



Press Release
G U FINANCIAL SERVICES PRIVATE LIMITED
October 16, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	20.00	ACUITE BB Negative Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	20.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE BB**' (read as **ACUITE Double B**) on the Rs. 20.00 Cr. bank facilities of G U Financial Services Private Limited (GUFS). The outlook is '**Negative**'.

Rationale for Negative outlook

The rating reflects a significant decline in profitability, with PAT falling from Rs 1.87 crore in FY2024 to Rs 0.19 crore in FY2025. Additionally, the overall portfolio has contracted, with total Assets Under Management (AUM) decreasing from Rs188.10 crore in FY2024 to Rs 80.20 crore in FY2025. As of June 30, 2025, the AUM further declined to Rs 73.36 crore. Disbursements have followed a similar downward trend, primarily due to the discontinuation of Business Correspondent (BC) partnerships with two financial institutions. Additionally, asset quality has deteriorated, with Gross Non-Performing Assets (GNPA) rising from 0.73% in FY2024 to 2.23% in FY2025, and marginally to 2.22% as of Q1 FY2026. In absolute terms, GNPA increased from Rs 1.38 crore in the previous year to Rs 1.79 crore in FY2025, and stood at Rs 1.64 crore as of June 30, 2025. The rating continues to be constrained by the company's moderate scale of operations, modest financial profile, and the inherent risks associated with the microfinance sector.

Going forward, the company's ability to raise resources, improve asset quality across time buckets, enhance profitability metrics, and grow its AUM while maintaining healthy capitalisation levels will remain key rating sensitivities.

About the company

Incorporated in 1989 Odisha based, G U Financial Services Private Limited (GUFS) is a non-deposit taking NBFCMFI. GUFS is engaged in extending micro credit primarily to women borrowers through (JLG) model since 2008. The company is promoted by Mr. Govind Chandra Dash (Founder & Chairman) who has over three decades of experience in development and financial inclusion of rural areas in Odisha through his NGO Gram Utthan, which he established in 1990. In 2008, Mr. Govind Chandra Dash acquired an existing NBFC Visudha Investment Private Limited and renamed it as G U Financial Services Private Limited. GUFS also provides Micro Housing loans, Integrated Fish Farming loans and Water, Sanitation and Hygiene loans. The company operates in 16 districts of Odisha and Chhattisgarh with a network of 53 branches as on June 30, 2025.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has adopted the standalone approach while assessing the business and financial risk

Key Rating Drivers

Strength

Experienced management in micro-finance segment:

GUFS commenced its operations in 2008 extending micro-credit to women engaged in income generating activities under the Joint Liability Group (JLG) model. The company also extends Micro Housing loans, Integrated Fish Farming loans and Water, Sanitation and Hygiene loans. GUFS cater to rural and semi-urban areas of Odisha and Chhattisgarh with its network of 53 branches across 16 districts with an AUM of Rs. 80.20 Cr. as on March 31, 2025. GUFS is promoted by Mr. Govind Chandra Dash (Managing Director) who has been engaged in microfinance and rural development in Odisha through his NGO Gram Utthan. In 1990, Mr. Govind Chandra Dash established an NGO Gram Utthan which worked towards the development and financial inclusion of the rural population of Odisha. In 2008, he acquired an existing NBFC Visudha Investment Private Limited and re-named it as G U Financial Services Private Limited to provide an exclusive platform for financial inclusion efforts of his NGO Gram Utthan. Mr. Govind Chandra Dash is adequately supported by other members on the Board of Directors comprising Mr. Santosh Mishra (Director), who has over a decades of experience in Micro Finance, Micro Enterprise promotion, Entrepreneurship Development, Sustainable Livelihood Promotion, Skill Development Initiative with three decades of experience in the banking functions in various capacities in multiple areas of Administration and Management of Human Resources Management including Account Management, Customer Service, Staff Coordination, Training and Development. He also has experience in the functioning of Exchange Control Regulation, Management of Currency in the Issue Department and Maintenance of Estate in the Estate Department of Reserve Bank of India. He also has experience in the functioning of Exchange Control Regulation, Management of Currency in the Issue Department and Maintenance of Estate in the Estate Department of Reserve Bank of India. The company takes off-book exposure through Business Correspondence. It is a business correspondence partner for Arohan Financial Services Pvt Ltd, CSB Bank and Jana Small Finance Bank. The Capital Adequacy Ratio of the company stood at 50.74 percent for FY 25, (PY: 65.38 percent).

