Press Release

Durga Infra Mining Private Limited

April 02, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	83.03 (Reduced from 113.97)	IVR BBB / Stable (IVR Triple B with Stable Outlook)	IVR BB+ / Negative (IVR Double B Plus with Negative Outlook; ISSUER NOT COOPERATING*)	Upgraded	Simple
Short Term Facilities	54.33	IVR A3+ (IVR A Three Plus)	IVR A4+; INC (IVR A Four Plus ISSUER NOT COOPERATING*)	Upgraded	Simple
Proposed Long Term Facilities	25.00	IVR BBB / Stable (IVR Triple B with Stable Outlook)	-	Assigned	Simple
Proposed Short Term Facilities	1.70	IVR A3+ (IVR A Three Plus)	IVR A4+; INC (IVR A Four Plus ISSUER NOT COOPERATING*)	Upgraded	Simple
Proposed Short Term Facilities	53.30	IVR A3+ (IVR A Three Plus)	-	Assigned	Simple
Total	**217.36 (Rupees Two Hundred Seventeen Crore and Thirty-Six Lakh Only)**				

**Issuer did not cooperate; based on best available information*

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

Earlier, Infomerics had moved the ratings of Durga Infra Mining Private Limited (DIMPL) to Issuer Not Cooperating category vide its press release dated February 27, 2025, because of non-submission of required information. However, the entity has started cooperating and submitted the required information. Consequently, Infomerics has removed the ratings from 'ISSUER NOT COOPERATING' category and upgraded the ratings with outlook revised to stable from Negative.

Press Release

Infomerics Ratings has upgraded its ratings assigned to the long-term facilities to IVR BBB with stable outlook and short-term facilities to IVR A3+ of Durga infra Mining Private Limited (DIMPL).

The rating upgrade reflects improvement in scale and profitability basis current year's key financials and with an expectation of reduction in overall debt going forward, experienced promoters and established track record of operations, healthy order book coupled with strong revenue visibility and long-standing relationship with customers and strong contract execution capability. The rating remains constrained by intense competition in the industry coupled with tender driven nature of business in highly fragmented & competitive nature of operation in the mining industry.

Stable outlook reflects Infomerics' belief that the company continues to benefit from the experienced directors in mining industry and the established relationship with its customers supported by repeated contracts received from them.

Key Rating Sensitivities:

Upward Factors

- Substantial improvement in the scale of operations with improved EBITDA margins.
- Sustained improvement in debt protection metrics.
  Sustained improvement in the capital structure.

Downward Factors

- Any substantial decline in scale of operations and/or decline in profitability.
- Any debt funded capex leading to deterioration in the debt protection parameters and/or the liquidity position of the company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters and established track record of operations**
  The promotors, Mr. Shantilal Dholu, Mr. Shamji Bhai Dholu and Mr. Navinchandra Dholu of DIMPL have experience in the mining business for more than 3 decades and

have developed long standing relationships with several reputed companies like M/S Adani Enterprises Ltd, VPR Infrastructure Pvt Ltd, Gujarat Minerals Development Corporation, Singareni Collieries firm Limited., etc. in the states of Gujarat, Chhattisgarh, Odisha and Telangana to name a few as its clients. The directors, Mr. Het Navinchandra Dholu and Mr. Hitesh Kumar Dholu have experience of around a decade in the mining industry with relevant qualifications as engineers. All the directors are close relatives.

- **Healthy order book coupled with strong revenue visibility**

  The company has projects amounting to Rs. 8135.89 crore on hand as on March 31, 2024, out of which Rs. 678.13 crore of work has been executed till December 31, 2024, and remaining Rs. 7457.76 crore is yet to be executed which is more than 8 times of the projected revenue of FY25 (period refers to March 31, 2024, to March 31, 2025) (Rs. 850.00 crore) including the new order of Rs. 3485.31 crore from GMDC Daimlai. However, after taking weighted average of the projects according to their remaining period of execution it comes to 1.92 times from the projected revenue of FY25 (Rs. 850.00 crore). Ongoing projects are supposed to be completed in the financial years FY25-FY32.

- **Long Standing Relationship with customers and strong contract execution capability**

  The company has established track record for successful completion of work on the contracts received. The Company has successfully completed projects and continuously receives orders as contractors for companies like Gujarat Minerals Development Corporation, Throns Infrastructure Pvt Ltd. (Adani Group of Company NLC-MDO) M/S Adani Enterprises Ltd, VPR Infrastructure Pvt Ltd, The Singareni Collieries Firm Limited., etc. in the states of Gujarat, Odisha and Telangana. DIMPL receives majority of projects from GMDC. Strong client base- largely mitigates counterparty credit risks and ensures timely receipt of receivables.

