

Press Release
HUMANA FINANCIAL SERVICES PRIVATE LIMITED
August 21, 2024
Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Shc R
Bank Loan Ratings	100.00	ACUITE BBB- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	100.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of 'ACUITE BBB-' (read as ACUITE Triple B Minus) on the Rs. 100.00 Cr. bank loan facility of Humana Financial Services Private Limited. The outlook is 'Stable'.

Rationale for the rating

The rating factors in experienced management, comfortable capital structure and gearing levels. HSFPL's CAR stood at 28.53 percent (Tier I: 25.47 percent) as on March 31, 2024. The company reported a gearing level at 3.23 times as on March 31, 2024. The rating factors in improvement in profitability due to growth in AUM. The company reported an AUM of Rs 204.23 Cr. as on March 31, 2024 and Rs 148.54 Cr. as on March 31, 2023 (Rs 140.35 Cr. as on March 31, 2022). The Company reported a Net Interest Income of Rs.17.98 Cr., profit of Rs. 3.94 crore and Return on Average Assets (RoAA) of 3.62 percent as on March 31, 2024. The company has reported a Net Interest Income of Rs.14.69 Cr., profit of Rs. 2.15 crore and Return on Average Assets (RoAA) of 2.70 percent as on March 31, 2023. Acuite takes in cognizance of the decrease in asset quality. The company reported an on time portfolio of 96.8 percent, GNPA of 3.25 percent and NNPA of 0.77 percent as on March 31, 2024. GNPA was 1.16 percent as on March 31, 2023 from 2.12 percent as on March 31, 2022. Additionally, the company has been able to raise resources from a diverse lending base. The rating is however constrained by dependency on the BC portfolio, moderate networth base, geographic concentration, and susceptibility to risks inherent to microfinance segment.

Going forward, the company's ability to raise capital and continue to maintain growth in loan portfolio and improvement in profitability metrics while maintaining asset quality will be a key rating monitorable.

About the company

Humana Financial Services Private Limited (HFSPL) is a Delhi based NBFC-MFI promoted by Mr.Kailash Khandelwal and Mr. Raj Kumar Singh. They both possess around 2 decades of experience. HFSPL received its license on 4th August 2017. The company started the microfinance activity from Feb 1, 2018 and as on 31st Mar '23, the company is working in three states (Rajasthan, Haryana and Uttar Pradesh) with 35 branches and AUM of is Rs 204.23 Cr (Rs 94.4 Cr of Own Portfolio + Rs 109.83 Cr of BC Portfolio) serving total clientele base of 64,744 women.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Humana Financial Services Private Limited to arrive at the rating

Key Rating Drivers

Strength

Experienced management and adequate capitalization but low net worth base:

Humana Financial Services Private Limited (HFSPL) is a Delhi based NBFC-MFI promoted by Mr. Kailash Khandelwal and Mr. Raj Kumar Singh. They both possess around two decades of experience. The company is working in three states (Rajasthan, Haryana, and Uttar Pradesh) with 35 branches, and the total loan outstanding is Rs 204.23 Cr (Rs 94.4 Cr of Own Portfolio + Rs 109.83 Cr of BC portfolio), serving a total clientele base of 64,744 women. HFSPL's capital structure is marked by a low net worth base of Rs. 27.51 Cr. as on March 31, 2024. (Rs. 23.56 Cr. as on March 31, 2023) and a gearing of 3.23 times as of March 31, 2024 (2.89 times as of March 31, 2023). The company has adequate capitalization levels. Overall, CAR stood high at 28.53 percent as of March 31, 2024 and 27.44 percent as on March 31, 2023 (37.10 percent as on March 31, 2022). CAR is primarily comprised of Tier I capital.

Acuité believes that going forward, it will continue to benefit from its experienced management. However, the ability of the company to maintain adequate capitalization levels will be a key rating sensitivity.

Improvement in earnings profile :

The overall AUM stood at Rs 204.23 Cr. as on March 31, 2024 (Rs 148.54 Cr. as on March 31, 2023 and Rs 140.35 Cr. as on March 31, 2022). An improvement in earnings profile is due to increase in AUM. The company reported a net interest income of Rs. 17.98 Cr., profit of Rs. 3.94 crore (after provision writeback) and Return on Average Assets (RoAA) of 3.62 percent as on March 31, 2024. The company reported a net interest income of Rs. 14.69 Cr., profit of Rs. 2.15 crore (after provision writeback) and Return on Average Assets (RoAA) of 2.70 percent as on March 31, 2023.

