

July 31, 2025

Essel Mining & Industries Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial paper programme	1,500.00	1,500.00	[ICRA]A1+; reaffirmed
Total	1,500.00	1,500.00	

*Instrument details are provided in Annexure-1

Rationale

The rating reaffirmation factors in Essel Mining & Industries Limited's (EMIL) status as a strategically important entity to the Aditya Birla Group and the demonstrated funding support that the company has received from the Group over the years. EMIL holds a sizeable shareholding in multiple listed Aditya Birla Group entities, both through its own standalone books and its wholly-owned subsidiary, IGH Holdings Pvt. Ltd. (IGH). As on March 31, 2025, the market value of such listed investments stood at ~Rs. 42,646 crore, ensuring high financial flexibility for EMIL. ICRA expects the Aditya Birla Group to be willing to extend financial support to EMIL, if necessary, given the strategic importance derived from its sizeable equity holdings in key Group businesses.

The rating reflects EMIL's established presence in the coal mining business with the company operating as a mine development and operator (MDO) for one large coal mine of Eastern Coalfields Limited (Rajmahal mines), with a capacity of 17 million tonnes per annum (mtpa), and one coal mine of THDC India Limited (Amelia mines) having a capacity of 5.6 million tonnes per annum (mtpa). Additionally, EMIL has a renewable energy portfolio of 150 MW, contributing to stable earnings. The rating also considers the company's comfortable liquidity profile, supported by sizeable cash/bank/liquid investment balance of ~Rs. 1,062 crore on a consolidated basis as on March 31, 2025.

After the closure of the highly profitable iron ore mining business, which contributed over 80% to the consolidated operating profits between FY2019 and FY2022, the company's earnings declined significantly from FY2023 and are expected to remain subdued over the next few years. EMIL refrained from aggressive bids in the Odisha iron ore auctions and was unable to secure any iron ore mine. Subsequently, the company announced multiple big-ticket investments in the coal mining (commercial mining and MDO route) and diamond mining sectors to rebuild its mining portfolio. However, regulatory clearances for the diamond mining project were rejected, and the High Court of Madhya Pradesh has directed the company to halt all mining/construction activities without prior permission, adding significant uncertainty. While EMIL has conveyed to the local state government that it does not seek an extension of the letter of intent, which already lapsed in June 2023, ICRA will continue to monitor the developments in this regard.

In May 2025, the Board of Directors of EMIL approved the sale of its entire stake in its wholly-owned subsidiary, EMIL Mines and Minerals Resources Limited (EMMRL), to Hindalco Industries Limited, subject to the approval of the concerned Government agencies/authorities. EMMRL was the lease holder of the Bandha coal block. The completion of the transaction is expected to take 6-9 months. The transaction will be consummated at cost, which is in line with Rule 37 of the Mineral Concession rules. EMIL will develop the said coal block as an MDO. While as a mine owner, EMIL's total investment in this coal block development would have been in the range of Rs. 3,500-4,000 crore, this cost will now be significantly lower. Besides, as an MDO, EMIL will not be exposed to market risks associated with demand and pricing.

The revised cumulative value of investments in greenfield mining projects is Rs. 4,000-4,200 crore (including only moving projects)¹. Of this, Rs. 1,500-1,700 crore will be towards the development of the Bandha coal block (PRC² of 7.5 mtpa), ~Rs. 700 crore towards the Amelia coal block (PRC of 5.6 mtpa), and ~Rs. 1,800 crore for the Subhadra coal block (PRC of 25.0 mtpa). The large investment pipeline in these greenfield mines exposes the company to execution risks. ICRA notes that the execution risks are partly mitigated by the demonstrated experience of the Aditya Birla Group in this field. Besides, the long track record of successfully managing the existing MDO assets has enabled EMIL to operationalise the Amelia coal MDO project much ahead of its schedule.

While the funding risks are somewhat alleviated by to the company's strong parentage and its demonstrated track record in the mining business, EMIL's debt levels are expected to increase over the medium term with its multi-year debt-funded capex. With the earnings unlikely to improve meaningfully over the near to medium term during the project execution phase, the company's leverage indicators are expected to weaken from the levels witnessed during the iron ore mining period. Moreover, the rising debt levels over the near to medium term could also weaken the net external debt/market value of the listed investment cover, thereby potentially affecting its financial flexibility.

EMIL holds a ~54% (on a fully diluted basis) equity stake in Novel Jewels Limited (NJL), which was incorporated in September 2022 as the jewellery retail arm of the Aditya Birla Group. Although the Group has committed to invest ~Rs. 5,000 crore over the medium term to grow this business, ICRA understands that EMIL's support to the jewellery retail arm will be limited to some extent (around Rs. 691 crore has been invested until March 31, 2025). Any substantial support to NJL from EMIL by leveraging its balance sheet will remain a key rating monitorable.

ICRA had earlier noted the ruling of the Supreme Court of India which 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, the 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 the imposition of such retrospective tax. ICRA will assess the impact of the Supreme Court ruling on the company, given that it was involved in mining operations until August 2021 and will take appropriate action when further clarity emerges from the states on the taxation of mineral rights.

