

June 23, 2023 ^(Revised)

Bahadur Chand Investments Private Limited: Update on Material Event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term Borrowing Programme	50.0	50.0	[ICRA]AA (Stable)
Non-convertible Debenture Programme	3,025.0	3,025.0	[ICRA]AA (Stable)
Commercial Paper Programme	2,500.0	2,500.0	[ICRA]A1+
Total	5,575.0	5,575.0	

*Instrument details are provided in Annexure-1

Material Event

On June 15, 2023, newspaper reports indicated the initiation of an investigation by the Ministry of Corporate Affairs (MCA), Government of India, against Hero Motocorp Limited (HMCL) (key investee entity of Bahadur Chand Investments Private Limited, or BCIPL). HMCL notified the stock exchanges on June 17, 2023, acknowledging the receipt of communication from MCA seeking information from the company regarding the investigation.

Impact of Material Event

ICRA has taken a consolidated view of BCIPL and its parent, Brijmohan Lal Om Parkash (BMOP), for arriving at the credit ratings, given the common management and the significant financial linkages between the entities. Hereafter, both entities are together referred to as the holding entities.

The holding entities derive significant revenue (for dividend income) and investment concentration in HMCL, and together own ~34% stake in HMCL, as of March 31, 2023. The management of the company has clarified that the investigation does not relate to parent entities of HMCL. Nevertheless, given that the financial flexibility for the parent entities emanates from the market value of their investments in HMCL, ICRA will continue to closely monitor the developments and remain in touch with the management of HMCL to take further updates related to this matter.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, liquidity position, key financial indicators and rating sensitivities: [Click here.](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Holding companies
Parent/Group Support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the financials of BCIPL and BMOP, given the close business, financial and managerial linkages between them.

About the company

Incorporated in September 1979 as a private limited company, BCIPL was later converted to a Core Investment Company (CIC) in October 2016. It is a holding company for the BML Munjal family promoted Hero Group and is one of the holding companies

of Hero MotoCorp Limited (rated [ICRA]AAA (stable)/ A1+), the largest 2-wheeler manufacturer in the world. BCIPL is ~100% held by Brijmohan Lal Om Parkash, a partnership firm, and together with its parent, it holds ~34% stake in HMCL (BCIPL directly holds 20% stake in HMCL, while BMOP holds ~14%). BCIPL and BMOP also hold equity investments in numerous Group companies, with key entities being HMCL, Hero Future Energies Private Limited, Hero FinCorp Limited, BML Educorp Services Limited and Hero InvestCorp Private Limited (which owns majority stake in Rockman Industries Limited).

Key financial indicators (audited)

	FY2022	FY2023*
	Standalone	
Operating Income (OI) (Rs. Crore)	390.2	421.4
PAT (Rs. Crore)	18.5	-48.2
OPBDIT/OI (%)	99.0%	99.4%
PAT/OI (%)	4.5%	- 11.2%
Total Outside Liabilities/Tangible Net Worth (times)	2.4	2.4
Total Debt/OPBDIT (times)#	9.4	9.9
Interest Coverage (times)	1.1	1.2

Source: Company results; ICRA Research; * Limited results, ** ICRA Estimated, \$ Line-by-line consolidation of BCIPL with BMOP

#Total debt in holding entities excludes inter-corporate debt given to BCIPL by BMOP and includes accumulated interest.

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; Interest cover = OPBDIT/Interest cost

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current Rating (FY2024)				Chronology of Rating History for the past 3 years				
	Type	Amount Rated (Rs. crore)	Amount Outstanding as of June 15, 2023 (Rs. crore)	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022			
				June 23, 2023	Sep 2, 2022	Sep 3, 2021	Sep 4, 2020	Apr 21, 2020	
1 NCD Programme	Long-term	3,025.0	1,850.0*	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Negative)
2 Long-term Borrowing Programme	Long-term	50.0	Nil@	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Negative)
3 Commercial Paper Programme	Short-term	2,500.0	1,575.0	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

@Yet to be placed; * instrument wise details under Annexure-I

Complexity level of the rated instrument

Instrument	Complexity Indicator
Non- Convertible Debenture Programme *	Simple
Commercial Paper Programme	Very Simple
Long-term borrowing Programme*	Simple

* subject to change for NCDs/ Long-term borrowing Programme not placed/issued yet;

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, is available on ICRA's website: [Click Here](#)

