

## Maanaveeya Development & Finance Private Limited

September 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	600.00	CARE A-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The rating assigned to bank facilities of Maanaveeya Development & Finance Private Limited (MDFPL) continues to reflect benefits of its ownership by Oikocredit Ecumenical Development Cooperative Society U.A.(Oikocredit), including consistent managerial oversight and funding support. Rating also factors in comfortable capitalisation levels supported by internal accruals, and a geographically diversified loan portfolio. Although the company's profitability remained adequate, it was adversely impacted in FY25 and Q1FY26 primarily due to elevated credit costs stemming from asset quality deterioration driven by macroeconomic challenges. As on March 31, 2025, MDFPL reported a gross non-performing assets (GNPA) and net NPA (NNPA) of 1.44% and 0.65%, respectively, compared to 0.96% and 0.10% as of March 31, 2024. With further slippages in Q1FY26, GNPA and NNPA increased to 2.42% and 1.15%, respectively, as on June 30, 2025.

While provisioning buffers have been strengthened, with Stage 3 provision coverage ratio (PCR) at 54% and Stage 2 PCR at 50% as on June 30, 2025, elevated credit costs have led to a decline in return on average total assets (ROTA), which fell from 5.13% in FY24 to 3.77% in FY25, and further to 2.46% in Q1FY26 (annualised). Although the company increased its exposure to better rated entities (A- and above) to 37% as on March 31, 2025 against 25% as on March 31, 2024, 55% of MDFPL's portfolio was concentrated in entities rated in the BBB category, of which ~27% of the portfolio carries a negative outlook. This concentration heightens risk of further asset quality deterioration, especially in the microfinance and unsecured lending sectors. Going forward, the company's ability to manage asset quality while sustaining profitability will remain a key monitorable.

The rating remains constrained by MDFPL's moderate scale of operations, and significant portfolio concentration in the non-banking financial company (NBFC) sector, particularly within the microfinance segment, which constitutes ~47% of the total loan book. The rating is impacted by relatively high client concentration risk, inherent to the wholesale nature of the portfolio, a concentrated funding profile, and business' susceptibility to socio-political interventions.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Significant increase in the scale of operations while maintaining good profitability and with reported GNPA less than 1% on a sustained basis.
- Diversification of the exposure, thereby reducing the portfolio concentration significantly.
- Diversification of resource profile.

#### Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Net non-performing asset (NNPA)/net worth deteriorating over 10% on a sustained basis.
- Deterioration in profitability with ROTA of less than 2% on a sustained basis
- Inability to mobilise funds at competitive rates
- Depletion in liquidity buffer (unencumbered cash & bank balances) maintained by the company

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Analytical approach:** Standalone; factoring in the linkages with the parent, Oikocredit  
MDFPL derives benefits in the form of operational, managerial and financial support from the parent, Oikocredit.

**Outlook:** Stable

The stable outlook reflects the expectation that MDFPL will maintain a stable credit profile, supported by comfortable capitalisation levels and continued managerial and financial support from its parent, Oikocredit.

### **Detailed description of key rating drivers:**

#### **Key strengths**

##### **Benefits derived from being part of Oikocredit**

MDFPL is a wholly owned subsidiary of Oikocredit, operating as its regional center in India. The company benefits from strong operational and strategic linkages with its parent, with credit and risk management frameworks closely aligned to group-level standards. As of June 30, 2025, ~63% of MDFPL's borrowings were sourced from Oikocredit through external commercial borrowings, carrying an average interest rate of 9.86%. Oikocredit has set a country exposure limit of 20% for India, based on its overall asset allocation. CARE Ratings Limited (CareEdge Ratings) expects continued financial and managerial support from the parent organisation.

MDFPL benefits from a highly experienced management team with deep expertise in both social and financial sectors. The senior leadership comprises professionals with backgrounds in development finance institutions and banking. The company is led by Dr. Gouri Sankar, Managing Director, who brings over two decades of experience in finance across national and international institutions. He is supported by a six-member board, including three representatives from Oikocredit, ensuring strong governance and strategic oversight.

##### **Comfortable capitalisation supported by adequate internal accruals**

MDFPL continues to maintain a healthy capital position, supported by adequate internal accruals. As on March 31, 2025, the company reported a Total Capital Adequacy Ratio (CAR) of 32.73% and a Tier-1 CAR of 32.47%, compared to 31.26% and 30.97%, respectively, as of March 31, 2024. The Total CAR and Tier-1 CAR stood at 38.09% and 37.88%, respectively, as on June 30, 2025.

The company's gearing also improved, declining from 2.19x as of March 31, 2024, to 1.98x as of March 31, 2025, and further to 1.80x as of June 30, 2025. MDFPL follows a policy of maintaining overall gearing below 3x. CareEdge Ratings expects the company's capitalisation to remain comfortable over the medium term with continued support from parent Oikocredit.

