January 22, 2026

Mallcom (India) Limited: Long-term rating reaffirmed, short-term rating of [ICRA]A1 assigned; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based Limits – Working Capital Facilities	75.00	-	-
Long-term/ Short term – Fund-based/ Non-Fund-based Limits – Working Capital Facilities	-	120.00	[ICRA]A (Stable), reaffirmed/ assigned for enhanced amount/ [ICRA]A1, assigned
Total	**75.00**	**120.00**	

**Instrument details are provided in Annexure I*

Rationale

While assigning the ratings, ICRA has considered the consolidated financial statements of Mallcom (India) Limited (MIL) along with its two subsidiaries, referred to as the company/ MIL, given the close operational, financial and managerial linkages among them.

The ratings consider MIL's established track record of operations, long experience of the promoter in the industrial safety product industry, and favourable demand outlook for the industrial safety products. The scale of operations of the company witnessed a steady growth over the past three years, which is likely to continue in the current fiscal as well. ICRA also notes that the absolute level of profits and cash accruals from the business have improved over the period, driven by a rising scale of operations and relatively stable margins. MIL, on a consolidated level, reported a top line of Rs. 262 crore in H1 FY2026 against Rs. 232 crore in H1 FY2025, registering a YoY growth of 13%. However, a sharp depreciation of INR led to an increase in the overall cost of raw materials. This, along with front-loaded expenses towards sales and promotional initiatives, employee costs and other overheads towards the newly commissioned unit in Gujarat, resulted in a decline in the operating margin by around 250 bps to 10.5% in H1 FY2026, on a YoY basis. However, with product prices now being renegotiated to offset the higher forex-linked costs, improved volume offtake in safety shoes, and tighter inventory rationalisation, the operating margin is likely to gradually recover over the next couple of quarters, supported by lower overheads and higher economies of scale. The ratings also consider its established as well as moderately diversified client base, which along with a diverse product mix, strengthen its market position. The ratings also favourably factor in MIL's comfortable financial risk profile, characterised by a conservative capital structure and strong debt protection metrics.

The ratings are, however, constrained by the intense competition in the safety product industry and low bargaining power with large clients, which limit pricing flexibility and keep margins under check. The ratings are also impacted by the high working capital intensity of operations, exerting pressure on cash flows. Further, the ratings continue to factor in the vulnerability of the company's profitability to fluctuations in the foreign currency exchange rates, although the same is mitigated to a considerable extent by the formal hedging mechanisms adopted by the company. The ratings also factor in any adverse changes in government regulations, which could potentially impact the competitiveness of its products as well as the business.

MIL had signed an MoU with the Government of Gujarat in 2023 to set up its new unit, PROTECH, in Sanand for manufacturing hand and head protection equipment. Phase I of the project was commissioned and the commercial operations commenced in September 2025. The total capital outlay stood at Rs. 100 crore and an additional Rs. 10 crore has been planned for capacity enhancement by March 2026. However, ramping up of operations and achieving desired process parameters, going forward, remain to be seen.

The Stable outlook on the long-term rating reflects ICRA's opinion that MIL will continue to benefit from its established track record of operations in the industrial safety products industry and maintain its business position while sustaining its profitability level in the long run.

Key rating drivers and their description

Credit strengths

Favourable demand outlook and established track record of operations in industrial safety products industry – MIL has been involved in manufacturing and distribution of industrial safety products for more than three decades. The products are sold both in the domestic and the export markets. The company's established track record of operations and long experience of the promoter mitigate the operational risk to a large extent. The operating income of the company has grown to around Rs. 475 crore in FY2025 from around Rs. 286 crore in FY2020 on the back of increasing awareness and favourable demand of personal protective equipment. Increasing safety awareness leads to favourable growth prospects for the industrial safety products both in the domestic and the international markets.

Diversified and flexible product mix lead to competitive advantages – The company has a diversified product portfolio comprising leather gloves, cotton and synthetic gloves, nitrile dipped gloves, industrial safety garments, safety shoes, helmet etc., which are used for various purposes. The company's diverse range of products provides a cushion against adverse market conditions in any particular segment. Moreover, industrial garments and safety shoes, being high-margin products, accounted for more than 60% of the company's revenue over the past few years, resulting in healthy operating margin although some moderation was witnessed over the past few years.