Weakness

Geographical concentration and risk inherent in microfinance segment:

HFSPL has its operations spread across 3 states spanning 21 districts through its branch network of 35 branches as on March 31, 2024, but the company has most of its loan portfolio concentrated in the state of Rajasthan with around ~47 percent of the AUM as on March 31, 2022 in the said state followed by Haryana with ~25 percent and the rest in the state of Uttar Pradesh which comprised of ~27 percent of the AUM. The company still has high dependence on BC portfolio, however it has improved. The company reported an AUM of Rs 148.54 Cr. as on March 31, 2023 with owned portfolio at Rs 76.58 Cr (51 percent of AUM) and Managed portfolio is Rs 71.96 Cr. (49 percent of AUM.) . The company reported an AUM of Rs 140.35 Cr. as on March 31, 2022 with Owned portfolio at Rs 48.29 Cr (34 percent of AUM) and Managed portfolio is Rs 92.06 Cr. (66 percent of AUM.) . HFSPL takes off book exposure through business correspondence (BC). As on March 2024 its BC portfolio is highly dependent on its partnership with YES bank and CSB Bank.

Susceptibility of deterioration in Asset quality :

The company reported a deterioration in asset quality. The company reported an on time portfolio of 96.8 percent, GNPA of 3.25 percent and NNPA of 0.77 percent as on March 31, 2024. As against 1.16 percent and 0.16 percent as on March 31, 2023 respectively. This can be mainly attributed to the increase in delinquencies in the microfinance industry and loans advanced to new customers having a geographical concentration in the state of Uttar Pradesh.

Rating Sensitivity

- Movement in collection efficiency and asset quality
- Movement in liquidity buffers
- Movement in profitability metric
- Changes in regulatory environment

Liquidity Position

Adequate

The company has unencumbered cash and cash equivalents of Rs. 9.28 Cr. as on March 31, 2024. As per the ALM dated March 31, 2024, No negative cumulative mismatch was noticed in the near to medium term buckets. The average loan extended by HFSPL to its borrower is in the range of 24 to 26 months.

Outlook: Stable

Acuité believes HFSPL will maintain a 'Stable' outlook given its experienced management team and comfortable capitalization. The outlook may be revised to 'Positive' if there is significant scale up of the operations while improving profitability and asset quality. Conversely, the outlook may be revised to 'Negative' in case of growth challenges or if the company faces asset quality or liquidity related challenges.

Other Factors affecting Rating

None

Key Financials - Standalone / Originator

Particulars	Unit	FY24 (Actual)	FY23 (Actual)
Total Assets	Rs Cr.	122.22	95.63
Total Income*	Rs Cr.	20.53	16.10
PAT	Rs Cr.	3.94	2.15
Networth	Rs Cr.	27.51	23.56
Return on Average Assets (ROAA)	(%)	3.62	2.70
Return on Net Worth (RoNW)	(%)	15.44	9.86
Total Debt/Tangible Net Worth (Gearing)	Times	3.23	2.89
Gross NPA's	(%)	3.25	1.16
Net NPA's	(%)	0.77	0.16

*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

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
24 May 2023	Term Loan	Long Term	4.77	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.59	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.30	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.37	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.30	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.25	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.36	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.87	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.48	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.49	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.53	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.73	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.48	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	4.05	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	4.39	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	4.92	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	3.75	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	2.45	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	2.56	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	2.61	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.83	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	3.33	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	11.64	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	4.12	ACUITE BBB- Stable (Reaffirmed)
		Long		ACUITE BBB- Stable

