

April 12, 2016

Facilities	Amount (Rs. Crore)	Rating
Term Loan	12.50	SMERA B/Stable (Assigned)
Cash Credit	1.50	SMERA B/Stable (Assigned)

SMERA has assigned rating of '**SMERA B**' (read as **SMERA B**) to the Rs.14.00 crore bank facilities of Acore Industries Private Limited (AIPL). The outlook is '**Stable**'. The rating derives comfort from the company's experienced management and strategic location of its beneficiation plant. However, the rating is constrained by project implementation risk and susceptibility of profitability due to volatility in iron ore prices. The rating also factors in the tender-based purchases and exposure of the company to inherent cyclical of the steel industry.

### **Rating Sensitivity Factors**

- Timely completion of the project within the estimated cost
- Achieving projected revenue and profitability

### **Outlook - Stable**

SMERA believes that AIPL will continue to maintain a stable business profile over the medium term on account of its experienced management. The outlook may be revised to 'Positive' if the company achieves higher than expected revenue and profitability while effectively managing its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of inordinate project delays or lower than expected revenue and profitability.

### **About the Company**

AIPL, incorporated in 2015, is a Karnataka-based company engaged in beneficiation of iron ore. The company, promoted by Mrs. Shaila Melligeri, Mrs. Anasuya Melligeri and Mrs. Nirmala Melligeri plans to takeover Jayaalaxmi Minerals Private Limited. The company has an installed capacity of 1.20 million tonnes for beneficiation of iron ore in Bellary, Karnataka and the buyout is expected to be completed by April, 2016.

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