



Press Release

Usha Financial Services Limited

August 12, 2025

Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Bank Facilities – Term Loan	97.14	IVR BBB/Stable (IVR Triple B with Stable Outlook)	IVR BBB/Stable (IVR Triple B with Stable Outlook)	Rating Reaffirmed	Simple
Proposed Long Term Fund Based Bank Facilities – Term Loan	52.86 (Enhanced from 47.04)	IVR BBB/Stable (IVR Triple B with Stable Outlook)	IVR BBB/Stable (IVR Triple B with Stable Outlook)	Rating Reaffirmed	Simple
Long Term Fund Based Bank Facilities – Term Loan	0.00* (reduced from 60.24 crore)	-	-	Rating Withdrawn	Simple
Total	150.00 (Rupees One Hundred and Fifty Crore only)				

* The above action has been taken at the request of the company and 'No Due Certificate' received from the bank who have extended the facilities which is rated by Infomerics and 'it is in line with Infomerics' policy of Withdrawal of the rating'.

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned rating to the bank facilities of Usha Financial Services Limited (UFSL) derive strength from comfortable capitalization, healthy AUM levels, moderate earning profile and experienced and professional management. However, these rating strengths are partially offset by weak asset quality, high exposure to institutional segment and sectoral concentration.

The ratings have been assigned a stable outlook as the UFSL benefits from experienced promoters and improving scale of operations.



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Key Rating Sensitivities:

Upward Factors

- Substantial & sustained scaling up its operations while diversifying its loan portfolio geographically, maintaining healthy asset quality, adequate capital position and profitability

Downward Factors

- Adverse movement in the collection efficiency which impacts the asset quality significantly thereby increasing the credit cost for the company.
- Substantial decline in scale of operations impacting the earnings profile of the company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Comfortable Capitalisation**

UFSL's capitalisation profile remains strong, with the capital to risk-weighted assets ratio (CRAR) at 49.78% as on March 31, 2025 (March 31, 2024: 33.03%), well above the regulatory minimum requirement. The tangible net worth improved significantly to Rs.211.15 crore as on March 31, 2025, from Rs.106.02 crore as on March 31, 2024, as UFSL has raised equity of Rs.98 crore through an initial public offering (IPO) during FY25 (period refers from 01st April 2024 to 31st March 2025). The capital raise is expected to support the company's medium-term growth plans while strengthening its overall credit profile.

- **Healthy AUM Levels:**

UFSL's AUM levels remained healthy with AUM of Rs. 410.70 crore at the end of FY25 (FY24: Rs.307 crore) with higher growth in institutional lending which grew by 53% y-o-y basis to Rs.265.94 crore, followed by corporate lending.

- **Moderate Earning Profile**



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UFSL has moderate earning profile with NII of Rs.29.71crore during FY25 as compared to Rs.28.85 crore. NII has declined due to lower NIM which stood at 8.28% in FY25 as compared to 8.68% in FY24 due to lower interest spread. Ability of the UFSL to improve its NIM will be key monitorable.

- **Experienced and professional management**

UFSL is supported by experienced promoters and board members. Governance is vested with a board of directors comprising directors who are well qualified with experience, adequate knowledge of finance, banking, accounting, administration, corporate governance and management

Key Rating Weaknesses

- **Weak Asset Quality**

The asset quality remained weak, with GNPA and NNPA]] at 6.05% and 4.84%, respectively, for FY25, compared to 3.59% and 2.87% in FY24 due to slippages of one account amounting to 12.12 crore during 4QFY25. Infomerics notes that the UFSL's asset quality is expected to remain weak with high exposure to institutional lending this is line with the industry. Infomerics notes that ability to improve its asset quality will be key monitorable.

- **High Exposure to Institutional Segment:**

Out of the total AUM as on 31st March 2025, Institutional lending accounts for 64.75% followed by corporate lending. Infomerics also note that majority of the exposure is into NBFC segment. Any further stress in NBFC segment could impact on the asset quality of the UFSL.

- **Sectoral concentration**

UFSL faces sectoral concentration risk as institutional and corporate lending remains moderate, thereby indicating concentrating risk towards one asset class.



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Analytical Approach: Standalone Approach

Applicable Criteria:

[Rating Methodology for Financial Institutions/Non-Banking Finance companies](#)

[Criteria of assigning Rating Outlook.](#)

[Complexity level of rated instruments/Facilities](#)

[Financial Ratios & Interpretation \(Financial Sector\)](#)

[Policy on Default Recognition](#)

[Policy on withdrawal of ratings](#)

Liquidity – Adequate

UFSL CRAR which stood at 49.78% as on 31st March 2025 (As on 31st March 2024: 33.03%) which is well above the minimum regulatory requirement. Also, it has adequately matched asset liability profile as on March 31, 2025, across all the buckets. Moreover, cash and cash equivalent stood at 7.83 crore as on 30th June 2025.

About the Company

Acquired in 2015 and starting its commercial operations in May 2016. UFSL is engaged into extending financial assistance to those for who find it difficult to raise funds from traditional banking channel. UFSL offers funding across four segments namely, MSME loans, SME loans, NBFC / Corporate and Personal Loans. Mr. Rajesh Gupta and Mr. Anoop Garg act as the promoters of the Company.



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Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	63.96	60.62
PAT	12.79	13.80
Tangible Net worth	106.02	211.15
Total Loan Assets	306.96	410.70
Ratios		
NIM (%)	8.68	8.28
ROTA (%)	3.97	3.92
Interest Coverage (times)	1.57	1.75
Total CAR (%)	33.03	49.78
Gross NPA [Stage III] (%)	3.59	6.05
Net NPA [Stage III] (%)	2.87	4.84

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security / Facilities	Current Ratings (2025-26)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					June 12, 2024	--	August 01, 2022
1.	Long Term Fund Based Bank Facilities – Term Loan	Long Term	97.14	IVR BBB/ Stable	IVR BBB/ Stable	IVR BBB; RWNI# (March 11, 2024) IVR BBB/ Stable (July 28, 2023)	IVR BBB-/ Stable
2.	Proposed Long Term Fund Based	Long Term	52.86	IVR BBB/ Stable	IVR BBB/ Stable	IVR BBB; RWNI#	IVR BBB-/ Stable



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					June 12, 2024	--	August 01, 2022
	Bank Facilities – Term Loan					(March 11, 2024) IVR BBB/ Stable (July 28, 2023)	
3.	Long Term Fund Based Bank Facilities – Term Loan	Long Term	0.00*	Withdrawn	IVR BBB/ Stable	IVR BBB; RWN# (March 11, 2024) IVR BBB/ Stable (July 28, 2023)	IVR BBB-/ Stable

Rating Watch with Negative Implications

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).



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Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Bank Facilities – Term Loan	-	-	-	Upto 2030	97.14	IVR BBB/ Stable
Proposed Long Term Fund Based Bank Facilities – Term Loan	-	-	-	-	52.86	IVR BBB/ Stable
Long Term Fund Based Bank Facilities – Term Loan	-	-	-	-	0.00	Withdrawn

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-ushafinancial-aug25.pdf>

Annexure 3: Detailed explanation of covenants of the rated facilities: Not Applicable



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Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

