

MARCH 09, 2016

CARE ASSIGNS 'CARE B+' RATING TO THE BANK FACILITIES OF SONY AIRCON

Ratings

Bank Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	10	CARE B+ (Single B Plus)	Assigned
Total Facilities	10 (Rupees Ten Crore only)		

Rating Rationale

The rating assigned to Sony Aircon is primarily constrained by modest scale of operations coupled with low net worth base, leveraged capital structure, weak coverage indicators and working capital intensive nature of operations. The rating is further constrained by competition from various organised and unorganised players in Gems & Jewellery (G&J) industry and highly competitive nature of the Fast-moving consumer goods industry.

The rating, however, draws comfort from experienced proprietor, long track record of operations, growing scale of operations and moderate profitability margin.

Going forward, the ability of the firm to increase its scale of operations while improving profitability margin and capital structure with effective working capital management shall be the key rating sensitivities.

Background

Sony Aircon was established in 1997 as a proprietorship firm by Mr Anurag Bansal. The firm is an authorised dealer of Daikin Industries, Ltd.'s Air conditioner and Tanishq Jewellery. The firm is engaged in trading and retail sale of Tanishq branded gold and diamond jewellery and Daikin branded electronic item like air conditioner. The firm currently owns one exclusive retail showroom for each brand located in Agra, Uttar Pradesh. The showroom also has attached workshop facility for the post sales services of air conditioners. The firm sells its products in the domestic market in the regions of Uttar Pradesh and Uttarakhand. In FY15 (refers to the period April 1 to March 31), Sony Aircon has achieved a total operating income (TOI) of Rs.48.56 crore with PBILDT and PAT of Rs.1.95 crore and Rs.0.27 crore as against total operating income (TOI) of Rs.40.11 crore with PBILDT and PAT of Rs.1.76 crore and Rs.0.18 crore in FY14. The firm has achieved total sales of Rs.40.02 crore till December 2015 (as per unaudited results).

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

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