- **Improving profitability margins**

  Although, the operating revenue decreased by ~7% to Rs. 665.26 crore in FY24 (period refers to March 31, 2023, to March 31, 2024) from Rs. 712.45 crore in FY23. There is a marginal decrease in revenue and EBITDA during FY24 owing to the decreased work execution as there was reworking done by GMDC in the Tadkeshwar mine. The scope of work was changed. Due to which no mining was done for 4-6 months on that particular site. This affected the revenue of FY24. As a result, the absolute EBITDA decreased to Rs. 255.17 crore in FY24 from Rs. 274.93 crore in FY23 due to increase in expenses, majorly manufacturing and administrative expenses. Subsequently, the EBITDA margin has decreased marginally to 38.36% in FY24 from 38.59% in FY23. PAT Margin has also decreased to 6.08% in FY24 from 7.73% in FY23 due to an increase in depreciation expenses and decrease in EBITDA. The profit margins are expected to improve in the projected period as the company has achieved 89% of the total revenue of FY25 till February 2025. EBITDA margin is expected to be in the range of 38% to 39%.

- **Improving debt protection metrics and financial risk profile**

  The long-term debt to equity and overall gearing ratio improved & stood at 2.56x and 2.86x respectively as on March 31, 2024, from 2.86x and 3.09x respectively as on March 31, 2023. ISCR has slightly deteriorated but remained comfortable at 3.63x in FY24 from 3.71x in FY23. The leverage ratios are projected to improve in the projected period. Overall Gearing is expected to improve Y-O-Y in projected years.

Key Rating Weaknesses

- **Intense competition in the industry**

  DIMPL drives revenue from the mining sector and mining operations remains exposed to regulatory risk which can lead to disruption in the business operation in case of any modification in government regulations. Although the entire responsibility of getting regulatory clearances lies with the mining leaseholder, it may impact the Company's revenue if the projects get delayed.

- **Tender driven nature of business in highly fragmented & competitive nature of operation**

  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 company operates is fragmented with numerous players in the organized as well as the unorganized sector, leading to intense competition in the operating spectrum. However, the company being the L1 bidder mitigates the risk to some extent.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Infrastructure Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Criteria for assigning Rating outlook

Policy on Default Recognition and Post-Default Curing Period

Complexity Level of Rated Instruments/Facilities

Liquidity – Adequate

The liquidity position of the company is expected to remain adequate in the near term driven by its expected healthy cash accruals of Rs. ~259.00 - ~269.00 crore vis–a-vis its debt servicing obligations of Rs. ~84.00 - ~ Rs. 149.00 crore in FY25 to FY27 respectively backed by healthy cash flow from its contracts. Liquidity is also supported by unutilised working capital lines of ~14% as of February 2025 (total working capital limits of Rs. 68.18) which is also backed by Rs. 0.85 crore as free cash and bank balance. Further, the promoters are infusing unsecured loans as and when required to meet its near to medium term cash requirements.

Press Release

About the Company

Durga Infra Mining Private Limited (formerly Durga Construction Company) was established in 1994 as a partnership firm. The company was incorporated as Private Limited in the year 2020. The company is engaged in the business of earthwork excavation, mining excavation and removal of overburden. DIMPL has become established as a principal contractor for overburden removal works to government mining operators from being a subcontractor since its inception. Its registered office is at Bhuj, Gujarat.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	712.45	665.26
EBITDA	274.93	255.17
PAT	55.23	40.70
Total Debt	533.49	610.39
Tangible Net Worth	172.56	213.26
EBITDA Margin (%)	38.59	38.36
PAT Margin (%)	7.73	6.08
Overall Gearing Ratio (x)	3.09	2.86
Interest Coverage (x)	3.71	3.63

* *Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA:

The rating continues in the ISSUER NOT COOPERATING category by Acuite Ratings vide its press release dated January 08, 2025, due to lack of adequate information for the monitoring of rating.

Any other information: Nil

Press Release

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025-26)			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 in 2022-23
					Date (February 27, 2025)	**Date** (December 28, 2023)	**Date** (Month XX, 20XX)
1.	Term Loan	Long Term	14.85	IVR BBB / Stable	IVR BB+/ Negative; ISSUER NOT COOPERATING*	IVR BBB-/ Stable	-
2.	Cash Credit	Long Term	68.18	IVR BBB / Stable	IVR BB+/ Negative; ISSUER NOT COOPERATING*	IVR BBB-/ Stable	-
3.	Bank Guarantee	Short term	54.33	IVR A3+	IVR A4+; ISSUER NOT COOPERATING*	IVR A3	-
4.	Proposed Short Term (Bank Guarantee)	Short term	55.00	IVR A3+	IVR A4+; ISSUER NOT COOPERATING*	IVR A3	-
5.	Proposed Term Loan	Long Term	5.00	IVR BBB / Stable	-	-	-
6.	Proposed Cash Credit	Long Term	20.00	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

Press Release

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).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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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
Term Loan	-	-	-	Up to February 2028	14.85	IVR BBB / Stable
Cash Credit	-	-	-	Revolving	68.18	IVR BBB / Stable
Bank Guarantee	-	-	-	Revolving	54.33	IVR A3+
Proposed Short Term	-	-	-	-	55.00	IVR A3+

Proposed Term Loan	-	-	-	-	5.00	IVR BBB / Stable
Proposed Cash Credit	-	-	-	-	20.00	IVR BBB / Stable

Annexure 2: Facility wise lender details
https://www.infomerics.com/admin/prfiles/len-durga-infra-mining-2apr25.pdf

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

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

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.