Fairly diversified customer base and geographical presence – MIL has a reputed and established client base across industries, which generates repeat orders, reflecting acceptable product quality and low counterparty risk. The company is primarily a B2B player, whereas the top ten customers contributed 30-40% to the total revenue over the past few years, reflecting a diversified customer base. Around 60% of the company's revenue was derived from supply of its products to more than 40 countries across six continents, reflecting a fairly expanded geographical presence. Nevertheless, around 40% of its total revenue was derived from the European Nations over the past years.

Comfortable financial risk profile underpinned by low leverage and strong debt coverage metrics – The capital structure of the company has remained conservative over the past years owing to a healthy net worth and low reliance on external debt. Total outside liabilities relative to the tangible net worth stood at 0.7 times as on March 31, 2025, which is likely to remain low, going forward, although the company has taken a term loan as a reimbursement funding of the recently commissioned unit in Gujarat. The coverage indicators stood at a healthy level because of low gearing and healthy profits as well as cash accruals from its business and are expected to remain comfortable with the interest cover likely to remain above 6.0 times over the next few years.

Credit challenges

Moderate scale of current operations, however, top line witnessed a steady growth over the past few years – The turnover of the company, at the consolidated level, witnessed a steady growth over the past five years. The operating income of MIL has grown to around Rs. 475 crore in FY2025 from around Rs. 286 crore in FY2020 on the back of increasing awareness and favourable demand of personal protective equipment. The operating income (consolidated level) remained almost similar to the standalone results as most of the transactions of the subsidiaries are with the holding company only. Historically, the company's scale of operations had remained at a moderate level. MIL reported a top line of around Rs. 262 crore, on a consolidated level, in H1 FY2026 against around Rs. 232 crore in H1 FY2025. In view of healthy order book and a likely increase in the sale of industrial garments as well as safety shoes, the top line of MIL, on a consolidated basis, is likely to register a growth of 8-10% in FY2026 on YoY basis.

Stiff competition in safety wear industry exerts pressure on margins – Intense competition from organised and unorganised players in the safety wear market on account of the low value-accretive nature of products limits its pricing flexibility. This keeps the margins under check despite export incentives received from the Government of India (GoI).

Exposed to foreign exchange rate fluctuation and regulatory risks – MIL generates a significant portion (58% in FY2025) of its revenue from export sales, which exposes it to the foreign exchange rate fluctuation risk. While the foreign currency receivables are largely hedged by the forward cover, the foreign currency payables (import of raw materials) remain unhedged. The operating profit margin (OPM) of MIL, at a consolidated level, remained almost stable and in the range of 13-14% over the past few years. The net profit margin (NPM), although impacted by high depreciation, stood at a healthy level of 12.1% in FY2025, primarily supported by non-operating income of around Rs. 25 crore arising out of sale of a property. The RoCE of the company also stood at a comfortable level of around 24% in FY2025. ICRA notes that a sharp depreciation of INR led to an increase in the overall cost of raw materials. This, along with front-loaded expenses towards sales and promotional initiatives, employee costs and other overheads towards newly commissioned unit in Gujarat, resulted in a decline in the operating margin by around 250 bps to 10.5% in H1 FY2026, on a YoY basis. However, with product prices now being renegotiated to offset the higher forex-linked costs, improved volume offtake in safety shoes, and tighter inventory rationalisation, the operating margin is likely to gradually recover over the next couple of quarters, supported by lower overheads and higher economies of scale. The OPM of the company is estimated to remain at 10-11% in FY2026. As an exporter, MIL enjoys export incentives and interest subvention under various schemes run by the GoI. Accordingly, its revenues and profitability remain susceptible to the regulatory risks such as changes in duty structure, rate of export incentives etc., which could potentially impact the competitiveness of its products as well as business.

Significant receivables and stocking requirement lead to high working capital intensity of operation – Significant receivables and stocking requirements keep the company’s working capital intensity of operations at a high level, as reflected by the net working capital relative to the operating income of 41% (39% in FY2024) in FY2025, which in turn exert pressure on its cash flows. MIL’s working capital intensity of operations is likely to remain at an elevated level, going forward. However, undrawn line of credit and free cash/bank balance provide some comfort to its liquidity position.

