



**Press Release**  
**KHUSH HOUSING FINANCE PRIVATE LIMITED**  
**January 28, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	109.06	ACUITE BB+   Stable   Reaffirmed   Negative to Stable	-
Total Outstanding Quantum (Rs. Cr)	109.06	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of **'ACUITE BB+' (read as ACUITE double B plus)** on the Rs.109.06 Cr. bank loan facilities of Khush Housing Finance Private Limited (KHFPL). The outlook has been revised from **'Negative'** to **'Stable'**

**Rationale for rating.**

Acuite, vide press release dated December 26, 2024, downgraded the rating of KHF with a negative outlook. In response, the client has appealed and provided additional information and clarifications, particularly regarding capital adequacy, gearing ratio, earnings profile, as well as projections and the strategic vision for FY25. Notably, there has been a marginal improvement in the company's Capital Adequacy Ratio (CAR), primarily driven by healthy profit accretion. Furthermore, the company has made significant progress in reducing its gearing ratio.

However, the revision in outlook is on account of improvement in the Capital Adequacy Ratio and Gearing ratio.

The rating takes into account sequential deterioration in KHFPL's scale of operations as reflected in the sharp decline in AUM on account of negligible disbursements. Accordingly, the company's AUM deteriorated at Rs. 170.80 crore as on March 31, 2024 as against 218.07 crore as on March 31, 2023. Further, the asset quality remains under pressure marked by on-time portfolio at 69.53% as on March 31, 2024 as against 72.05 percent as on March 31, 2023. The rating continues to factor in the company's moderate scale of operations, geographical concentration in Maharashtra (~84 percent of the total portfolio as on March 31, 2024) and moderate profitability. Nevertheless, the rating derives comfort from the company's adequate capitalization metrics marked by networth of Rs. 154.80 Cr. and CAR which stood at 124.27 percent as on March 31, 2024. The gearing levels of KHFPL has improved and remains low mainly on account of prepayment of existing debt obligations. The gearing of the company stood at 0.27 times as on March 31, 2024 as against 0.68 times as on March 31, 2023. Acuite believes that the ability of the company to raise fresh debt and achieve steady and sustainable growth in AUM while maintaining profitability & asset quality and comfortable liquidity profile will be key monitorable.

**About the company**

Incorporated in 2011, Khush Housing Finance Private Limited (KHFPL) is a Mumbai based housing finance company registered with National Housing Bank (NHB) under National Housing Bank Act, 1987. The company commenced business in 2015 and is engaged in providing home loans and loans against property to salaried and non-salaried individuals, mainly mid/low-income customer segment and economically weaker section of the society which fall under credit linked subsidy scheme (CLSS). The company has a presence in three states, namely Maharashtra, Gujarat and Rajasthan through a network of 17 branches spread across 14 districts as on March 31, 2024. Its Asset Under Management (AUM) stood at Rs. 170.80 Cr. as on March 31, 2024.

**Unsupported Rating**

Not Applicable.

**Analytical Approach**

Acuité has adopted a standalone approach on KHFPL's business and financial risk profile for arriving at the rating.

## Key Rating Drivers

### Strength

#### Experienced Management.

KHFPL is promoted by Mr. Amit Magia, who also looks after the operations of the company as Managing Director and Chief Executive Officer (MD & CEO). Mr. Amit Magia together with family members and trusts holds entire stake in the company. Mr. Magia has more than 25 years of experience in the field of Finance, Banking, Treasury Management, Real Estate Investments, and Liaising with Regulatory bodies. The company also benefits from the experience of eminent professionals on its board namely Mr. Prakash Mallya, a career banker having over 45 years of experience in various capacities in Canara Bank, Syndicate Bank, among others and Mr. Geoffrey Ross Bazzan, a senior financial markets executive with over 20 years of experience in managing portfolios and analysing companies across the Asia Pacific ex-Japan region. Further, Mr. Magia is assisted by seasoned and experienced professionals in managing the operations of the company. Acuité believes that extensive experience of the promoter will be central to support the business profile of KHFPL in the near to medium term.

#### Comfortable capitalisation & gearing levels.

KHFPL had healthy capitalization levels as on March 31, 2024 as reflected in Capital Adequacy Ratio (CAR) of 124.27 percent (Tier I: 123.02 percent) as on March 31, 2024. The same stood at 96.93 percent (Tier I: 96.93 percent) as on March 31, 2023 led by healthy accretion of profits. The gearing of the company has seen a significant improvement in its gearing from its peak gearing levels 1.92 times as on March 31, 2021. The gearing of the company improved to 0.27 times as on March 31, 2024 as against 0.68 times as on March 31, 2023 led by increased accretion of profits to reserves coupled with prepayment of its existing debt.

