

April 15, 2026

Acme Safetywears Limited: Ratings upgraded to [ICRA]BBB- (Stable)/ [ICRA]A3; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based – Working Capital Facilities	16.00	23.00	[ICRA]BBB- (Stable); upgraded from [ICRA]BB+ (Stable)/ assigned for enhanced amount
Long-term Fund-based – Interchangeable#	(24.00)	-	-
Short-term – Non-Fund based – Working Capital Facilities	3.00	3.00	[ICRA]A3; upgraded from [ICRA]A4+
Long-term/ Short-term – Unallocated Limits	0.78	-	-
Total	19.78	26.00	

* Instrument details are provided in Annexure II

Sub-limit of the Fund-based – Working Capital Facilities

Rationale

The ratings upgrade factors in the steady improvement in the working capital cycle of Acme Safetywears Limited (ASL), primarily driven by a reduction in inventory holding, which has resulted in lower utilisation of the working capital limits, thereby enhancing the entity's financial flexibility and providing an incremental buffer to meet additional funding requirements.

Meanwhile, the ratings continue to factor in ASL's established operating track record in the manufacturing and trading of industrial safety wear, and the extensive experience of the promoters in this line of business, which strengthen its operational profile. The ratings also derive comfort from the company's established and reputed client base, which keeps counterparty risk low. ICRA notes that repeat orders from reputed customers reflect the acceptable quality of products manufactured as well as traded by ASL. The ratings also favourably consider the financial risk profile of the company, characterised by a conservative capital structure and comfortable debt protection metrics, which are expected to improve further going forward.

The ratings, however, remain constrained by the company's modest scale of operations despite the steady top-line growth witnessed over the past few years. While revenue from manufacturing operations witnessed a CAGR of around 4% during FY2020-2025, the same from trading activities rose by around 11%. Stiff competition in the fragmented industry restricts ASL's pricing flexibility and exerts pressure on margins. The operating profit margin of ASL remained at 7-9% over the past few years and is expected to be sustained. The ratings also remain constrained by the company's relatively lower net worth, although it has improved steadily over the past few years on the back of moderate accretion to reserves.

The Stable outlook on the long-term rating reflects ICRA's opinion that ASL will continue to benefit from its established track record of operations in the industrial safety products industry and an adequate liquidity position, which together will continue to support its business and credit profiles.

Key rating drivers and their description

Credit strengths

Long experience of promoters and established track record of operations in the safetywear industry – ASL has been in operation since 1995 and has an established track record with demonstrated capabilities in the safetywear manufacturing and

trading business. The promoters have over two decades of experience in the business through ASL and other Group entities, which strengthen its operational profile.

Reputed and established customer base reduces counterparty risk – ASL’s reputed clientele, which includes Renault Nissan Automotive (India) Pvt. Ltd., Hyundai MIL Group and L&T Ltd., among others, keeps counterparty risk low. Repeat orders from reputed customers reflect its acceptable product quality. Increasing safety awareness supports favourable growth prospects for industrial safety products in both domestic and international markets.

Reduction in working capital intensity, thereby strengthening liquidity position – Significant stocking requirements and high receivables have traditionally kept the company’s working capital intensity of operations at an elevated level. However, the company’s net working capital relative to operating income improved steadily to 30% in FY2025 from 46% in FY2022, primarily driven by a reduction in inventory holding levels. The reduction in working capital intensity has resulted in lower utilisation of working capital limits, thereby enhancing the entity’s financial flexibility and providing an incremental buffer to meet additional funding requirements. ICRA does not foresee any material increase in working capital intensity in the near-to-medium term.

Financial profile, supported by a conservative capital structure and comfortable debt protection metrics – Reduced borrowing levels led to an improvement in the company’s capital structure, with gearing and TOL/TNW improving to 0.4 times (0.5 times as on March 31, 2024) and 0.5 times (0.7 times as on March 31, 2024), respectively, as on March 31, 2025. With increasing profits and cash accruals, along with reduced debt levels, the company’s coverage metrics improved and stood at a comfortable level in FY2025. In the absence of any planned debt-funded capital expenditure, ICRA expects a gradual improvement in the capital structure and coverage indicators going ahead.

Credit challenges

Moderate scale of current operations, however, steady top line growth witnessed over the past few years – Historically, the company’s scale of operations has remained modest. An increasing share of revenues from trading activities led to a steady rise in the scale of operations over the past few years, except in FY2021 owing to the pandemic. While revenue from manufacturing operations witnessed a CAGR of around 4% during FY2020-2025, the same from trading activities increased by around 11%. The company reported a turnover of around Rs. 83 crore in 9M FY2026 compared to around Rs. 75 crore in 9M FY2025. ICRA expects the company’s top line to grow by 6-7% in FY2026 and thereafter.

