

Rating Rationale

February 11, 2026 | Mumbai

Hindusthan Microfinance Private Limited

Rating reaffirmed at 'Crisil BB+ / Stable'

Rating Action

Total Bank Loan Facilities Rated	Rs.50 Crore
Long Term Rating	Crisil BB+/Stable (Reaffirmed)

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1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has reaffirmed its 'Crisil BB+/Stable' rating on the long-term bank facilities of Hindusthan Microfinance Private Limited (HMPL).

The rating continues to factor in the company's ability to maintain strong tie-up with banks, non-banking financial companies (NBFCs) and multistate co-operative societies, its adequate capital position, and the extensive experience of management in the microfinance space. These strengths are partially offset by the modest scale of operations within on-book portfolio and potential risk from local socio-political issues in the microfinance sector.

The company has seen consistent growth in its assets under management (AUM), which reached Rs 635.5 crore as on March 31, 2025, from Rs 486.5 crore as on March 31, 2024, registering a 30.6% year-on-year growth. The AUM further grew to Rs 649.3 crore as on September 30, 2025. The company has managed this growth by maintaining strong relationships with multistate co-operative societies, banks and NBFCs, which helped them scale up their business correspondent portfolio. The capital position of the company continues to be adequate for its current scale of operations at Rs 16.5 crore and gearing at 1.0 times as on September 30, 2025 (Rs 16.1 crore and 1.5 times, respectively, as on March 31, 2025, as compared with Rs 14.8 crore and 1.4 times, respectively, as on March 31, 2024).

Analytical Approach

To arrive at the ratings, Crisil Ratings has evaluated the standalone business and financial risk profiles of HMPL.

Key Rating Drivers - Strengths

Strong management team with experience in lending space:

HMPL was established by Mr. Anil Jadhav with a view to provide financial services through JLG (joint liability group) loans. The prime business of the company involves acting as business correspondent wherein the counterparties are mainly banks, NBFCs and multi-state co-operative credit societies. Prior to the establishment of the company, Mr Jadhav was associated with many co-operative societies and helped them to roll out newer financing products. He has total experience of over four decades in working with co-operative societies. Prior to starting NBFC, in the year 1992, Mr Jadhav established Hindusthan Cooperative Credit Society. This society was an early entrant to start microfinance loans for the urban borrowers in 2003. Later, Mr Jadhav established HMPL (non-banking financial company microfinance institution [NBFC-MFI]) and started microfinance operations (on-book as well as BC) through this company. Mr. Satishkumar Rao has also joined as one of the key management personnel on the board of HMPL. He has been associated with the banking industry for more than two decades and has worked with many large domestic and foreign banks. Mr Rao looks after some of the critical verticals that include risk management, audit and IT systems. He is also responsible for managing the treasury (primarily debt funding and equity) for the company.

Adequate capital position:

The networth stood at Rs 16.5 crore as on September 30, 2025. Given that 97% of the overall AUM is under the BC portfolio, the company doesn't rely majorly on any external borrowings. The gearing stood at 1.0 times as on September 30, 2025 (1.5 times as on March 31, 2025, as compared with 1.4 times as on March 31, 2024). The arrangement between societies and that of HMPL is such that in case of delays or default, the company is not liable for any credit loss. Crisil Ratings, therefore, believes that its current capital position is adequate for managing the on-book portfolio. Furthermore, since the company has been consistently reporting profit, these gradual accretions are expected to strengthen the capital position over the medium term. Nevertheless, since the company also endeavours to grow its on-book portfolio, its ability to raise capital will remain a key rating sensitivity factor.

Improving asset quality backed by risk-free business model:

HMPL serves as a business correspondent for a diverse range of financial institutions, including two co-operative credit societies (Godavari Urban Multistate Co-operative Society Ltd and Buldana Urban Co-op Credit Society Ltd), two commercial banks (CSB Bank and IDBI Bank Ltd), one small finance bank (ESAF Small Finance Bank Ltd), and three NBFCs (Axis Finance Ltd, Avanti Finance Ltd and RICHMAX Finvest Pvt Ltd). As on September 30, 2025, the company

manages AUM of Rs 649 crore, with Rs 362 crore (55.75%) of the loan portfolio attributed to micro LAP (secured loan) offerings. The remaining portfolio is focused on JLG products.

The company has been having unique arrangements with two co-operative societies wherein there is no FLDG (first loss default guarantee), or any other upfront commitment provided in the event of credit loss. As per the terms and conditions of the business correspondent arrangement, HMPL carries out entire operational process i.e. from origination to collections for the microfinance book. However, in the event of default from borrowers (normal cause), the ultimate responsibility of credit loss will lie up to the respective co-operative societies. Nevertheless, HMPL will be liable to face credit loss only in case of two instances i.e. in case of death of borrower (which is anyways covered by credit insurance) or loss occurring due to fraud committed by the employee. Nevertheless, the business model of the company is linked with interest-sharing that is done by co-operative societies. Therefore, while the chances of credit loss are limited or nil, the revenue generating capability is linked with collection efficiency. In terms of collection efficiency, it has remained in the range of 95–100% during the last nine months. Crisil Ratings believes that the ability of the company to maintain its asset quality, particularly in its on-book portfolio (which the company endeavors to grow) will remain key rating sensitivity factor.

Key Rating Drivers - Weaknesses

Modest scale of operations within on-book portfolio:

The on-book portfolio has been degrowing over the last three fiscals. The on-book size decreased to Rs 21.0 crore as on September 30, 2025, as compared with Rs 30.6 crore in fiscal 2022. The company continues to focus on building its business correspondent portfolio given it has faced limitations in raising adequate resources to fund its on-book portfolio. This has, in turn, resulted in having higher dependence on the business correspondent business both in terms of market position and profitability. Nevertheless, this focus on off-book portfolio has been resulting in generating higher revenue in comparison to revenue that otherwise would have generated from on-book portfolio. Crisil Ratings, however, believes in the ability of the company to raise funds in order to achieve its projected off-book portfolio. Furthermore, the growth of off-book portfolio and on-book portfolio will be critical to provide stability to the company's overall credit profile.

