

March 25, 2026

Woodland (Aero Club) Private Limited: [ICRA]BBB- (Stable)/[ICRA]A3; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term/Short term - Fund based – Cash Credit	292.26	[ICRA]BBB- (Stable)/[ICRA]A3; assigned
Long term/Short term - Interchangeable Limits – Working Capital Demand Loan	(175.55)	[ICRA]BBB- (Stable)/[ICRA]A3; assigned
Short term - Non-fund based – Letter of Credit	24.00	[ICRA]A3; assigned
Short term - Non-fund based – Bank Guarantee	3.22	[ICRA]A3; assigned
Total	319.48	

*Instrument details are provided in Annexure I

Rationale

The ratings assigned factor in favourably the healthy operational profile of Woodland (Aero Club) Private Limited, aided by its strong brand equity, established distribution network and backward integrated operations. Woodland (Aero Club), promoted by Mr. Avtar Singh and family, commenced operations from 1992 as a partnership firm and was converted into a private limited company in FY2024. The company is engaged in manufacturing, wholesale, retail, e-commerce, and export of footwear, apparel, and leather lifestyle products, with a pan-India footprint comprising 363 Exclusive Brand Outlets (EBOs) as of January 2026. It operates a backward integrated business model, with around 80% of production undertaken in-house through its own tanneries and manufacturing facilities. Its widespread presence, strong brand recall, and integrated operating structure are expected to support steady revenue growth and stable operating margins, going forward.

Woodland's revenues have remained largely range-bound in recent years due to subdued discretionary demand and slower than expected scaling of newer categories. Revenues in FY2025 experienced a de-growth of 7% primarily due to prolonged negotiation deadlock with e-commerce partners over profit sharing arrangements. The company is likely to record revenue at similar levels in FY2026, followed by steady growth from FY2027 onwards, aided by improved traction in online sales following conclusion of negotiations with key e-commerce platforms. The company has also taken corrective measures to rationalise inventory, reducing stock levels to around Rs. 400 crore from around Rs. 500 crore a year earlier, which is expected to aid working capital rotation and enhance cash flow visibility.

Despite some improvement in operating metrics, debt coverage indicators remain modest, constrained by elevated interest costs on working capital borrowings and structurally high inventory levels inherent to the backward integrated model. The company had transitioned to Ind AS in November FY2024, resulting in a shift in inventory valuation from the retail method to the cost method; this change led to an accounting loss in FY2024, with the overall impact of this change estimated at Rs. 138 crore (pre-tax). The company reported weak coverage ratios in FY2025 (interest coverage of 1.7x and DSCR of 1.2x); however, the interest cover is expected to improve to 2.1-2.4x over the medium term, supported by better inventory planning, likely moderation in borrowing levels, and sustained margin performance. The company's financial profile continues to reflect high working capital intensity, given the need to hold raw leather, semi-finished goods, and finished stock across a wide Stock Keeping Unit (SKU) base, exposing it to inventory related risks.

ICRA notes that the company has material related party transactions with various promoter-held entities; these include loans and advances extended to some entities who own real estate properties and extension of advances/credit to group companies who form a part of the company's value chain and are engaged in job-work/manufacturing/sales. The assigned ratings factor in ICRA's expectation of an improvement in the company's working capital cycle, supported by a gradual release of funds

extended to related parties leading to a reduction in working capital borrowings, strengthening the overall credit profile; developments in this regard remain a monitorable.

The ratings remain constrained by the company's modest revenue scale relative to larger domestic footwear players and its stretched liquidity position, characterised by high utilisation of working capital limits, alongside competitive pressures within the Indian footwear industry. Nevertheless, Woodland's market franchise, integrated manufacturing capabilities enabling strong quality control and demonstrated promoter support are likely to support its credit profile over the near to medium term.

The Stable outlook on the rating reflects ICRA's expectation that Woodland's backward integrated operations and established market presence will support its ability to sustain its credit metrics at levels commensurate with the current rating.

