

January 19, 2015

CARE REAFFIRMS RATINGS ASSIGNED TO BANK FACILITIES OF BRINTONS CARPETS ASIA PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	1	CARE A- (Single A Minus)	Reaffirmed
Short term Bank Facilities	24	CARE A1 (A One)	Reaffirmed
Total Facilities	25		

Rating Rationale

The ratings assigned to the bank facilities of Brintons Carpets Asia Private Limited (Brintons Asia) continue to derive strength from the long standing experience, well established brand image of its parent {Brintons Carpets Limited UK (Brintons UK)}, strong support from the parent in terms of operational, technical and marketing activities, presence in the industrial carpets segment and integrated manufacturing facility. Furthermore, the ratings continue to take into account healthy profitability margins, favorable capital structure and debt coverage indicators with low dependence on external borrowings, reduced foreign exchange fluctuation risk with the change in invoicing terms and improved operating cycle.

The ratings, however, continue to remain constrained by working capital intensive nature of operations, moderate scale, and contingent liability towards the excise department. Furthermore, the rating remains constrained on account of the growth potential of Brintons Asia linked to the performance of the parent company.

The ability of the company to continue to manage working capital effectively and to diversify in terms of client base without any deterioration in the capital structure and profitability are the key rating sensitivities.

Background

Brintons Carpets Asia Private Limited (Brintons Asia), incorporated in October 1997, is a 100% subsidiary of Brintons Carpets Limited, UK (Brintons UK). Brintons Asia manufactures Axminster and Wilton carpets (machine made woolen carpets) at Urawade, approximately 25 km from Pune, Maharashtra. Currently, Brintons Asia has an annual carpet manufacturing capacity of 2 million square meters and yarn manufacturing capacity of 2.25 million kgs.

Brintons Asia has a complete carpet manufacturing facility covering designing, spinning, dyeing, weaving, finishing, latexing, quality control and dispatch. Brintons Asia manufactures carpets with standard and custom designs. The company caters to the aviation, transport, hospitality, marine, corporate houses and household sectors in the UK, through its parent company, Brintons UK. Majority of the sales of Brintons Asia is made to its parent company Brintons UK.

The parent company, Brintons UK, founded in 1783 by Mr William Brintons, is a leading player in the international carpets markets. Brintons UK was acquired by the private equity group, Carlyle, in October 2011.

During FY14 (refers to the period April 01 to March 31), the company recorded net sales of Rs.116.22 crore and a Profit After Tax (PAT) of Rs.7.78 crore as against the net sales Rs.123.22 crore and PAT of Rs.9.92 crore in FY13. The company generated total operating income of Rs.69.77 crore during H1FY15 (Provisional; refers to the period April 01 to September 30), and recorded Profit Before Tax of Rs.7.81 crore (Provisional).

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

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

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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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CIN - L67190MH1993PLC071691