

SEPTEMBER 07, 2015

CARE ASSIGNS 'CARE BBB' AND 'CARE A3+' RATING TO THE BANK FACILITIES OF SHREE MALANI FOAMS PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	13.25	CARE BBB (Triple B)	Assigned
Short term Bank Facilities	1.25	CARE A3+ (A Three Plus)	Assigned
Total Facilities	14.50 (Rupees Fourteen crore and Fifty lakh only)		

Rating Rationale

The ratings assigned to the bank facilities of Shree Malani Foams Private Limited (SMPL) derive comfort from experienced promoters and management, significant growth in the scale of operations despite moderate track record of the company, geographically diversified revenue stream coupled with strong marketing network, completely hedged foreign exchange exposure, comfortable leverage and coverage ratios with satisfactory liquidity levels.

The ratings are, however, constrained on account of decline in profitability margins, susceptibility of profit margins to fluctuations in raw material prices and intense competition in foam manufacturing industry.

The ability of the company to improve its profitability margins and combat the fierce competition from other reputed players are the key rating sensitivities.

Background

SMPL was established as a private limited company by Mr Siddharth Malani, Mr Kamal Narayan Rathi and Mrs Urmila Malani who are also the promoters of Centuary Fibre Plates Private Limited (CFPL).

CFPL has considerably long track record as leading manufacturers of sleeping solutions in India for more than two decades under the brand name "Centuary".

SMPL is one of the leading players in the polyurethane (PU) Foam market in the country, mainly due to its product quality and range. Its technical and industrial foams are supplied to various consumers and converters, whereas its furniture and mattress grade foams are widely distributed through an extensive retail channel. The company has an extensive network of warehouses and regional offices across the country to help it reach its customers.

SMPL sells its foam under the brand name of "Cenflex". Cenflex's product range encompasses regular furniture grade foams to special foams like Memory Foam and Latex Foam.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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