

March 24, 2026

## CreditAccess Grameen Limited: Ratings reaffirmed/assigned for enhanced amount

### 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	6,800.00	[ICRA]AA- (Stable); reaffirmed/assigned for enhanced amount
Non-convertible debentures (public issuances)	2,000.00	2,000.00	[ICRA]AA- (Stable); reaffirmed
Commercial paper	500.00	500.00	[ICRA]A1+; reaffirmed
<b>Total</b>	<b>8,800.00</b>	<b>9,300.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The ratings factor 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 improved during Q2 FY2026-Q3 FY2026 vis-à-vis the impact witnessed in FY2025 and Q1 FY2026, supported by the adoption of MFIN guardrails in the recent past to mainly limit borrower overleveraging. The company's 0+ and 90+ days past due (dpd) declined to 4.4% and 2.9%, respectively, as of December 2025 from 6.9% and 3.3%, respectively, as of March 2025 (1.7% and 0.9%, respectively, as of March 2024). Further, it undertook write-offs of 4.3% and 6.2% {of the closing assets under management (AUM)} in FY2025 and 9M FY2026, respectively. CAGL's credit costs<sup>1</sup> increased to 6.3% in FY2025 and 9M FY2026 from 1.5% in FY2024, resulting in lower profitability (return on average managed assets; RoMA) of 1.8% and 2.0% in FY2025 and 9M FY2026, respectively, compared to 5.3% in FY2024.

The company's portfolio stood at Rs. 26,566 crore as of December 2025. It grew by 7.1% YoY as of December 2025 after declining by 3% in FY2025 as CAGL 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 2025 and 3.1 times as of December 2025 (3.8 times as of March 2024). It 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 30.1% of the portfolio as of December 2025 (31.1% as of March 2025). Operations in Karnataka were impacted during Q4 FY2025-Q1 FY2026 as the Government of Karnataka brought an ordinance to restrict certain practices in the microfinance industry. However, slippage rates have stabilised in recent quarters, resulting in an improvement in the 0+ dpd to 5.6% as of December 2025 from 11.1% as of March 2025 (0.9% as of March 2024). 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 450 districts and 2,222 branches as of December 2025. ICRA takes note of CAGL's significant rural presence and its predominantly weekly/biweekly collection model, which leads to better client engagement levels.

The Stable outlook reflects CAGL's 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.

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

## Key rating drivers and their description

### Credit strengths

**Largest NBFC-MFI with an established track record** – CAGL is an established player in the microfinance industry with a track record of over two decades. Built on the Grameen model of microfinance, the company primarily has a rural presence with rural borrowers accounting for almost 85% of its total borrower base. Further, its predominantly weekly/biweekly collection model enables closer engagement levels with its borrower base. With a portfolio of Rs. 26,566 crore as of December 2025, it is the largest non-banking financial company-microfinance institution (NBFC-MFI) in the country. The company's eight-member board of directors comprises the Managing Director (MD), four Non-Executive Directors (including two representatives from the parent company – CreditAccess India), and three Independent Directors (including the Chairman) with experience in the areas of banking, microcredit and financial services. Its senior management team comprises professionals with good functional expertise.

As of December 2025, CAGL had a borrower base of 44.0 lakh (8.4% YoY decline) with ~43% being unique to the company. Its established loan products (income generation, family welfare, emergency loans, home improvement and retail loans) are diversified to complement the requirements of its borrowers while adhering to hygiene factors such as the borrower's vintage with the company, loan repayment history and creditworthiness. CAGL would also be steadily diversifying into retail finance products (14% of the AUM as of December 2025) such as individual unsecured loans, mortgage-backed secured business loans and two-wheeler loans. ICRA notes that the company will be expanding the new product segments through its existing customer base, using its existing branch and field staff network.