Acuité believes that experience of the management and promoters will be central to support the business risk profile of the company.

Weakness

Modest Financial performance and Reduction in AUM :

The company's on-book portfolio witnessed a marginal increase to Rs 37.02 crore as on March 31, 2025, compared to Rs 28.55 crore as on March 31, 2024. As of Q1 FY2026, the on-book AUM stood at Rs 34.25 crore. However, the overall AUM of GUFS declined significantly from Rs 188.10 crore in FY2024 to Rs 80.20 crore in FY2025. The off-book AUM dropped from Rs 159.55 crore as on March 31, 2024 to Rs 43.18 crore as on March 31, 2025, and further to Rs 39.39 crore as on June 30, 2025. This contraction is primarily attributed to the discontinuation of Business Correspondent (BC) partnerships with two financial institutions and regulatory changes introduced by the RBI concerning PBC criteria.

The company's profitability also weakened, with PAT declining to Rs 0.19 crore in FY2025 from Rs 1.87 crore in FY2024, largely due to the reduced scale of AUM and disbursements. Asset quality deteriorated, with Gross Non-Performing Assets (GNPA) rising from 0.73% in FY2024 to 2.23% in FY2025, and slightly to 2.22% as of Q1 FY2026. In absolute terms, GNPA increased from Rs 1.38 crore in FY2024 to Rs 1.79 crore in FY2025, and stood at Rs 1.64 crore as on June 30, 2025.

Acuité believes, going forward, the ability of the company to mobilise additional lower cost funding through debt/ sub debt and its ability to deploy the funds profitably to improve its financial performance will be a key rating monitorable.

Risk inherent to microfinance segment

The activities of microfinance companies like GUFS are exposed to concentration risks. GUFS has a presence in 2 states with a concentration in Odisha (99 percent of total AUM) and

Chhattisgarh (1 percent of total AUM) for FY25. This exposes the company to high geographical concentration risk. Thus, the company's performance is expected to remain exposed to the competitive landscape in these regions and the occurrence of events such as natural calamities, which may adversely impact the credit profile of the borrowers. Besides geography, the company will be exposed to competition and any changes in the regulatory framework, thereby impacting the credit profile of GUFs. Acuité believes that the company's modest scale of operations, coupled with geographic concentration, will continue to weigh on the company's credit profile over the near to medium term.

Rating Sensitivity

- Movement in collection efficiency and asset quality
- Movement in On-book portfolio
- Movement in liquidity buffers
- Movement in profitability metrics
- Changes in the regulatory environment

Liquidity Position Adequate

There are no cumulative mismatches in near to medium term buckets as per the ALM Statement of March 31, 2025. GUFs borrowings stood at ~Rs. 21.52 crore with a gearing of ~1.13 times as on March 31, 2025. GUFs has maintained cash and cash equivalents of Rs. 0.51 crore as on March 31, 2025. Acuité believes the ability of GUFs to raise long term funding (equity/debt) will be critical to the maintenance of a stable liquidity profile.

Outlook: Negative

Other Factors affecting Rating

None

Key Financials - Standalone / Originator

Particulars	Unit	FY25 (Actual)	FY24 (Actual)
Total Assets	Rs Cr.	42.94	39.95
Total Income*	Rs Cr.	9.44	13.61
PAT	Rs Cr.	0.19	1.87
Networth	Rs Cr.	19.06	18.84
Return on Average Assets (ROAA)	(%)	0.45	5.38
Return on Net Worth (RoNW)	(%)	0.99	10.58
Total Debt/Tangible Net Worth (Gearing)	Times	1.13	0.94
Gross NPA's	(%)	2.23	0.73
Net NPA's	(%)	1.04	0.28

