenue flow

HGL records substantial amount of its dividend income from Hinduja Global Solutions Limited (HGSL) which makes HGSL a key subsidiary. Thus, on occasion that HGSL distributes reduced dividend quantum as compared to earlier periods, HGL's cash inflows will be impacted to a certain extent. The revenues of the company have declined and stood at Rs.273.79 crore in FY23 as against the revenues of Rs.378.24 crore in FY22. This is majorly due to the decline in the dividend income and the decline in the profit from partnership firm. For H1FY24, the revenues of the company stood at ~Rs.143.76 crore. Acuité believes that the ability of the company to maintain and improve its business risk profile will be key monitorable in medium term.

Rating Sensitivities

Sustenance of the business risk profile
Increased exposure to real estate projects
Any deterioration in the financial risk profile
Any stretch in the liquidity position

Liquidity position: Strong

The liquidity position of the company is strong marked by adequate net cash accruals and high liquid investments. The company has some investments in its group companies which are quoted on the stock exchange. The market value of these investments stood at Rs.2215.79 crore as on March31, 2023 wherein the total borrowings outstanding stood at Rs.1389.10 crore providing a coverage of 1.6 times. The unsecured loans from related parties and others from Hinduja Group companies provide some flexibility in terms of managing the repayments as they are on demand. Along with this the company also recovers the loans and advances given to the group companies as and when required. Further the company has generated cash accruals of Rs. 39.70 Cr. in FY23 and is expected to generate cash accruals of Rs.83.54-289 crore for the period FY24- 25 against nil maturing debt obligations for the same period. The average utilization of the bank limits are around 41 percent for last 6 months ended December 2023 giving additional liquidity cushion in the form of undrawn limits. Acuité believes that the liquidity position of the company is expected to remain strong in the medium term.

Outlook: Stable

Acuité believes the outlook on HGL will remain 'Stable' over the medium term backed by its long track record of operations. The outlook may be revised to 'Positive' if the company is able to ramp up its scale of operations along with improvement in the profitability margins. Conversely, the outlook may be revised to 'Negative' in case of any further deterioration in profitability or financial flexibility of the company.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	273.79	378.24
PAT	Rs. Cr.	30.65	160.78
PAT Margin	(%)	11.20	42.51
Total Debt/Tangible Net Worth	Times	1.37	1.16
PBDIT/Interest	Times	1.33	2.91

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
03 Jan 2023	Term Loan	Long Term	75.00	ACUITE A+ Stable (Assigned)
	Cash Credit	Long Term	100.00	ACUITE A+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	100.00	ACUITE A+ Stable Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	27 Jun 2023	Simple	75.00	Not Applicable Withdrawn

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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