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs Crore)	Current Rating and Outlook
INE087M08043	Non-convertible Debenture Programme	Dec 3, 2019	10.82%	Dec 2, 2022	350.0 [^]	[ICRA]AA(Stable)
INE087M08050	Non-convertible Debenture Programme	Mar 2, 2020	9.00%	Mar 1, 2024	650.0	[ICRA]AA(Stable)
INE087M08068	Non-convertible Debenture Programme	Mar 9, 2020	9.95%	Mar 8, 2024	1,050.0	[ICRA]AA(Stable)
INE087M08076	Non-convertible Debenture Programme	Sep 9, 2020	9.34%	Aug 24, 2023	500.0	[ICRA]AA(Stable)
-	Non-convertible Debenture Programme	NA	NA	NA	475.0*	[ICRA]AA(Stable)
NA	Long-term Borrowing Programme	NA	NA	NA	50.0*	[ICRA]AA(Stable)
INE087M14AS9	Commercial Paper Programme	Jul 6, 2022	7.90%	Jul 3, 2023	100.0	[ICRA]A1+
INE087M14AS9	Commercial Paper Programme	Jul 6, 2022	7.90%	Jul 3, 2023	100.0	[ICRA]A1+
INE087M14AR1	Commercial Paper Programme	Jul 8, 2022	7.90%	Jul 7, 2023	50.0	[ICRA]A1+
INE087M14AR1	Commercial Paper Programme	Jul 8, 2022	7.90%	Jul 7, 2023	50.0	[ICRA]A1+
INE087M14AT7	Commercial Paper Programme	Sep 15, 2022	8.15%	Aug 7, 2023	40.0	[ICRA]A1+
INE087M14AT7	Commercial Paper Programme	Sep 15, 2022	8.15%	Aug 7, 2023	85.0	[ICRA]A1+
INE087M14BC1	Commercial Paper Programme	May 19, 2023	7.65%	Aug 18, 2023	100.0	[ICRA]A1+
INE087M14BC1	Commercial Paper Programme	May 19, 2023	7.65%	Aug 18, 2023	100.0	[ICRA]A1+
INE087M14BB3	Commercial Paper Programme	Mar 6, 2023	9.00%	Aug 28, 2023	100.0	[ICRA]A1+
INE087M14AU5	Commercial Paper Programme	Sep 15, 2022	8.20%	Sep 5, 2023	150.0	[ICRA]A1+
INE087M14AV3	Commercial Paper Programme	Sep 15, 2022	8.20%	Sep 15, 2023	100.0	[ICRA]A1+
INE087M14AV3	Commercial Paper Programme	Sep 15, 2022	8.20%	Sep 15, 2023	50.0	[ICRA]A1+
INE087M14AZ4	Commercial Paper Programme	Feb 22, 2023	9.00%	Jan 23, 2024	150.0	[ICRA]A1+
INE087M14AY7	Commercial Paper Programme	Feb 2, 2023	9.00%	Feb 2, 2024	50.0	[ICRA]A1+
INE087M14AY7	Commercial Paper Programme	Feb 2, 2023	9.00%	Feb 2, 2024	50.0	[ICRA]A1+
INE087M14AY7	Commercial Paper Programme	Feb 2, 2023	9.00%	Feb 2, 2024	100.0	[ICRA]A1+
INE087M14AX9	Commercial Paper Programme	Feb 6, 2023	9.00%	Feb 6, 2024	50.0	[ICRA]A1+
INE087M14AX9	Commercial Paper Programme	Feb 6, 2023	9.00%	Feb 6, 2024	50.0	[ICRA]A1+
INE087M14AX9	Commercial Paper Programme	Feb 6, 2023	9.00%	Feb 6, 2024	100.0	[ICRA]A1+
NA	Commercial Paper Programme		Yet to be placed		925.0	[ICRA]A1+

Source: Company – position as on June 15, 2023; *Yet to be placed. [^] Matured in December 2022

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Bahadur Chand Investments Private Limited	Rated entity	Full Consolidation
Brijmohan Lal Om Parkash	Parent of the rated entity with ~100% shareholding	Full Consolidation

Source: Company

Corrigendum

Document dated June 23, 2023 has been corrected with revisions as detailed below:

- Revisions made on page number 1 under the section heading – ‘Material Event’.
- The material event date has been corrected to June 15, 2023 instead of May 15, 2023 mentioned earlier.

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