

Usha International Limited

September 09, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long-term bank facilities	RBI	138.25 (Reduced from 191.98)	CARE BB; Stable	Downgraded from CARE BB+; Positive
Short-term bank facilities	RBI	61.75 (Reduced from 178.02)	CARE A4	Downgraded from CARE A4+

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has downgraded the ratings assigned to the bank facilities of Usha International Limited (UIL) from CARE BB+; Positive / CARE A4+ to CARE BB; Stable / CARE A4. Ratings rating revision reflects the significant deterioration in UIL's operational performance during FY26 (Audited) and Q1FY27 (Unaudited) and weak financial risk profile as characterised by decline in operating profitability, driven by higher input costs, intense competition, and demand-side pressures, which limited the company's ability to adequately pass on increased raw material costs to customers. CareEdge Ratings had expected a turnaround in the company's operating profitability in FY26, supported by various cost optimization initiatives undertaken by management. However, these measures did not yield the anticipated improvement in profitability amid the subdued operating environment. Nevertheless, management expects these initiatives to contribute positively to profitability over the medium term. Going forward, CareEdge Ratings will continue to closely monitor UIL's ability to achieve and sustain profitability improvements as envisaged by management. The company's progress on this front will remain a key rating sensitivity.

The ratings also remain constrained by the company's exposure to fluctuations in input costs and the intense competition prevalent in the highly competitive consumer durables industry.

However, the ratings factor in the infusion of liquidity through asset monetisation. During FY26, the company monetized certain transferable development rights (TDRs) and assets, generating cash inflows of approximately ₹35 crore. It further plans to monetize other non-core assets, which management expects could realize ₹80-90 crore, depending on market conditions and funding requirements. CareEdge Ratings expects the company's liquidity profile to benefit from these potential asset sale proceeds in the near term. The ratings further derive support from UIL's long operating track record, established brand presence, market leadership in the sewing machine segment, and diversified presence across consumer durable categories, including fans, water coolers, and household appliances.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in operating profitability while effectively managing its working capital borrowings such that net debt to profit before interest, lease rentals, depreciation and taxation (PBILDT) reduce to below 5.0x on a sustained basis.

Negative factors

- Dependence on high working capital borrowings or deterioration in the profitability, resulting in net debt/PBILDT to beyond 10.0x.
- Sustained losses as operating level resulting in complete and continuous erosion of net worth.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CareEdge Ratings' view that UIL's credit profile will continue to benefit from initiatives undertaken by the company's management to optimise costs and enhance its distribution network while the cash inflow from asset monetisation supports in debt reduction.

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

²Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Detailed description of key rating drivers

Key weaknesses

Decline in operational performance

In FY26, there was a ~4% y-o-y dip in revenue to ₹2556 crores primarily due to lower contribution from fans and coolers (part of home appliances) which was a result of weather conditions, mild temperatures and unusually early monsoon. Further, owing to ongoing geopolitical conflicts, copper prices rose sharply which increased the cost of fans as the company is aggressively pursuing towards copper motor fans. However, this decline was compensated by growth in cooking appliances (part of home appliances) segment which grew 31% y-o-y.

However, the company has taken a price hike of 12-15% in past 15 months till Q1FY27 end to compensate for the rising costs, however the same comes with a lag and not able to fully compensate for the input prices hike, impacting its profitability. Additionally, the company also increased its selling and marketing expenses (₹ 86 crores in FY26 vs ₹79 crores in FY25) which also impacted the profitability in FY26. Thus, company reported negative PBILDT of ₹ 19 crore in FY26 as against positive PBILDT of ₹40 crore in FY25. In Q1FY27, the company has achieved a 17% y-o-y revenue growth to reach ₹763 crores and PBILDT continued to remain negative at ₹8 crore.

Volatility in raw material costs

The company's profitability margins are exposed to the profitability in the raw material prices (copper, aluminium and steel). Nevertheless, the cost structure of the company continues to remain vulnerable to macroeconomic factors and in certain cases, with time lag in passing the costs to end user or its inability to fully pass on the increase in raw material, given competitiveness in the market, its profitability remains exposed towards raw material volatility. Owing to this volatility, the company has incurred losses at operating level in FY26.

