

July 03, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan I	14.92	SMERA B/Stable (Assigned)
Term Loan II	7.50	SMERA B/Stable (Assigned)
Cash Credit	2.10	SMERA B/Stable (Assigned)

SMERA has assigned a rating of **'SMERA B' (read as SMERA B)** to the Rs.24.52 crore bank facilities of GSR Eco Bricks Private Limited (GEBPL). The outlook is **'Stable'**. The rating is constrained by project execution, commissioning risks and volatility in raw material prices. However, the rating draws support from the financial closure of the project and the experienced management.

GEBPL incorporated in 2014, plans to set up a factory with a total installed capacity of 2, 40,000 MTs in Andhra Pradesh to manufacture autoclaved aerated concrete blocks used in construction. The commercial production of the project which is scheduled to be completed by July 2015 will start by November 2015. However, any delay in the execution of the project may have an adverse impact on the company's ability to generate adequate cash flows for debt servicing. Besides, GEBPL may face volatility in raw material prices that could impact profitability.

Nevertheless, GEBPL has achieved financial closure with bank sanction of Rs.24.52 crore including a term loan of Rs.22.42 crore and working capital limit of Rs.2.10 crore. The company is headed by Mr. G. Jagan Mohan Rao, Director who has more than three decades of experience in the line of business.

Outlook: Stable

SMERA believes the outlook on GEBPL's rated facilities will remain stable over the medium term. The outlook may be revised to 'Positive' in case the company is able to generate healthy revenues along with profits after commissioning the project according to the timelines. The outlook may be revised to 'Negative' in case of delays in project execution.



SMERA RATINGS LIMITED

GSR Eco Bricks Private Limited (GEBPL)

Rating Rationale

About the Company

GEBPL incorporated in 2014, is an Andhra Pradesh-based company established to manufacture autoclaved aerated concrete blocks. The company plans to set up a factory with a total installed capacity of 2, 40,000 MTs in Andhra Pradesh at an estimated cost of Rs.37.32 crore to be funded through a bank loan of Rs.24.52 crore and the balance through promoter's equity.

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