

June 24, 2025

USHA International Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term fund based – Term loan	108.48	73.52	[ICRA]BB+ (Stable); reaffirmed
Long term – Fund-based working capital limits	50.00	119.00	[ICRA]BB+ (Stable); reaffirmed
Short term – Non-fund based – Letter of credit/Bank guarantee	193.75	122.25	[ICRA]A4+; reaffirmed
Long-term/Short-term fund-based & non-fund based working capital limits	125.00	0.00	-
Unallocated limits	29.15	55.23	[ICRA]BB+ (Stable)/[ICRA]A4+; reaffirmed
Total	506.38	370.00	

*Instrument details are provided in Annexure-I

Rationale

The ratings reaffirmation factors in Usha International Limited's (UIL) long track record and the extensive experience of its management in the consumer durables industry. Further, UIL's diversified product portfolio reduces the exposure to demand volatility in a particular segment. Its well-established brand, especially in fans and sewing machines, supports the ratings. These factors, coupled with the brand franchise, an extensive distribution network and the marketing initiatives, have enabled the company to grow across most product categories.

The ratings are, however, constrained by the exposure of profitability to adverse movement in raw material prices and intense competition. The profitability over the years was impacted owing to increased input costs, high fixed costs (branding, employee, overhead expenses etc) and price support offered in the past. The profitability remains subdued though improved in FY2025. ICRA notes UIL's efforts to rationalise the cost structure, continuous improvement in trading margin and reduction in after sales cost due to better product offerings resulting in improved profitability. ICRA also notes a gradual improvement in key financial indicators. However, the ratings are also constrained by high leverage and inadequate debt protection metrics.

There has been a shift in the company's focus from the earlier approach of attaining market share via discounts to putting emphasis on higher margin sales, product launches, introduction of a wide range of premium fans, etc. UIL has also made efforts to increase the share of appliances in the overall revenue profile. The translation of all the above steps to improve operating margins over a sustained period of time remains a key rating sensitivity. ICRA also notes the reduction in the company's debt by way of asset monetisation and the company's plans to further monetise assets and reduce the debt.

The Stable outlook on the rating reflects ICRA's opinion that UIL is likely to benefit from its established brand, diverse product profile and long operational track record in the industry.

Key rating drivers and their description

Credit strengths

Experience of promoters; established brand image and diversified product profile - UIL, incorporated in 1935, is involved in the sales, marketing, distribution and manufacturing primarily of consumer durables and precision fuel components. UIL has a long track record of operations in key product segments such as electric fans, sewing machines and other home appliances. The company's presence across product categories cushions the slowdown in any segment.

Wide distribution network – The company has an extensive distribution network across the country, enabling it to maintain its strong position in electric fans and leadership in sewing machines. In addition, the company has wide network of authorised service centres, which supports its distribution network.

Credit challenges

Subdued profitability – Though there is continuous improvements in operating margins in FY2025 due to focus on profitable sales, overall profit margin remains low as the company has been making continuous expenditure towards brand building and distribution network. ICRA notes the changes carried out by the organisation to improve profitability, by way of optimizing cost structure, offering quality products and network expansion. However, the sustainability of the same leading to improved profits remain to be seen.

Susceptibility to adverse movement in raw material prices - UIL's margins are affected by raw material price fluctuation, which in turn affects the sales realisations. However, ICRA notes that, price fixation policy with vendors gives an edge over competition in executing its price decision in the market. Any adverse movement in the price of raw materials could put pressure on the company's margins, in case the same could not be passed on to the trade due to competitive pressures.

High leverage and inadequate debt protection metrics – The leverage (total debt/tangible net worth) remained high at 3.77 times as on March 31, 2025, though improved from 7.86 times as on March 31, 2024. The company's net worth position has improved to Rs. 42 crore, though it remains low due to losses in previous financial years. The interest cover was at 1.43 times and DSCR at 0.82 times as on March 31, 2025. The company's asset monetisation plan is also expected to support its liquidity, repayment plans and improve debt metrics.

Intense competition in industry - The company faces stiff competition from organised and unorganised players in the industry. This limits its pricing flexibility and bargaining power with customers, putting pressure on its revenues and margins. Also, cost-effective sourcing and large supplier tie-ups are critical to ensure profitability.