	Term Loan	Term	2.00	(Reaffirmed)
	Term Loan	Long Term	4.00	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	18.83	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	2.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	4.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	2.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	5.00	ACUITE BBB- Stable (Reaffirmed)
21 Jun 2022	Proposed Long Term Loan	Long Term	38.27	ACUITE BBB- Stable (Assigned)
	Proposed Long Term Loan	Long Term	25.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.64	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	0.12	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	0.18	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	0.67	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	0.70	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	0.74	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	0.87	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.60	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	2.29	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	2.50	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	2.50	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	2.65	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	3.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	3.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	3.27	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	10.00	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	19.13	ACUITE BBB- Stable Reaffirmed
Caspian Impact Investment Private Ltd.	Not avl. / Not appl.	Term Loan	17 May 2023	Not avl. / Not appl.	17 May 2025	Simple	0.83	ACUITE BBB- Stable Reaffirmed
Caspian Impact Investment Private Ltd.	Not avl. / Not appl.	Term Loan	17 May 2023	Not avl. / Not appl.	17 May 2025	Simple	1.67	ACUITE BBB- Stable Reaffirmed
Real Touch Finance Limited	Not avl. / Not appl.	Term Loan	05 Apr 2023	Not avl. / Not appl.	05 Oct 2024	Simple	0.37	ACUITE BBB- Stable Reaffirmed
IDFC First Bank Limited	Not avl. / Not appl.	Term Loan	07 Jun 2023	Not avl. / Not appl.	07 Jun 2025	Simple	2.29	ACUITE BBB- Stable Reaffirmed
Arohan Financial Services Limited	Not avl. / Not appl.	Term Loan	15 Mar 2024	Not avl. / Not appl.	16 Mar 2026	Simple	3.25	ACUITE BBB- Stable Reaffirmed
Arohan Financial Services Limited	Not avl. / Not appl.	Term Loan	30 Aug 2023	Not avl. / Not appl.	28 Aug 2025	Simple	2.90	ACUITE BBB- Stable Reaffirmed
DCB Bank Limited	Not avl. / Not appl.	Term Loan	31 Jan 2024	Not avl. / Not appl.	31 Mar 2026	Simple	4.16	ACUITE BBB- Stable Reaffirmed
Ambit Finvest Pvt. Ltd.	Not avl. / Not appl.	Term Loan	31 Aug 2023	Not avl. / Not appl.	05 Sep 2025	Simple	1.87	ACUITE BBB- Stable Reaffirmed
BlackSoil Capital Private Limited	Not avl. / Not appl.	Term Loan	17 Oct 2023	Not avl. / Not appl.	30 Sep 2025	Simple	2.92	ACUITE BBB- Stable Reaffirmed
Caspian Impact Investment Private Ltd.	Not avl. / Not appl.	Term Loan	25 Jan 2024	Not avl. / Not appl.	29 Dec 2025	Simple	2.22	ACUITE BBB- Stable Reaffirmed
Caspian Impact Investment Private Ltd.	Not avl. / Not appl.	Term Loan	28 Dec 2023	Not avl. / Not appl.	29 Dec 2025	Simple	1.42	ACUITE BBB- Stable Reaffirmed
Grow Money Capital Private Limited	Not							ACUITE

