

Rating Rationale

Armstrong Knitting Mills

04 Dec 2020

Brickwork Ratings reaffirms the long term rating at BWR BB and reaffirms the short term rating at BWR A4 for the bank loan facilities of Rs. 67.79 Crore of Armstrong Knitting Mills [*'AKM' or 'the Firm'*], Tirupur, Tamilnadu, as the Issuer did not Cooperate.

Particulars

Facilities	Amount (Rs. Cr)		Tenure	Ratings#				
	Previous	Present		Previous (08 Aug 2019)	Present			
Fund Based								
Term Loan	4.04	4.04	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable Upgraded	Reaffirmed BWR BB/ (Pronounced as BWR Double B) Issuer Not Cooperating*			
Packing Credit	60.00	60.00	Short Term	BWR A4 (Pronounced as BWR A Four) Reaffirmed	BWR A4/ (Pronounced as BWR A Four) Issuer Not Cooperating*			
Non Fund Based								
Bank Guarantee	0.25	0.25						
CEL (Forward Contract)	3.50	3.50						
Total	67.79	67.79	INR Sixty Seven Crores and Seventy Nine Lacs only					

*Issuer did not cooperate; Based on the best available information ; **Details of Bank facilities are provided in Annexure-I

Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating Action/Nature of Non Cooperation

The ratings were due for a review in August 2020. BWR took up with the firm to provide required information for conducting a review of the ratings through emails and telephone calls. Despite the best efforts of BWR to get at least the minimum required information for a review, the firm has not provided the same. Due to the continued lack of management cooperation and in the absence of adequate information from the firm, BWR is unable to assess the firm's financial performance and its ability to service its debt and maintain a valid rating. Hence, based on best available information, Brickwork Ratings has reaffirmed and migrated the ratings to the ISSUER NOT COOPERATING* category.

Limitations of the Rating

Information availability risk is a key factor in the assessment of credit risk as generally non-cooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit rating should therefore

take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholding of information required for a review of the rating.

Key Financial Parameters

Particulars		31 Mar 2017	31 Mar 2018
		Audited	Audited
Net Revenue	Rs. Cr	203.35	210.25
EBITDA	Rs. Cr	12.76	11.54
Profit After Tax	Rs. Cr	16.79	15.31
Partner's Capital	Rs. Cr	42.98	50.13
Total Debt : Partner's Capital	Times	1.30	1.03
Current Ratio	Times	1.02	1.23

About the Firm

Armstrong Knitting Mills (AKM), set up as a partnership firm in 1971 at Tirupur, is engaged in the manufacture and export of readymade garments and generation of solar power. The firm, certified as a 'Two-Star Export House', exports to the US and European countries viz UK, Switzerland, Germany etc. The Firm also engages in domestic sales of the export surplus. The product profile of AKM covers a wide range of products like Knitwear, Woven Garments, made ups, formal and casual attire, which caters to Men, Women, Children and Infants.

AKM has three divisions viz. Garments, Compacting, Printing & Embroidery and Solar Division. AKM at present has the capacity to manufacture 1.65 crs pieces annually and current utilisation is around 70%. Solar Plant with 2MW capacity is located in Dindigul District, Tamilnadu. Utilisation is maximum and the generated power is sold among associate concerns.

The Managing Partner is Mr.E.Palanisamy and other partners are Ms.P. Renugadevi and Mr.P.Vivekanand

Status of Non-Cooperation with other CRA: Nil

Rating History of last three years including withdrawn or suspended rating)

Facilities	Current Rating (December 2020)			Rating History		
	Amount (Rs. Cr)	Type		08 Aug 2019	24Jan2018	17Nov2016
Fund Based						
Term Loan	4.04	Long Term	Reaffirmation BWR BB/ (Pronounced as BWR Double B) Issuer Not Cooperating*	BWR BB (Pronounced as BWR Double B) Outlook: Stable Upgraded	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable [Upgraded]	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable [Assigned]
Packing Credit	60.00	Short Term	BWR A4/ (Pronounced as BWR A Four) Issuer Not Cooperating*	BWR A4 (Pronounced as BWR A Four) Reaffirmed	BWR A4 (Pronounced as BWR A Four) [Reaffirmed]	BWR A4 (Pronounced as BWR A Four) [Assigned]
Non Fund Based						
Bank Guarantee	0.25					
CEL (Forward Contract)	3.50					
Total	67.79	INR Sixty Seven Crores and Seventy Nine Lacs only				

*Issuer Not Cooperating; Based on the best information available.

Any other information: NIL

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

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Annexure I Bank Loan Facilities

Bank	Facilities	Type	Tenure	Amount Rated (Rs. Cr)	
				Previous	Present
Canara Bank Overseas Branch, Tirupur	Term Loan-1	Fund Based	Long Term	2.45	2.45
	Term Loan-2			1.59	1.59
	Packing Credit Sub limit: PC/PCFC		Short Term	60.00	60.00
	Sub limit: FDB/FBE/BRD			(30.00)	(30.00)
	Bank Guarantee	Non Fund Based		0.25	0.25
	CEL (Forward Contract)			3.50	3.50
Total				67.79	67.79

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