

August 06, 2015

| Facilities | Amount (Rs. Crore) | Ratings |
|--------------------------------|-----------------------|-----------------------------|
| Term Loan | 1.50 | SMERA BB+/Stable (Assigned) |
| Export Packing Credit | 5.00 | SMERA A4+ (Assigned) |
| Foreign Bill Discounting | 2.50 | SMERA A4+ (Assigned) |
| Letter of Credit | 2.00 | SMERA A4+ (Assigned) |
| Bank Guarantee | 0.10 | SMERA A4+ (Assigned) |
| Proposed Export Packing Credit | 6.95 | SMERA A4+ (Assigned) |

SMERA has assigned ratings of '**SMERA BB+**' (read as **SMERA double B plus**) and **SMERA A4+** (read as **SMERA A four plus**) to the Rs.18.05 crore bank facilities of Sonodyne International Private Limited (SIPL), part of the Sonodyne group. The outlook is '**Stable**'. The ratings are supported by the group's experienced management, healthy financial risk profile and well established export market. However, the ratings are constrained by the group's exposure to intense competitive pressure and exposure to foreign exchange fluctuation risk.

SMERA has combined the business and financial risk profiles of SIPL, Sonodyne Technologies Private Limited (STPL) and Sonodyne Electronics Company Private Limited (SECPL) since the companies are in the same line of business, under a common management and have fungible cash flows.

Outlook: Stable

SMERA believes the Sonodyne group will maintain its moderate business risk profile in the medium term on the back of established operations and extensive industry experience of the promoters. The outlook may be revised to 'Positive' in case of improvement in profitability and operating income. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in profitability and operating income.

Rating sensitivity factors

- Managing incremental working capital
- Losses due to foreign exchange fluctuation
- Debt funded capex

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



About the Company

SIPL, a Kolkata-based company established in 1970 by Mr. Ashoke Kumar Mukherjee and Mr. Anindya Mukherjee manufactures professional audio systems, high grade electronic power supplies and low frequency amplifiers at its facility at SEEPZ, Andheri (East), Mumbai.

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