



Press Release
Sanspareils Greenlands Private Limited
July 05, 2024
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	2.00	ACUITE A Stable Assigned	-
Bank Loan Ratings	35.80	ACUITE A Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	37.80	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating at '**ACUITE A**' (read as **ACUITE A**) on the Rs. 35.80 crore bank facilities of Sanspareils Greenlands Private Limited (SGPL). The outlook is '**Stable**'.

Acuite has assigned the long-term rating at '**ACUITE A**' (read as **ACUITE A**) on the Rs. 2.00 crore bank facilities of Sanspareils Greenlands Private Limited (SGPL). The outlook is '**Stable**'.

Rationale for reaffirmation

Rating has been reaffirmed on account of improvement in scale of operations, profitability and healthy financial risk profile and reputed clientele. The rating gets comfort from experienced management, decades long relationships with few customers and reputed clientele has helped company to seize repeat orders. However, rating is constrained due to highly competitive and fragmented industry.

About the Company

SGPL incorporated in the year 1979 and promoted by Mr. Kailash Chandra Anand, Mr. Puneet Anand, Mr. Paras Juny Anand and Mr. Triloknath Anand is engaged into manufacturing of cricket bats, leather balls, premium shoes, clothing, travel gear and other protective gears for cricket under its own "SG" brand. It has its manufacturing unit located in Meerut, UP.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has taken standalone financial and business risk profile of Sanspareils Greenlands Private Limited to arrive at this rating.

Key Rating Drivers

Strengths

Experienced management and established market position

The promoters of SGPL, Mr. Kailash Chandra Anand, Mr. Triloknath Anand, Mr. Puneet Anand and Mr. Paras Juny Anand are seasoned players in the said industry and with an operational track record of more than four decades, company has been able to maintain strong relations with its customers and suppliers. Furthermore, SGPL has a competitive advantage in the domestic market since it is the only domestic cricket goods manufacturing company, whose

red balls used in test matches are approved by the Board of Control for Cricket in India (BCCI). The company also manufactures leather balls, bats, protective equipment, cricket accessories, shoes and apparels under its own "SG" brand, thereby maintaining a diversified product portfolio. Acuité believes that the promoters' extensive experience and healthy relations with its customers and suppliers will continue to benefit SGPL over the medium term.

Financial Risk Profile

The company financial risk profile is comfortable marked by healthy net worth, comfortable gearing and strong debt protection metrics. Company's tangible net worth stood at Rs. 91.29 Cr. in FY 2023 as against Rs. 78.34 Cr. in FY 22. Net worth of the company also includes Rs. 6.15 Cr. of unsecured loans classified as quasi equity which has been subordinated to bank debts of Standard Chartered Bank. The gearing ratio (Debt to Equity) deteriorated, however remained below unity and stood at 0.30 times in FY 2023 as against 0.27 times in FY 2022. TOL/TNW deteriorated from 0.86 times in FY 2022 to 1.06 times in FY 2023. Debt Protection Matrix (i.e. DSCR & ISCR) stood at 6.80 times & 9.84 times in FY 23 against 7.41 times & 9.12 times in FY 22 respectively. In the absence of any major debt funded capex, it is believed the financial risk profile will remain comfortable in the near term.

Improving Scale of Operations & Profitability

The revenue from operations improved by 26.73%, thereby increasing the topline from Rs. 213.80 Cr. in FY 22 to Rs. 270.96 Cr. in FY 23. With improving turnover, the company's profitability has been improved marginally. The EBIDTA and PAT has been improved from Rs. 21.35 Cr. & Rs. 13.44 Cr. in FY 22 to Rs. 26.61 Cr. & Rs. 16.40 Cr. in FY 23 respectively. EBIDTA & PAT margin stood at 9.82% & 6.05% respectively in FY 23. The revenue is expected to improve as advertising sponsorships driven by on boarding of prominent cricket players as brand endorsers.

Reputed Clientele

SGPL has a reputed customer base which includes Kookaburra Sports, JRT Crampton, Board of Control for Cricket India (BCCI) and Unicorn Products Limited, to name a few. It has established relationships with these customers around four decades, which helps it to benefit from repeat orders. Acuité believes that SGPL will sustain the business risk profile on account of its established market presence in the industry.

Weaknesses

Highly competitive and fragmented industry

The sports goods industry is highly competitive and fragmented. Acuité believes that despite a highly competitive market, SGPL will be able to maintain its presence in the domestic market, mainly on account of its long presence in cricket gear manufacturing and recognition by the technical committee of Board of Control for Cricket India (BCCI).

Rating Sensitivities

- Ability to maintain scale of operations and Profitability.
- Ability to maintain working capital cycle & working capital operations.

Liquidity Position

Strong

The Company has strong liquidity position marked by generating net cash accruals of Rs. 19.66 Cr. in FY 23 against current portion of long term debt (CPLTD) of Rs. 0.41 Cr. for the same period. The company has cash & bank position stood at Rs. 6.87 Cr. and current ratio stood at 1.32 times for FY 23. Company has made Rs. 27.39 Cr. investment in fixed deposits in PNB Housing Finance Limited which is entirely unencumbered. Apart from this company has also invested Rs. 5.45 Cr. in mutual funds as on 31st March 2023. The average bank limit utilization for fund based limits remained at 64.88% for the 14 months' period between January 2023 to February 2024.

Outlook: Stable

Acuité believes that SGPL will maintain a 'Stable' outlook in near to medium term on account

of its experienced management and improving operating performance. The outlook may be revised to 'Positive' if the company is able to achieve higher than expected growth in revenue while effectively managing its working capital cycle and keeping the debt levels moderate. Conversely, the outlook may be revised to negative in case of moderation in liquidity profile and its profitability margins, and deterioration in debt protection indicators.

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	270.96	213.80
PAT	Rs. Cr.	16.40	13.44
PAT Margin	(%)	6.05	6.28
Total Debt/Tangible Net Worth	Times	0.30	0.27
PBDIT/Interest	Times	9.84	9.12

Status of non-cooperation with previous CRA (if applicable)

Not Applicable.

Any other information

None.

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
18 Apr 2023	PC/PCFC	Long Term	20.00	ACUITE A Stable (Reaffirmed)
	Term Loan	Long Term	1.00	ACUITE A Stable (Reaffirmed)
	Term Loan	Long Term	1.50	ACUITE A Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	3.50	ACUITE A Stable (Reaffirmed)
	Cash Credit	Long Term	4.90	ACUITE A Stable (Assigned)
	Cash Credit	Long Term	4.90	ACUITE A Stable (Assigned)
18 Apr 2022	PC/PCFC	Long Term	22.00	ACUITE A Stable (Upgraded from ACUITE A- Stable)
	Term Loan	Long Term	2.21	ACUITE A Stable (Upgraded from ACUITE A- Stable)
	Proposed Long Term Bank Facility	Long Term	1.79	ACUITE A Stable (Upgraded from ACUITE A- Stable)
20 Jan 2021	PC/PCFC	Long Term	20.00	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	6.00	ACUITE A- Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	9.80	ACUITE A Stable Reaffirmed
Standard Chartered Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	24.50	ACUITE A Stable Reaffirmed
Standard Chartered Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.00	ACUITE A Stable Assigned
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Oct 2024	Simple	1.50	ACUITE A Stable Reaffirmed

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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