Environmental and Social Risks

Environmental considerations – Environmental impacts across the manufacturing value chain remain the most significant sustainability risk for industrial safety products companies, with water-intensive processes and compliance with initiatives such as zero discharge of hazardous chemicals shaping sustainable sourcing and product design. Indirect risks also arise from post-consumer waste, which could become a liability as tighter waste and packaging-related regulations increase the likelihood of penalties, higher compliance costs, or even product recalls. As highlighted in MIL’s FY2025 annual report, the company’s focus on eco-friendly materials and reusable PPE alternatives to align with both adherence to environmental norms and cost-effectiveness serve as key mitigating factors against these emerging regulatory and reputational risks.

Social considerations – Being a labour-intensive segment, MIL remains exposed to the risk of disruption due to inability to properly manage human capital in terms of their productivity and overall well-being. Further, any significant increase in wage rate may adversely impact the cost structure of industrial safety products, adversely impacting the margins. Risk of protest/ conflict with local communities and/or shortage of skilled workers could also affect operations/growth plans and remain key concerns.

Liquidity position: Adequate

The company generated positive cash flow from operations, on a consolidated basis, in FY2025. Despite a likely increase in the scale of operations, the company is expected to generate positive cash flow from operations in FY2026, supported by a relatively stable working capital intensity of operations. The average fund-based and non-fund based working capital utilisation has remained at a moderately high level of around 68% during the last 15 months ended in November 2025, leaving adequate room for future working capital requirement. ICRA notes that MIL has availed term loan of Rs. 35 crore (reimbursement for its newly commissioned unit at Sanand, Gujarat) which in turn strengthens its liquidity position. Also, the company had unencumbered cash/bank balance and liquid investments of around Rs. 5 crore as on March 31, 2025. In view of adequate cash flow from operations, unutilised working capital limits, surplus cash/ bank balance and relatively lower long-term debt service obligations, ICRA expects MIL's liquidity position, on a consolidated basis, to remain adequate, going forward.

Rating sensitivities

Positive factors – ICRA may upgrade MIL's ratings if the company is able to increase its scale of operations substantially, while maintaining profitability and comfortable liquidity position on a sustained basis.

Negative factors – Pressure on MIL's ratings may arise if there is a significant decline in revenues or margins. Increase in working capital intensity, affecting the liquidity position, might also exert pressure on the ratings. Specific credit metric that may trigger ratings downgrade includes DSCR of less than 2.0 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Mallcom (India) Limited, including its wholly-owned subsidiaries, which are enlisted in Annexure – II.

About the company

Incorporated in 1983 and promoted by Mr. Ajay Mall, Mallcom (India) Limited (MIL) manufactures industrial safety products. MIL sells its products both in domestic and international markets. The product profile includes a wide range of personal protective equipment from head to toe like garments, leather and synthetic gloves, safety shoes, helmets etc. The company has a number of manufacturing facilities in West Bengal, one in Haridwar, Uttarakhand, and one in Sanand, Gujarat.

At present, the company has two wholly-owned subsidiaries, namely Mallcom VSFT Gloves Private Limited (MVGPL) and Mallcom Safety Private Limited (MSPL). MVGPL is involved in manufacturing of nitrile dipped gloves, primarily for MIL. MSPL manufactures industrial garments, which are exclusively exported to the international market.

MIL has proposed the amalgamation of its wholly-owned subsidiary, MVGPL, for consolidating business operations under a single entity to simplify the corporate structure and enhance administrative and operational efficiency. The company submitted the scheme to Ministry of Corporate Affairs (MCA) in October 2025, after which the matter was referred to the National Company Law Tribunal (NCLT) for further proceedings.

Key financial indicators (audited)

MIL	Standalone		Consolidated			
	FY2024	FY2025	FY2024	FY2025	H1 FY2026*	H1 FY2025*
Operating income	403.1	466.7	416.5	474.5	261.8	231.5
PAT	36.1	58.6	36.9	57.4	13.6	18.6
OPBDIT/OI	13.5%	12.8%	13.9%	12.8%	10.5%	13.0%
PAT/OI	8.9%	12.6%	8.9%	12.1%	5.2%	8.1%
Total outside liabilities/Tangible net worth (times)	0.6	0.6	0.7	0.7	0.6	0.7
Total debt/OPBDIT (times)	1.7	1.8	1.7	1.9	2.1	1.7
Interest coverage (times)	14.0	10.5	13.6	10.1	6.6	12.1

