

Forest Press Machineries Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Cash Credit	2.00	SMERA BB-/Stable (Assigned)
Term Loan	13.25	SMERA BB-/Stable (Assigned)
Proposed Packing Credit	2.20	SMERA A4 (Assigned)
Bank Guarantee	0.55	SMERA A4 (Assigned)

SMERA has assigned long term rating of '**SMERA BB-' (read as SMERA double B minus)** and short term rating of '**SMERA A4' (read as SMERA A four)** to the Rs.18.00 crore bank facilities of Forest Press Machineries Private Limited (FPMPL). The outlook is '**Stable**'.

The ratings derive comfort from the experienced management and moderate order book position. However, the ratings are constrained by the limited track record of operations, project risk, average financial risk profile and foreign exchange fluctuation risk due to import of raw materials.

FPMPL is headed by Mr Manoj Pillai and Mr Peter Bullock. Mr Pillai possesses experience of over two decades in block machine manufacturing. Mr Peter Bullock is the CEO of Forest Press Hydraulics, UK, a renowned press machine manufacturer since 1986. The current order book position is Rs.25.00 crore out of which orders worth Rs.2.60 crore have been already executed.

FPMPL commenced commercial operations in January 2016. The company plans to set up a block and press machine manufacturing facility in Bangalore which is expected to start commercial operations by December 2016 with double the current capacity of 15 machines per annum. The project is expected to be funded through a term loan of Rs.13.25 crore, equity capital of Rs.1.00 crore and unsecured loan of Rs.6.57 crore. The company is susceptible to project execution risk. Also, since the company imports select manufacturing parts, it is exposed to forex fluctuation risk.

Rating Sensitivity Factors

- Timely execution of the new manufacturing unit
- Increasing production capacity

Outlook-Stable

SMERA believes that FPMPL will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company improves its financial risk profile and increases production capacity. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in its financial risk profile.

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Company

FPMPL was incorporated in 2015 by Mr Manoj Kumar Pillai (MD, Hess India) and Mr Peter Bullock (Chairman, Forest Press Hydraulics, UK). The company is engaged in the assembling, testing and selling of industrial machinery used in the production of building materials for construction and infrastructure industries. FPMPL specialises in wet-press and wet-cast technology in the Indian market. The manufacturing unit is located at Bommasandra, Bangalore.

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ABOUT SMERA

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