Highly levered capital structure

The continued losses in the past (except for FY25) had impacted the company's financial position. Previously, the company had taken significant amount of debt largely to fund the working capital gap in last few years till FY24. However, the total adjusted debt (including acceptances and invoice discounting) reduced from ₹247 crores in FY25 to ₹138 crores in FY26, because of the fund infusion from asset monetisation. The net adjusted debt (including acceptances and invoice discounting) stood at ₹ 103 crores as on March 31, 2026, from ₹212 crores on March 31, 2025. Debt coverage metrics also remain moderate with negative operating profitability in FY26. Going forward with scheduled repayment of term loan, further inflow from asset monetisation and accretions of profits, leverage and coverage indicators are expected to improve and is the key rating monitorable.

Stiff competition in the industry

UIL operates in a mature industry and faces stiff competition from large players, which have consistently been operating at better margins, thus putting strong pressure on the company's financial health. Stiff competition takes away UIL's price flexibility and results in subdued performance for the company.

Key strengths

Established Market Position with long track record

UIL belongs to Siddharth Shriram group and has been in the business for ~90 years. Promoters have extensive experience in consumer durables industry. UIL is engaged in branding, marketing, sales, distribution, trading, manufacturing and servicing, of consumer products across diversified categories, such as fans, sewing machines, air and water coolers, water heaters, home and kitchen appliances etc. "Usha" is well known brand, particularly, in fans and sewing machines segments. Usha is market leader in sewing machine category and one of the largest players in fans and kitchen appliances segments.

Strong distribution network

Usha boasts of a pan-India presence and has wide distribution network spread across retail, general trade and e-commerce and other channels, with 57 company showrooms and 18 warehouses. The company is also targeting fast growing segments such as quick commerce and modern retail, which shall increase the company's presence in the market.

Infusion of additional liquidity

The company under its asset monetisation scheme sold off some of its transferrable development rights and assets resulting in a cash flow of ~₹35 crores in FY26 (FY25: ₹ 20 crores were received through monetisation). It also plans to monetize other non-core assets which it expects to fetch ₹80 to ₹90 crores, however, currently it is not being sold. This fund infusion is expected to support the company debt obligation.

Liquidity: Adequate

The company's liquidity is adequate characterised by its cash and cash equivalents balance of ₹35 crore, excluding ₹36 crore kept as margin money, as on March 31, 2026, and Gross Cash Accruals (GCA) expectation of more than ₹50 crore in FY27. Against this, the company's scheduled repayments for FY27 stand at ₹22 crores. As on May 31, 2026, cash and cash equivalents balance stood at ₹52 crores (excluding margin money of ₹36 crores). The company availed a purchase invoice discounting facility providing extended credit up to 90 days for its trade payables, with adequate buffer available in the limits utilised. The company does not have any significant capex plans. Further as the company reduces its debt through sale of its non-core assets, and infuses additional cash, its liquidity profile is expected to improve.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Rating of Short Term Instruments](#)

About the company and industry**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Consumer electronics

Incorporated in 1934, UIL is part of the Siddharth Shriram group and is the group's flagship entity. UIL operates in consumer durables market, and its product portfolio includes fans, sewing machines, and home appliances among others. UIL is a leading player in sewing machines segment and holds significant market share in fans and fabric care segment. UIL has pan-India presence and operates through channels such as general trade, modern retail, and e-commerce among others.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	2,649	2,556	763
PBILDT*	40	-19	-8
Profit after tax (PAT)	17	-53	NA
Overall gearing (x)	6.23	-9.34	NA
Interest coverage (x)	1.39	-0.77	NA

A: Audited; UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit Before Interest, Lease Rentals, Depreciation and Tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:

A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Working Capital Limits	RBI	Simple	-		-	-	94.00	CARE BB; Stable
Non-fund-based-Short Term	RBI	Simple	-		-	-	61.75	CARE A4
Term Loan-Long Term	RBI	Simple	-		-	31-03-2030	44.25	CARE BB; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Fund-based - LT-Working Capital Limits	LT	94.00	CARE BB; Stable	-	1)CARE BB+; Positive (01-Aug-25)	-	-
2	Non-fund-based-Short Term	ST	61.75	CARE A4	-	1)CARE A4+ (01-Aug-25)	-	-
3	Term Loan-Long Term	LT	44.25	CARE BB; Stable	-	1)CARE BB+; Positive (01-Aug-25)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-5: List of entities consolidated: Not applicable

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in	Analytical Contacts Ravleen Sethi Director CARE Ratings Limited Phone: 91-120-4452016 E-mail: ravleen.sethi@careedge.in Sahil Goyal Associate Director CARE Ratings Limited Phone: 91-120-4452000 E-mail: Sahil.goyal@careedge.in Abhishek Choudhary Analyst CARE Ratings Limited E-mail: Abhishek.Choudhary@careedge.in
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About us:

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