

Sanspareils Greenlands Private Limited:Reaffirmed

Facilities	Amount (Rs. Crore)	Rating/Outlook
Pre-shipment Credit Facility	16.50*	SMERA BBB+/Stable (Reaffirmed)
Long Term Facilities (Proposed)	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 & Guarantee to the extent of Rs. 1.00 Crore.*

SMERA has reaffirmed the rating of '**SMERA BBB+**' (**read as SMERA triple B plus**) on 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 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 '**SG**' brand name, a premium brand in the organised cricket gear market in India. SG also sells apparels, footwear and travel gear under the 'Maxxport' brand name. SG's products are endorsed by leading cricketers. The company has a strong distribution network comprising 600 distributors across India.

The company's operating income has increased to Rs.114.14 crore in FY2014-15 from Rs.107.71 crore in FY2013-14 (refers to financial year, April 01 to March 31). For FY2015-16, the company has reported operating income of Rs.113.12 crore (provisional). SGPL's financial profile continues to remain strong evident from the low gearing of 0.24 times (provisional) in FY2015-16 as compared to 0.25 times in FY2014-15. Further, the debt protection metrics continue to remain healthy reflected in the interest coverage ratio of 4.98 times (provisional) in FY2015-16 against 5.10 times during the previous year.

The company's operating margins have improved marginally and continue to remain moderate at 10.18 per cent (provisional) in FY2015-16 as compared to 9.60 per cent in FY2014-15. SGPL 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.

SGPL operates in a highly fragmented industry with intense market competition from the unorganised sector. The company also faces competition from leading international brands including Kookaburra, Slazenger, Gunn & Moore and Gray Nicolls.

Rating Sensitivity Factors

- Sustainable improvement in revenue and profitability profile
- Efficient working capital cycle
- Debt funded capital expansion

Outlook: Stable

SMERA believes that 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 of lower-than-expected revenues or decline in profit margins.

Criteria Applied to arrive at the rating:

- Manufacturing Entities

About the Company

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

For FY2015-16 (provisional), SGPL reported profit after tax (PAT) of Rs.5.02 crore on operating income of Rs.113.12 crore, as compared with PAT of Rs.4.87 crore on operating income of Rs.114.14 crore in the previous year. The company's net worth stood at Rs.51.30 crore (provisional) as on March 31, 2016, as compared with Rs.43.65 crore a year earlier.

Rating History

Date	Name of the Instruments	Amount (Rs. Crore)	Ratings		Outlook
			Long Term	Short Term	
29 June, 2015	Pre-shipment Credit Facility	16.50*	SMERA BBB+ (Reaffirmed)	-	Stable
	Proposed Long Term Facility	3.50	SMERA BBB+ (Reaffirmed)	-	Stable
8 April, 2014	Pre-shipment Credit Facility	16.50*	SMERA BBB+ (Assigned)	-	Stable
	Proposed Long Term Facility	3.50	SMERA BBB+ (Assigned)	-	Stable

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ABOUT SMERA

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