### Weakness

#### Sequential deterioration in scale of operations; Geographical concentration risk.

The company's disbursements have seen a continuous deterioration over the past few years leading to decline in its AUM and earning profile. The management has been conscious with its disbursements in order to curtail any asset quality pressures. KHFPL's AUM has also moderated subsequently. The AUM of the company stood at Rs. 170.80 crore as on March 31, 2024 as against Rs.218.07 crore as on March 31, 2023. The earning profile remains muted marked by reduction in Net interest income from Rs. 13.02 Cr. as on March 31, 2024, to Rs. 21.14 Cr. as on March 31, 2023. The Profit after tax however saw a marginal decline and stood at Rs. 4.58 crore for FY24 and Rs. 6.94 crore for FY23. The company faces high geographical concentration risk on account of its majority of loan exposure in Western India region. Around 83.96 percent of the outstanding portfolio as on March 31, 2024, is concentrated in Maharashtra region, followed by Rajasthan at 12.70 percent and Gujarat contributing to a small portion of 3.36 percent.

#### Moderate Asset Quality.

KHFPL primarily focuses on home loans, catering to economically weaker section and low-income group individuals which are highly vulnerable to exogenous shocks. The asset quality of the company remains under pressure marked by on-time portfolio at 69.53 percent as on March 31, 2024 as against 72.05 percent as on March 31, 2023. As on March 31, 2024, KHFPL reported Gross NPA of 3.09 percent (PY: 2.68 percent) and Net NPA of 0.001 percent (PY: 0.47 percent). Acuité believes that the company's ability to achieve steady and sustainable growth in AUM while maintaining asset quality will be key monitorable.

### Rating Sensitivity

- Growth in loan portfolio.
- Movement in collection efficiency and asset quality.
- Movement in liquidity buffers.
- Movement in profitability parameters.
- Changes in regulatory environment.

### Liquidity Position

#### Adequate

KHFPL's overall liquidity profile remains adequate with no negative cumulative mismatches in near to medium term as per ALM dated March 31, 2024. Company's cash and cash equivalents stood at Rs.3.41 Cr. as on March 31, 2024. KHFPL reported an overall collection efficiency of ~98 percent in March 2024. Acuité believes that the ability to raise long term funding along with stability in collection efficiency will be critical to maintaining a stable liquidity profile.

### Outlook: Stable

### Other Factors affecting Rating

None

### Key Financials - Standalone / Originator

Particulars	Unit	FY24 (Actual)	FY23(Actual)
Total Assets	Rs. Cr.	208.98	262.33
Total Income*	Rs. Cr.	15.53	25.91
PAT	Rs. Cr.	4.58	6.94
Net Worth	Rs. Cr.	154.80	148.58
Return on Average Assets (RoAA)	(%)	1.94	2.28
Return on Average Net Worth (RoNW)	(%)	3.02	4.83
Debt/Equity	Times	0.27	0.68
Gross NPA	(%)	3.09	2.68
Net NPA	(%)	0.001	0.47

*\*Total income equals to Net Interest Income plus other income*

### Status of non-cooperation with previous CRA (if applicable):

Not Applicable.

### Any other information

None.

