

April 15, 2026

Acknit Industries Limited: Ratings reaffirmed; 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	70.00	70.00	[ICRA]BBB (Stable); reaffirmed
Long-term Fund-based – Term Loan	1.28	15.18	[ICRA]BBB (Stable); reaffirmed; assigned for enhanced amount
Short-term – Non-Fund based – Working Capital Facilities	6.02	6.02	[ICRA]A3+; reaffirmed
Long-term/ Short-term – Non-Fund based – Working Capital Facilities	2.00	2.00	[ICRA]BBB (Stable)/ [ICRA]A3+; reaffirmed
Long-term/ Short-term – Unallocated Limits	0.02	0.02	[ICRA]BBB (Stable)/ [ICRA]A3+; reaffirmed
Total	79.32	93.22	

*Instrument details are provided in Annexure II

Rationale

The reaffirmation of the ratings favourably considers the financial risk profile of Acknit Industries Limited (AIL), as reflected by a conservative capital structure and comfortable debt protection metrics, which are expected to be sustained going forward. The ratings also take into account the company's established track record of operations and the extensive experience of the promoters in the safetywear industry, which strengthen its operational profile. While the company derives 60-70% of its revenues from exports to the US, Europe, and the West Asian countries, 20-22% of its overall revenues are generated from the US. ICRA notes that the imposition of additional tariffs on the export of leather safety products to the US weighed on the company's growth prospects and had a bearing on its overall profitability in FY2026. The ratings continue to favourably factor in the company's long relationship with its clients, generating repeat orders and reflecting its acceptable product quality. The ratings also consider AIL's diverse and flexible product mix, which provides the entity with competitive advantages, along with its fairly diversified geographical presence. The long-term growth prospects for the industrial safety products would remain favourable both in the domestic and international markets on the back of increasing awareness and stringent safety norms.

The ratings are, however, constrained by the intense competition in the industry and AIL's low bargaining power with its established clients, which limit its pricing flexibility and exert pressure on the margins. The ratings are also impacted by the high working capital intensity of operations on the back of high receivables and inventory holding, which increased substantially since FY2024, exerting pressure on its liquidity. Further, the company's profitability remains vulnerable to fluctuations in foreign currency exchange rates, although the same is mitigated by a natural hedge arising from the import of a portion of its raw materials, as well as the formal hedging mechanisms adopted by AIL. ICRA expects the company's overall top line to register limited growth of around 2% in FY2026 on a YoY basis, supported by an increased offtake of coated gloves and garments. ICRA also notes the sensitivity of revenues and profitability of the players in the export-oriented business, including AIL, to regulatory risks such as changes in the duty structure, rate of export incentives etc.

The Stable outlook on the long-term rating reflects ICRA's opinion that AIL 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 favourable financial profile in the long run.

Key rating drivers and their description

Credit strengths

Long experience of promoters and established track record of operations in the safetywear industry – AIL has been manufacturing industrial gloves since 1990. The company also manufactures industrial and readymade garments and has been manufacturing industrial safety shoes since FY2021. The products are sold in both the domestic and international markets, with exports comprising around 61% of the revenues in FY2025, which is expected to be sustained. The company's established track record of operations and the vast experience of the promoter strengthen its operational profile.

Diverse and flexible product mix lead to competitive advantages – AIL has a reputed and established client base across industries, which generates repeat orders, highlighting acceptable product quality and reducing counterparty risk. Client concentration has remained moderate and the top 10 clients accounted for around 61% of the company's revenue in 9M FY2026. Further, the company has a diversified product portfolio comprising leather gloves, cotton and synthetic gloves, coated gloves, industrial safety garments, apparel, industrial safety shoes and helmets, which are used for multiple purposes. The company's diverse range of products, along with its presence in the readymade garments segment, provides a cushion against adverse market conditions in any particular product category. The company is at an advanced stage of consolidating its garment division in Jhautala, West Bengal, which is likely to become fully operational in FY2027. AIL has commenced manufacturing helmets and also increased knitting capacity in its gloves manufacturing unit in Falta in FY2026. The management plans to set up a coated gloves manufacturing unit with an estimated capital cost of around Rs. 20 crore, proposed to be funded by a mix of debt and equity, in Falta, West Bengal, over the next 2-3 years.

Diversified geographical presence – AIL's geographical presence remains fairly diversified, with sales across the US, Europe and the West Asian countries, apart from the domestic market, which accounted for around 39% of the company's turnover in FY2025. However, export revenues for AIL remained geographically concentrated to some extent as around 42% of total sales in FY2025 was derived from Germany and the US.

