

October 10, 2014

| Facilities | Amount (Rs. Crore) | Ratings |
|-------------------------|--------------------|----------------------------------|
| Cash Credit | 5.00 | SMERA B/Stable (Assigned) |
| Term Loan | 0.50 | SMERA B/Stable (Assigned) |
| Letter of Credit | 5.00 | SMERA A4 (Assigned) |

SMERA has assigned a long-term rating of '**SMERA B**' (**read as SMERA single B**) and a short-term rating of '**SMERA A4**' (**read as SMERA A four**) to the abovementioned bank facilities of Jumax Foam Private Limited (JFPL). The outlook is '**Stable**'. The ratings are primarily constrained by the decline in revenues and net profit margins reported by the company in FY2013-14 (refers to financial year, April 01 to March 31). The ratings are also constrained by the susceptibility of the company's profit margins to raw material price volatility. The ratings note that the company operates in a competitive industry. However, the ratings are supported by the company's experienced management and healthy financial profile.

JFPL, incorporated in 1983, is a Delhi-based company engaged in manufacturing of polyurethane foam, mattresses, cushions and pillows. JFPL's revenues declined from Rs.46.75 crore in FY2012-13 to Rs.27.04 crore (provisional) in FY2013-14 on account of discontinuance of auto seat covers manufacturing business. The company's net profit margin declined from 3.83 per cent in FY2012-13 to 1.34 per cent (provisional) in FY2013-14. JFPL's profit margins are susceptible to fluctuations in raw material (toluene diisocyanate and polyester polyols) prices. The company faces competition from several manufacturers of polyurethane foam.

JFPL benefits from its experienced management. The directors of the company have around 30 years of experience in the PU foam manufacturing business. JFPL also has a technically qualified and experienced second line of management. The company benefits its established relations with customers. JFPL's healthy financial profile is marked by low leverage (debt-equity ratio) of 0.82 times (provisional) as on March 31, 2014 and interest coverage ratio of 2.49 times (provisional) in FY2013-14.

Outlook: Stable

SMERA believes JFPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and cash accruals. The outlook may be revised to 'Negative' in case of significant decline in the company's revenues or cash accruals, or in case of stretch in the company's working capital cycle

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.

About the company

JFPL is a Delhi-based company incorporated in 1983. The overall operations of the company are currently managed by Mr. Anuj Jain, Mr. Ajit Aggarwal and Mr. Karan Aggarwal. JFPL is engaged in manufacturing of various types of laminated, flexible and molded polyurethane foam. The company also manufactures mattresses, cushions and pillows.

For FY2013-14 (as per provisional financial statements), JFPL reported profit after tax (PAT) of Rs.0.37 crore on operating income of Rs.27.71 crore, as compared with PAT of Rs.1.80 crore on operating income of Rs.47.00 crore in FY2012-13. The company's net worth stood at Rs.7.75 crore (provisional) as on March 31, 2014, as compared with Rs.7.38 crore a year earlier.

Contact List:

| Media/Business Development | Analytical Contacts | Rating Desk |
|--|--|--|
| Mr. Virendra Goyal, Vice President – SME Sales Tel: +91-22-6714 1177 Cell: +91 9930074009 Email: virendra.goyal@smera.in Web: www.smera.in | Mr. Ashutosh Satsangi Vice President – Operations Tel: +91-22-6714 1107 Email: ashutosh.satsangi@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.