

August 26, 2024

MSPL Limited: Update on material event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-Term - Fund-based - Term Loans	1585.0	1585.0	[ICRA]A+ (Stable)
Long-Term - Fund-based - Cash Credit	230.0	230.0	[ICRA]A+ (Stable)
Short-term – Non-fund based	465.0	465.0	[ICRA]A1+
Long-Term – Unallocated Limits	70.0	70.0	[ICRA]A+ (Stable)
Total	2350.0	2350.0	

*Instrument details are provided in Annexure-1

Rationale

In a recent ruling, the Hon'ble Supreme Court of India upheld the state governments' power to tax mineral rights and mineral-bearing lands under Entries 49 and 50 of List II in the Constitution's Seventh Schedule. On August 14, 2024, the Supreme Court ruled that states have the discretion to decide on the retrospective application of the tax. However, any tax demand will not impact transactions conducted before April 1, 2005. In case of retrospective tax demand, payments will be spread over 12 years, starting from April 1, 2026. Additionally, interest and penalties on demands for the period before July 25, 2024, will be waived for all assesses. The states are yet to come out with their decision on imposition of such retrospective tax.

ICRA will assess the impact of the Supreme Court ruling on MSPL Limited given that it is involved in mining operations and take appropriate action when further clarity emerges from the states with respect to taxation of mineral rights following the Supreme court ruling.

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

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Mining Rating Methodology for Power - Wind Rating Methodology for Shipping Rating Methodology for Iron & Steel
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of MSPL Limited along with its subsidiaries and a Group company, RMML. As on March 31, 2023, the company had three subsidiaries that are enlisted in Annexure-2.

About the company

MSPL Limited

MSPL Limited is the flagship company of the Karnataka-based Baldota Group. It was promoted by Late A. H. Baldota in 1962. At present, the company is managed by Mr. Narendrakumar Baldota and his two sons. The Group has a presence in diverse businesses such as iron and steel, renewable energy, shipping and logistics, and industrial gases. MSPL operated one of the

largest private sector mines in Bellary district, Karnataka, the Vyasanakere Iron Ore Mine (VIOM; lease expired in November 2022). It also has an iron pellet manufacturing capacity of 1.2 mtpa and an installed wind power generation capacity of 127.8 MW with wind assets in Maharashtra, Gujarat and Karnataka.

Ramgad Minerals and Mining Limited

Ramgad Minerals and Mining Limited was set up as a partnership concern in 1979, which was reconstituted as a public limited company in 2009. RMML held a mining lease for three iron ore mines in Bellary district, of which only one (0.63 mtpa Iyili Gurunath iron ore mine) is operational at present. RMML also owns wind assets across Gujarat, Karnataka, Rajasthan and Maharashtra, with a total installed capacity of 67.75 MW.

MSPL Maritime Pte Limited

MSPL Maritime Pte Limited (MMPL) is a wholly owned subsidiary of MSPL and functions purely as a holding company for its subsidiary, MSPL Diamonds Pte Limited (MDPL), which owns and operates four post-Panamax vessels of 92,500 deadweight tonnage (DWT) for voyages carrying bulk cargoes primarily in the Pacific Ocean.

Aaress Iron and Steel Limited

Aaress Iron and Steel Limited (AISL) was incorporated in December 2005 to install a 1-mtpa integrated steel plant, including a captive power plant at Koppal, Karnataka. It is a wholly owned subsidiary of MSPL and has no meaningful operations at present. The company obtained a 10-year lease rights (with an option to purchase the lease land after the lease period) of 922 acres from the Karnataka Industrial Areas Development Board (KIADB). The company has further acquired 98 acres of land through the Government of Karnataka and directly from landowners for its future expansion.

P. Venganna Setty and Bros

P. Venganna Setty and Bros (PVS) is a partnership firm set up in 1952 by its promoters, Mr. P. G. Nagbhusan and family. MSPL Limited acquired a 90% stake in the concern in 1980, while the remaining 10% was retained by the erstwhile promoters. PVS holds a mining lease for the Pathikonda Iron Ore Mine (PIOM), a 'Category-B' open-cast mine in the Bellary district of Karnataka. The mining lease for PIOM expired in March 2020. The firm also owns wind assets totalling 14.8 MW in Karnataka and Gujarat.

Key financial indicators (MSPL Consolidated + RMML)

Consolidated financials*	FY2022 (Audited)	FY2023 (Audited)
Operating income (Rs. crore)	2,227.2	1,985.4
PAT (Rs. crore)	839.9	435.8
OPBDIT/OI (%)	55.8%	36.7%
PAT/OI (%)	37.7%	21.9%
Total outside liabilities/Tangible net worth (times)	0.3	0.2
Total debt/OPBDITA (times)	0.7	0.9
Interest coverage (times)	24.1	11.9
Net Debt/OPBDITA (times)	-0.3	-1.2

PAT: Profit after Tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; *Consolidated by ICRA using MSPL consolidated and RMML standalone financials

Key financial indicators (MSPL Consolidated)

Consolidated financials	FY2022 (Audited)	FY2023 (Audited)
Operating income (Rs. crore)	1,971.4	1,842.1
PAT (Rs. crore)	750.4	413.4
OPBDIT/OI (%)	55.8%	36.3%
PAT/OI (%)	38.1%	22.4%
Total outside liabilities/Tangible net worth (times)	0.4	0.2
Total debt/OPBDITA (times)	0.9	0.9
Interest coverage (times)	16.8	11.5

Source: Company; PAT: Profit after Tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Amount rated (Rs. crore)	Current rating (FY2025)		Chronology of rating history for the past 3 years			
			Date & rating in FY2025		Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	
			Aug 26 2024	April 05 2024	Oct 20, 2023	Feb 23, 2023	Dec 02, 2021	
1 Term loans	Long term	1585.0	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)
2 Cash credit	Long term	230.0	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)
3 Non-fund based	Short term	465.0	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
4 Unallocated Limits	Long term	70.0	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)
5 Standby letter of credit	Long term	0.0	-	-	-	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)

Amount in Rs. Crore

Complexity level of the rated instruments

Instrument	Complexity Indicator
Term loans	Simple
Cash credit	Simple
Non-fund based	Very Simple
Unallocated Limits	NA

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
NA	Term loans	FY2013	-	FY2035	1585.0	[ICRA]A+ (Stable)
NA	Cash credit	-	-	-	230.0	[ICRA]A+ (Stable)
NA	Non-fund based	-	-	-	465.0	[ICRA]A1+
NA	Unallocated Limits	-	-	-	70.0	[ICRA]A+ (Stable)

Source: Company

[Please Click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Aaress Iron & Steel Limited	100.00%	Full Consolidation
MSPL Maritime Pte Limited	100.00%	Full Consolidation
MSPL Diamond Pte Limited	100.00% (step down subsidiary of MSPL Maritime Pte Limited)	Full Consolidation
P Venganna Setty & Bros	90.00%	Full Consolidation
Ramgad Minerals and Mining Limited	Group company	Full Consolidation

ANALYST CONTACTS

Girishkumar Kadam

+91 22 6114 3441

girishkumar@icraindia.com

Vikram V

+91 40 4547 4829

vikram.v@icraindia.com

Sumit Jhunjunwala

+91 33 7150 1111

sumit.jhunjunwala@icraindia.com

Deepayan Ghosh

+91 33 7150 1220

deepayan.ghosh@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries

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

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

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 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.