



**Press Release**  
**Humana Financial Services Private Limited**  
**May 24, 2023**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
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 30.59 percent (Tier I: 28.00 percent) as on February 28, 2023. The company reported a gearing level at 2.90 times as on March 31, 2023 (Provisional). The rating factors in improvement in profitability due to growth in AUM. The company reported an AUM of Rs 151.23 Cr. as on March 31, 2023 and Rs 140.35 Cr. as on March 31, 2022 (Rs 138.05 Cr. as on March 31, 2021). The Company reported an Net Interest Income of Rs.14.69 Cr. profit of Rs. 3.38 crore (after provisional writeback) and Return on Average Assets (RoAA) of 4.24 percent as on March 31, 2023 (Provisional). The company has reported an Net Interest Income of Rs.12.53 Cr. profit of Rs. 2.52 crore (after provisional writeback) and Return on Average Assets (RoAA) of 3.86 percent as on March 31, 2022. Acuite takes in cognizance of the improvement in asset quality. The company reported an on time portfolio of 98.56 percent, GNPA of 1.16 percent and NNPA of 0.20 percent as on March 31, 2023. GNPA improved to 2.12 percent as on March 31, 2022 from 6.36 percent as on March 31, 2021. Additionally, the company has been able to raise resources from a diverse lending base. The rating is however constrained by high 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'22, the company is working in three states (Rajasthan, Haryana and Uttar Pradesh) with 26 branches and total loan outstanding is Rs151.23 Cr (Rs 76.58 Cr of BC Portfolio + Rs 74.65 Cr of Own Portfolio) serving total clientele base of 58,970 poor women.

## **Analytical Approach**

Acuité 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 state (Rajasthan, Haryana, and Uttar Pradesh) with 26 branches, and the total loan outstanding is Rs151.23 Cr (Rs 76.58 Cr of Own Portfolio + Rs 74.65 Cr of BC portfolio), serving a total clientele base of 58,970 women. HFSPL's capital structure is marked by a low net worth base of Rs. 23.50 Cr. as on March 31, 2023 (provisional) (Rs. 20.12 Cr. as on March 31,2022) and a gearing of 2.90 times as of March 31,2023 (1.98 times as of March 31,2022). During FY 2022-23, HFSPL's networth base has increased due to increase in retained earnings. The company has adequate capitalization levels. Overall, CAR stood high at 30.59 percent as of March 31, 2023 and 35.00 percent as on March 31, 2022 (37.84 percent as on March 31, 2021). 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 and comfortable asset quality:**The overall AUM stood at Rs 151.23 Cr. as on March 31, 2023 (Rs 140.35 Cr. as on March 31, 2022 and Rs 138.05 Cr. as on March 31, 2021). An improvement in earnings profile is due to increase in AUM. The company reported a net interest income of Rs.14.69 Cr. profit of Rs. 3.38 crore (after provision writeback) and Return on Average Assets (RoAA) of 4.24 percent as on March 31, 2023 (provisional) . The company reported a net interest income of Rs.12.53 Cr. profit of Rs. 2.52 crore (after provision writeback) and Return on Average Assets (RoAA) of 3.86 percent as on March 31, 2022. The company's asset quality has improved, with company reporting an on time portfolio at 98.56 percent as on March 31, 2023, GNPA and NNPA at 1.16 percent and 0.20 percent, respectively, as on March 31, 2023. GNPA improved to 2.12 percent as of March 31, 2022, from 6.36 percent as of March 31, 2021.

### Weakness

#### **Geographical concentration and risk inherent in microfinance segment: High dependence on BC portfolio alebiet improving:**

HFSPL has its operations spreads across 3 states spanning 15 districts through its branch network of 26 branches as on March 31, 2023, but the company has most of its loan portfolio concentrated in the state of Rajasthan with around 47.11 percent of the AUM as on March 31, 2022 in the said state followed by Haryana with 25.15 percent and the rest in the state of Uttar Pradesh which comprised of 27.74 percent of the AUM.The company still has high dependent on BC portfolio, however it has improved. The company reported an AUM of Rs 151.23 Cr. as on March 31, 2023 with owned portfolio at Rs 76.58 Cr (51 percent of AUM) and Managed portfolio is Rs 74.65 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 2023 its BC portfolio is highly dependent on its sole partnership with YES bank.

### Rating Sensitivity

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

### Material Covenants

Humana Financial Services Private Limited is subject to covenants stipulated by its

lenders/investors in respect of various parameters like capital structure, asset quality among others.

### Liquidity Position Adequate

The company has unencumbered cash and cash equivalents of Rs. 6.05 Cr. as on March 31, 2023 (Provisional). As per the ALM dated March 31, 2023, No negative cumulative mismatch was noticed in the near to medium term buckets. Out of total borrowings of Rs. 68.17 crore, Rs. 39.41 Cr. (~58.00 percent of 68.17 Crore) would be due for repayment in the buckets upto 1 year. The average loan extended by HFSP to its borrower is in the range of 24 to 26 months.

