Press Release

Ajantha Mining Private Limited

May 26, 2025

Rating

Security / Facility	Amount (Rs. crore)	Current Rating	Previous Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities	144.67	IVR BBB; Stable (IVR Triple B with Stable outlook)	-	Rating Assigned	Simple
Total	**144.67 (Rupees one hundred and forty-four crore and sixty-seven lakhs only)**				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The rating assigned to the bank facilities of Ajantha Mining Private Limited (AMPL) considers the close operational and financial linkages between AMPL and Ajantha Radha Earth Movers Private Limited (AREMPL) referred together as Ajantha Group. The rating derive comfort from long track record of operation and extensive industry experience of the promoter, satisfactory orderbook indicating healthy revenue visibility, steady improvement in scale of operation and profitability, moderate capital structure with satisfactory debt protection metrices and stable demand outlook. However, these rating strengths are partially offset by revenue concentration risk, tender driven nature of business and presence in highly fragmented & competitive industry and exposure to regulatory risk.

The outlook is expected to remain stable as the group will be benefitted from experience of promoters and its established track record in the mining business.

Key Rating Sensitivities:

Upward Factors

- Growth in the scale of operations on a sustained basis and consequent improvement in profitability leading to an increase in gross cash accruals.
- Improvement in the capital structure with further improvement in debt protection metrics.

Downward Factors

- Moderation in scale of operations and/or profitability impacting the liquidity profile on a sustained basis.
- Any unplanned capex and/or significant increase in working capital borrowing leading to moderation in the capital structure with moderation in the overall gearing to over 3.5x.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Long track record of operation and extensive industry experience of the promoter

AREMPL was established as a proprietorship entity in 1983 and hence it has a long track record of operation over 40 years. Mr. C. Anbalagan, Director, has experience of over 40 years in the fields of transportation, earth works and mining services, being a proprietor of M/s Ajantha Earth Movers for over 40 years. He is ably assisted by other directors. The group benefits from the extensive promoter' experience of over four decades, his strong understanding of market dynamics, and healthy relations with customers and suppliers.

Satisfactory orderbook indicating healthy revenue visibility

The pending order book of Ajantha Group is ~Rs.2090.99 crore as on February 28, 2025, which are expected to be executed in coming two to three year which provides a strong near-term revenue visibility for the company.

Steady improvement in scale of operation and profitability

The total operating income (TOI) of the group grew at a CAGR of ~44% over the last three years FY22 [FY refers to the period from April 01 to March 31] - FY25 (Prov.) with a y-o-y growth of ~85% in FY24 and ~43% in FY25 respectively due to increase in work orders and better execution of the same supported by the boost in the mining sector. The profit margins of the group also improved and remained healthy marked by EBITDA margin of 31.35% and PAT margin of 17.02% in FY25 (Prov.) respectively as against EBITDA margin of 27.97% and PAT margin of 16.52% respectively in FY24. The improvement in profit margins are driven by a decline in raw material procurement expenses and better management of other operating expenses.

On a standalone basis, the company has achieved turnover of Rs.235.00 crore with EBITDA margin of 32.41% and PAT margin of 17.66% in FY25 provisional.

Moderate capital structure and satisfactory debt protection matrices

The capital structure of the group has remained moderate and witnessed gradual improvement attributable to improvement in leverage ratios underpinned by steady accretion of profits to net worth and scheduled repayment of equipment loans. The net worth of the group stood moderate at Rs.140.50 crore as on March 31, 2025 (Provisional). With accretion of profit to reserve along with steady repayment of equipment loans, overall gearing of the group has improved and stood comfortable at 1.20x as on March 31, 2025, against 3.23x respectively as on March 31, 2024. Overall indebtedness of the entity as reflected by TOL/TNW also stood satisfactory at 1.40x as on March 31, 2025 (Provisional). Backed by increase in finance charges, debt protection metrics marked by interest coverage of the group stood at 6.34x in FY25 (Provisional) against 6.84x in FY24. Total debt to EBITDA and Total debt to GCA remains comfortable at 1.24x and 1.65 years respectively as on March 31, 2025 (Provisional).

On a standalone basis, the overall gearing of the company stands at 1.57x as on March 31, 2025 (provisional) and interest coverage stands at 6.09x in FY25.

