

March 31, 2026

Cashpor Micro Credit: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Subordinated debt	25.00	25.00	[ICRA]A- (Stable); reaffirmed
Total	25.00	25.00	

*Instrument details are provided in Annexure I

Rationale

The rating factors in Cashpor Micro Credit's (CMC) established track record of more than two decades in microfinance operations and its healthy asset quality. ICRA takes note of the decline in the assets under management (AUM) in FY2025 and 9M FY2026, given the industry-wide asset quality stress and tightening of lending/underwriting norms. However, the company's asset quality has remained relatively better than most peers with gross non-performing assets (GNPAs)¹ at 2.5% as on December 31, 2025 (2.0% as on March 31, 2025 and 0.5% as on March 31, 2024) with limited write-offs thus far. CMC continued to report a healthy current collection efficiency (CE) of ~99% in 9M FY2026, supported by strong borrower connect. ICRA takes comfort from the healthy CE reported by the company and its track record of maintaining the asset quality over cycles. Nonetheless, the geographically concentrated operations, the unsecured nature of the loans and the marginal borrower profile expose it to asset quality risks. The rating also considers the adequately diversified borrowing profile with credit lines from different lenders, comprising a good mix of private and public sector banks and non-banking financial companies (NBFCs)/financial institutions (FIs).

The rating considers the challenges faced by CMC in raising equity capital, given its constitution as a not-for-profit company. Its adjusted² and managed³ gearing levels remained moderate at 3.3 times and 4.9 times, respectively, as on December 31, 2025, though the same declined with the reduction in AUM.

The Stable outlook on the [ICRA]A- rating reflects ICRA's opinion that CMC will be able to maintain its asset quality indicators at healthy levels while keeping the leverage under control.

Key rating drivers and their description

Credit strengths

Established track record of operations and healthy asset quality – CMC is an established player in the microfinance industry with a track record of more than 20 years. It draws upon the experience of its promoters and management personnel. Apart from microfinance, CMC provides education and healthcare services to its borrowers/families, enabling a strong connect with its borrowers. As on December 31, 2025, its operations were spread across 107 districts in 6 states with AUM of Rs. 3,769 crore (Rs. 4,431 crore as on March 31, 2025).

CMC's asset quality indicators remain better than peers with GNPAs of 2.5% (2.0% as on March 31, 2025; 0.5% as on March 31, 2024) and nil net NPAs as on December 31, 2025. While delinquencies increased in FY2025 and 9M FY2026, given the industry-wide asset quality issues, the overall asset quality remains healthy. CMC maintained the current CE at ~99% in 9M FY2026, supported by its strong connect with its borrowers. The company charges a comparatively lower rate of interest and

¹ Refers to on-book GNPA; GNPA on AUM was 2.07% as on December 31, 2025 (1.43% as on March 31, 2025)

² On-book debt/(Net worth – First loss default guarantee)

³ (On-book debt + Off-book portfolio)/Net worth

provides healthcare and education facilities, thereby motivating borrowers to pay their instalments on time. Also, its predominantly weekly collection model enables closer engagement levels with its borrower base.

Credit challenges

Challenges in raising equity capital, given its constitution as a not-for-profit company – CMC is a not-for-profit company registered under Section 8 of the Companies Act, 2013. Although it reported a capital adequacy ratio of ~33% as on December 31, 2025 (29.1% as on March 31, 2025), which was above the regulatory requirement of 15%, raising equity shall remain a challenge due to its constitution as a not-for-profit company. ICRA takes note of the decline in the gearing levels in FY2025 and 9M FY2026, largely due to the lower AUM during this period. Its gearing (on-book) decreased to 2.8 times as on December 31, 2025 from 5.2 times as on March 31, 2024. Its adjusted and managed gearing stood at 3.3 times and 4.9 times, respectively, as on December 31, 2025 (3.4 and 5.9 times, respectively, in March 2025 and 6.6 times and 9.2 times, respectively, in March 2024).