##### **Geographically diversified portfolio**

As of March 31, 2025, MDFPL reported Assets Under Management (AUM) of ₹2,038 crore, with operations spanning 16 states across India. The portfolio remains well-diversified geographically, with the top three states accounting for 41% of the gross loan portfolio as on March 31, 2025, consistent with the previous year (41% as on March 31, 2024). However, the AUM moderated to ₹1,791 crore as of June 30, 2025. CareEdge Ratings expects the company's portfolio to remain geographically diversified going forward.

##### **Adequate profitability amid elevated credit costs**

Although MDFPL's profitability remains adequate, it was adversely impacted in FY25 and Q1FY26 due to elevated credit costs arising from asset quality challenges driven by macroeconomic headwinds. In FY25, the company reported a Profit After Tax (PAT) of ₹75 crore, down from ₹94 crore in FY24, primarily due to the increase in credit costs.

The company's Net Interest Margin (NIM) improved to 6.57% in FY25, up from 6.43% in FY24, while operating expenses (Opex) remained stable at 0.85%. Pre-Provision Operating Profit (PPOP) also improved to ₹116 crore in FY25, compared to ₹104 crore in the previous year. However, increased slippages led to a rise in credit cost from 0.01% in FY24 to 0.73% in FY25, resulting into a decline in ROTA from 5.13% to 3.77%.

In Q1FY26, the company continued to face higher credit costs, primarily due to delayed payments from three exposures and the company's prudent provisioning approach, which included provisions for Special Mention Account (SMA)-2 exposures. Despite the asset quality pressures, the company's PPOP remained relatively stable at ₹29 crore in Q1FY26, compared to ₹30 crore in Q1FY25. However, the higher credit costs led to a moderation in Profit After Tax (PAT) to ₹12 crore in Q1FY26, down from ₹23 crore in Q1FY25. Consequently, the Return on Total Assets (ROTA) declined to 2.46% on an annualized basis in Q1FY26, compared to 4.75% in the corresponding quarter of the previous year.

CareEdge Ratings expects that profitability may remain moderate in FY26, primarily due to the expectation of continued elevated credit costs. The company's ability to effectively manage asset quality while sustaining profitability will remain a key monitorable.

### **Key weaknesses**

#### **Moderate scale of operations with client concentration and high exposure towards NBFC, especially microfinance industry**

MDFPL reported 8% growth in Assets Under Management (AUM) in FY25, increasing from ₹1,887 crore as of March 31, 2024, to ₹2,038 crore as of March 31, 2025. However, the loan portfolio moderated to ₹1,791 crore as of June 30, 2025, primarily due to seasonal trends resulting in lower disbursements in Q1.

MDFPL's portfolio continues to be wholesale in nature, with the top 10 exposures accounting for 27% of AUM and 80% of tangible net worth as on March 31, 2025, compared to 28% of AUM and 85% of tangible net worth as on March 31, 2024. As of March 31, 2025, microfinance institutions (MFIs) constituted ~47% of the AUM, consistent with the previous year. MSME and financial institutions constituted 48% of the AUM while remaining portion by renewable energy companies and agriculture projects. The portfolio mix is expected to remain broadly stable in the near term, with MFI portfolio likely to remain within 50% of the total portfolio, MSME to be at 40-45% of the total portfolio and the balance in renewable energy & agriculture projects.

As of March 31, 2025, MDFPL's exposure to entities rated A- and above increased to 37%, compared to 25% as of March 31, 2024. Despite this shift, a substantial portion of the portfolio of ~54% remains concentrated in BBB band rated entities, with ~27% of this exposure carrying a negative outlook. Additionally, 8% of the portfolio comprises of entities that are either unrated or rated below BB+.

Client concentration within the microfinance segment also persists, contributing to overall concentration risk. Given the wholesale nature of MDFPL's portfolio, concentration risk remains a key monitorable going forward.

#### **Moderation in Asset Quality; Elevated Risk from Concentrated Exposures**

MDFPL witnessed asset quality pressures in FY25, primarily stemming from its exposure to non-banking financial companies (NBFCs) engaged in unsecured and microfinance lending. As of March 31, 2025, the company reported a GNPA of 1.44% and a

NNPA of 0.65%, up from 0.96% and 0.10%, respectively, as of March 31, 2024. These figures were driven by exposure to two NPA accounts.