Stable demand outlook

Long-term growth prospects for coal demand and consequently coal logistics continue to remain stable. The demand is driven by increase in thermal power demand on the back of improvement in economy and government's thrust on infrastructure leading to stable growth prospects in user industries like power generation, etc.

Key Rating Weaknesses

Revenue concentration risk

The order book position of the group remains geographically concentrated in Odisha leading to higher geographical concentration risk.

Tender driven nature of business and presence in highly fragmented & competitive industry

Execution risks for newly awarded projects in a timely manner will be key to achieving growth in revenues and profits. Business certainty is dependent on the ability to successfully bid for

the tenders as the entire business is tender based. The service sector in which the group operates is fragmented with numerous players in the organized as well as the unorganized sector leading to competition in the business.

Exposure to regulatory Risk

The group derives revenue from the mining sector and mining operations remain exposed to regulatory risk which can lead to disruption in the business operation in case any modification in government regulations.

Analytical Approach: Combined

For arriving at the rating, Infomerics has combined the financial risk profile of Ajantha Mining Pvt Ltd (AMPL) and Ajantha Radha Earth Movers Pvt Ltd (AREMPL) as these entities run under a common management, have strong operational and financial linkages and cash flow fungibility. Further, AMPL purchase the equipment/ vehicles under it and give it on rent to Ajantha Radha Earth Movers Private Limited (AREMPL) for its business operations. In return AMPL shall receive monthly hire charges from AREMPL. Both the companies are combined and is referred as Ajantha group hereafter. The list of companies considered are given in Annexure 4.

Applicable Criteria:

Rating Methodology for Service Sector Companies.

Financial Ratios & Interpretation (Non-Financial Sector)

Criteria of assigning rating outlook

Consolidation of companies

Policy of default recognition

Criteria on complexity

Liquidity – Adequate

The liquidity of the group is expected to remain adequate in the near to medium term marked by its satisfactory expected gross cash accruals ranging from ~Rs.107.63 crore to Rs.116.88 crore as against its debt repayment obligations of Rs.34.00 crore to Rs.73.95 crore during the projected period FY26-FY28. Further, the group has a comfortable order book position which is expected to be executed in coming 2-3 years provided strong medium term revenue visibility. The group has an adequate gearing headroom marked by its moderate leverage

ratios and considering no planned capex during the projected period, it is expected to remain comfortable as well.

About the Company

AMPL was incorporated as a private limited company on 14th June 2022. The purpose of this company is to procure the equipment/ vehicles under this company and give it on rent to Ajantha Radha Earth Movers Private Limited (AREMPL) for the business operations. In return AMPL shall receive monthly hire charges from AREMPL.

AREMPL was initially established as a proprietorship firm named as Ajantha Earth Movers (AEM) in 1983 by C Anbalagan and subsequently got converted into a private limited company on 27th June 2023. AREMPL is doing subcontracting to the group company Ajantha BLA by providing technical support and execution orders related to coal mining – extraction of soil.

The business process involves merely hiring of equipment / vehicles to Mahanadi Coalfields Ltd (MCL), located at Odisha. The equipment/ vehicles are deployed to remove the over burden from the open cast mines situated at Hingula and Gharjanbahal both in Odisha. At present the company is executing 3 contracts which can be classified as NIT – 153, NIT-176, NIT – 185.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	132.29	235.00
EBITDA	46.90	76.17
PAT	24.29	41.67
Total Debt	131.58	107.95
Tangible Net Worth	27.76	68.83
EBITDA Margin (%)	35.45	32.41
PAT Margin (%)	18.32	17.66
Overall Gearing Ratio (x)	4.74	1.57
Interest Coverage (x)	6.49	6.09

** Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

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Sr. No.	Name of Security/ Facilities	Current Ratings (Year 2025-2026)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					-	-	-
1.	Cash Credit	Long Term	8.00	IVR BBB; Stable	-	-	-
2.	Term Loan	Long Term	136.67	IVR BBB; Stable	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

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Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	8.00	IVR BBB; Stable
Term Loan	-	-	-	FY29	136.67	IVR BBB; Stable

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/len-ajantha-mining-may25.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis:

Name of Company	Extent of Consolidation
Ajantha Mining Private Limited (AMPL)	Full
Ajantha Radha Earth Movers Private Limited (AREMPL)	Full

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.