

April 11, 2017

## **Usha Shriram Enterprises Private Limited**

Instrument^	Amount (in crore)	Amount Outstanding as on March 31, 2016 (in crore)	Rating Action*
Cash Credit	21.00	N/A	[ICRA]BB (Stable); reaffirmed
Bill Discounting	10.00	N/A	[ICRA]A4+; reaffirmed
Bank Guarantee	0.20	N/A	[ICRA]A4+; reaffirmed
Letter of Credit	8.00	N/A	[ICRA]A4; reaffirmed
Packing Credit	1.00	N/A	[ICRA]A4+; reaffirmed
Unallocated	0.80	N/A	[ICRA]BB (Stable), [ICRA]A4+; reaffirmed

<sup>\*</sup> Issuer did not co-operate; based on best available information.

**Rating Action:** ICRA has reaffirmed its long term rating at [ICRA]BB (pronounced ICRA double B) and short term rating at [ICRA]A4+ (pronounced ICRA A four plus) for the Rs 41.0 crore<sup>1</sup> facilities of Usha Shriram Enterprises Private Limited (USEPL)<sup>2</sup>. The outlook on the long term rating is stable.

The rating action is based on USEPL's established track record and significant experience of its promoters in marketing and distribution of consumer durables, established brand image of *USHA* with a diverse product offering and the company's nationwide dealer distribution network. The ratings are however constrained by the high competitive intensity in the industry, with low entry barriers resulting in limited pricing flexibility. The operating margins also remain vulnerable to raw material price increases and high bargaining power of major dealers and suppliers. As part of its process and in accordance with its rating agreement with VIL, ICRA has been trying to seek information from the company so as to undertake a surveillance of the ratings, but despite repeated requests by ICRA, the company's management has remained non-cooperative. ICRA's Rating Committee has taken a rating view based on best available information. In line with SEBI's Circular No. *SEBI/HO/MIRSD4/CIR/2016/119*, *dated November 01*, *2016*, the company's rating is now denoted as: "[ICRA] BB(Stable)/A4+ ISSUER NOT COOPERATING". The lenders, investors and other market participants may exercise appropriate caution while using this rating, given that it is based on limited or no updated information on the company's performance since the time it was last rated.

Analytical approach: Not Applicable

Links to applicable Criteria

**Corporate Credit Ratings: A Note on Methodology** 

<sup>^</sup>Instrument Details captured under Annexure-1

<sup>&</sup>lt;sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>&</sup>lt;sup>2</sup> For complete rating scale and definitions, please refer to ICRA's website <u>www.icra.in</u> or other ICRA Rating Publications.



**About the Company:** USEPL was incorporated in 1983 by Late Dr. Charat Ram and Late Mr. N.R.Dongre. USEPL markets varied consumer appliances; including Eurolex Home appliances, Eurolex Lighting Products, Eurolex Electronic and Electrical appliances, Eurocook Kitchen Appliances, household and office furniture and water purification systems.

Rating History for last three years (Rated for last two years):

S.N o	Name of Instrume		Curr	ent Rating	Chronology of Rating History for the past 3 years		
	nt	Type (long term/Short term)	Rated amoun t (Rs. crore)	Month-year & Rating	Month- year & Rating in FY2016	Month- year & Rating in FY2014	
				April 2017	October 2015	March 2014	
1	Cash Credit	LT	21.00	[ICRA]BB(Stable)	[ICRA]BB(Stable)	[ICRA]BB- (Stable)	
2	Bill Discounti ng	ST	10.00	[ICRA]A4+	[ICRA]A4+	[ICRA]A4	
3	Bank Guarantee	ST	0.20	[ICRA]A4+	[ICRA]A4+	[ICRA]A4	
4	Letter of Credit	ST	8.00	[ICRA]A4+	[ICRA]A4+	[ICRA]A4	
5	Packing Credit	ST	1.00	[ICRA]A4+	[ICRA]A4+	[ICRA]A4	
6	Unallocat ed	LT/ST	0.80	[ICRA]BB(Stable)/A4 +	[ICRA]BB(Stable)/ A4+	[ICRA]BB- (Stable)/A4	

