

A STUDY ON GROWTH AND OF DEVELOPMENT SELECTED HOLDING COMPANIES IN INDIA

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Abstract: This paper examines the growth of selected holding companies in India, exploring the facts, growth and development of selected holding companies in India and future prospects. Using data from the Ministry of Corporate Affairs (MCA) and industry reports, the researcher analyzed the increasing presence of holding companies in India's corporate landscape.

Key Words: Holding Company, Subsidiary Company, Growth, Development,

1. Introduction:

Holding companies have become a prominent feature of India's corporate structure, with many business groups adopting this model. To become a holding company is a corporate strategy for get control on other business with less investment. In India holding companies were developed and grow significantly. It plays a significant role in development of companies, share market, investor's capital and overall development of the nation. In Indian companies act 2013 provisions for holding companies, subsidiary companies, its accounting requirement, establishment requirement is clearly mentioned and added. Which was not available in the companies act 1956 the old companies act. Therefore, a study on growth and development of holding companies in India is significant.

2. Research Methodology:

The research is based on secondary data available on the website of selected companies and some published material related to selected companies. The research is historical research explore the facts. This research is limited to selected leading holding companies in India. There is a further scope of the study by increase the sample size and make the comparative study of holding companies.

3. Objective of the Research:

The main objective of the research to explore the concept of Holding companies in current period. And also observe the status, growth and development of selected holding companies in India.

3. Meaning:

3.1 Holding Company: As per Section 2(46) of the Companies Act, 2013, “Holding company”, in relation to one or more other companies, means a company of which such companies are subsidiary companies. It may be defined as one, which has one or more subsidiary companies and enjoys control over them. Legally a holding company and its subsidiaries are distinct and separate entities. However, in substance holding and subsidiary companies work as a group. Accordingly, users of holding company’s accounts need financial information of subsidiaries also to understand the performance and financial position of the group (i.e. holding company and subsidiaries on a combined basis).

3.2 Subsidiary Company: Section 2(87) of the Companies Act, 2013 defines “subsidiary company” as a company in which the holding company - (i) controls the composition of the Board of Directors; or (ii) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies: A company shall be deemed to be a subsidiary company of the holding company even if there is indirect control through the subsidiary company (ies). The control over the composition of a subsidiary company’s Board of Directors means exercise of power to appoint or remove all or a majority of the directors of the subsidiary company.

3.3 Definitions as per Accounting Standard (AS) 21:

Control: (a) the ownership, directly or indirectly through subsidiary(ies), of more than one-half of the voting power of an enterprise; or (b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise so as to obtain economic benefits from its activities. **Subsidiary** is an enterprise that is controlled by another enterprise (known as the parent). **Minority interest** is that part of the net results of operations and of the net assets of a subsidiary attributable to interests which are not owned, directly or indirectly through subsidiary(ies), by the parent.

3.4 Definitions as per IND-AS 27:

Consolidated financial statements are the financial statements of a group presented as those of a single economic entity.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. A group is a parent and all its subsidiaries.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent.

A parent is an entity that has one or more subsidiaries.

4. Selected Top Five Indian Holding Companies:

Name of Holding company	Established year	Founder	Value on December 2023 (Rs.in Crore)
Tata Sons	1868	Shri Jamshedji Tata	15,95,815
Aditya Birla Capital	1857	Seth Shiv Narayan Birla	4,10,000
Bajaj Holdings and Investment	1926	Shri Jamnalal Bajaj	1,85,685
Tata Investment Corporation	1937	Shri Jamshedji Tata	16,133
Pilani Investment and Industries	1948	Seth Shiv Narayan Birla	9,689

5. Growth and Development of Selected Holding Companies in India:

5.1 TATA SONS:

Tata Group is the oldest and greatly successful business groups in India. It was established by entrepreneur and philanthropist **Shri Jamshedji Tata** in 1868 as a trading enterprise primarily involved in the opiate and tea business with China and Mongolia.

Tata Sons is the main investment holding company and promoter of the Tata Group. Debatably, this is the most important of the biggest holding companies in India. The company is the owner of the **TATA** brand name and its trademarks. Around 66% equity capital of the company is held by philanthropic trusts endowed by members of the Tata family.

Tata Sons has around hundred companies in its portfolio; among these, fourteen are listed on the Stock exchange.