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; * Unaudited numbers*

Status of non-cooperation with previous CRA

CRA	Status of non- cooperation	Date of press release
India Ratings and Research	IND A4, ISSUER NOT COOPERATING; Downgraded	June 25, 2025

Any other information: None

Rating history for past three years

Instrument	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jan 22, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Working Capital Facilities	Long term	-	-	Oct 17, 2024	[ICRA]A (Stable)	Oct 06, 2023	[ICRA]A (Stable)	Feb 16, 2023	[ICRA]A (Stable)
		-	-	-	-	-	-	Jan 17, 2023	[ICRA]A (Stable)
		-	-	-	-	-	-	Jul 22, 2022	[ICRA]A (Stable)
Working capital Facilities	Long term/ Short term	120.00	[ICRA]A (Stable)/ [ICRA]A1	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/ Short-term – Fund-based/ Non-Fund-based – Working Capital Facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Working capital facilities 1	-	-	-	90.00	[ICRA]A (Stable)/ [ICRA]A1
NA	Working capital facilities 2	-	-	-	30.00	[ICRA]A (Stable)/ [ICRA]A1

Source: Mallcom (India) Limited

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	MIL's ownership	Consolidation approach
Mallcom VSFT Gloves Private Limited	100%	Full consolidation
Mallcom Safety Private Limited	100%	Full consolidation

Source: Annual report of 2024-25, Mallcom (India) Limited

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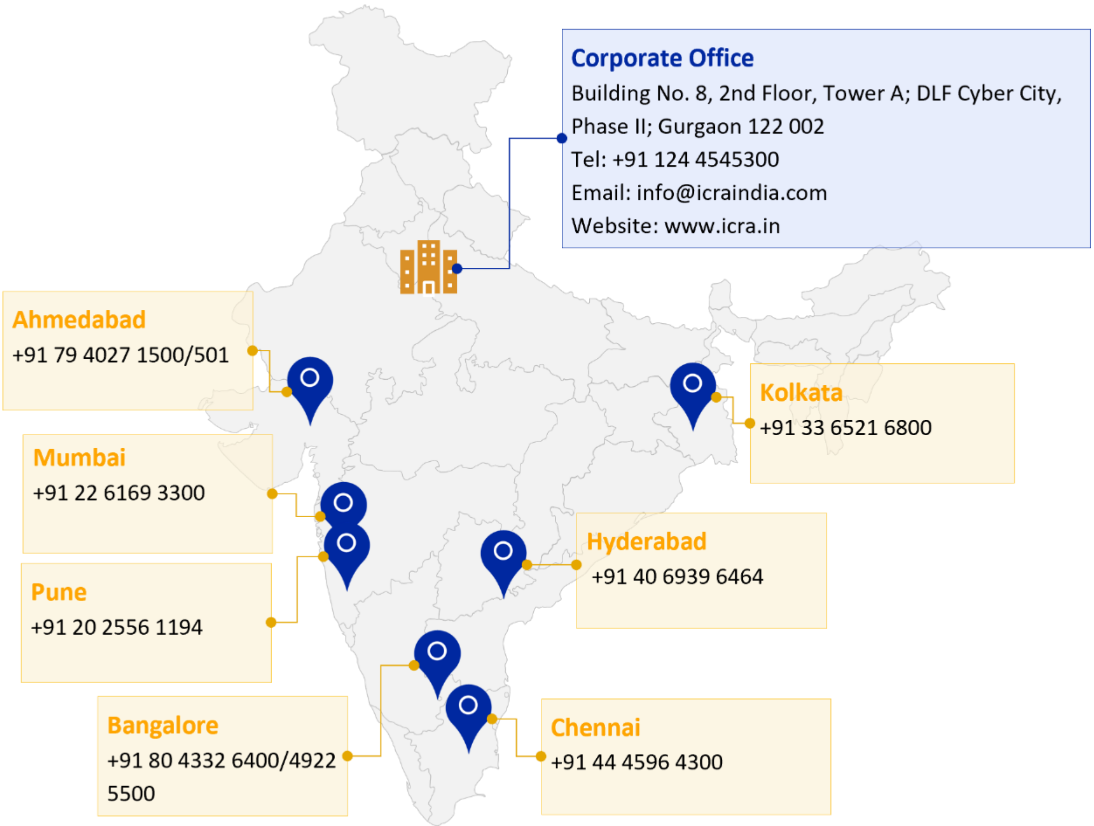

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