

Fairmine Carbons Private Limited

March 20, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	41.40	CARE B+; Stable; ISSUER NOT COOPERATING*	Revised from CARE BB-; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	75.60	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	Revised from CARE BB-; Stable / CARE A4 and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Fairmine Carbons Private Limited (FCPL) to monitor the rating vide email communications dated February 16, 2024 ; February 09, 2024 ; January 08, 2024, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Further, FCPL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on FCPL's bank facilities will now be denoted as CARE B+; Stable/CARE A4; ISSUER NOT COOPERATING*.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

The rating has been revised on account of non-availability of adequate information thereby leading to uncertainty around credit risk of the company.

The ratings assigned to the bank facilities of FCPL are constrained by the nascent stage of project implementation along with financial closure for the debt yet to be tied up, leading to project execution risk. The rating also factors in the regulatory risk in the mining industry. The ratings, however, derive strength from experienced promoters and strategic location of the coal mine.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

At the time of last rating on March 23, 2023, the following were the rating strengths and weaknesses: (updated for the information available from ministry of corporate affairs):

Key weaknesses

Project execution risk

FCPL has been allocated Rajhara North (Central & Eastern) coal block which is spread with an area of 105.65 hectare of land. FCPL initially planned to start mining by October 2022. However, the project got delayed due to delay in receiving the mining lease. With delay in project, the company has revised its plan to lease and mine only those part of land which has the highest coal reserve to initiate the project at the earliest and increase the scope going forward with the profits generated from the project. Initially, the company expected to incur total project cost of Rs.140 crore which has now been revised to Rs.90.20 crore. Around 58% of the total cost is expected to be out of promoter's contribution and rest to be funded by financial institution. The company has already expended around Rs.29 crore till February 23, 2023, which has been financed through promoter infusion of funds. Financial Closure is at the advanced stages. The company has already applied for the mining lease and with majority of the clearances are in place, the management expects to receive the mining lease shortly. The management expects to begin the mining activity by the end of July 2023.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Regulatory risk in the mining industry

The mining sector is prone to regulatory risk. Government has imposed various penalties compensation in lieu of the excess mining from the mine owners in the past. The credit risk profile continues to remain susceptible to any changes in the government policy with regard to land acquisition & clearance, validity/renewal/ extension of mining lease/ license.

Key strengths

Experienced promoters

The company is promoted by the Pranami Group along with promoters Mr. Samir Lohia, Mr. Rajiv Shekhar, Mr. Rajeev Kumar Singh and their family members. The Pranami group has long presence in real estate industry and executed various real estate projects in the state of Jharkhand. This apart the other promoters have wide professional experience in the field of coal and iron ore mines through their association with companies like Usha Martin Limited, Tata Steel Limited, Aditya Birla Limited etc.

Locational advantages

The fully explored coal block is located at Village Rajhara, District Daltonganj which is within 1 Km of Rajhara Railway siding and connecting NH-75. The company is expecting logistics advantages due to its location and nearby market for coal. The mine has 113.30 lakh tons of coal reserves and the company is expecting production capacity of 7.50 lakh tons a year and accordingly the mine will meet the productions of the company for around 15 years. Further the quality of coal is expected to be of G8 grades which will make marketing of the same easier.

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Project stage companies](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Energy	Oil, Gas & Consumable Fuels	Consumable Fuels	Coal

Fairmine Carbon Private Limited (FCPL) was incorporated on July 06, 2020 with an objective to venture into mining of minerals. The company has been allocated Rajhara North (Central & Eastern) coal block through a tender process and it has entered into an agreement with GOI dated January 01, 2021 for allocation of the coal mine. The mine has 11.33 million tons of coal reserves, and the company is expecting 0.75 million tons production per year. The company belongs to the Pranami Group of Ranchi which has developed various residential and commercial real estate in the state of Jharkhand.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	0.00	0.00
PBILDT	-0.51	-0.70
PAT	0.01	0.03
Overall gearing (times)	42.39	8.30
Interest coverage (times)	-54.92	-0.82

A: Audited ; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable.

Any other information: Not Applicable.

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	14.81	CARE B+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-Bank Guarantee		-	-	-	75.60	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*
Term Loan-Long Term		-	-	Proposed	26.59	CARE B+; Stable; ISSUER NOT COOPERATING*

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

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	75.60	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable / CARE A4 (23-Mar-23) 2)CARE BB-; Stable / CARE A4 (03-Mar-23)	1)CARE BB-; Stable / CARE A4 (14-Feb-22)	-

2	Term Loan-Long Term	LT	26.59	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (23-Mar- 23) 2)CARE BB-; Stable (03-Mar- 23)	1)CARE BB-; Stable (14-Feb- 22)	-
3	Fund-based - LT- Cash Credit	LT	14.81	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (23-Mar- 23) 2)CARE BB-; Stable (03-Mar- 23)	1)CARE BB-; Stable (14-Feb- 22)	-

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

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities : Not Applicable.

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple
3	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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