



SMERA RATINGS LIMITED

Freewill Sports Private Limited*Rating
Rationale*

Sept 17, 2013

Facilities	Amount (Rs. Crores)	Rating
Cash Credit	7.25	SMERA BBB /Stable/Assigned
Term Loan	1.73	SMERA BBB /Stable/Assigned
Bank Guarantee	6.00	SMERA A2 /Assigned

SMERA has assigned a rating of '**SMERA BBB**' (read as **SMERA triple B**) to the Rs.8.98 crores long term facilities (fund based) and '**SMERA A2**' (read as **SMERA A two**) to the Rs.6.00 crores short term facility (non-fund based) of Freewill Sports Private Limited (Freewill). The ratings derive strength from the company's well-established track record of operations and healthy financial profile marked by low leverage and comfortable coverage indicators. The ratings are further supported by the company's experienced management, widespread dealer network, diversified product profile and strategic location in the city of Jalandhar, the sports goods manufacturing hub in India.

Freewill, established in 1934, is an ISO 9001:2008 certified company and is involved in the business of manufacturing, trading and distribution of sports goods and accessories. Freewill offers a wide variety of sports goods of international brands and under its own brands 'Nivia' and 'Aivin'. The company is continuously expanding its scale of operations through capacity enhancement and dealer network expansion.

In FY2012-13 (refers to financial year, April 01 to March 31), the company operated at 73 per cent of its total installed capacity. Capacity expansion over the years has been primarily funded through the company's own funds, which has resulted in low leverage at 0.40 times as on March 31, 2012. Moreover, healthy profit margins and low interest burden have led to comfortable coverage indicators with interest coverage ratio at 6.07 times and DSCR at 4.10 times for FY2011-12. Freewill has a widespread geographic presence with more than 1,200 dealers across India.

Freewill's overall operations are managed by Mr. Vijay Kharbanda, who has 50 years of experience in the same line of business. Mr. Vijay Kharbanda is assisted by his son Mr. Rajesh Kharbanda. The company has a qualified and experienced second line of management.

Disclaimer: A 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.



SMERA RATINGS LIMITED

Freewill Sports Private Limited

**Rating
Rationale**

Outlook: Stable

Freewill has a 'Stable' outlook. SMERA believes that Freewill will continue to maintain its scale of operations on the back of its experienced management, continuous capacity enhancement and diversified product offerings. However, the company's ability to scale up operations while maintaining profit margins and achieving efficient working capital management remains the key rating sensitivity.

About the company

Freewill was established in 1934 by Mr. Nihalchand Kharbanda (father of Mr. Vijay Kharbanda) as a proprietorship firm named Freewill & Company. In 1965-66, the proprietorship concern was reconstituted as a partnership firm with Mr. Vijay Kumar Kharbanda and Mr. Nihalchand Kharbanda as partners. In 1984-85, the partnership firm was reconstituted as a private limited company.

Freewill is involved in manufacturing, trading and distribution of various sports goods and accessories. The company primarily manufactures footballs, volleyballs, sports mats, shin guards and gloves. Freewill also undertakes trading of sports shoes, nets, tennis balls, racquets, water polo balls, dumbbells, fitness equipment and gym belts. The company is a member of several sports associations including the Basketball Federation of India, Volleyball Federation of India and Football Association of India. Freewill also manufactures balls approved by FIFA, All India Football Federation, Volleyball Federation of India and Basketball Federation of India. All the products manufactured by the company are sold under the brand names 'Nivia' and 'Aivin'. The company is headed by Mr. Vijay Kharabanda and Mr. Rajesh Kharabanda.

Contact List

Media/Business Development	Analytical Contacts	Rating Desk
Mr. Virendra Goyal, Vice President – Sales (SME) Tel : +91-22-67141177 Cell : +91 99300 74009 Email: virendra.goyal@smera.in Web: www.smera.in	Mr. Umesh Nihalani, Head – Corporate Ratings Tel: +91-22-67141106 Cell: +91 98336 51336 Email: umesh.nihalani@smera.in	Tel: +91 22 6714 1170 Email: ratingdesk@smera.in

Disclaimer: A 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.