

August 22, 2025

## CreditAccess Grameen Limited: Change in limits

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund based – Bank facilities	6,300.00	6,300.00	[ICRA]AA- (Stable); outstanding
Non-convertible debentures (public issuances)	2,000.00	2,000.00	[ICRA]AA- (Stable); outstanding
Commercial paper	500.00	500.00	[ICRA]A1+; outstanding
<b>Total</b>	<b>8,800.00</b>	<b>8,800.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating factors in CreditAccess Grameen Limited's (CAGL) established track record and market position as well as its comfortable capitalisation profile. ICRA notes that CAGL's asset quality performance was impacted in FY2025 & Q1 FY2026, due to various factors in the microfinance sector, including borrower overleveraging, socio-political disruptions and operational challenges largely related to the attrition of field employees. The company's 0+ and 90+ days past due (dpd) increased to 6.9% and 3.3%, respectively, as of March 2025 (5.9% and 3.3%, respectively, in June 2025) from 1.7% and 0.9%, respectively, as of March 2024 (1.5% and 1.0%, respectively, as of March 2023). Further, it undertook write-offs of 4.3% & 2.7% {of the closing assets under management (AUM)} in FY2025 & Q1 FY2026 respectively. CAGL's credit costs<sup>1</sup> increased to 6.3% and 7.7% in FY2025 and Q1 FY2026 respectively vis-à-vis 1.5% in FY2024, resulting in lower profitability (return on average managed assets; RoMA) of 1.8% and 0.8% in FY2025 & Q1 FY2026 respectively compared to 5.3% in FY2024 (3.8% in FY2023). As of March 2025, the company was in breach of covenants with certain lenders. However, the company has received waivers from most of these lenders and is actively engaging with them for incremental funding.

The company's portfolio stood at Rs. 26,055 crore as of June 2025. It remained flat during Q1 FY2026 after declining by 3% in FY2025 as CAGL consciously slowed down its disbursements in response to the moderation in the asset quality. Consequently, the managed gearing improved and stood at 3.2 times as of March and June 2025 (3.8 times as of March 2024). CAGL's managed gearing is expected to remain below 4.5 times in the medium term.

The ratings also consider the ongoing risks inherent in the microfinance business, considering the modest borrower profile and the regionally concentrated portfolio with Karnataka accounting for 31.1% of the portfolio as of June 2025 (31.8% as of March 2024). Operations in Karnataka were impacted recently as the Government of Karnataka brought in an ordinance to restrict certain practices in the microfinance industry. This led to higher delinquencies in the state during Q4 FY2025 – Q1 FY2026. Stabilisation of the performance in Karnataka, given CAGL's high portfolio concentration, would be a key monitorable. Nevertheless, ICRA notes that the company has been steadily expanding its geographical presence in the recent past and had operations in 17 states/Union Territories (UTs), spread across 433 districts and 2,114 branches. ICRA takes note of the company's significant rural presence and its predominantly weekly/biweekly collection model, which leads to better client engagement levels.

<sup>1</sup> As a percentage of average managed assets

The Stable outlook reflects CAGL's longstanding track record in the microfinance industry and its comfortable capitalisation profile, which provides support against the near-term pressure on its asset quality and earnings profile.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#)

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Rating Methodology for Non-banking Finance Companies</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone financials of CAGL <sup>2</sup>

## About the company

CreditAccess Grameen Limited (CAGL) commenced microfinance operations under the leadership of Mrs. Vinatha M Reddy in 1999 as a division under T. Muniswamappa Trust (TMT), a registered public charitable trust/non-governmental organisation (NGO). This microfinance programme was transferred and transformed into an NBFC in 2007-08. CreditAccess India acquired a majority stake in the company in FY2014 and currently owns 66.4%.

CAGL got listed in FY2019 and it acquired 76% in Madura Microfinance Limited (MMFL) in FY2020. MMFL was amalgamated with CAGL effective February 15, 2023. CAGL is primarily engaged in microlending activities mainly in Karnataka, Maharashtra, Tamil Nadu, Madhya Pradesh, Chhattisgarh, etc. As of June 2025, it had a portfolio of Rs. 26,055 crore spread across 433 districts.

## Key financial indicators (audited)

CreditAccess Grameen Limited	FY2024	FY2025	Q1 FY2026*
	(Ind-AS)	(Ind-AS)	(Ind-AS)
Total income	5,125	5,727	1,455
Profit after tax	1,446	531	60
Total managed assets	30,462	29,423	29,298
Return on managed assets	5.3%	1.8%	0.8%
Managed gearing (times)	3.8	3.2	3.2
Gross stage 3	1.2%	4.8%	4.7%
CRAR	23.1%	25.4%	25.5%

Amount in Rs. crore; Ratios as per ICRA's calculations; \*Provisional

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

<sup>2</sup> MMFL was amalgamated with CAGL with effect from February 15, 2023; until the amalgamation, the consolidated financials of CAGL and MMFL have been considered