As of December 31, 2023, the holding value in these 14 listed companies of Tata Sons exceeded **Rs.15,95,815 crore**, which includes Tata Consultancy Services (TCS), Hemisphere Properties, Tata Chemicals, Tata Communications, Tata Consumer Products, Tata Elxsi, Tata Investment Corporation, Tata Power, Titan, Trent, Tata Teleservices, Tata Motors, Indian Hotels Company, and Tata Steel. Among these, the company has the largest holding in Tata Consultancy Services (TCS) with a stake of 72.38 percent worth Rs. 11,04,979 crore, and the second largest holding is in Tata Motors with a 43.70% stake worth Rs. 1,37,348 crore.

5.2 ADITYA BIRLA CAPITAL:

Birla group is also second largest and oldest business group in India. **Seth Shiv Narayan Birla** was founder of the House of Birla by starting trading in cotton. In the early 20th century, his son **Ghanshyam Das Birla** took the legacy further and established industries in critical sectors such Textiles and Fiber, Aluminium, Cement, and Chemicals. Aditya Birla Capital

performances as the holding company for the financial services business of the Birla Group. The company has collective assets under management worth Rs. 4,10,000 crore.

The portfolio of the company comprises of Aditya Birla Finance, Aditya Birla Health Insurance, Aditya Birla Housing Finance, Aditya Birla Insurance Brokers, Aditya Birla Money, Aditya Birla Sun Life AMC, Aditya Birla Sun Life Insurance, Aditya Birla Sun Life Mutual Fund, Aditya Birla Sun Life Pension Management, and Aditya Birla Asset Reconstruction Company.

5.3 BAJAJ HOLDINGS AND INVESTMENT:

Bajaj Holdings and Investment is a part of India's leading corporate. The Group, founded by freedom fighter and patron Shri Jamnalal Bajaj in 1926. The groups initially started a sugar factory in Lakhimpur Kheri, Uttar Pradesh, which grown into Bajaj Hindustan Ltd. in 1945, Bachhraj Trading Corporation Private Limited. was incorporated for the sale of imported two- and three-wheelers, which later converted into Bajaj Auto Ltd.

As part of the group's restructuring exercise, Bajaj Holdings and Investment was demerged from **Bajaj Auto**, and all manufacturing operations were transferred to Bajaj Auto while strategic operations were transferred to Bajaj Finserv. All remaining businesses, assets, investments, and liabilities remained with the holding company which also holds over 30% stake in Bajaj Auto and Bajaj Finserv.

As of December 31, 2023, the value of the company's equity investments stood at **Rs. 1,85,685** crore. Bajaj Holdings and Investment's portfolio comprises Bajaj Electric, Bajaj Auto, Bajaj Hindustan Sugar, Bajel projects, Hercules Hoists, Maharashtra Scooters, Mukand, Padmanabh Alloys, and Polymers, and Tree House Education and Accessories, with the largest holding of 39.19% in Bajaj Finserv worth Rs. 97,767 crore.

5.4 TATA INVESTMENT CORPORATION:

Another holding company from the Tata group is Tata Investment Corporation, previously known as The Investment Corporation of India. The company is primarily involved in investing in long-term investments such as equity shares and equity-related securities. Tata Investment Corporation Limited was promoted by Tata Sons in 1937 under the name of The Investment Corporation of India, which converted a publicly held company in 1959. The purpose of launching the company was to help set up and fosterage small and medium-sized companies. The company invests in TATA and Non-TATA companies.

The company has invested in eighty-five companies as of March 31, 2023, out of which seven are quoted, and the value of these quoted investments stood at Rs. 16,133 crore as of December

31, 2023. The portfolio of the company consists of Tata Chemicals, Tata Consumer Products, Tata Elxsi, TATA Motors, TATA Steel, TATA Consultancy Services, and Trent. Among these companies, the company has the largest stake in Trent, worth Rs. 6,180 crore.

5.5 PILANI INVESTMENT AND INDUSTRIES:

Another company from the house of Birla, Pilani Investment and Industries Corporation, is a core investment company that mainly invests in Birla Group companies. The Company was incorporated on 9th August, 1948 under the Jaipur Companies Act, 1942 and commenced its business on 12th August, 1948.

As of December 31, 2023, Pilani Investment holds stakes in seven companies with a net worth of over Rs. 9,689 crore, including Aditya Birla Fashion, Century Textiles, Vodafone Idea, Jay Shree Tea and Industries, Kesoram Industries, Mangalam Cement, and Ultratech Cement, with the largest stake of 33.11 percent worth Rs. 5,244 crore in Century Textiles.

6. Conclusion:

From the above study it can be clearly conclude that the growth and development of holding companies in India is notable. The status of holding companies play an important role in development of the nation. MCA has also made necessary changes in the company's law for Holding companies. Apart from this There were significant changes found in Accounting Standards towards holding company and presentation of its financial statements. TATA, BIRLA and BAJAJ are leading player in the holding companies in India.

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