The earnings profile remains moderate on account of the relatively lower yields and reduced operational efficiency. The company reported a profit after tax of Rs. 55 crore in 9M FY2026, translating to a return of 1.6% on average managed assets (RoMA) and 10.3% on average net worth compared with Rs. 86 crore, 1.5% and 13.4%, respectively, in FY2025. CMC's ability to maintain a prudent capitalisation profile as it scales up its operations remains monitorable, considering its moderate earnings and challenges in raising equity capital.

Geographically concentrated operations – As on December 31, 2025, CMC's operations were spread across 107 districts in 6 states with the top 3 states accounting for 89% of the portfolio (90% as on March 31, 2025). Nonetheless, the AUM remains concentrated with a high share in Uttar Pradesh (51%) and Bihar (29%) as on December 31, 2025. ICRA takes note of the company's plans to gradually diversify its operations with a focus on relatively newer states such as Odisha, Chhattisgarh, Jharkhand and Madhya Pradesh (MP).

Political, communal and other risks in microfinance sector, given the marginal borrower profile – Microfinance remains susceptible to the risks associated with unsecured lending to marginal borrowers with limited ability to absorb income shocks and the rising borrower leverage levels owing to an increase in multiple lending in the area of operations. Further, political and operational risks associated with microfinance may result in high volatility in the asset quality indicators. The microfinance industry is prone to socio-political, climatic and operational risks, which could negatively impact its operations. CMC's ability to onboard borrowers with a good credit history, recruit and retain employees as well as improve the geographical diversity of its operations would be a key rating sensitivity.

Liquidity position: Adequate

As on December 31, 2025, the company had a free cash and bank balance of ~Rs. 639 crore. As per the asset-liability management statement as on December 31, 2025, CMC had scheduled inflows from advances of Rs. 1,585 crore against scheduled debt repayments of Rs. 1,335 crore during January 1, 2026 to December 31, 2026. Factoring in the expected collections from advances, the liquidity profile is expected to remain adequate to meet the debt obligations in a timely manner.

Rating sensitivities

Positive factors – A significant increase in the scale of operations along with comfortable asset quality and profitability indicators, while maintaining a prudent capitalisation profile, could positively impact the rating.

Negative factors – A significant deterioration in the asset quality, leading to the weakening of the profitability with RoMA of less than 1%, or an increase in the leverage on a sustained basis could put pressure on the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-banking finance companies (NBFCs)
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

CMC is a not-for-profit company formed in 2002 under Section 8 of the Companies Act, 2013. It received its non-banking financial company-microfinance institution (NBFC-MFI) registration from the Reserve Bank of India (RBI) on March 24, 2023. CMC provides microfinance exclusively to women below the poverty line in Uttar Pradesh, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh and Odisha. The company offers microcredit for income-generating activities. It also provides credit for the improvement of social infrastructure like the construction of toilets, purchasing smokeless stoves, getting LPG connections, etc. The company is a part of the Cashpor Group, which comprises Cashpor Trust, Cashpor Financial and Technical Services Pvt Ltd and CMC.

As on December 31, 2025, the company operated through a network of 781 branches spread over 6 states serving 9.1 lakh active clients. It reported a profit after tax (PAT) of Rs. 55 crore in 9M FY2026 on a managed portfolio of Rs. 4,437 crore as on December 31, 2025 compared to a PAT of Rs. 86 crore in FY2025 on a managed portfolio of Rs. 4,817 crore as on March 31, 2025.

Key financial indicators (audited)

Cashpor Micro Credit	FY2024	FY2025	9M FY2026*
Accounting as per	Ind-AS	Ind-AS	Ind-AS
Total income	713.9	687.6	447.8
Profit after tax (PAT)	95.8	86.4	55.0
Total managed assets (grossed up for provisions)	6,308.4	4,816.9	4,436.8
PAT/Average managed assets	1.7%	1.5%	1.6%
Gearing (reported; times)	5.2	2.8	2.8
Gearing (adjusted; times)	6.6	3.4	3.3
Gearing (managed; times)	9.2	5.9	4.9
Gross non-performing assets	0.5%	2.0%	2.5%
CRAR	20.1%	29.1%	33.0%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; *Limited review; Amount in Rs. crore; CRAR – Capital to risk-weighted assets ratio
 Managed gearing = (On-book debt + Off-book portfolio)/Net worth; Adjusted gearing = On-book debt/(Net worth – First loss default guarantee)