Key rating drivers and their description

Credit strengths

Strategically important entity of the Aditya Birla Group; demonstrated track record of financial support from the Aditya Birla Group – Over the years, EMIL has made substantial investments in Aditya Birla Group entities through its wholly-owned subsidiary, IGH. Given the sizeable quantum of these holdings, EMIL remains a strategically important company to the Aditya Birla Group, which supports its rating.

ICRA notes that between FY2019 and FY2025, EMIL has received a cumulative Rs. 7,902 crore of funding support from the Aditya Birla Group through a combination of rights issues of Rs. 4,842 crore and compulsorily convertible debentures (CCDs) of Rs. 3,060 crore. ICRA expects the Aditya Birla Group to be willing to extend financial support to EMIL, should there be a need.

Established presence in coal mining – EMIL is one of the largest private coal miners in India, operating two coal assets as an MDO - the 17-mtpa Rajmahal coal mine in Jharkhand for Eastern Coalfields Limited and the 5.6-mtpa Amelia coal mine in Madhya Pradesh for THDC India Limited. Apart from EMIL, the Aditya Birla Group has substantial coal mining expertise with both Hindalco and UltraTech Cement operating captive coal mines.

¹ ICRA has not factored in the execution of Bunder in its assessment as the project remains stalled as of now due to regulatory hurdles

² Peak rated capacity

Stable earnings from the renewable energy generation portfolio – EMIL has a renewable energy portfolio of 150 MW, with an average vintage of around 11 years. These assets are generating a stable EBITDA of Rs. 90-100 crore annually. ICRA notes that EMIL's power generation assets have entirely paid off their long-term debt.

High financial flexibility and comfortable liquidity profile derived from EMIL's large investment portfolio, sizeable cash and liquid investment balance – As on March 31, 2025, the market value of EMIL's equity holdings (held through its own standalone books and through IGH) in the key listed entities of the Aditya Birla Group like Hindalco Industries Limited, Grasim Industries Limited, Aditya Birla Fashion and Retail Limited, Aditya Birla Capital Limited, Aditya Birla Real Estate Limited and Vodafone Idea Limited stood at ~Rs. 42,646 crore. This imparts increased financial flexibility to EMIL, as indicated by its demonstrated ability to borrow at competitive interest rates. Besides the company's financial flexibility, EMIL's liquidity profile is supported by its sizeable cash and liquid investment balance of ~Rs. 1,062 crore outstanding on a consolidated basis as on March 31, 2025.

Credit challenges

Earnings profile to remain subdued over the next few years following the closure of the highly profitable iron ore mining business – EMIL's iron ore mining business ended following the expiry of the Koira mining lease on August 26, 2021. After the closure of the highly profitable iron ore mining business, which contributed over 80% to the consolidated operating profits between FY2019 and FY2022, the company's earnings declined significantly from FY2023 and are expected to remain subdued over the next few years. While the company is in the process of rebuilding its mining portfolio, its operating profits are unlikely to improve significantly over the near to medium term. The operating profits would be largely driven by modest earnings from the renewable energy segment, coal mining MDOs, the pellet manufacturing business and dividend income from the investee companies.

Exposure to significant project execution risks associated with foray into large greenfield mining projects – ICRA notes that EMIL refrained from making aggressive bids in the Odisha iron ore auctions and was unable to secure any iron ore mine, including its most profitable 6.28-mtpa Jilling iron ore block. Subsequently, it has announced multiple big-ticket investments in the coal mining (MDO route) sector to rebuild its mining portfolio. The cumulative value of the investments in these greenfield mining projects stands at Rs. 4,000-4,200 crore (includes only moving projects), which include the coal mining projects at Bandha, Amelia and Subhadra. Such a sizeable capex plan in greenfield mines having long gestation periods exposes the company to execution risks. However, the Aditya Birla Group's demonstrated track record of developing and operating coal mines partly mitigates the execution risks in the upcoming greenfield coal mining projects.

Leverage expected to increase over the near to medium term as the company deploys sizeable capital in rebuilding its mining portfolio – EMIL's debt levels are expected to increase over the medium term, given its multi-year debt-funded capex of Rs. 4,000-4,200 crore (including only moving projects). With EMIL's earnings unlikely to improve significantly over the near to medium term during the project execution stage, its leverage indicators are expected to weaken from the levels witnessed during the iron ore mining period. Moreover, over the near to medium term, EMIL's rising debt levels could also weaken the net external debt/market value of the listed investment cover, thereby potentially affecting its financial flexibility.

