

April 08, 2014

Facilities	Amount (Rs. Crore)	Rating
Pre-shipment Credit Facility	16.50*	SMERA BBB+/Stable (Assigned)
Proposed Long Term Facility	3.50	SMERA BBB+/Stable (Assigned)

\*Includes sublimit of Overdraft to the extent of Rs. 9.00 Crore, Short Term Loans to the extent of Rs. 7.00 Crore, Overdraft for MSME Vendors to the extent of Rs. 0.05 Crore, Export Bill Discounting to the extent of Rs. 12.00 Crore, Import Letter of Credit to the extent of Rs. 3.00 Crore and Bond & Guarantee to the extent of Rs. 1.00 Crore.

SMERA has assigned a rating of '**SMERA BBB+**' (read as SMERA triple B plus) to the Rs.20.00 crore long-term bank facilities of **Sanspareils Greenlands Private Limited (SGPL)**. The outlook is '**Stable**'. The rating derives strength from the company's well-established brand in the sports goods industry. The rating is further supported by the company's strong distribution network, healthy revenue growth, strong financial risk profile and experienced management. However, the rating is constrained by the company's exposure to intense competition from international brands.

SGPL, incorporated in 1979, is a Meerut-based manufacturer of cricket bats, balls and protective gear (including gloves helmets and pads). The company sells its products under the brand name 'SG', which is a premium brand in the organized cricket gear market in India. Recently SGPL has launched a new segment of sport apparels, footwear, and travel gears under the brand name "MaxxPort". SGPL's products are endorsed by leading cricketers. The company has a strong distribution network comprising 600 distributors across India.

SGPL's revenues have grown at a healthy compound annual growth rate (CAGR) of 18 per cent during the past five years. Moreover, the company has maintained healthy net profit margins (in the range of 5-6 per cent) during the past five years. SGPL's strong financial risk profile is marked by low gearing (debt-equity ratio) of 0.59 times as on March 31, 2013 and strong interest coverage ratio of 5 times in FY2012-13. The company benefits from its experienced management. Mr. Kailash Chandra Anand and Mr. Triloknath Anand, directors of SGPL, have more than 40 years of experience in the cricket gear manufacturing industry.

SGPL operates in a highly fragmented industry with several players in the unorganized sector. The company also faces intense competition from leading international brands (including Kookaburra, Slazenger, Gunn & Moore and Gray Nicolls). Moreover steady revenue accruals for its new segment MaxxPort and stability of margin from this segment will be a key rating sensitivity.

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## **Outlook: Stable**

SMERA believes the outlook on SGPL's rated facilities will remain stable over the medium term on the back of the company's strong brand positioning and healthy financial risk profile. The outlook may be revised to 'Positive' in case the company registers higher-than-expected revenues while maintaining profit margins and working capital cycle at comfortable levels. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected revenues, or in case of decline in the company's profit margins.

## **About the company**

SGPL, incorporated in 1979, is a Meerut-based company promoted by Mr. Kailash Chandra Anand and Mr. Triloknath Anand. SGPL is engaged in manufacturing of cricket bats, balls and protective gear.

For FY2012–13, SGPL reported PAT of Rs.5.79 crore on revenues of Rs.96.73 crore, as compared with PAT of Rs.4.42 crore on revenues of Rs.92.90 crore for FY2011–12. Further, as informed by the management, SGPL has registered revenue of ~Rs.94.00 crore during April 2013 to February 2014. SGPL's net worth stood at Rs.29.39 crore as on March 31, 2013, as compared with Rs.25.49 crore a year earlier.

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