

**November 16, 2015**

Facility	Amount (Rs. Crore)	Rating
<b>Proposed Term Loan</b>	<b>12.00</b>	<b>SMERA BB-/Stable (Assigned)</b>

SMERA has assigned rating of '**SMERA BB-**' (**read as SMERA double B minus**) to the Rs.12.00 crore proposed bank facility of Kadaba Press Metal and Plastic Moulds Private Limited. The outlook is '**Stable**'. The rating derives comfort from the assured revenue visibility for the next 10 years, negligible administration expenses backed by qualified and experienced management. The rating also factors in the favourable terms of the lease agreement that assures rentals for the unexpired period in case of termination of the agreement. However, the rating is constrained by the nascent stage of operations for the lessee (Velankani Electronics Private Limited).

### **Outlook: Stable**

SMERA believes the outlook on KPM's rated facility will remain stable over the medium term. The outlook may be revised to 'Positive' in case the company generates adequate lease rental from the leased out property and makes timely payment of the debt obligation. Conversely, the outlook may be revised to 'Negative' in case of inadequate cash accruals from the leased property or deterioration in the financial risk profile or liquidity position.

### **Rating Sensitivity Factor**

- Timely receipt of lease rentals from Velankani Electronics Private Limited (VEPL)

### **About the Company**

KPM founded by Mr. K G Rangaraj and Mrs. Ranjini Rangaraj have entered into a lease agreement with Velankani Electronics Private Limited (VEPL) with effect from November, 2015. KPM proposes to construct an industrial shed and lease out the same exclusively to Velankani Electronics Private Limited for a minimum period of 10 years. VEPL plans to set-up an electronic manufacturing facility in the mentioned premises and on completion of the 10 years lock-in period, will have an option to renew the lease every five years from then, on mutually decided terms.

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