*Total Income is net of 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. Acuite'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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
18 Jul 2024	Term Loan	Long Term	5.00	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
	Term Loan	Long Term	2.38	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
	Proposed Long Term Bank Facility	Long Term	2.29	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
	Working Capital Term Loan	Long Term	0.63	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
	Term Loan	Long Term	4.58	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
	Term Loan	Long Term	3.00	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
	Term Loan	Long Term	0.60	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
	Term Loan	Long Term	0.52	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
	Term Loan	Long Term	1.00	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
20 Apr 2023	Term Loan	Long Term	5.00	ACUITE BB- Stable (Downgraded from ACUITE BB Negative)
	Term Loan	Long Term	1.71	ACUITE BB- Stable (Downgraded from ACUITE BB Negative)
	Term Loan	Long Term	1.00	ACUITE BB- Stable (Downgraded from ACUITE BB Negative)
	Term Loan	Long Term	0.17	ACUITE BB- Stable (Downgraded from ACUITE BB Negative)
	Term Loan	Long Term	1.04	ACUITE BB- Stable (Downgraded from ACUITE BB Negative)
	Term Loan	Long Term	1.00	ACUITE BB- Stable (Downgraded from ACUITE BB Negative)
	Proposed Long Term Bank Facility	Long Term	9.82	ACUITE BB- Stable (Downgraded from ACUITE BB Negative)
	Term Loan	Long Term	0.26	ACUITE BB- Stable (Downgraded from ACUITE BB Negative)
	Proposed Long Term Bank Facility	Long Term	70.00	ACUITE BB- (Downgraded & Withdrawn from ACUITE BB Negative)
20 Jan 2022	Proposed Long Term Bank Facility	Long Term	90.00	ACUITE BB Negative (Reaffirmed)

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 Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.68	Simple	ACUTE BB Negative Reaffirmed Stable to Negative
Samunnati Financial Intermediation & Services Private Limited	Not avl. / Not appl.	Term Loan	29 Dec 2022	Not avl. / Not appl.	05 Jun 2026	0.48	Simple	ACUTE BB Negative Reaffirmed Stable to Negative
Friends of WWB	Not avl. / Not appl.	Term Loan	26 Sep 2024	Not avl. / Not appl.	31 Dec 2026	1.50	Simple	ACUTE BB Negative Reaffirmed Stable to Negative
Samunnati Financial Intermediation & Services Private Limited	Not avl. / Not appl.	Term Loan	13 Jul 2023	Not avl. / Not appl.	25 Sep 2026	1.02	Simple	ACUTE BB Negative Reaffirmed Stable to Negative
Samunnati Financial Intermediation & Services Private Limited	Not avl. / Not appl.	Term Loan	25 Oct 2023	Not avl. / Not appl.	25 Dec 2026	1.88	Simple	ACUTE BB Negative Reaffirmed Stable to Negative
Samunnati Financial Intermediation & Services Private Limited	Not avl. / Not appl.	Term Loan	29 Dec 2023	Not avl. / Not appl.	05 Jan 2028	0.44	Simple	ACUTE BB Negative Reaffirmed Stable to Negative
Friends of WWB	Not avl. / Not appl.	Term Loan	13 Mar 2024	Not avl. / Not appl.	13 Mar 2026	0.41	Simple	ACUTE BB Negative Reaffirmed

	appl.			appl.				Stable to Negative
Arohan Financial Services (P) Ltd.	Not avl. / Not appl.	Term Loan	23 Sep 2024	Not avl. / Not appl.	26 Sep 2026	1.98	Simple	ACUITE BB Negative Reaffirmed Stable to Negative
Avanti Finance Private Limited	Not avl. / Not appl.	Term Loan	26 Jun 2024	Not avl. / Not appl.	15 Nov 2027	8.01	Simple	ACUITE BB Negative Reaffirmed Stable to Negative
Avanti Finance Private Limited	Not avl. / Not appl.	Working Capital Term Loan	19 Apr 2024	Not avl. / Not appl.	10 May 2026	0.43	Simple	ACUITE BB Negative Reaffirmed Stable to Negative
Avanti Finance Private Limited	Not avl. / Not appl.	Working Capital Term Loan	21 Jun 2023	Not avl. / Not appl.	10 Nov 2025	0.17	Simple	ACUITE BB Negative Reaffirmed Stable to Negative

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About Acuité Ratings & Research

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