Liquidity position: Adequate

While the liquidity of the company has moderated from last year, it continues to be adequate on account of its unencumbered cash and bank balances of ~Rs. 35 crore as on March 31, 2025 and moderate unutilised working capital facilities of ~Rs. 37 crore as on March 31, 2025, against debt servicing obligations of ~Rs. 27.46 crore in FY2026. The asset monetisation plans of the company are expected to aid its liquidity position. Going forward, UIL's ability to generate adequate cash accruals will remain critical for its repayments as well as for improving its liquidity position.

Rating sensitivities

Positive factors – The ratings could be upgraded if there is a significant improvement in the company's operating profitability without any material deterioration in the credit metrics and liquidity position. A specific credit metric for upgrade would be an interest coverage of more than 3 times on a sustained basis.

Negative factors – Pressure on the ratings could arise if UIL is unable to improve its profitability, resulting in a stretched liquidity position.

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 standalone financials of UIL

About the company

UIL, incorporated in 1935, sells, markets, distributes and manufactures consumer durables and auto components. While the company has a diverse product portfolio such as electric fans, sewing machines, appliances, water coolers, precision fuel components and lighting products, electric fans remain the dominant product segment. UIL follows an asset-light model as most of its production is outsourced to vendors with the in-house production being restricted to fans (though this too is largely outsourced), water coolers and precision fuel components.

Key financial indicators

UIL	FY2023	FY2024	FY2025*
Operating income	2948.99	2627.14	2649.43
PAT	-59.01	-44.97	16.76
OPBDIT/OI	-0.9%	0.2%	1.5%
PAT/OI	-2.0%	-1.7%	0.6%
Total outside liabilities/Tangible net worth (times)	11.99	32.46	18.81
Total debt/OPBDIT (times)	-8.92	40.65	3.88
Interest coverage (times)	-1.00	0.16	1.43

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

PAT: Profit after tax; OPBDITA: 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 (FY2026)			Chronology of rating history for the past 3 years					
	June 24, 2025			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	73.52	[ICRA]BB+ (Stable)	04-Apr-2024	[ICRA]BB+ (Stable)	26-May-2023	[ICRA]BBB- (Negative)	29-Jun-2022	[ICRA]BBB (Stable)
Fund-based working capital limits	Long term	119.00	[ICRA]BB+ (Stable)	04-Apr-2024	[ICRA]BB+ (Stable)	26-May-2023	[ICRA]BBB- (Negative)	29-Jun-2022	[ICRA]BBB (Stable)

Non-fund based facilities – LC/BG	Short term	122.25	[ICRA]A4+	04-Apr-2024	[ICRA]A4+	26-May-2023	[ICRA]A3	29-Jun-2022	[ICRA]A3+
Fund based & non-fund based working capital limits	Long term & short term	0.00	-	04-Apr-2024	[ICRA]BB+ (Stable)/ [ICRA]A4+	-	-	-	-
Unallocated limits	Long term & short term	55.23	[ICRA]BB+ (Stable)/ [ICRA]A4+	04-Apr-2024	[ICRA]BB+ (Stable)/ [ICRA]A4+	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term fund based – Term loan	Simple
Long term fund-based working capital	Simple
Short term non-fund based – LC/BG	Very Simple
Unallocated limits	NA

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
-	Term loan-I	03-09-2021	NA	03-09-2026	7.67	[ICRA]BB+(Stable)
-	Term loan-II	08-03-2024	NA	08-03-2029	36.93	[ICRA]BB+(Stable)
-	Term loan-III	30-09-2020	NA	30-09-2025	3.25	[ICRA]BB+(Stable)
-	Term loan-IV	27-03-2023	NA	27-03-2028	25.67	[ICRA]BB+(Stable)
-	Fund-based working capital limits	NA	NA	NA	119.00	[ICRA]BB+(Stable)
-	Non-fund based facilities - LC/BG limits	NA	NA	NA	122.25	[ICRA]A4+
-	Unallocated limits	NA	NA	NA	55.23	[ICRA]BB+(Stable)/ [ICRA]A4+

Source: Company

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

Annexure II: List of entities considered for consolidated analysis - NA

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