Key rating drivers and their description

Credit strengths

Healthy operational profile with strong brand equity, established distribution network and backward-integrated operations

– Woodland enjoys one of the strongest brand equities in India's outdoor and adventure footwear segment. Since its India launch in 1992 with its first hand-stitched rugged leather shoe, the brand has effectively created and dominated the outdoor, tough, footwear niche. The company has one of the largest exclusive retail networks in the Indian premium footwear category, with 363 EBOs and presence in around 5,000 Multi-Brand Outlets (MBOs) globally.

Further, Woodland operates a deeply backward integrated manufacturing ecosystem that spans the entire value chain—from leather tanning to component manufacturing and final footwear assembly. This vertical integration enables tight quality control, cost efficiency, faster sample-to-store cycles, and resilience against single-source disruptions—key advantages in premium outdoor footwear.

Long track record of the promoters in the footwear business – Woodland is backed by an enduring, founder-led promoter group with deep domain experience and demonstrable financial strength. Mr. Avtar Singh (Chairman & Director)—the founder of the Woodland brand—brings six decades in footwear and lifestyle products. Day-to-day stewardship rests with Mr. Harkirat Singh (Managing Director), who has more than three decades of operating experience across brand building, retail expansion and product strategy; the third-generation promoters (Mr. Pavan Deep Singh, Mr. Gagan Deep Singh, and Mr. Raman Deep Singh) hold global academic exposure and are actively engaged across e-commerce, manufacturing/operations and finance, respectively—adding bench strength and functional specialisation. The CEO of the company, Mr. Anil Sunkara, has been associated with the company for 15 years and has around two decades of experience in the leather and footwear industry.

Credit challenges

Debt coverage metrics remain modest – High inventory levels, stemming from the company's backward integrated manufacturing model and multi-stage production processes, translated into elevated working capital utilisation and consequently higher interest outflows, weighing on key debt-protection metrics such as Interest Coverage Ratio and Debt Service Coverage Ratio. The company currently carries around Rs. 275 crore of working capital borrowings against sanctioned limits of Rs. 360.6 crore (as of January 2026). The effective interest cost has also increased materially over the years, exerting pressure on coverage metrics. However, the company has initiated steps to rationalise borrowings by reducing working capital limits, aided by monetisation of promoter-held properties. The management intends to further bring down working capital borrowings, supported by additional monetisation of promoter-owned assets (currently reflected as loans to related parties in company's balance sheet), thereby improving the company's interest burden and strengthening near-term liquidity.

Working capital intensive nature of operations characterised by high inventory Levels – The company's inventory profile is structurally elevated owing to its backward integrated manufacturing model, wherein raw leather is first procured and processed in its own tanneries before being converted into finished leather and subsequently used across multiple in-house footwear manufacturing stages. This multi-layered production flow—spanning leather processing, component preparation,

DESMA moulding, lasting, and finishing—necessitates holding substantial volumes of raw materials, semi-finished goods, and finished stock at various points in the production chain. Such a model inherently results in higher inventory days compared to peers, who typically operate with more outsourced or assembly-centric structures.

Exposed to consumer spending trends and intense competition – Woodland operates predominantly in the discretionary consumer segment, wherein demand is sensitive to broader macroeconomic conditions, consumer sentiment, and urban disposable incomes. Any slowdown in consumer spending can affect footfalls, sales velocity, and inventory turnover, particularly in the premium footwear category. In addition, the company faces intense competition from large domestic players, international brands, and growing online-first labels, which exerts pressure on pricing, promotional intensity, and margins, thereby constraining earnings visibility during weak demand cycles

Material loans and advances to related parties constrain financial profile; most entities funded by the company have business linkages – The company has extended material loans and advances to related parties, which constrains its financial flexibility and overall credit profile, particularly given the high working capital intensity of the business. Although most of the recipient entities have established business linkages with the Woodland Group, the deployment of funds outside the core operating entity has resulted in elevated dependence on external borrowings, and moderated liquidity headroom. These business linkages primarily relate to group entities engaged in supporting and ancillary activities, including manufacturing, sourcing, warehousing, distribution, and real estate ownership of assets used by the operating company. While such arrangements support operational continuity and group-level flexibility, from a standalone credit perspective, they lock up liquidity within the group structure and weaken the operating company’s financial metrics during periods of elevated working capital requirements. The management has indicated that it plans to gradually release the funds blocked with various related parties; developments in this regard will remain a monitorable.