Favourable financial risk profile, characterised by a conservative capital structure and comfortable coverage metrics – The capital structure of the company continued to remain conservative, despite an increase in the overall debt level, owing to a modest accretion to reserves. The gearing and TOL/TNW stood at 0.7 times and 0.9 times, respectively as on March 31, 2025. The coverage indicators have also remained at a comfortable level in FY2025. ICRA does not expect any major deterioration in the capital structure and coverage indicators of the company in the near term, supported by moderate debt level along with adequate profits and cash accruals from the business.

Credit challenges

Relatively smaller scale of current operations; top line remained uneven over the past few years – The operating income of the company remained almost stagnant during FY2017-FY2021. However, a significant increase in the volume of sales of leather gloves as well as garments, supported by an improvement in the realisation of other products, led to a sharp rise in the company's turnover in FY2022 and FY2023. The operating income of AIL declined YoY by around 8% to around Rs. 219 crore in FY2024, mainly on the back of reduced off-take of various products due to an economic slowdown in the US and European countries. However, the same witnessed a recovery in FY2025, with a revenue growth of around 9% on a YoY basis, largely driven by an increase in revenue from gloves and garments. In 9M FY2026, the company reported revenue of around Rs. 174 crore as against around Rs. 175 crore in 9M FY2025. The company derives 20-22% of its overall revenue from the US. ICRA notes that the imposition of additional tariffs on the export of leather safety products to the US weighed on the company's growth prospects and had a bearing on its overall profitability in FY2026. ICRA expects the overall top line of the company to register limited growth of around 2% in FY2026 on a YoY basis, supported by increased offtake of coated gloves and garments.

Intense competition exerts pressure on margins – Intense competition from large number of organised and unorganised players in the international safety wear market, owing to the low value-accretive nature of products and limited bargaining power against large overseas clientele constrains pricing flexibility. This keeps margins under pressure despite export

incentives received from the Government of India (GoI). The operating profit margin (OPM) of the company remained in the range of 6-7% over the past few years. However, sizeable non-operating income in the form of forex gain supported its net profit margin (NPM). The company reported an OPM of 6.5% in 9M FY2026 against 7.0% in 9M FY2025. ICRA expects the company to report a net profit margin of more than 3.0% in FY2026. However, the overall profits and cash accruals from the business are estimated to decline to an extent in FY2026 compared to the previous year.

Exposed to foreign exchange rate fluctuation and regulatory risks – AIL generates a significant portion (61% in FY2025) of its revenue from export sales, which exposes it to foreign exchange rate fluctuation risk. However, the same is mitigated by a natural hedge on account of the import of a portion of its raw materials and formal hedging mechanisms adopted by the company. This mitigates the foreign exchange rate fluctuation risk to a large extent. Moreover, as an exporter, AIL enjoys export incentives and interest subvention under various schemes run by the GoI. Accordingly, revenues and profitability of players, including AIL, in the export-oriented business remain susceptible to regulatory risks such as changes in the duty structure, rate of export incentives etc.

High working capital intensity of operations exerts pressure on liquidity – Significant receivables and stocking requirement kept the company's working capital intensity of operations at a high level, influencing its liquidity position. The net working capital relative to the operating income of the company witnessed a marginal decline to 43% in FY2025 from 45% in FY2024, driven by a decline in receivables position. However, AIL's working capital intensity of operations is likely to remain at an elevated level, going forward.

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 AIL's FY2025 annual report, the company's focus on eco-friendly materials and reusable PPE alternatives, aligned with 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, AIL 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 in FY2025, which is expected to be sustained. The overall fund-based working capital utilisation of the company stood at a moderately high level of 73% during the past 12 months ended February 2026, leaving a reasonable buffer. The company availed a working capital term loan of Rs. 14 crore under the Export Credit Guarantee Scheme, which is likely to strengthen its liquidity position going forward. The company has nominal long-term debt repayment obligations of Rs. 0.33 crore in FY2026 and around Rs. 1.5 crore in FY2027. In view of adequate cash flow from operations, estimated capital expenditure of around Rs. 8-9 crore in FY2027, and undrawn working capital limits, ICRA expects the overall liquidity position of the company to remain adequate going forward.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings if the company achieves meaningful growth in revenues and earnings by securing recurring business from existing or new customers or by expanding into new geographies.

Negative factors – ICRA may downgrade the ratings in case a large debt-funded capital expenditure strains the balance sheet, or if a deterioration in the working capital cycle, or a decline in margins, adversely impacts the company’s credit metrics or liquidity. A specific metric that may trigger ratings downgrade includes an interest coverage ratio of less than 3.0 times on a sustained basis.

Analytical approach

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

About the company

AIL was founded in 1990 as a private limited company for manufacturing seamless knitted hand gloves for industrial use. The entity was converted into a limited concern under the name, Acknit Knitting Limited, in 1994, and it entered the capital market in 1995. The company’s name was changed to Acknit Industries Limited in 2007. The company gradually diversified its product range to include leather/ cotton/ synthetic, coated and dotted industrial gloves, as well as industrial safety garments and other readymade garments, safety shoes and helmets. The manufacturing facilities of the company are located in West Bengal.