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

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 31, 2026	Date	Rating	Date	Rating	Date	Rating
Subordinated debt	Long term	25.00	[ICRA]A-(Stable)	Mar 21, 2025	[ICRA]A-(Stable)	Mar 04, 2024	[ICRA]A-(Stable)		
Long-term fund-based term loan	Long term	-	-	Mar 21, 2025	[ICRA]A-(Stable); withdrawn	Apr 18, 2023	[ICRA]A-(Stable)	Apr 06, 2022	[ICRA]A-(Stable)
						Mar 04, 2024	[ICRA]A-(Stable)		

Complexity level of the rated instruments

Instrument	Complexity indicator
Subordinated debt	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	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Subordinated debt*	Aug-23	LTLR – 9.05%	Apr-29	25.00	[ICRA]A- (Stable)

*Term loan

[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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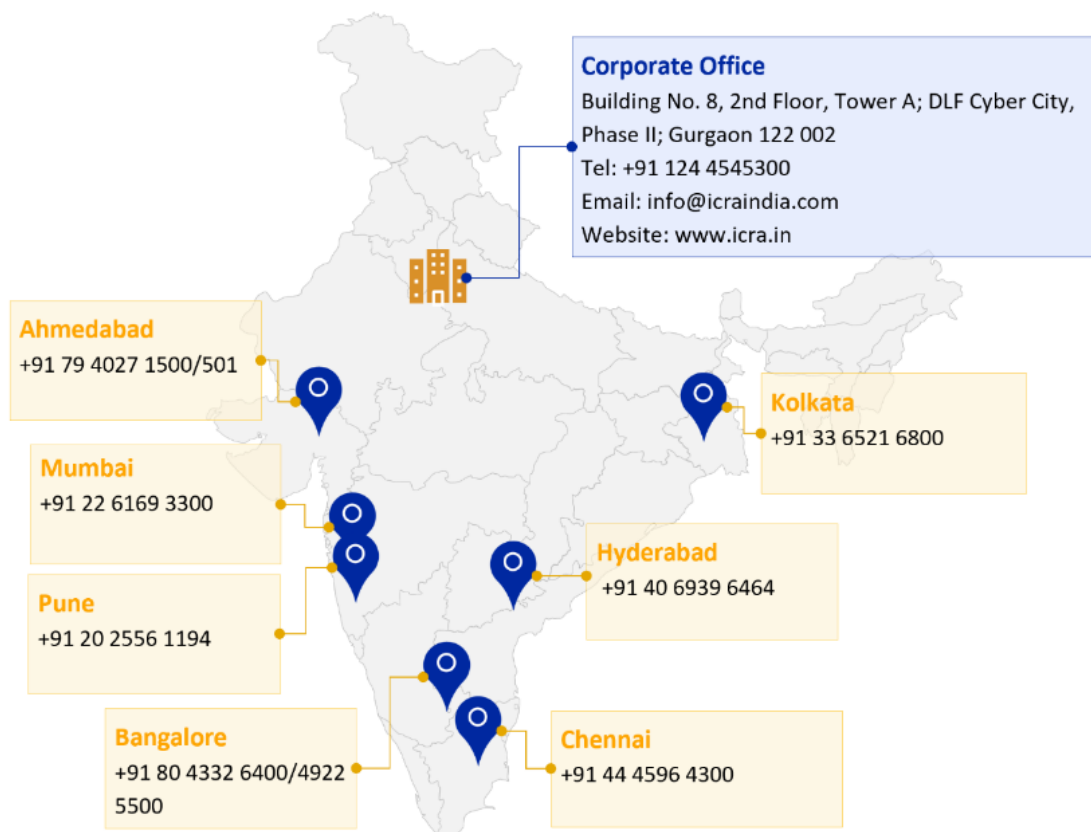


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