Press Release

Usha Financial Services Limited

December 05, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Bank Facilities – Term Loan	83.63	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB/Stable (IVR Triple B with Stable Outlook)	Rating downgraded	Simple
Proposed Long Term Fund Based Bank Facilities – Term Loan	66.37	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB/Stable (IVR Triple B with Stable Outlook)	Rating downgraded	Simple
Long Term Fund Based Bank Facilities – Term Loan	0.00*	-	IVR BBB/Stable (IVR Triple B with Stable Outlook)	Rating Withdrawn	Simple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 has downgraded the long-term rating of bank facilities of Usha Financial Services Limited (UFSL) reflects continued weak asset quality, relatively concentrated portfolio and diversification into vulnerable segment i.e. unsecured MSME loans and unsecured personal loans through Fintech platform.

However, the ratings continue to derive strength from experienced and professional management, moderate AUM levels, moderate earning profile and comfortable capitisation.

Infomerics Ratings expects the outlook to remain Stable as UFSL will continue to benefit from experienced promoters and strong capitalisation.

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Key Rating Sensitivities:

Upward Factors

- Diversification of the portfolio along with improvement in asset quality while maintaining strong capitalisation and diversification of resource profile.

Downward Factors

- Any further deterioration in asset quality

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Moderate AUM levels**

  UFSL's AUM has marginally declined to Rs.394.58 crore at the end of 1HFY26 as compared to Rs.410.78 crore in FY25 (period refers from 01st April 2024 to 31st March 2025) with lower disbursements in wholesale segment as due to ongoing stress in NBFC segment, the company has changed its underwriting policy. Total disbursements in wholesale segment during 1HFY26 stood at Rs.236 crore as compared to Rs.473 crore during FY25. As per management, UFSL will also focus on unsecured MSME segment and planning to take branch count to 30 by FY27. The company has also entered co-lending agreement with fintech company during 2QFY26 UFSL is also in the process of developing its own fintech app and expected to launch by 4QFY26. The ability of UFSL to maintain healthy AUM levels with focus on relatively vulnerable unsecured segment and improving asset quality would 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

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- **Moderate Earning Profile**

  UFSL's NII has marginally improved to Rs.29.71 crore during FY25 as compared to Rs. 28.85 crore in FY24 despite 33.79% increase in AUM as most of the AUM growth happened during 2HFY25 post IPO. NII during H1FY26 stood Rs.22 crore on the back of higher disbursements. Ability of the UFSL to improve its NIM will be key monitorable.

- **Comfortable Capitalisation and Gearing Levels**

  UFSL's capitalisation has improved during FY25 as during FY25 (3QFY5) UFSL has raised Rs. 98.44 crore by way of an initial public offering, which continued to support capital levels in H1FY26. UFSL's gearing levels also remain comfortable with overall gearing stood at 0.87x at the end of FY25 (FY24:1.81x).

Key Rating Weaknesses

- **Weak Asset Quality**

  UFSL's asset quality remained elevated during 1HFY26 with GNPA and NNPA at 6.39% and 4.50% respectively (FY25: 6.05% and 4.84% respectively) due to higher slippages in its wholesale and green portfolio (E-Vehicle Segment). Total slippages during 1HFY26 stood at Rs. 19.19 crore during 1HFY26 (FY25:14.16 crore) due to additions of accounts from wholesale segment. During FY26, the company has diversified into unsecured MSME and fintech loans. Hence, the company's ability to manage the asset quality profile, control slippages and manage recoveries from its overdue accounts will remain important from a credit perspective.

- **Higher albeit reducing wholesale segment and diversification into vulnerable segment**

  UFSL wholesale segment accounts for 86.50% for 1HFY26 as compared to 88.81% in FY25. Management has diversified its portfolio by entering into unsecured MSME segment and Fintech by entering co-lending segment. This is relatively unseasoned portfolio with relatively vulnerable borrower profile. Infomerics notes that its performance over a long period remains monitorable.

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Analytical Approach: Standalone Approach

Applicable Criteria:

- Rating Methodology for Financial Institutions/NBFCs
- Criteria for assigning Rating outlook.
- Complexity Level of Rated Instrument/Facilities
- Policy on Default Recognition and Post-Default Curing Period
- Financial Ratios & Interpretation (Financial Sector)
- Policy on Withdrawal of Ratings

Liquidity – Adequate

UFSL CRAR which stood at 51.43% as on 30th September 2025 (As on 31st March 2025: 49.78%) 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 Rs. 7.14 crore as on 30th September 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):

(Rs. crore)

For the year ended/ As on*	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 in 2022-23
					June 12, 2024	--	August 01, 2022
1.	Long Term Fund Based Bank Facilities – Term Loan	Long Term	83.63	IVR BBB-/ Stable (December 05, 2025) IVR BBB/ Stable (August 12, 2025)	IVR BBB/ Stable	IVR BBB; RWNI# (March 11, 2024) IVR BBB/ Stable (July 28, 2023)	IVR BBB-/ Stable
2.	Proposed Long Term Fund Based Bank Facilities – Term Loan	Long Term	66.37	IVR BBB-/ Stable (December 05, 2025)	IVR BBB/ Stable	IVR BBB; RWNI# (March 11, 2024)	IVR BBB-/ Stable

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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 in 2022-23
					June 12, 2024	--	August 01, 2022
				IVR BBB/ Stable (August 12, 2025)		IVR BBB/ Stable (July 28, 2023)	
3.	Long Term Fund Based Bank Facilities – Term Loan	Long Term	0.00*	Withdrawn (December 05, 2025) Withdrawn (August 12, 2025)	IVR BBB/ Stable	IVR BBB; RWNI# (March 11, 2024) IVR BBB/ Stable (July 28, 2023)	IVR BBB-/ Stable

Rating Watch with Negative Implications

* The above action has been taken at the request of UFSL 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'.

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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	83.63	IVR BBB-/ Stable
Proposed Long Term Fund Based Bank Facilities – Term Loan	-	-	-	-	66.37	IVR BBB-/ Stable
Long Term Fund Based Bank Facilities – Term Loan	-	-	-	-	0.00	Withdrawn

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Annexure 2: Facility wise lender details:
https://infomericstorage.blob.core.windows.net/uploads/LEN_Usha_Financial_Services05_Dec25_621328d2a0.pdf

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

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.