

May 02, 2014

Proposed Facilities	Amount (Rs. Crore)	Rating
Proposed Term Loan	12.50	SMERA B-/ Stable (Assigned)
Proposed Cash Credit	10.00	SMERA B-/ Stable (Assigned)

SMERA has assigned a rating of '**SMERA B-**' (read as **SMERA single B minus**) to the Rs.22.50 crore proposed bank facilities of GSV Industries Private Limited (GIPL). The outlook is '**Stable**'. The rating is mainly constrained by the project execution risk inherent in the company's upcoming manufacturing unit. The rating is further constrained by the company's exposure to slowdown in the end-user sector (real estate), amidst intense competition prevalent in the steel industry. However, the rating derives comfort from the company's experienced management.

GIPL, incorporated in July 2011, is a Lucknow-based company established to undertake the business of manufacturing thermo mechanically treated (TMT) bars. GIPL is currently setting up a factory unit with total installed capacity of 90,000 metric tonnes per annum (MTPA) in Dahej, Gujarat. The company is exposed to project execution risk as the financial closure of the project is pending and the construction work is yet to commence. GIPL is expected to start commercial production in April 2015. The company is likely to face subdued demand for its products on account of the current slowdown in the real estate sector, which is the main end-user industry for TMT bars. GIPL is also likely to face intense competitive pressure from several players engaged in manufacturing TMT bars.

GIPL is poised to benefit from its experienced management. The promoters of the company have around two decades of experience in the iron and steel industry.

Outlook: Stable

SMERA believes the outlook on GIPL's rated facilities will remain stable over the medium term. The outlook may be revised to 'Positive' in case the company successfully implements the project according to the scheduled timeline while generating adequate cash flows for debt servicing. Conversely, the outlook may be revised to 'Negative' in case of delays in project execution.

About the company

GIPL, incorporated in July 2011, is a Lucknow-based company promoted by Mr. Gopal Krishna Gupta, Mr. Sanjay Gupta and Mr. Vikash Gupta. GIPL is established to undertake the business of manufacturing TMT bars. The company is currently setting up a factory unit with total installed

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capacity of 90,000 MTPA in Dahej, Gujarat. The total project cost is estimated at Rs.35.03 crore, which is funded through bank loan of Rs.12.50 crore and promoter's funds of Rs.22.53 crore.

GIPL is a part of Fatehpur-based Shyam Group, a conglomerate engaged in manufacturing steel ingots and TMT bars. The Shyam Group also has interests in flour mills, two-wheeler dealership, petrol pumps, construction and cold storage businesses.

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