(Erstwhile Eclear Leasing & Finance Private Limited)	avl. / Not appl.	Term Loan	02 Mar 2024	Not avl. / Not appl.	05 Mar 2026	Simple	2.56	BBB- Stable Reaffirmed
Friends of WWB	Not avl. / Not appl.	Term Loan	05 Mar 2024	Not avl. / Not appl.	28 Feb 2026	Simple	1.65	ACUITE BBB- Stable Reaffirmed
Friends of WWB	Not avl. / Not appl.	Term Loan	31 Oct 2023	Not avl. / Not appl.	31 Oct 2025	Simple	1.30	ACUITE BBB- Stable Reaffirmed
IDFC First Bank Limited	Not avl. / Not appl.	Term Loan	22 Apr 2024	Not avl. / Not appl.	22 Apr 2026	Simple	4.38	ACUITE BBB- Stable Reaffirmed
Incred Financial Services Limited	Not avl. / Not appl.	Term Loan	30 May 2024	Not avl. / Not appl.	10 Jun 2026	Simple	3.86	ACUITE BBB- Stable Reaffirmed
Incred Financial Services Limited	Not avl. / Not appl.	Term Loan	29 Jun 2023	Not avl. / Not appl.	10 Aug 2025	Simple	2.16	ACUITE BBB- Stable Reaffirmed
Maanaveeya Development & Finance Private Limited	Not avl. / Not appl.	Term Loan	30 Mar 2024	Not avl. / Not appl.	30 Nov 2025	Simple	3.17	ACUITE BBB- Stable Reaffirmed
Nabsamruddhi Finance Limited	Not avl. / Not appl.	Term Loan	22 Dec 2023	Not avl. / Not appl.	31 Dec 2025	Simple	3.70	ACUITE BBB- Stable Reaffirmed
Vivrit Capital Private Ltd.	Not avl. / Not appl.	Term Loan	12 Dec 2023	Not avl. / Not appl.	05 Dec 2025	Simple	3.54	ACUITE BBB- Stable Reaffirmed
A U Small Finance Bank	Not avl. / Not appl.	Term Loan	29 Jun 2024	Not avl. / Not appl.	18 Jun 2026	Simple	6.00	ACUITE BBB- Stable Reaffirmed
A U Small Finance Bank	Not avl. / Not appl.	Term Loan	29 Aug 2023	Not avl. / Not appl.	18 Sep 2025	Simple	4.67	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	24 Jan 2022	Not avl. / Not appl.	30 Dec 2024	Simple	1.14	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	31 Dec 2021	Not avl. / Not appl.	31 Jan 2025	Simple	0.38	ACUITE BBB- Stable Reaffirmed
Usha Financial Services Private Ltd.	Not avl. / Not appl.	Term Loan	19 May 2022	Not avl. / Not appl.	18 Jan 2024	Simple	0.53	ACUITE BBB- Stable Reaffirmed

Usha Financial Services Private Limited	Not avl. / Not appl.	Term Loan	29 Sep 2022	Not avl. / Not appl.	30 May 2024	Simple	0.73	ACUITE BBB- Stable Reaffirmed
A U Small Finance Bank	Not avl. / Not appl.	Term Loan	28 Jul 2022	Not avl. / Not appl.	03 Aug 2024	Simple	0.24	ACUITE BBB- Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	02 Sep 2022	Not avl. / Not appl.	31 Aug 2025	Simple	1.97	ACUITE BBB- Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	04 Mar 2023	Not avl. / Not appl.	30 Apr 2026	Simple	3.06	ACUITE BBB- Stable Reaffirmed
DCB Bank Limited	Not avl. / Not appl.	Term Loan	30 Jul 2022	Not avl. / Not appl.	30 Sep 2024	Simple	0.40	ACUITE BBB- Stable Reaffirmed
Incred Financial Services Limited	Not avl. / Not appl.	Term Loan	10 Oct 2022	Not avl. / Not appl.	10 Oct 2024	Simple	0.43	ACUITE BBB- Stable Reaffirmed
UC Inclusive Private Ltd.	Not avl. / Not appl.	Term Loan	28 Oct 2022	Not avl. / Not appl.	08 Nov 2024	Simple	0.57	ACUITE BBB- Stable Reaffirmed
Friends of WWB	Not avl. / Not appl.	Term Loan	23 Nov 2022	Not avl. / Not appl.	30 Nov 2024	Simple	0.52	ACUITE BBB- Stable Reaffirmed
Friends of WWB	Not avl. / Not appl.	Term Loan	16 Dec 2022	Not avl. / Not appl.	31 Dec 2024	Simple	0.43	ACUITE BBB- Stable Reaffirmed
Caspian Impact Investment Private Ltd.	Not avl. / Not appl.	Term Loan	05 Dec 2022	Not avl. / Not appl.	05 Dec 2024	Simple	0.67	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	28 Dec 2022	Not avl. / Not appl.	27 Jan 2026	Simple	5.80	ACUITE BBB- Stable Reaffirmed
Maanaveeya Development & Finance Private Limited	Not avl. / Not appl.	Term Loan	29 Dec 2022	Not avl. / Not appl.	27 Apr 2025	Simple	1.46	ACUITE BBB- Stable Reaffirmed
Grow Money Capital Private Limited (Erstwhile Eclear Leasing & Finance Private Limited)	Not avl. / Not appl.	Term Loan	30 Mar 2023	Not avl. / Not appl.	05 Apr 2025	Simple	1.65	ACUITE BBB- Stable Reaffirmed

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