

### **Sonodyne Technologies Private Limited: Assigned**

<b>Facilities</b>	<b>Amount (Rs. Crore)</b>	<b>Ratings/Outlook</b>
Export Packing Credit	3.00	SMERA BB+/Stable (Assigned)
Stand by line of Credit	0.50	SMERA A4+ (Assigned)
Term loan	3.50	SMERA BB+/Stable (Assigned)
Bank Guarantee	0.10	SMERA A4+ (Assigned)
Letter of Credit	0.50	SMERA A4+ (Assigned)
Proposed	0.30	SMERA A4+ (Assigned)

SMERA has assigned long term rating of '**SMERA BB+**' (read as **SMERA double B plus**) and '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs.7.90 crore bank facilities of Sonodyne Technologies Private Limited (STPL). The outlook is '**Stable**'. The ratings draw support from the experienced management and the long track record of operations. The ratings are also strengthened by the established export market, above average financial risk profile and in-house research and development centre. However, the ratings are constrained by the working capital intensive operations and moderate scale of business and moderate project risk.

SMERA has consolidated the business and financial risk profiles of STPL, Sonodyne International Pvt Ltd (SIPL) and Sonodyne Electronics Private Limited (SEPL). This is because all the three companies are in the same line of business, have a common management and also have fungible cash flows.

The key promoter, Mr. Ashok Kr. Mukherjee, has more than four decades of experience in the manufacture and export of amplifiers and loudspeakers.

The main countries they export to are Germany, Japan, Australia, and UK.

The above average financial risk profile is marked by low gearing, healthy debt protection measures and a comfortable networth base.

The working capital intensive operations are marked by high average working capital days in the range of 150-180 days over the last four years.

#### **Rating Sensitivity Factors**

- Improvement in scale of operations and sustenance of profit margins
- Successful foray into the domestic market
- Extent of debt funded capex

#### **Outlook-Stable**

SMERA believes that STPL will maintain a stable outlook over the medium term owing to the promoters' extensive experience and established market position. The outlook may be revised to 'Positive' if STPL achieves more than envisaged sales and profitability and improves its market position. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve the envisaged revenue growth and the financial risk profile deteriorates.

#### **Criteria applied to arrive at the ratings:**

- Manufacturing entities

### **About the Company**

STPL, a Kolkata based company established in 2006 by Mr Ashok Kumar Mukherjee, manufactures and exports audio systems comprising specialized amplifiers, loudspeakers, and active speakers for residential and professional audio markets.

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### **ABOUT SMERA**

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