



## Press Release

### Humana Financial Services Private Limited

April 19, 2021

#### Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
1.	Proposed Long Term Bank Facilities	25.00	IVR BB+/Stable Outlook (IVR Double B Plus with Stable Outlook)	Assigned
	<b>Total</b>	<b>25.00</b>		

#### Details of Facilities are in Annexure 1

#### Detailed Rationale

The rating assigned to the bank facilities of Humana Financial Services Private Limited comfort from its extensive experience of management and established track record of operations. The rating also factors its significant increase in operations and satisfactory asset quality. However, these rating strengths are partially offset by geographical concentration and modest scale of operations.

#### Key Rating Sensitivities:

##### Upward Factor:

- ✓ A significant increase in the scale of operations, without a significant impact on the asset quality, maintenance of adequate liquidity and maintaining a prudent capital structure

##### Downward factor:

- ✓ Inability to increase the scale of operations and/or significant deterioration in the asset quality, along with a substantial increase in leverage, all on a sustained basis, could result in a negative rating action.



## Press Release

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### Extensive experience of Management

The senior management team has extensive experience in lending business. Mr. Kailash Khandelwal is the Managing Director of the company and has over two decades of experience in microfinance operations, strategy and planning, business analysis and development, community development projects, Project implementation, Fundraising, establishing linkage of bottom of pyramid with market and capacity building. Mr. Sanjeev Bhatt is also the director of the company who also has almost two decades of experience into business development, networking, identifying new opportunities, administration, establish and nurture partnerships. Mr. Ashoka Kumar Pahwa is an independent director of the company who has almost four decades of experience into handling large corporates, mid corporates, SME & retail banking, project finance, housing loans, loans against property, mortgages, and business loans. Mr. Ashish Kumar Gupta is also an independent director of the company who has past experience into varying organizational set-ups viz NGO, government project, development company, microfinance institutions, consultancy set-ups and self-promoted enterprise. The board members of the company also include professionals who have extensive experience into microfinance business.

##### Significant increase in operations and Satisfactory Asset Quality

The total income and portfolio of the company increased significantly over the last two years. Total income of the company increased to Rs.9.73 Crores in FY20 as against Rs.2.45 Crores in FY19. As per 9MFY21 (Prov) results, total income reported by the company is Rs.12.27 Crores. Company reported profit after tax of Rs.1.33 Crores in FY20 as against Rs.0.05 Crore in FY19. As per 9MFY21 (Prov) results, PAT reported by the company is Rs.2.47 Crores. Total Portfolio (Own Portfolio + BC Portfolio) increased from Rs.17.89 Crores in FY19 to Rs.131.09 Crores in FY20. Out of this own portfolio stands at Rs.40.43 Crores in FY20 compared to Rs.17.89 Crores in FY19. As on December 31, 2020 total portfolio stands at Rs.125.62 Crores, out of this own portfolio stands at Rs.38.52 Crores. The asset quality remained satisfactory as GNPA stands at 3.58% and NNPA stands at 1.24% as per 9MFY21 (Prov) results.



## Press Release

### **Established Track Record of Operations**

Humana People to People to India was incorporated in the year 1998. HPPI is a development organization registered as a not-for-profit company under section 25 of the Companies Act, 1956. HPPI works under 5 programs namely Education, Environment, Health, Livelihood and Microfinance. HPPI merged its microfinance portfolio into Humana Financial Services Private Limited (HFSPL). HFSPL would benefit from the long experience of HPPI into microfinance.

### **Key Rating Weaknesses**

#### **Geographical Concentration and Modest Scale of Operations**

The Scale of the operations of the company remains modest as reflected by its own loan portfolio of Rs.40.43 Crores and total portfolio (Own Portfolio + BC Portfolio) of Rs.131.09 Crores as on March 31, 2020. In terms of geographical presence, the entity is operating currently in three states i.e. Rajasthan, Haryana and Uttar Pradesh. Rajasthan is the main state of operations for the company which accounts for almost 53% of the total loan portfolio as per 9MFY21 (Prov) results. Rajasthan and Haryana together account for ~88% of the total loan portfolio as per 9MFY21 (Prov) results. There is high concentration into two states, the company is exposed to the risk of geographical concentration.

#### **Challenging operating environment for NBFIs**

Currently, NBFIs in India are facing liquidity and funding challenges, resulting in subdued growth/ degrowth and potential ALM mismatches in the short term. This is also expected to adversely affect the borrowing profile and profitability of NBFIs. The COVID-19 pandemic has aggravated the liquidity issues of NBFIs, with the resultant impact on asset quality and profitability. Furthermore, Company operates in a highly competitive microfinance space, thereby its ability to demonstrate profitable growth while maintaining asset quality over the medium term will be critical.

**Analytical Approach:** Standalone

**Applicable Criteria:**

Rating Methodology for Non-Banking Finance Companies  
Financial Ratios & Interpretation (Financial Sector)



## Press Release

### **Liquidity - Adequate**

Liquidity is marked adequate by adequate Capital adequacy ratio of 37.13% on March 31, 2020 and 42.20% as on December 31, 2020 which is well above the stipulated regulatory norm of 15%. HFSP's collection efficiency for the month of December, 2020 has been around 95%. Apart from it, the Company had cash and cash equivalents of about Rs.3.38 Crores as on March 31st, 2020. As the advances comprise relatively shorter tenure microfinance loans compared to the tenure of the borrowed funds, the asset liability maturity profile expected to remain adequate.

### **About the Entity**

Humana Financial Services Private Limited (HFSP) is Delhi based NBFC-MFI received license on 4th August 2017. The Company started the micro finance activity from February 01, 2018. Company's sister organization i.e. Humana People to People Microfinance (HPP-MFI) was also engaged in microfinance since 2011 but the micro finance unit of the same has been merged with HFSP in December, 2019. Currently the company is operational in Haryana, Rajasthan and Uttar Pradesh with 23 branches spread across these states serving total clientele base of 63881 active borrowers.

### **Financials (Standalone):**

For the year ended*/As on	(Rs. crore)	
	31-03-2019	31-03-2020
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	2.45	9.73
Interest Expenses	1.23	3.68
PAT	0.05	1.33
Total Debt	15.08	33.89
Tangible Net worth	8.90	17.53
Total Loan Assets (Own)	17.89	40.43
PAT Margin (%)	2.04	13.66
Overall Gearing Ratio (x)	1.69	1.93
Gross NPA (%)	0.14	0.21
Net NPA (%)	0.00	0.00

\*Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA: NA**

**Any other information: Nil**



## Press Release

### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Fund Based Bank Facilities Proposed	Long Term	25.00	IVR BB+/Stable Outlook (IVR Double B Plus with Stable Outlook)	-	-	-

**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](http://www.infomerics.com).

### Name and Contact Details of the Rating Analyst:

Name: Mr. Deepak Kumar  
Tel: (011) 24601142  
Email: [deepak.kumar@infomerics.com](mailto:deepak.kumar@infomerics.com)

### About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.



## Press Release

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Proposed Long Term Bank Facility	-	-	-	25.00	IVR BB+/Stable Outlook (IVR Double B Plus with Stable Outlook)