Intense competition in the industry keeps margins under check – Intense competition from organised and unorganised players in the safetywear market, on account of the low value-accretive nature of products and limited bargaining power against large customers, limits pricing flexibility and exerts pressure on margins. The operating profit margin (OPM) of ASL remained at 7-9% over the past few years. The net profit margin, although impacted by high depreciation, stood at 5.0% in FY2025. The RoCE of the company, however, stood at a comfortable level of around 22% in FY2025. ASL reported an OPM of 8.9% in 9M FY2026 compared to 7.7% in 9M FY2025. ICRA expects the OPM of the company to remain at 8-9% in the near-to-medium term. Overall profits and cash accruals from the business have witnessed steady growth, primarily on the back of an increasing scale of operations, which is likely to continue over the medium term.

Relatively lower net worth – The company’s net worth stood at a relatively lower level of around Rs. 29 crore as on March 31, 2025. Nevertheless, the same witnessed a steady improvement over the past few years on the back of moderate accretion to reserves.

Liquidity position: Adequate

The company’s cash flow from operations has remained positive over the past few years, which ICRA expects to be sustained, given that the company’s top line is expected to witness gradual improvement and there is no material deterioration in its working capital intensity of operations. The overall fund-based working capital utilisation of the company stood at a relatively lower level of around 31% in the last 12 months ended February 2026, leaving an adequate buffer. ASL has nominal scheduled long-term debt repayment obligations over the next few years. However, the company intends to pay off unsecured loans of

around Rs. 1.10 crore in FY2026 and the balance of Rs. 0.28 crore in FY2027. In view of adequate cash flow from operations, undrawn working capital facilities and the absence of any major capital expenditure programme, ICRA expects the company's liquidity position to remain adequate going forward.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings if the company further meaningfully scales up its business and net worth, while preserving its profitability metrics.

Negative factors – Pressure on the company's ratings could arise if the loss of key customer/s impacts its business profile. Any major debt-funded capital expenditure and/or a material deterioration in the working capital cycle, which could adversely impact the company's liquidity position, may also result in a ratings downgrade. A specific metric that may trigger a ratings downgrade includes an interest coverage ratio of less than 2.8 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of the entity

About the company

ASL was founded in 1995 as a closely held public limited company under the name Acknit Fibres Limited, which was renamed in 2003. The company started its operations with the manufacturing of hand gloves for industrial usage. ASL has diversified its product range over the years by manufacturing protective industrial garments and safety shoes. At present, the company manufactures cotton/synthetic/dotted gloves and industrial garments at its plants located at the Falta Industrial Growth Centre in West Bengal and in Chennai, Tamil Nadu. ASL manufactures safety shoes at its unit located in Kanpur, Uttar Pradesh. The company also trades in other industrial safety items like coated/ knitted gloves, garments, helmets, belts etc.

Key financial indicators (audited)

ASL, Standalone	FY2024	FY2025	9M FY2026*	9M FY2025*
Operating income	88.5	102.4	82.8	74.8
PAT	3.4	5.1	4.4	2.8
OPBDIT/OI	8.0%	9.0%	8.9%	7.7%
PAT/OI	3.8%	5.0%	5.4%	3.8%
Total outside liabilities/Tangible net worth (times)	0.7	0.5	0.5	0.8
Total debt/OPBDIT (times)	1.7	1.3	0.9	2.1
Interest coverage (times)	4.0	5.4	14.3	4.7

Source: Acme Safetywears Limited, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current ratings (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Apr 15, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Working Capital Facilities	Long term	23.00	[ICRA]BBB-(Stable)	-	-	Mar 28, 2025	[ICRA]BB+ (Stable)	Mar 28, 2024	[ICRA]BB+ (Stable)
Fund-based – Interchangeable (PC/PCFC/FBD/FBP#)	Long term	-	-	-	-	Mar 28, 2025	[ICRA]BB+ (Stable)	Mar 28, 2024	[ICRA]BB+ (Stable)
Fund-based – Interchangeable (FCNRB Loan#)	Long term	-	-	-	-	Mar 28, 2025	[ICRA]BB+ (Stable)	Mar 28, 2024	[ICRA]BB+ (Stable)
Non-fund based – Working Capital Facilities	Short term	3.00	[ICRA]A3	-	-	Mar 28, 2025	[ICRA]A4+	Mar 28, 2024	[ICRA]A4+
Unallocated limits	Long term/ Short Term	-	-	-	-	Mar 28, 2025	[ICRA]BB+ (Stable)/ [ICRA]A4+	Mar 28, 2024	[ICRA]BB+ (Stable)/ [ICRA]A4+

Sub-limit of the Fund-based – Working Capital Facilities

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – Working Capital	Simple
Short-term non-fund based – Working Capital	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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Cash Credit [#]	-	-	-	23.00	[ICRA]BBB- (Stable)
NA	Letter of Credit	-	-	-	2.00	[ICRA]A3
NA	Bank Guarantee	-	-	-	1.00	[ICRA]A3

Source: Acme Safetywears Limited

[#] FCNR-B of Rs. 12 crore, PC/PCFC of Rs. 6 crore and FBP/FBD of Rs. 6 crore is the sub-limit of the Cash Credit

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure III: List of entities considered for consolidated analysis

Not applicable

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