#### Note on complexity levels of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in



### \*Annexure-1

#### **Details of Instrument**

Name of the instrument	Date of issuance	Coupon rate	Maturity Date	Size of the issue	Current Rating and Outlook
Cash Credit	NA	NA	N/A	21.00	[ICRA]BB(Stabl e)
Bill Discounting	NA	NA	NA	10.00	[ICRA]A4+
Bank Guarantee	NA	NA	NA	0.20	[ICRA]A4+
Letter of Credit	NA	NA	NA	8.00	[ICRA]A4+
Packing Credit	NA	NA	NA	1.00	[ICRA]A4+
Unallocated	NA	NA	NA	0.80	[ICRA]BB(Stabl e)/A4+

Source: Usha Shriram Enterprises Private Limited

Name and Contact Details of the Rating Analyst(s):

Sabyasachi Majumdar

+0124-4545 304

sabyasachi@icraindia.com

**Manish Ballabh** 

+0124-4545 812

manish.ballabh@icraindia.com

**Sheetal Sharad** 

+0124-4545 374

sheetal.sharad@icraindia.com

Dhruv Mahajan

+0124-4545 821

dhruv.mahajan@icraindia.com

Name and Contact Details of Relationship Contacts: Jayanta Chatterjee

+91 80 4332 6401

jayantac@icraindia.com



#### About ICRA Limited:

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# Registered Office ICRA Limited

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001 Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office Mr. Vivek Mathur

Mobile: **+91 9871221122** Email: <a href="mailto:vivek@icraindia.com">vivek@icraindia.com</a>

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj

Bhavan Road, Hyderabad—500083

Tel:- +91-40-40676500

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002 Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai	Kolkata
Mr. L. Shiyakumar	Mr. Jayanta Roy
Mobile: +91 9821086490	Mobile: +91 9903394664
Email: shivakumar@icraindia.com	Email: jayanta@icraindia.com
Email: onvakamar @foramala.som	Email: jayanta@ioramaia.som
3rd Floor, Electric Mansion	A-10 & 11, 3rd Floor, FMC Fortuna
Appasaheb Marathe Marg, Prabhadevi	234/3A, A.J.C. Bose Road
Mumbai—400025,	Kolkata—700020
Board: +91-22-61796300; Fax: +91-22-24331390	Tel +91-33-22876617/8839 22800008/22831411,
	Fax +91-33-22870728
Chennai	Bangalore
Mr. Jayanta Chatterjee	Mr. Jayanta Chatterjee
Mobile: +91 9845022459	Mobile: +91 9845022459
Email: jayantac@icraindia.com	Email: jayantac@icraindia.com
Eth Elean Kammontto Ocutor	ITh a Millaudal
5th Floor, Karumuttu Centre	'The Millenia'
634 Anna Salai, Nandanam	Tower B, Unit No. 1004,10th Floor, Level 2 12-14, 1 & 2,
Chennai—600035	Murphy Road, Bangalore 560 008
Tel: +91-44-45964300; Fax: +91-44 24343663	Tel: +91-80-43326400; Fax: +91-80-43326409
Ahmedabad	Pune
Mr. L. Shivakumar	Mr. L. Shivakumar
Mobile: +91 9821086490	Mobile: +91 9821086490
Email: shivakumar@icraindia.com	Email: shivakumar@icraindia.com
907 & 908 Sakar -II, Ellisbridge,	5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Ahmedabad- 380006	Hills Road, Shivajinagar, Pune-411 020
Tel: +91-79-26585049, 26585494, 26584924; Fax:	Tel: + 91-20-25561194-25560196; Fax: +91-20-
+91-79-25569231	25561231
Hyderabad	
Mr. Jayanta Chatterjee	
Mobile: +91 9845022459	
Email: jayantac@icraindia.com	