### Rating history for past three years

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Aug-22-2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
<b>Long-term fund based – Bank facilities</b>	Long term	6,300.00	[ICRA]AA- (Stable)	May-14-2024	[ICRA]AA- (Stable)	Oct-19-2023	[ICRA]AA- (Stable)	Jun-24-2022	[ICRA]A+ (Positive)
				Jun-11-2024	[ICRA]AA- (Stable)	-	-	Mar-28-2023	[ICRA]AA- (Stable)
				Jul-25-2024	[ICRA]AA- (Stable)	-	-	-	-
				Mar-31-2025	[ICRA]AA- (Stable)	-	-	-	-
<b>NCD – Public issuance</b>	Long term	2,000.00	[ICRA]AA- (Stable)	Jun-11-2024	[ICRA]AA- (Stable)	-	-	-	-
				Jul-25-2024	[ICRA]AA- (Stable)	-	-	-	-
				Mar-31-2025	[ICRA]AA- (Stable)	-	-	-	-
				May-14-2024	[ICRA]AA- (Stable)	-	-	-	-
<b>Commercial paper</b>	Short term	500.00	[ICRA]A1+	May-14-2024	[ICRA]A1+	Oct-19-2023	[ICRA]A1+	Jun-24-2022	[ICRA]A1+
				Jun-11-2024	[ICRA]A1+	-	-	Mar-28-2023	[ICRA]A1+
				Jul-25-2024	[ICRA]A1+	-	-	-	-
				Mar-31-2025	[ICRA]A1+	-	-	-	-
<b>Subordinated debt</b>	Long term	0.00	-	May-14-2024	[ICRA]AA- (Stable)	Oct-19-2023	[ICRA]AA- (Stable)	Mar-28-2023	[ICRA]A1+
<b>NCD</b>	Long term	0.00	-	May-14-2024	[ICRA]AA- (Stable)	Oct-19-2023	[ICRA]AA- (Stable)	Jun-24-2022	[ICRA]A+ (Positive)
				Jun-11-2024	[ICRA]AA- (Stable)	-	-	Mar-28-2023	[ICRA]AA- (Stable)

Source: Company

## Complexity level of the rated instruments

Instrument	Complexity indicator
NCD public issuance	Simple
CP	Very Simple
Long-term fund based – Bank facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Date of Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term fund based – Bank facilities	Aug-27-2021 To Jan-30-2025	NA	Mar-03-2025 To Dec-30-2027	5295.09	[ICRA]AA- (Stable)
NA	Long-term fund based – Bank facilities (proposed)	NA	NA	NA	1004.91	[ICRA]AA- (Stable)
NA	NCD – Public issuance (proposed)	NA	NA	NA	2,000.00	[ICRA]AA- (Stable)
NA	CP (proposed)	-	-	-	500.00	[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

Not applicable

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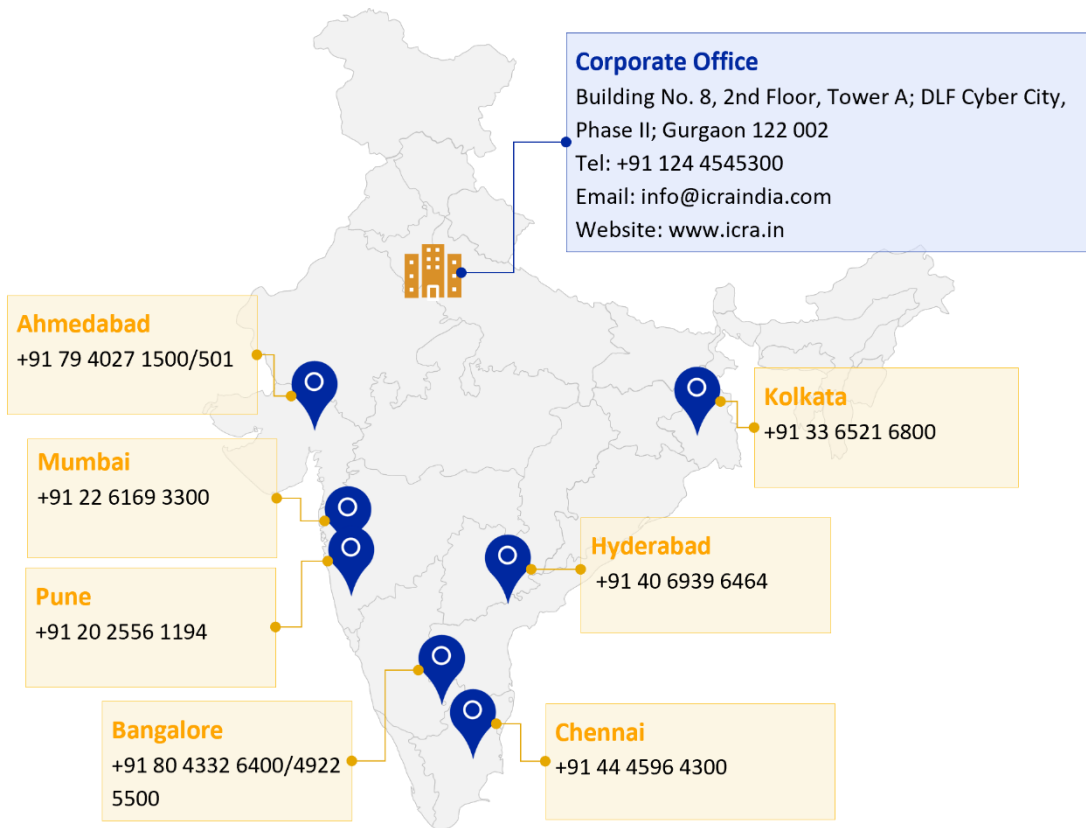
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