### Outlook:

Acuité believes HFSP 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	FY23 (Provisional)	FY22 (Actual)	FY21 (Actual)
Total Assets	Rs Cr.	95.60	64.06	66.47
Total Income*	Rs Cr.	16.11	13.22	11.20
PAT	Rs Cr.	3.38	2.52	1.06
Networth	Rs Cr.	23.50	20.12	17.60
Return on Average Assets (ROAA)	(%)	4.24	3.86	2.34
Return on Net Worth (RoNW)	(%)	15.51	13.35	8.02
Total Debt/Tangible Net Worth (Gearing)	Times	2.90	1.98	2.51
Gross NPA's	(%)	1.16	2.12	6.36
Net NPA's	(%)	0.2	0.87	0.00

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

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

Not Applicable

### Any other information

Not Applicable

### 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
21 Jun 2022	Proposed Long Term Loan	Long Term	38.27	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	2.50	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	1.60	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	3.27	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	0.87	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	0.70	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	3.00	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	2.50	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	0.12	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	0.67	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	0.74	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	0.18	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	2.29	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	10.00	ACUITE BBB-   Stable (Assigned)
	Proposed Long Term Loan	Long Term	25.00	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	1.00	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	1.64	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	3.00	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	2.65	ACUITE BBB-   Stable (Assigned)

## Rating History :

## 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 Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	18.83	ACUITE BBB-   Stable   Reaffirmed
Caspian Impact Investment Private Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.00	ACUITE BBB-   Stable   Reaffirmed
Caspian Impact Investment Private Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	4.00	ACUITE BBB-   Stable   Reaffirmed
Real Touch Finance Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.00	ACUITE BBB-   Stable   Reaffirmed
IDFC First Bank Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	5.00	ACUITE BBB-   Stable   Reaffirmed
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	4.77	ACUITE BBB-   Stable   Reaffirmed
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.59	ACUITE BBB-   Stable   Reaffirmed
UC Inclusive Private Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.30	ACUITE BBB-   Stable   Reaffirmed
Maanaveeya Development & Finance Private Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.00	ACUITE BBB-   Stable   Reaffirmed
Incred Financial Services Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.37	ACUITE BBB-   Stable   Reaffirmed
Incred Financial Services Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.30	ACUITE BBB-   Stable   Reaffirmed
Ananya Finance For Inclusive Growth Private Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.25	ACUITE BBB-   Stable   Reaffirmed
Caspian								ACUITE



Impact Investment Private Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.00	BBB-   Stable   Reaffirmed
Eclear Leasing & Finance Private Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.36	ACUITE BBB-   Stable   Reaffirmed
Friends of WWB	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.87	ACUITE BBB-   Stable   Reaffirmed
Friends of WWB	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.48	ACUITE BBB-   Stable   Reaffirmed
Arohan Financial Services Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.49	ACUITE BBB-   Stable   Reaffirmed
Usha Financial Services Private Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.53	ACUITE BBB-   Stable   Reaffirmed
Usha Financial Services Private Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.73	ACUITE BBB-   Stable   Reaffirmed
Ananya Finance For Inclusive Growth Private Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.48	ACUITE BBB-   Stable   Reaffirmed
A U Small Finance Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	4.05	ACUITE BBB-   Stable   Reaffirmed
Union Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	4.39	ACUITE BBB-   Stable   Reaffirmed
Union Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	4.92	ACUITE BBB-   Stable   Reaffirmed
DCB Bank Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	3.75	ACUITE BBB-   Stable   Reaffirmed
Incred Financial Services Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.45	ACUITE BBB-   Stable   Reaffirmed
UC Inclusive Private Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.56	ACUITE BBB-   Stable   Reaffirmed

Friends of WWB	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.61	ACUITE BBB-   Stable   Reaffirmed
Friends of WWB	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.83	ACUITE BBB-   Stable   Reaffirmed
Caspian Impact Investment Private Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	3.33	ACUITE BBB-   Stable   Reaffirmed
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	11.64	ACUITE BBB-   Stable   Reaffirmed
Maanaveeya Development & Finance Private Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	4.12	ACUITE BBB-   Stable   Reaffirmed
Maanaveeya Development & Finance Private Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.00	ACUITE BBB-   Stable   Reaffirmed
Eclear Leasing & Finance Private Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	4.00	ACUITE BBB-   Stable   Reaffirmed

## Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 <a href="mailto:aditya.gupta@acuite.in">aditya.gupta@acuite.in</a>	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>
Kunda Aditii Senior Analyst-Rating Operations Tel: 022-49294065 <a href="mailto:aditii.kunda@acuite.in">aditii.kunda@acuite.in</a>	

### About Acuité Ratings & Research

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