Press Release

DEV MINING LIMITED (ERSTWHILE DEV MINING COMPANY)
June 17, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	68.00	ACUITE BB | Stable | Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	68.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed its long-term rating of '**ACUITE BB' (read as ACUITE double B**o)n Rs. 68.00 Cr. bank facilities of Dev Mining Limited (Erstwhile Dev Mining Company) (DML). The outlook is **'Stable'.**

Rationale for the rating
The rating reaffirmation takes into consideration the improvement in operating margins of the company owing to increased contribution from the high margin mining business despite downtrend in FY25 revenues due to slowdown in the transportation business. The rating reflects DML's established track record of operations and extensive experience of management in the mining industry. The rating, however, remains constrained on account of volatility in the operating revenues on account of contract-based operations, moderate financial risk profile, risks related to regulations in the mining industry and the capital-intensive nature of the business.

About the Company

Dev Mining Limited (erstwhile Dev Mining Company) was set up as a partnership firm in 2015 and later in December 2024, the constitution was changed to a limited company. Based in Raipur, Chhattisgarh, DML is a mine developer and operator engaged in drilling, blasting, excavation, crushing and washing of minerals and ores such as iron ore, manganese ore, coal, etc, and then transportation of these to the processing units. The current directors of the company are Mr. Sumit Jain, Mr. Saurabh Jain, and Ms. Sunita Jain.

Unsupported Rating
Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of DML to arrive at the rating.

Key Rating Drivers

Strengths

Established track record of operations along with experienced management
The company has a long operational track record of over a decade in the mining and transportation industry. The extensive experience of the promoters and established presence in the industry has helped the company to secure healthy mining orders from reputed companies including government and private players. Currently, the company is managed by third generation, Mr. Sumit Jain, who has over fifteen years of experience in the industry.

Improvement in operating margins albeit decline in the operating revenue

While the operating revenue stood declined at Rs. 308.12 Cr. in FY25 (Prov.) as compared to Rs. 344.60 Cr. in FY24, however, the operating margins of the company improved at 17.38 percent in FY25 (Prov.) as compared to 9.14 percent in FY24. The downtrend in the revenue in FY25 is on account of completion of one of the exclusive transportation work order in the month of June 2024. Further, the company generated ~80 percent of the revenue from the mining services in FY25 (~30 percent in FY24), which has better margins as compared to transportation

services leading to significant improvement in the operating margins. Moreover, the healthy mining order book of Rs. 700-800 Cr. for the next couple of years provides strong revenue visibility over the near to medium term. Also, the continuous upward trend in the over burden removal is expected to expedite ore production in the future, leading to positive revenue growth going forward.
Acuité derives comfort from the healthy revenue visibility over the medium term and believes that, going forward, the company will continue to sustain its order book position and operating margins.

Weaknesses

Moderate financial risk profile
The financial risk profile of the company is moderate marked by tangible net worth of Rs. 42.74 Cr. as on March 31, 2025 (Prov.), as against Rs. 22.68 Cr. as on March 31, 2024, owing to the addition of profits to reserves and infusion of funds by the promotors (Rs. 2.5 Cr.). Further, being a capex intensive business, the company regularly needs to incur debt funded capex (repayable in 2-3 yrs) towards acquisition of heavy earth moving machineries and mining related equipment owing to which the total debt stood increased at Rs. 126.33 Cr. in FY25 (Prov.) from Rs. 94.53 Cr. in FY24. However, the gearing of the company stood improved at 2.96 times in FY25 (Prov.) as compared to 4.17 times in FY24 owing to the increase in the net worth. Moreover, the debt protection metrics moderated in FY25 with interest coverage ratio of 4.90 times in FY25 (Prov.) (6.01 times in FY24) and debt service coverage ratio of 1.08 times in FY25 (Prov.) (2.03 times in FY24).
Acuité believes that the financial risk profile of the company will remain on similar levels owing to the additional debt funded capex planned in the near to medium term.

Susceptibility to operational and regulatory risks in the mining industry
Operational and regulatory risks in the mining industry have increased significantly in recent years. Regulatory actions have largely clamp down on illegal mining including withholding of permits and ban on export and mining. DML is also susceptible to execution challenges due to regulatory hurdles, potential law and order issues in mining areas, and changes in government policies, all of which can impact revenue. Further, the company's revenue and profitability are susceptible to risks inherent in the contract-based operations along with tender based operations which limits the pricing flexibility in an intensely competitive industry. However, the company's established relationships with its clients, eliminates the risks to a certain extent.

Rating Sensitivities

- Improvement in scale of operations through continued growth in order book and timely execution of existing contracts while maintaining the profitability margins
- Deterioration in the financial risk profile on the back of increase in debt levels or inadequate cash accruals

Liquidity Position
Adequate

The company has an adequate liquidity position marked by net cash accruals of Rs. 36.67 Cr. in FY25 (Prov.) as against maturing debt obligations of Rs. 33.07 Cr. for the same period. Going forward, the cash accruals of the company are estimated to remain in the range of around Rs. 50-60 Cr. during FY26-27 against repayment obligations ranging around Rs. 35-55 Cr. for the same period. Further, in case of any shortfall in generating sufficient net cash accruals, the promotors shall infuse the required funds in the business. The average bank limit utilisation for the fund-based facility stood moderate at ~54.34 percent for last six months ended as on May 2025 owing to moderately efficient working capital management. However, the company maintained cash and bank balances of Rs. 0.52 Cr. as on March 31, 2025 (Prov.) and the current ratio also stood low at 0.85 times as on March 31, 2025 (Prov.).

Outlook: Stable

Other Factors affecting Rating
None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	308.12	344.60
PAT	Rs. Cr.	18.66	16.46
PAT Margin	(%)	6.06	4.78
Total Debt/Tangible Net Worth	Times	2.96	4.17
PBDIT/Interest	Times	4.90	6.01

Status of non-cooperation with previous CRA (if applicable)
Not Applicable

Any other information
None

Applicable Criteria
• Default Recognition :- https://www.acuite.in/view-rating-criteria-52.htm
• Manufacturing Entities: https://www.acuite.in/view-rating-criteria-59.htm
• Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm

Note on complexity levels of the rated instrument
In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
19 Mar 2024	Proposed Term Loan	Long Term	68.00	ACUITE BB | Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	68.00	Simple	ACUITE BB | Stable | Reaffirmed

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About Acuité Ratings & Research
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