Liquidity position: Adequate

The company’s liquidity position remains adequate, supported by expectation of fund flow from operations of Rs. 80-90 crore p.a. over FY2026 and FY2027, and buffer of Rs. 26.6 crore, vis-à-vis the drawing power, as of January 2026. Against this, the company has term debt repayment obligations of Rs. 45.1 crore in FY2026 and Rs. 30.8 crore in FY2027, along with limited capex requirements of Rs. 10-15 crore p.a., which are expected to be met from internal accruals.

Rating sensitivities

Positive factors – The ratings could be upgraded in case of a sustained scale-up in revenues accompanied by strengthening liquidity buffers—either through improved business profits and/or recovery of loans extended to related parties and improvement in the working capital cycle, which, in turn, strengthens the debt-coverage metrics and supports an improvement in credit profile.

Negative factors – The ratings could face downward pressure if there is a material elongation in the working capital cycle or if the company undertakes any sizeable debt-funded capital expenditure, which in turn strains liquidity and debt-coverage indicators.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Woodland (Aero Club) Private Limited is a part of the Aero Group. The Group is a leather and outdoor footwear business that started its operations as early as the 1950s. It entered the Indian market during 1992 by incorporating a partnership firm, M/s Aero Club. With effect from November 14, 2023, the partnership firm was converted into a private limited company named Woodland (Aero Club) Private Limited. The company operates its business under its flagship brand, “Woodland”, and its sub-brands, “Woods” and “Wood Sports”.

The company is engaged in manufacturing, wholesale, retail, e-commerce, and export of footwear, apparel, and leather lifestyle products including belts, wallets, bags, backpacks, and leather garments. It follows a backward integrated business model with in-house tanneries and manufacturing facilities across Jalandhar (Punjab), Dehradun (Uttarakhand), Paonta Sahib (Himachal Pradesh), Banur and Rajpura (Punjab), and Noida (Uttar Pradesh); as per discussions, around 80% of production is carried out in-house and the balance outsourced.

Key financial indicators (audited)

Woodland (Aero Club) Private Limited – Standalone	4M FY2024	FY2025
Operating income	427.2	955.8
PAT	(118.2) *	4.2
OPBDITA/OI (%)	-27.1%	18.0%
PAT/OI (%)	-27.7%	0.4%
Total outside liabilities/Tangible net worth (times)	2.0	2.1
Total debt/OPBDITA (times)	(1.9)	4.3
Interest coverage (times)	(3.1)	1.7

Source: Company, ICRA Research; All ratios are as per ICRA’s calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; Note*: Includes the impact of accounting loss arising from the change in inventory accounting methodology pursuant to the transition from IGAAP to Ind AS.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Type	Current (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Mar 25, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Cash Credit	Long term/ Short term	292.26	[ICRA]BBB-(Stable)/[ICRA]A3	-	-	-	-	-	-
Interchangeable Limits – Working Capital Demand Loan	Long term/ Short term	(175.55)	[ICRA]BBB-(Stable)/[ICRA]A3	-	-	-	-	-	-
Non-fund based – Letter of Credit	Short-term	24.00	[ICRA]A3	-	-	-	-	-	-
Non-fund based – Bank Guarantee	Short-term	3.22	[ICRA]A3	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term - Fund based – Cash Credit	Simple
Long term/Short term - Interchangeable Limits – Working Capital Demand Loan	Simple
Short term - Non-fund based – Letter of Credit	Simple
Short term - Non-fund based – Bank Guarantee	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	Long term/Short term - Fund based – Cash Credit	NA	NA	NA	292.26	[ICRA]BBB- (Stable)/ [ICRA]A3
NA	Long term/Short term - Interchangeable Limits – Working Capital Demand Loan	NA	NA	NA	(175.55)	[ICRA]BBB- (Stable)/ [ICRA]A3
NA	Short term - Non-fund based – Letter of Credit	NA	NA	NA	24.00	[ICRA]A3
NA	Short term - Non-fund based – Bank Guarantee	NA	NA	NA	3.22	[ICRA]A3