Liquidity position: Adequate

As on March 31, 2025, EMIL had a free cash and liquid investment balance of around Rs. 1,062 crore on a consolidated basis. Moreover, as on March 31, 2025, it had an equity portfolio of around Rs. 42,646 crore in various listed entities of the Aditya Birla Group, which provides a high degree of financial flexibility. However, with the capital deployment in the greenfield mining projects expected to gather pace, going forward, and EMIL's earnings profile seen to remain subdued, the company's free cash flows are expected to slip into the negative territory for a few years until the greenfield assets ramp up and start generating adequate returns. Consequently, given these sizeable capex plans, EMIL's liquidity has been assessed as adequate.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Pressure on EMIL's rating could arise if its net external debt (excluding CCD) exceeds 25% of the market value of listed equity investments on a sustained basis. Additionally, a deterioration in the company's earnings profile or significant execution challenges in the ongoing mining projects or lack of timely support from the Aditya Birla Group adversely impacting the liquidity position of the company can exert pressure on the rating.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Investment Companies
Parent/Group Support	Parent: Aditya Birla Group ICRA expects the Aditya Birla Group to be willing to extend financial support to EMIL, should there be a need, given the strategic importance that EMIL holds through the sizeable equity holdings of IGH in key businesses of the Group
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of EMIL. As on March 31, 2025, the company had seven subsidiaries, two step-down subsidiaries and one associate, which are all enlisted in Annexure II

About the company

EMIL, a closely held entity of the Aditya Birla Group, has been mining iron ore in Odisha for more than five decades. EMIL's iron ore mining business ended following the expiry of the Koira mining lease on August 26, 2021. It is one of the country's largest coal mining MDOs. Over the last 2-3 years, the company has announced multiple big-ticket investments in the coal mining (MDO route) sector to rebuild its mining portfolio.

EMIL is one of the largest manufacturers of noble ferro-alloys in the country, producing ferro-molybdenum and ferro-vanadium at its unit in Gujarat and catering to the domestic special and alloy steel industries. The company also has a renewable energy generation portfolio of 150 MW, with assets spread across four states. EMIL also operates a 75-MW wind-power generation unit in Maharashtra. Additionally, the company has commissioned a solar power generation project of 25 MW under the Rajasthan State Solar Policy, and another 35-MW solar power generation project in Telangana. EMIL's 74% step-down subsidiary, Palace Solar Energy Private Limited, has a 15-MW operating solar power plant in Gujarat.

Apart from the revenue-generating tangible assets, EMIL, both through its own standalone books and its wholly-owned subsidiary, IGH Holdings Pvt. Ltd., holds a sizeable investment portfolio in various Aditya Birla Group entities. The cumulative value of these listed holdings as on March 31, 2025 stood at ~Rs. 42,646 crore.

Key financial indicators (Audited)

EMIL	Consolidated			Standalone		
	FY2023 (Aud.)	FY2024 (Aud.)	FY2025 (Prov.)	FY2023 (Aud.)	FY2024 (Aud.)	FY2025 (Prov.)
Operating income (Rs. crore)	2,081.9	2,292.7	3,092.4	943.2	896.0	660.0
PAT (Rs. crore)	6.7	-22.3	-150.7	142.2	59.1	213.8
OPBDITA/OI (%)	21.6%	14.6%	12.0%	0.7%	-16.2%	-9.4%
PAT/OI (%)	0.3%	-1.0%	-4.9%	15.1%	6.6%	32.4%
Total outside liabilities/ Tangible net worth+ MI (times)	0.2	0.2	0.3	0.1	0.1	0.1
Total debt/OPBDITA (times)	8.3	17.0	24.1	249.9	-12.7	-26.2
Interest coverage (times)	1.3	0.9	0.6	0.0	-1.0	-0.4

PAT: Profit after tax; OPBDITA: 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	Current (FY2026)				Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short term	1,500	July 31, 2025	[ICRA]A1+	Aug 26, 2024	[ICRA]A1+	Jul 31, 2023	[ICRA]A1+	July 04, 2022	[ICRA]A1+
					Jul 23, 2024	[ICRA]A1+			May 30, 2022	[ICRA]A1+
Fund based limits	Short term	-	-	-	-	-	-	-	July 04, 2022	[ICRA]A1+; withdrawn
									May 30, 2022	[ICRA]A1+
Non-fund based facilities	Short term	-	-	-		-	-	-	July 04, 2022	[ICRA]A1+; withdrawn
									May 30, 2022	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper	Very simple

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 No	Instrument name	Date of issuance/Sanction	Coupon rate	Maturity date	Amount rated (Rs.crore)	Current rating and outlook
Not placed	Commercial paper	-	-	-	1500.00	[ICRA]A1+

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
IGH Holdings Pvt. Ltd	100%	Full consolidation
Electrotherm Renewables Pvt. Ltd	100%	Full consolidation
Palace Solar Energy Pvt. Ltd (Step-down subsidiary)	74%	Full consolidation
Rajmahal Coal Mining Ltd	85%	Full consolidation
Bhubaneswari Coal Mining Ltd	74%	Full consolidation
EMIL Mines and Mineral Resources Ltd	100%	Full consolidation
Amelia Coal Mining Limited (Step-down subsidiary)	79.39%	Full consolidation
Subhadra Coal Mining Limited	100%	Full consolidation
Novel Jewels Limited	61.01% (Undiluted)	Full consolidation
Living Media India Ltd	41.50%	Equity method

Source: Company

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 6521 6814

sumit.jhunjunwala@icraindia.com

Deepayan Ghosh

+91 33 6521 6804

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

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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



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