Key financial indicators (audited)

AIL, Standalone	FY2024	FY2025	9M FY2026*	9M FY2025*
Operating income	218.6	237.8	173.5	174.9
Adjusted operating income [#]	220.7	240.4		
PAT	8.6	9.0	4.6	5.8
OPBDIT/OI	6.9%	6.5%	6.5%	7.0%
Adjusted OPBDIT/OI [#]	7.8%	7.6%		
PAT/OI	3.9%	3.8%	2.6%	3.3%
Total outside liabilities/Tangible net worth (times)	1.0	0.9	-	-
Total debt/OPBDIT (times)	3.9	3.8	-	-
Adjusted total debt/OPBDIT (times) [#]	3.4	3.2		
Interest coverage (times)	5.6	4.9	3.7	6.2
Adjusted interest coverage (times) [#]	6.3	5.8		

Source: Acknit Industries Limited, ICRA Research; * Unaudited results; All ratios as per ICRA’s calculations; Amount in Rs. crore

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

[#] The non-operating income/(expense) due to foreign exchange gain/(loss) have been considered in the operating income

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	70.00	[ICRA]BBB (Stable)	Jul 14, 2025	[ICRA]BBB (Stable)	Mar 28, 2025	[ICRA]BBB (Stable)	Mar 28, 2024	[ICRA]BBB (Stable)
				Sep 23, 2025	[ICRA]BBB (Stable)	-	-	-	-
Term Loan	Long term	15.18	[ICRA]BBB (Stable)	Jul 14, 2025	[ICRA]BBB (Stable)	Mar 28, 2025	[ICRA]BBB (Stable)	-	-
				Sep 23, 2025	[ICRA]BBB (Stable)	-	-	-	-
Non-fund based – Working Capital Facilities	Short term	6.02	[ICRA]A3+	Jul 14, 2025	[ICRA]A3+	Mar 28, 2025	[ICRA]A3+	Mar 28, 2024	[ICRA]A3+
				Sep 23, 2025	[ICRA]A3+	-	-	-	-
Non-fund based – Working Capital Facilities	Long term/ Short term	2.00	[ICRA]BBB (Stable)/ [ICRA]A3+	Jul 14, 2025	[ICRA]BBB (Stable)/ [ICRA]A3+	Mar 28, 2025	[ICRA]BBB (Stable)/ [ICRA]A3+	Mar 28, 2024	[ICRA]BBB (Stable)/ [ICRA]A3+
				Sep 23, 2025	[ICRA]BBB (Stable)/ [ICRA]A3+	-	-	-	-
Unallocated limits	Long term/ Short Term	0.02	[ICRA]BBB (Stable)/ [ICRA]A3+	Jul 14, 2025	[ICRA]BBB (Stable)/ [ICRA]A3+	Mar 28, 2025	[ICRA]BBB (Stable)/ [ICRA]A3+	-	-
				Sep 23, 2025	[ICRA]BBB (Stable)/ [ICRA]A3+	-	-	-	-

One way interchangeable of Rs. 5.00 crore from fund-based working capital to letter of credit

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 Facilities	Simple
Long-term fund-based – Term Loan	Simple
Short-term non-fund based – Working Capital Facilities	Simple
Long-term/ Short-term non-fund based – Working Capital Facilities	Simple
Unallocated Limits	Not applicable

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	CC/ WCL/ EPC/ PCFC/ FBD/ EBR#	-	-	-	70.00	[ICRA]BBB (Stable)
NA	Term Loan	FY2025	-	FY2030	1.18	[ICRA]BBB (Stable)
NA	Term Loan (ECGS)	FY2026	-	FY2030	14.00	[ICRA]BBB (Stable)
NA	Letter of Credit	-	-	-	4.50	[ICRA]A3+
NA	Forward Contract	-	-	-	1.52	[ICRA]A3+
NA	Bank Guarantee	-	-	-	2.00	[ICRA]BBB (Stable)/ [ICRA]A3+
NA	Unallocated Limits	-	-	-	0.02	[ICRA]BBB (Stable)/ [ICRA]A3+

Source: Acknit Industries Limited

One way interchangeable of Rs. 5.00 crore from fund-based working capital to letter of 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

ANALYST CONTACTS

Mr. Jitin Makkar
+91 124 4545368
jitinm@icraindia.com

Ms. Kinjal Kirit Shah
+91 22 6114 3442
kinjal.shah@icraindia.com

Mr. Sujoy Saha
+91 33 6521 6805
sujoy.saha@icraindia.com

Mr. Sandipan Kumar Das
+91 33 6521 6807
sandipan.das@icraindia.com

RELATIONSHIP CONTACT

Mr. L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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