**Comfortable capitalisation profile** – CAGL's managed gearing improved and stood at 3.1 times as of December 2025 vis-à-vis 3.2 times as of March 2025 (3.8 times as of March 2024). This was on account of the slowdown in AUM growth during FY2025-9M FY2026. The adjusted<sup>2</sup> net worth and capital-to-risk weighted assets ratio (CRAR) stood at Rs. 6,974 crore and 26.4%, respectively, as of December 2025 (Rs. 6,483 crore and 25.4%, respectively, as of March 2025). Its capitalisation profile was supported by strong internal accruals in the past. Although internal accruals moderated during FY2025-9M FY2026, they are expected to improve gradually in the near term and aid the company's near-to-medium-term growth requirements. CAGL is expected to keep its managed gearing below 4.5 times.

### Credit challenges

**Moderation in asset quality and earnings profile; some improvement witnessed in recent quarters** – CAGL's asset quality had improved during Q2 FY2026-Q3 FY2026 vis-à-vis the moderation witnessed during FY2025-Q1 FY2026. This was supported by the adoption of MFIN guardrails in the recent past, which resulted in a reduction in the borrower leverage of the portfolio. The share of portfolio with borrowers having more than three lenders reduced to 4.9% as of December 2025 from 15.3% as of December 2024. The company's collection efficiency (including arrear collections) had improved to 95.4% during Q2 FY2026-Q3 FY2026 from 94.5% during FY2025-Q1 FY2026 (98.7% in FY2024). Further, it had written off 6.2% (as a percentage of the closing on-book AUM) in 9M FY2026 vis-à-vis 4.3% in FY2025, including accelerated write-offs. Accordingly, the 0+ and 90+ dpd improved to 4.4% and 2.9%, respectively, as of December 2025, from 6.9% and 3.3%, respectively, as of March 2025 (1.7% and 0.9%, respectively, as of March 2024). CAGL's overall expected credit loss (ECL) provision stood at 4.3% (as a percentage of the closing on-book AUM) as of December 2025 vis-à-vis 5.1% as of March 2025 (2.0% as of March 2024).

As a result of increased write-offs and higher ECL provisions, credit costs, as a percentage of average managed assets (AMA), remained elevated at 6.3% in FY2025 and 9M FY2026 compared with 1.5% in FY2024 (1.6% in FY2023). Consequently, RoMA

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<sup>2</sup> Net worth adjusted for goodwill and intangible assets

and return on net worth (RoNW)<sup>3</sup> moderated to 1.8% and 8.5%, respectively, in FY2025 and 2.0% and 8.7%, respectively, in 9M FY2026 from 5.3% and 27.1%, respectively, in FY2024. The company reported a RoMA of 3.4% in Q3 FY2026, supported by lower credit costs. ICRA expects the profitability to improve gradually from the current levels, over the near-to-medium term, as the asset quality improves.

**Regionally concentrated portfolio** – As of December 2025, CAGL had a presence in 17 states/UTs with Karnataka accounting for 30.1% of the loan portfolio (31.1% as of March 2025). Further, the top 3 states (Karnataka, Maharashtra and Tamil Nadu) accounted for 70.2% of the loan portfolio as of December 2025 (71.6% as of March 2025). While this exposes the company to the risks associated with significant regional concentration, ICRA notes that the concentration in Karnataka has been reducing over the years (70% as of March 2015 and 80% as of March 2013). The strategic acquisition of Madura Microfinance Limited also helped reduce the concentration in Karnataka and Maharashtra to a certain extent. Within Karnataka, CAGL's portfolio is spread across 31 districts. The share of Karnataka, Maharashtra and Tamil Nadu is expected to reduce further over the medium term as the company shall expand and diversify its portfolio to states like Gujarat, Rajasthan, Uttar Pradesh (UP), Bihar, Andhra Pradesh, Telangana, and Jharkhand.

CAGL follows a contiguous district-based approach along with a prudent customer onboarding and monitoring process, which provides some comfort. The top 10 districts (all in Karnataka and Maharashtra) accounted for 17.9% of its portfolio as of December 2025 (18.1% as of March 2025). However, no single district had an exposure beyond 3% of the total portfolio. As of December 2025, 99.3% of the 450 districts, in which the company has operations, had a per district portfolio of less than 2% (of the total portfolio) and the balance had a per district portfolio of 2-2.5% (of the total portfolio). Districts with portfolio exposure of less than 2% accounted for 93.2% of the total loan book.

