

April 27, 2026

Repcro Micro Finance Limited: Rating reaffirmed/assigned for enhanced limits

Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|--------------------------------------|--------------------------------------|-------------------------------------|--|
| Long-term fund-based bank facilities | 600.00 | 800.00 | [ICRA]A- (Stable); reaffirmed/assigned for enhanced amount |
| Total | 600.00 | 800.00 | |

*Instrument details are provided in Annexure II

Rationale

The rating reaffirmation considers Repco Micro Finance Limited's (RMFL) track record of maintaining a prudent financial risk profile over the years. It also takes into account the company's relatively stable asset quality amid the significant concerns in the microfinance industry. RMFL's 90+ days past due (dpd) stood at 2.1% of the loan portfolio as of December 2025 (1.6% as of March 2025) vis-à-vis 2.7% as of March 2024. Its capital profile has remained comfortable over the years, largely supported by healthy internal accruals. The gearing improved to 1.7 times as of December 2025 from 1.9 times as of March 2025. Correspondingly, the capital-to-risk weighted assets ratio (CRAR) rose to 34.4% as of December 2025 from 32.8% as of March 2025. RMFL's profitability (PAT/AMA¹) remained healthy at 5.9% in 9M FY2026 as well as FY2025. This was supported by higher interest margins on the back of healthy business yields and competitive cost of funds while incremental credit costs have remained under control.

RMFL continued to hold a 100% provision on stage 3 accounts. Net stage 3 was nil while the overall provisions stood at 4.0% of the loan book as of December 2025. Loan write-offs (as a percentage of closing portfolio) stood at 0.7% (annualised) in 9M FY2026 vis-à-vis 2.0% in FY2025. The rating continues to factor in the company's track record in the microfinance industry and the support from the promoters – Repco Bank (RB) and Repco Home Finance Limited (RHFL; rated [ICRA]AA-(Stable)/[ICRA]A1+). It has received equity support from the shareholders, when required, and has a credit line of Rs. 500 crore from RB.

The rating considers RMFL's moderate scale (~Rs. 1,406 crore as of December 2025) and geographically concentrated operations with Tamil Nadu and the Union Territory (UT) of Puducherry accounting for ~100% of the loan book, though it has opened branches in Andhra Pradesh, Karnataka and Kerala in recent years. RMFL's active borrowing member base has declined steadily since March 2020 because of post-Covid-19 pandemic loan write-offs and the ineligibility of some members for microfinance loans due to regulatory guidelines. ICRA notes that it would be crucial for the company to acquire new customers, which would support a sustainable member-base-driven portfolio growth. The rating also takes cognisance of the risks associated with the unsecured nature of the loans, the marginal borrower profile and other socio-political and operational risks inherent in the microfinance business.

The Stable outlook factors in RMFL's comfortable capitalisation and healthy profitability indicators, which are expected to support its near-to-medium term growth plans.

¹ Profit after tax/Average managed assets; 9M FY2026 ratio is annualised

Key rating drivers and their description

Credit strengths

Extensive track record and support from shareholders – RMFL was incorporated as a non-banking financial company (NBFC) in 2010 and obtained a microfinance licence in 2013. Before incorporation as an NBFC², the Repco Group operated in the microloan sourcing field from 2005 until these operations were transferred to RMFL in 2016. As of December 2025, RB and RHFL continued to hold 68% and 32%, respectively, in RMFL.

The shareholders have demonstrated support in the past by extending financial, managerial, and operational aid to the company. RMFL has received equity support from the shareholders as required with Rs. 50 crore infused during FY2019-FY2022. It has a sanctioned funding line of Rs. 500 crore from RB, of which 23% was outstanding as of March 2026. Nevertheless, ICRA notes that RMFL has been steadily reducing its dependence on RB for its funding requirements. The company benefits from managerial and operational support from the Repco Group for its existing business, future growth and geographical expansion. The board has five representatives from the Repco Group and five independent directors; also, some of the key management personnel are on deputation from RB.

Comfortable capitalisation profile – RMFL's capitalisation profile remains comfortable with a CRAR of 34.4% as of December 2025, increasing from 27.0-30.7% during FY2021-FY2024. Also, the gearing improved to 1.7 times as of December 2025 from 2.3-2.6 times during FY2021-FY2024, supported by rising internal accruals. RMFL has been receiving equity support from the shareholders (Rs. 50 crore infused during FY2019-FY2022), which also boosted its capitalisation profile. The capitalisation profile is expected to remain comfortable in the near-to-medium term, with the gearing expected to stay below 4 times, considering the growth plans over the medium term.

