

June 29, 2015

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

**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 and guarantee to the extent of Rs. 1.00 crore.*

SMERA has reaffirmed 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 continues to derive 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.

Update

SGPL continues to benefit from its established brand position. The company sells its products under the brand name 'SG' - a premium brand in the organized cricket gear market in India endorsed by leading cricketers. SG also sells apparels, footwear, and travel gears under the 'Maxxport' brand name. The company has a strong distribution network comprising 600 distributors across India.

The company's net sales rose to Rs. 103.48 crore in FY2013-14 (refers to financial year, April 01 to March 31) from Rs.92.47 crore in FY2012-13. Upto March 31, 2015, the company achieved sales of Rs. 107.08 crore. The financial profile of the company continues to remain strong with low gearing of 0.27 times in FY2013-14 as compared to 0.41 times in FY2012-13. The interest coverage ratio of the company is also strong at 5.43 times in FY2013-14 as compared to 5.24 times in FY2012-13.

The company's operating margins declined but remained healthy at 11.91 per cent in FY2013-14 as compared to 12.71 per cent in FY2012-13. The company benefits from its experienced management. Mr. Kailash Chandra Anand and Mr. Triloknath Anand, Directors have around 40 years of experience in the cricket gear manufacturing industry.

SG 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 Nicholls).

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Outlook Stable

SMERA believes the outlook on SG'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

SG, incorporated in 1979, is a Meerut-based company promoted by Mr. Kailash Chandra Anand and Mr. Triloknath Anand to manufacture cricket bats, balls and protective gear.

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