



Press Release

Foyer Mines and Minerals Private Limited (FMMPL)

20 February, 2018

Rating Assigned

Total Bank Facilities Rated*	Rs. 23.00 Cr.
Long Term Rating	SMERA B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B**' (read as **SMERA B**) on the Rs. 23.00 crore bank facilities of Foyer Mines & Minerals Private Limited (FMMPL). The outlook is '**Stable**'.

Incorporated in 2016, FMMPL is engaged in quarrying rocks and minerals including manufacturing of Manufacturing sand (M- Sand) and plaster sand with a stone crusher unit of 6 lakhs metric ton per annum (MTPA). The operations of the company started in November'2017. The company was promoted by Mr.M.Kondal Rao and Mr.Kavishwar Rao.

Key Rating Drivers

Strengths

Experienced management

The promoters, Mr. M. Kondal Rao and Mr. Kavishwar Rao have over two decades of experience in the development of commercial and residential property in and around Bangalore having completed 11 projects with 792,959 sq ft. of built up area through their group company Foyer Constructions Private Limited.

Favorable demand in the manufacturing sand industry

With a shortage of natural sand in India due to environmental issue the demand for manufacturing sand (M-Sand) is increasing. Manufacturing sand, an alternative to river sand can be artificially produced by crushing rocks, applying different sizing and washing technologies to produce sand for concrete, plastering and other construction work. This is cost effective due to lower usage of bitumen and consistent quality. SMERA believes that FMMPL is likely to benefit with increase in demand for manufacturing sand.

Weaknesses

Limited operational track record

The operations commenced from November, 2017. Till December 2017, the company registered Rs. 0.35 crore of revenue.

Analytical Approach

For arriving at the rating, SMERA has considered the standalone business and financial risk profiles of FMMPL.

Outlook: Stable

SMERA believes that FMMPL will maintain a Stable outlook and continue to benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' in case the company achieves envisaged revenue and profitability margins. Conversely, the outlook may be revised to 'Negative' in case of failure in achieving the projected revenues, or deterioration in profitability. Going forward, the working capital cycle management will remain a key rating sensitivity.

About the Rated Entity - Key Financials

Not Applicable

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term Loan	Not Applicable	Not Applicable	Not Applicable	23.00	SMERA B/ Stable

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