Adequate asset quality performance – RMFL's 90+ dpd was 2.2% of the loan portfolio as of December 2025 (1.6% as of March 2025) compared to 2.7% as of March 2024, as incremental slippages have remained under control. The 0+ dpd remained under control at 2.6% as of December 2025 (3.3% as of March 2025) compared to 3.0% as of March 2024. The company wrote off 0.7% (annualised) of the closing portfolio vis-à-vis 2.0% in FY2024 as well as FY2025. ICRA notes that the total provision was comfortable at 4.0% of the loan book while RMFL continued to maintain its stage 3 provision coverage at 100% as of December 2025.

Healthy profitability indicators³ – RMFL's net profitability remained stable at 5.9% in 9M FY2026 as well as FY2025 (5.5% in FY2024), aided by healthy net interest margins of 15.2% (14.7% in FY2025) and controlled credit costs of 1.4% (1.7% in FY2025). Interest margins were supported by higher business yields and controlled cost of funds. Credit costs remained under control, supported by limited incremental slippages. Operating expenses remain elevated on account of higher employee and branch expansion costs. Going forward, RMFL's ability to maintain credit costs in the current industry scenario would be monitorable.

Credit challenges

Moderate scale and geographically concentrated operations – RMFL obtained an NBFC-microfinance institution (NBFC-MFI) licence in 2013 and has a track record of over 11 years. Its portfolio expanded at a cumulative annual growth rate of ~5% during FY2021-FY2025. Further, it rose by ~6% (annualised) in 9M FY2026 to Rs. 1,406 crore as of December 2025 (Rs. 1,331 crore as of March 2024).

As of December 2025, the company had 1,105 employees, including field-level personnel. RMFL's active borrowing member base has declined steadily since March 2020 because of loan write-offs and member attrition due to the revised MFI guidelines. However, it continued to onboard new customers and the borrower base remained steady at 2.6-2.7 lakh since December

² As a not-for-profit entity, namely Repco Foundation for Micro Credit

³ 9M FY2026 ratios are annualised

2023. ICRA notes that it would be crucial to acquire new customers, which would support a sustainable member-base-driven portfolio growth.

As of December 2025, RMFL’s operations were spread across Tamil Nadu, Puducherry, Kerala, Karnataka, and Andhra Pradesh with 130 branches in 42 districts. Tamil Nadu accounted for 99.0% of the portfolio as of December 2025. The company’s operations are projected to remain concentrated in Tamil Nadu, as its diversification in other states, including Andhra Pradesh, Kerala and Karnataka, is expected to be in a phased manner.

Ability to manage risks associated with microfinance sector – The microfinance industry is prone to socio-political and operational risks, which could negatively impact the financial performance of entities in this sector. The sector recently experienced asset quality stress largely due to the overleveraging of microfinance borrowers from multiple microfinance lenders. Though RMFL’s asset quality performance was relatively better, its ability to manage these challenges on an ongoing basis remains monitorable. Further, its ability to manage the risks arising out of the marginal profile of its borrowers, who have limited ability to absorb income shocks, the unsecured nature of lending, and the political, communal and other risks in its portfolio would be crucial. Additionally, in line with the industry, the company’s ability to onboard borrowers with a good credit history and recruit and retain employees would be a key monitorable factor.

Liquidity position: Adequate

As of March 2026, RMFL had on-balance sheet liquidity of Rs. 6.0 crore and sanctioned but unutilised lines of Rs. 134.9 crore from commercial banks. Further, the company had unutilised credit lines of Rs. 248.3 crore from RB. These, along with the collections from advances, are expected to be adequate for its debt repayment obligations (including interest) of Rs. 327.8 crore in H1 FY2027.

As of March 2026, RB accounted for 12% of the company’s overall borrowings with term loans from banks and financial institutions (FIs) comprising the rest. RMFL had funding lines from 15 other banks/FIs as of December 2025.

Rating sensitivities

Positive factors – The rating could be impacted positively if RMFL demonstrates a sustained portfolio growth and diversifies its geographical presence while maintaining good asset quality.

Negative factors – Pressure on the rating could arise in case of a deterioration in the asset quality (90+ dpd of more than 5%) or/and a decline in the return on managed assets (RoMA) to less than 3% on a sustained basis.