In Q1FY26, the stress in the unsecured lending segment intensified, leading to three additional accounts slipping into NPA. As a result, the total number of NPA accounts rose to five as of June 30, 2025, with GNPA and NNPA increasing to 2.42% and 1.15%, respectively. The NNPA to net worth (NNPA/NW) ratio also rose to 2.91% as on June 30, 2025, compared to 1.91% as on March 31, 2025

CareEdge Ratings expects that slippages may continue in Q2FY26, particularly due to MDFPL's exposure to entities recently downgraded to default ratings. The portfolio concentration in high-risk entities heightens the risk of further asset quality deterioration, especially in the microfinance and unsecured lending sectors. Any slippage in high-ticket exposures could significantly impact overall asset quality. Even though MDFPL has strengthened its provisioning buffers with the stage 3 PCR at ~54% and Stage 2 PCR to 50%, as on June 30, 2025, a substantial rise from Stage 2 PCR of 0.29% as of March 31, 2025, however, considering the ongoing stress in the microfinance segment, its provisioning levels for standard assets has remained at lower levels.

CareEdge Ratings observes that despite the presence of a detailed credit appraisal framework, MDFPL continues to maintain exposure to relatively high-risk entities. MDFPL's ability to manage asset quality while maintaining profitability will remain a critical monitorable.

#### **Susceptibility of the business to socio-political intervention**

The company's business operations are highly susceptible to event-based risks due to significant exposure to the microfinance sector. The microfinance sector continues to be impacted by inherent risk involved, socio-political intervention risk and regulatory uncertainty, and risks, emanating from unsecured lending and marginal borrower profile, who are vulnerable to economic downturns.

#### **Concentrated resource profile with improvement seen in the last two years.**

As on March 31, 2025, 58% borrowings were sourced from the parent, Oikocredit, through external commercial borrowings (ECBs), followed by 26% of borrowings through term loans and cash credit facilities from banks and 15% from NBFCs and financial institutions. (PY: 57%, 28%, 15% respectively). The company has made notable progress in expanding its lender base, increasing the number of active lenders in the last two years from 11 as of June 30, 2023, to 17 as of June 30, 2025. This includes 10 banks, six NBFCs, and one financial institution, reflecting improved access to diversified funding sources.

While MDFPL has successfully secured borrowings at competitive rates and broadened its lender network in the last two years, its continued ability to raise funds from a diverse set of lenders at favorable terms remains a key factor influencing its credit profile and future growth prospects.

#### **Liquidity: Adequate**

Liquidity profile has been adequate with comfortable asset-liability management (ALM) profile and no cumulative negative mismatch in any of the time buckets up to one year as on June 30, 2025. The company had unencumbered cash balance of ₹150 crore as on June 30, 2025. MDFPL has a contractual obligation (principal alone) of ₹424 crore for the next 12 months.

## Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Non Banking Financial Companies](#)

## About the company and industry

### Industry classification

Macroeconomic Indicator	Sector	Industry	Basic Industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

Incorporated in August 2004, MDFPL is registered as a NBFC - Non-Deposit taking Systemically Important (NBFC-ND-SI) with RBI and the wholly owned Indian Subsidiary of Oikocredit, Netherlands, which is a 45-year-old Europe-based Development Finance Institution. MDFPL was incorporated to operate as regional centre of Oikocredit in India and the NBFC lends to MFIs in India that are approved per Oikocredit's global standards. While in other countries, Oikocredit directly disburses loans / invests in NCDs of MFIs; Indian operations are through MDFPL, as it is administratively difficult to invest/ lend to different small MFIs through FII route. MDFPL is primarily engaged in lending to institutions, which lend to the economically poor, and financially excluded section of the society. As on June 30, 2025, MDFPL has AUM of ₹1,791 crore, of which, loans to MFIs constituted ~48%, NBFCs/MSME (other than MFIs) constituted ~48%, renewable energy projects/companies constituted ~4% and the rest is towards agri projects and solar power plans.

Brief Financials (₹ crore)	31-03-2024	31-03-2025	30-06-2025
<b>Standalone</b>	<b>A</b>	<b>A</b>	<b>UA</b>
Total income	229	258	65
PAT	94	75	12
Interest coverage (times)	1.95	1.81	1.50
Total assets	1,954	2,046	1,942
Net NPA (%)	0.10	0.65	1.15
ROTA (%)	5.13	3.77	2.46

A: Audited; UA: Unaudited Note: these are latest available financial results

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

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash credit	-	-	-	-	15.00	CARE A-; Stable
Fund-based - LT-Term loan	-	-	-	July, 2028	585.00	CARE A-; Stable

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	585.00	CARE A-; Stable	-	1)CARE A-; Stable (08-Oct-24)	1)CARE A-; Stable (20-Mar-24) 2)CARE A-; Stable (09-Oct-23)	1)CARE A-; Stable (10-Nov-22)
2	Fund-based - LT-Cash Credit	LT	15.00	CARE A-; Stable	-	1)CARE A-; Stable (08-Oct-24)	1)CARE A-; Stable (20-Mar-24) 2)CARE A-; Stable (09-Oct-23)	1)CARE A-; Stable (10-Nov-22)

LT: Long term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable****Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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