Source: Company

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

Annexure II: List of entities considered for consolidated analysis – Not applicable

ANALYST CONTACTS

Jitin Makkar

+0124 4545 368

jitinm@icraindia.com

Srikumar Krishnamurthy

+91 44 4596 4318

ksrikumar@icraindia.com

Rohan Kanwar Gupta

+91 124 4545 808

rohan.kanwar@icraindia.com

Shaurya Gupta

+91 124 4545 869

shaurya.gupta@icraindia.com

RELATIONSHIP CONTACT

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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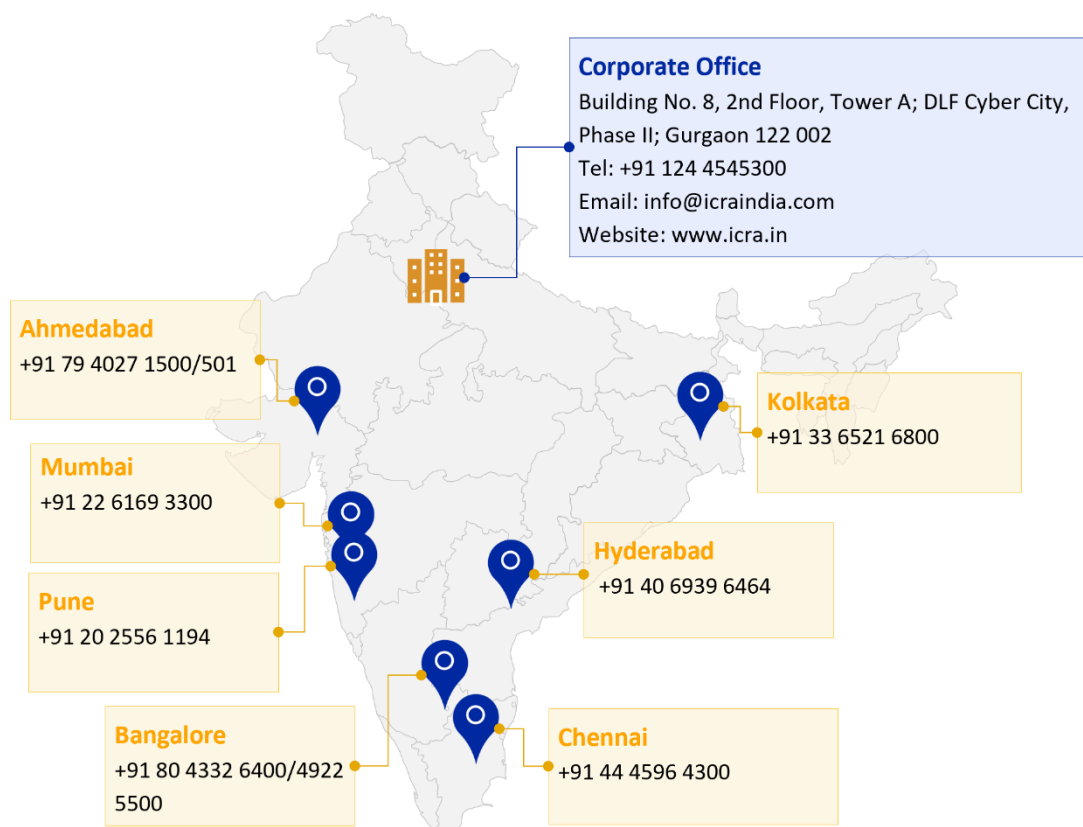
Registered Office

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

Tel: +91 11 23357940-45



Branches



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