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
26 Dec 2024	Term Loan	Long Term	12.20	ACUITE BB+   Negative (Downgraded from ACUITE BBB-   Negative)
	Proposed Term Loan	Long Term	57.60	ACUITE BB+   Negative (Downgraded from ACUITE BBB-   Negative)
	Term Loan	Long Term	2.55	ACUITE BB+   Negative (Downgraded from ACUITE BBB-   Negative)
	Term Loan	Long Term	2.54	ACUITE BB+   Negative (Downgraded from ACUITE BBB-   Negative)
	Term Loan	Long Term	12.20	ACUITE BB+   Negative (Downgraded from ACUITE BBB-   Negative)
	Term Loan	Long Term	4.63	ACUITE BB+   Negative (Downgraded from ACUITE BBB-   Negative)
	Term Loan	Long Term	8.28	ACUITE BB+   Negative (Downgraded from ACUITE BBB-   Negative)
	Term Loan	Long Term	9.06	ACUITE BB+   Negative (Downgraded from ACUITE BBB-   Negative)
	Term Loan	Long Term	9.00	ACUITE Not Applicable (Withdrawn)
	Term Loan	Long Term	0.93	ACUITE Not Applicable (Withdrawn)
	Secured Overdraft	Long Term	0.10	ACUITE Not Applicable (Withdrawn)
	Bank Guarantee (BLR)	Long Term	5.50	ACUITE Not Applicable (Withdrawn)
	Proposed Long Term Bank Facility	Long Term	125.41	ACUITE Not Applicable (Withdrawn)
05 Oct 2023	Term Loan	Long Term	9.00	ACUITE BBB-   Negative (Downgraded from ACUITE BBB   Negative)
	Term Loan	Long Term	9.06	ACUITE BBB-   Negative (Downgraded from ACUITE BBB   Negative)
	Term Loan	Long Term	0.93	ACUITE BBB-   Negative (Downgraded from ACUITE BBB   Negative)
	Term Loan	Long Term	51.77	ACUITE BBB-   Negative (Downgraded from ACUITE BBB   Negative)
	Proposed Term Loan	Long Term	173.64	ACUITE BBB-   Negative (Downgraded from ACUITE BBB   Negative)
	Secured Overdraft	Long Term	0.10	ACUITE BBB-   Negative (Downgraded from ACUITE BBB   Negative)
	Bank Guarantee (BLR)	Long Term	5.50	ACUITE BBB-   Negative (Downgraded from ACUITE BBB   Negative)
07 Jul 2022	Term Loan	Long Term	3.04	ACUITE BBB   Negative (Downgraded from ACUITE BBB+   Stable)
	Term Loan	Long Term	3.60	ACUITE BBB   Negative (Downgraded from ACUITE BBB+   Stable)
	Term Loan	Long Term	41.75	ACUITE BBB   Negative (Downgraded from ACUITE BBB+   Stable)
	Term Loan	Long Term	19.04	ACUITE BBB   Negative (Downgraded from ACUITE BBB+   Stable)
	Term Loan	Long Term	13.28	ACUITE BBB   Negative (Downgraded from ACUITE BBB+   Stable)
	Term Loan	Long Term	9.06	ACUITE BBB   Negative (Downgraded from ACUITE BBB+   Stable)
	Term Loan	Long Term	3.70	ACUITE BBB   Negative (Downgraded from ACUITE BBB+   Stable)
	Term Loan	Long Term	8.15	ACUITE BBB   Negative (Downgraded from ACUITE BBB+   Stable)
	Term Loan	Long Term	72.37	ACUITE BBB   Negative (Downgraded from ACUITE BBB+   Stable)

	Proposed Long Term Loan	Long Term	76.01	ACUITE BBB   Negative (Downgraded from ACUITE BBB+   Stable)
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## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	57.60	Simple	ACUITE BB+   Stable   Reaffirmed   Negative to Stable
National Housing Bank	Not avl. / Not appl.	Term Loan	28 Mar 2018	Not avl. / Not appl.	31 Jan 2033	2.55	Simple	ACUITE BB+   Stable   Reaffirmed   Negative to Stable
National Housing Bank	Not avl. / Not appl.	Term Loan	27 Dec 2018	Not avl. / Not appl.	01 Oct 2033	2.54	Simple	ACUITE BB+   Stable   Reaffirmed   Negative to Stable
National Housing Bank	Not avl. / Not appl.	Term Loan	14 Feb 2020	Not avl. / Not appl.	01 Jan 2030	12.20	Simple	ACUITE BB+   Stable   Reaffirmed   Negative to Stable
National Housing Bank	Not avl. / Not appl.	Term Loan	31 Mar 2020	Not avl. / Not appl.	01 Jan 2025	4.63	Simple	ACUITE BB+   Stable   Reaffirmed   Negative to Stable
National Housing Bank	Not avl. / Not appl.	Term Loan	30 Mar 2021	Not avl. / Not appl.	01 Jan 2028	8.28	Simple	ACUITE BB+   Stable   Reaffirmed   Negative to Stable
Indian Overseas Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	09 Feb 2023	9.06	Simple	ACUITE BB+   Stable   Reaffirmed   Negative to Stable
National Housing Bank	Not avl. / Not appl.	Term Loan	13 Mar 2020	Not avl. / Not appl.	01 Jan 2030	12.20	Simple	ACUITE BB+   Stable   Reaffirmed   Negative to Stable

## Contacts

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### About Acuité Ratings & Research

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