**Risks associated with microfinance business** – The ratings factor in the risks associated with the marginal borrower profile, unsecured lending, business and political risks, along with the challenges associated with a high pace of growth and attrition. CAGL's ability to manage such risks while expanding in new geographies would be crucial. These risks were evident in recent times with the moderation in the company as well as the industry's asset quality. Operations in Karnataka were impacted recently as the Government of Karnataka brought in a bill to restrict unregistered lenders in the microfinance space. The company's ability to onboard borrowers with a good credit history, recruit and retain employees and maintain a geographically diversified portfolio would be key for managing these risks.

## Environmental and social risks

**Environmental risks:** Given the service-oriented nature of its business, CAGL's direct exposure to environmental risks as well as those emanating from regulations or policy changes is not material. While lending institutions can be exposed to environmental risks indirectly through their portfolio of assets, the company's exposure to environmentally sensitive segments remains moderate. However, most of its borrowers are in small businesses, with the majority engaged in essential commodity-related activities and primarily dependent on local demand-supply forces. If such borrowers face livelihood disruptions because of physical climate adversities, the same could translate into credit risks for entities such as CAGL. The company has a predominantly weekly/biweekly meeting model, which helps in maintaining strong customer relationships, better control and early risk identification. Also, its contiguous district-based expansion strategy helps in better understanding and mitigation of risks on account of socio-political factors, overleveraging, competition, etc.

**Social risks:** With regard to social risks, data security, customer privacy, adherence to fair practices and grievance redressal are among the key sources of vulnerability for MFIs, as any material lapse could be detrimental to their reputation and invite regulatory censure. CAGL has not faced such lapses over the years, which highlights its sensitivity to such risks. Its grievance redressal channels enable its ability to address borrowers' complaints in a timely manner.

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<sup>3</sup> Net worth adjusted for goodwill and intangible assets

## Liquidity position: Strong

CAGL's cash and liquid investments stood at Rs. 2,223 crore and it had undrawn sanctions of Rs. 3,431 crore as of December 2025. Debt repayments (including interest payments) over January-June 2026 stood at Rs. 6,142 crore. It had pipeline sanctions of Rs. 5,781 crore as of December 2025. CAGL did not have any negative cumulative mismatches in any of the buckets as per the asset-liability maturity (ALM) profile as of December 2025.

The company has been diversifying its liability profile. The share of funds raised through external commercial borrowings (ECBs) increased further to 23% as of December 2025 from 20% as of March 2025 (16% as of March 2024). As of December 2025, the funding profile comprised bank borrowings (56%), ECBs (23%), borrowings from NBFCs/financial institutions (FIs; 8%), non-convertible debentures (NCDs; 4%), and direct assignment and securitisation (8%). CAGL had a diverse lender base comprising funding relationships with 45 commercial banks, 23 foreign lenders and 9 NBCS & FIs as of December 2025.

## Rating sensitivities

**Positive factors** – Steady improvement in the scale and geographical diversification, with a reduction in the state-level concentration, while maintaining good asset quality and reporting healthy liquidity and earnings would be a positive.

**Negative factors** – Pressure on CAGL's ratings or outlook could arise if there is a deterioration in the asset quality, leading to the RoMA falling below 3% on a sustained basis, or if the managed gearing exceeds 4.5 times for a prolonged period.

## 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>4</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 during 2007-2008. CreditAccess India acquired a majority stake in the company in FY2014 and currently owns 66.3%.

CAGL got listed in FY2019 and acquired 76% in Madura Microfinance Limited (MMFL) in FY2020. MMFL was amalgamated with the company effective February 15, 2023. CAGL is primarily engaged in microlending activities mainly in Karnataka, Maharashtra, Tamil Nadu, Madhya Pradesh, Chhattisgarh, etc. As of December 2025, it had a portfolio of Rs. 26,566 crore spread across 450 districts.