Susceptibility to potential risk from sociopolitical issues in the microfinance sector and inherently modest credit risk profile of borrowers:

The microfinance sector has witnessed various events over the years, including regulatory and legislative challenges that have disrupted operations. Some of these events include the Andhra crisis, demonetisation in 2016, Covid-19 pandemic and sociopolitical issues in certain states. These events have adversely affected the sector, elevating delinquencies and hurting the profitability and capitalisation metrics of NBFC-MFIs. These challenges underscore the vulnerability of the microfinance business model to external risks. Covid-19 introduced new challenges, aggravating existing vulnerabilities in the microfinance sector by heightening credit risks and the likelihood of loan default by borrowers. While the sector has navigated these events, it remains susceptible to issues, including local elections, natural calamities and borrower protests, which may increase delinquencies for a while. Nevertheless, the company was able to manage its portfolio fairly well without significant impact on recoveries. However, MFIs remain vulnerable to socially sensitive factors and the macroeconomic scenario. Furthermore, the sector is regulated by multiple bodies which, from time to time, have been providing several directives to maintain credit discipline and avoid over indebtedness for borrowers. Hence, the ability to maintain profitable business growth will remain monitorable.

Liquidity Adequate

Liquidity has been adequate because of low debt on the company's books. As on January 15, 2026, the company had liquidity of Rs 4.64 crore. Against this, total debt obligation (including operating expense) is around Rs 14.5 crore up to March 31, 2026. This represents liquidity cover of 1.4 times (including 75% collection).

Outlook Stable

Crisil Ratings believes HMPL will continue to benefit from its adequate capital position and the extensive experience of its management in the microfinance space.

Rating sensitivity factors

Upward factors:

- Significant scale-up of on-book portfolio while maintaining operational cost
- Sustainable improvement in the asset quality in both on-book and business correspondent book with 90+ days past due (dpd) improving to below 2%
- Improvement in the capital position with increase in networth and gearing maintained below 3 times
- Sustained relationship with co-operative societies in order ensure growth of the business correspondent portfolio

Downward factors:

- Closure of relationship with any of co-operative society leading to substantial fall in the BC portfolio and its consequent impact on the overall credit risk profile
- Deterioration in asset quality, with 90+ dpd at AUM level (including BC) increasing to above 6%
- Earnings profile remaining average with RoMA of less than 0.5%

About the Company

Established in 2008, HMPL is a registered NBFC-MFI with the Reserve Bank of India (RBI), though its major operations commenced in 2015. The company primarily provides income-generating loans to enterprising low-income clients. Its core business involves acting as a business correspondent, with its key counterparties being co-operative credit societies.

The company operates both on-book lending and business correspondent services. As on September 30, 2025, the company manages a loan portfolio of approximately Rs 649 crore, diversified across seven states — Maharashtra, Karnataka, Gujarat, Rajasthan, Madhya Pradesh, Telangana and Andhra Pradesh.

The company offers two primary products — JLG loans and micro-LAP (secured loan).

Key Financial Indicators

Particulars	Unit	H1 FY 2026 Sept-25	FY 2025 Mar'25	FY 2024 Mar-24	FY 2023 Mar-23
Total managed assets	Rs crore	649.3	635.5	487.8	354.7
Total income	Rs crore	27.2	54.1	45.7	34.5
Profit after tax	Rs crore	0.4	0.8	0.6	0.4
GNPA (on-book)	%	3.4	0.9	0.7	0.5
90+ dpd	%	2.4	1.6	0.8	1.0
Gearing	Times	1.0	1.5	1.4	2.3
Return on managed assets*	%	0.1	0.1	0.1	0.2

*Annualised

Status of non cooperation with previous CRA

Hindusthan Microfinance has not cooperated with Brickwork Ratings India Private Limited which has classified it as Issuer non cooperative vide release dated 24-Sep-2020. The reason provided by Brickwork Ratings India Private Limited is absence of adequate information from the firm

Any other information: Not applicable

Note on complexity levels of the rated instrument:

Crisil Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

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Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Cash Credit	NA	NA	NA	1.00	NA	Crisil BB+/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	38.99	NA	Crisil BB+/Stable
NA	Term Loan	NA	NA	30-Nov-27	9.11	NA	Crisil BB+/Stable
NA	Term Loan	NA	NA	30-Aug-26	0.34	NA	Crisil BB+/Stable
NA	Term Loan	NA	NA	17-May-26	0.56	NA	Crisil BB+/Stable

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2026 (History)		2025		2024		2023		Start of 2023
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	50.0	Crisil BB+/Stable		--		--	28-11-24	Crisil BB+/Stable	31-08-23	Crisil BB+/Stable	Crisil BB+/Stable
			--		--		--		--	17-01-23	Crisil BB+/Stable	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit	1	State Bank of India	Crisil BB+/Stable
Proposed Long Term Bank Loan Facility	38.99	Not Applicable	Crisil BB+/Stable
Term Loan	9.11	State Bank of India	Crisil BB+/Stable
Term Loan	0.34	Rar Fincare Limited	Crisil BB+/Stable
Term Loan	0.56	Vivriti Capital Limited	Crisil BB+/Stable

Criteria Details

Links to related criteria[Basics of Ratings \(including default recognition, assessing information adequacy\)](#)[Criteria for Finance and Securities companies \(including approach for financial ratios\)](#)

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