Analytical approach

| Analytical approach | Comments |
|---------------------------------|--|
| Applicable rating methodologies | ICRA’s credit rating methodology for non-banking finance companies |
| Parent/Group support | Not applicable |
| Consolidation/Standalone | The rating is based on the standalone financial statements of RMFL |

About the company

Repc Micro Finance Limited (RMFL) was incorporated in 2007 as Repco MSME Finance & Development Limited. It obtained NBFC registration from the Reserve Bank of India (RBI) in 2010 and became an NBFC-MFI in December 2013. As of December 2025, RB held 68% of the equity shares in the company with the balance being held by RHFL. RMFL extends loans to members of women self-help groups for income generation.

RMFL reported a net profit of Rs. 81 crore in FY2025 on a total asset base of Rs. 1,395 crore compared to Rs. 68 crore and Rs. 1,371 crore, respectively, in FY2024. Further, the company reported a net profit of Rs. 64 crore in 9M FY2026 on a total asset base of Rs. 1,475 crore.

Key financial indicators (Ind-AS)

| Repc Micro Finance Limited | FY2024 | FY2025 | 9M FY2026 |
|----------------------------|--------|--------|-----------|
| Total income | 247 | 294 | 231 |
| Profit after tax | 68 | 81 | 64 |
| Total managed assets | 1,371 | 1,395 | 1,475 |
| Return on managed assets | 5.5% | 5.9% | 5.9% |
| Gearing (reported; times) | 2.3 | 1.9 | 1.7 |
| Gross stage 3 | 2.7% | 1.6% | 2.2% |
| CRAR | 27.7% | 32.8% | 34.4% |

Source: Company, ICRA Research; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

| Instrument | Current (FY2027) | | | Chronology of rating history for the past 3 years | | | | | |
|--------------------------------------|------------------|--------------------------|------------------|---|------------------|-------------|--------------------|-------------|--------------------|
| | Type | Amount rated (Rs. crore) | Apr-27-2026 | FY2026 | | FY2025 | | FY2024 | |
| | | | | Date | Rating | Date | Rating | Date | Rating |
| Long-term fund-based bank facilities | Long term | 800.00 | [ICRA]A-(Stable) | Oct-24-2025 | [ICRA]A-(Stable) | May-08-2024 | [ICRA]BBB+(Stable) | Jun-30-2023 | [ICRA]BBB+(Stable) |
| | | | | | | Feb-10-2025 | [ICRA]BBB+(Stable) | | |

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

| Sr. No. | Instrument | FSR |
|---------|--|--|
| 1 | Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities) | SEBI |
| 2 | Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities) | MCA |
| 3 | Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*) | SEBI |
| 4 | Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*) | SEBI |
| 5 | Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*) | RBI |
| 6 | Listed Commercial Paper and NCDs with original maturity less than 1 year | RBI |
| 7 | Unlisted Commercial Paper and NCDs with original maturity less than 1 year | RBI |
| 8 | Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$) | RBI |
| 9 | External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings | RBI |
| 10 | Certificates of Deposit | RBI |
| 11 | Fixed Deposits raised by NBFCs, Banks, HFCs, FIs | RBI |
| 12 | Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs | MCA |
| 13 | Inter Corporate Deposits/Loans extended by Corporates | MCA |
| 14 | Listed Security Receipts | SEBI |
| 15 | Unlisted Security Receipts | RBI |
| 16 | Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*) | Investor-side Regulator such as IRDAI, PFRDA (%) |

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

| Sr. No. | Activity Name | FSR |
|---------|--|------|
| 1 | Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs) | SEBI |
| 2 | Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs | SEBI |
| 3 | Independent Credit Evaluation (ICE) | RBI |
| 4 | Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs) | RBI |
| 5 | Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities)) | SEBI |

| | | |
|----|--|------|
| 6 | Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities)) | MCA |
| 7 | Credit Rating of Borrowing programme | (@) |
| 8 | Issuer Ratings | (#) |
| 9 | Monitoring Agency | SEBI |
| 10 | Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs) | NA |

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instrument

| Instrument | Complexity indicator |
|--------------------------------------|----------------------|
| 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 II: Instrument details

| ISIN | Instrument name | Date of issuance/ Sanction | Coupon rate | Maturity date | Amount rated (Rs. crore) | Current rating and outlook |
|------|--------------------------------------|-------------------------------|-------------|-------------------------------|-----------------------------|----------------------------|
| NA | Long-term fund-based bank facilities | Jan-23-2023 to Mar-13-2026 | NA | Apr-11-2026 to Mar-05-2029 | 800.00 | [ICRA]A- (Stable) |

Source: RMFL

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

Annexure III: List of entities considered for consolidated analysis

Not applicable

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