<sup>4</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

**Key financial indicators (audited)**

CreditAccess Grameen Limited	FY2024	FY2025	9M FY2026 (P)
	Ind-AS	Ind-AS	Ind-AS
Total income	5,125	5,727	4,427
Profit after tax	1,446	531	438
Total managed assets	30,462	29,423	30,288
Return on managed assets	5.3%	1.8%	2.0%
Managed gearing (times)	3.8	3.2	3.1
Gross stage 3*	1.2%	4.8%	4.1%
CRAR	23.1%	25.4%	26.4%

Amount in Rs. crore; Ratios as per ICRA's calculations; P – Provisional; \*Exposure at default

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

**Any other information: None**

### Rating history for past three years

		Current (FY2026)				Chronology of rating history for the past 3 years					
						FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Mar-24-2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
<b>Long-term fund based – Bank facilities</b>	Long term	6,800.00	[ICRA]AA-(Stable)	Aug-22-2025	[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)	Aug-22-2025	[ICRA]AA-(Stable)	Jun-11-2024	[ICRA]AA-(Stable)	-	-	-	-
						Jul-25-2024	[ICRA]AA-(Stable)	-	-	-	-
						Mar-31-2025	[ICRA]AA-(Stable)				
<b>Commercial paper</b>	Short term	500.00	[ICRA]A1+	Aug-22-2025	[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	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 Feb-27-2027	NA	Mar-10-2026 To Feb-27-2029	5,665.31	[ICRA]AA- (Stable)
NA	Long term fund based – Bank facilities (proposed)	NA	NA	NA	1,134.69	[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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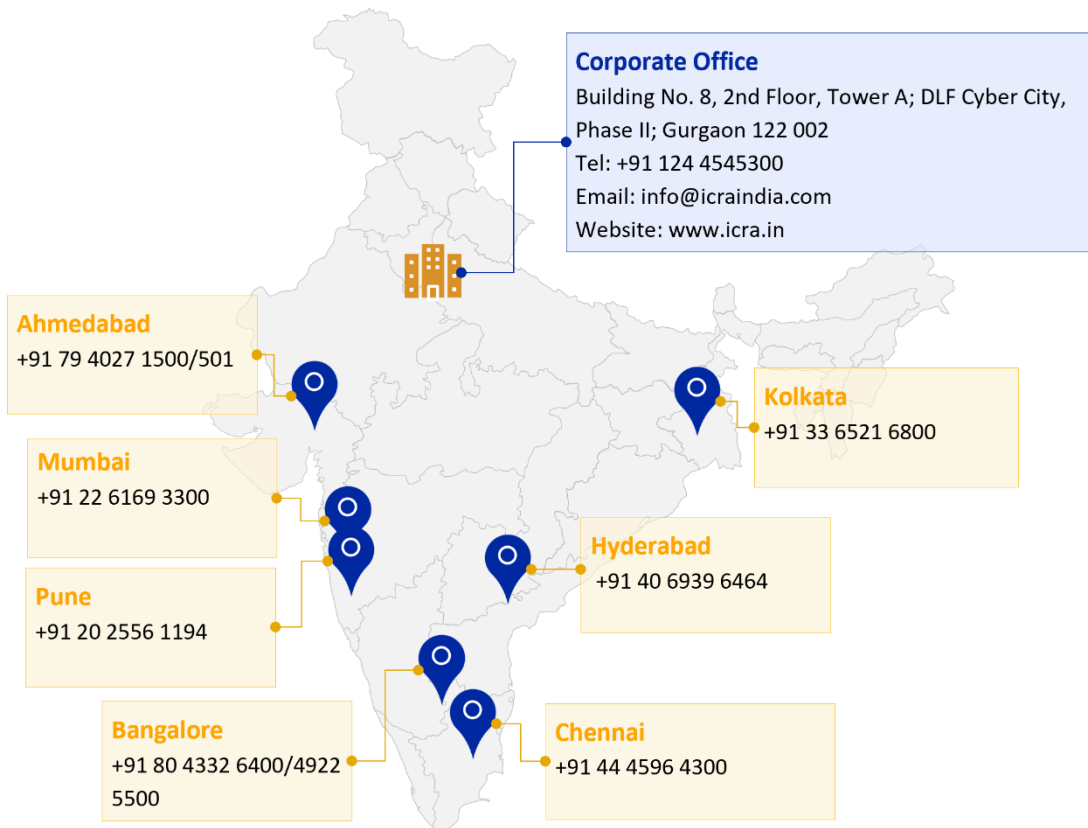
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