



**Press Release**  
**ADI CHITRAGUPTA FINANCE LIMITED**  
**January 28, 2026**  
**Rating Downgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	200.00	ACUITE BBB-   Negative   Downgraded	-
Total Outstanding Quantum (Rs. Cr)	200.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has downgraded its long-term rating to '**ACUITE BBB-**' (read as **ACUITE triple B minus**) from '**ACUITE BBB**' (read as **ACUITE triple B**) on the Rs. 200.00 crore bank facilities of Adi Chitragupta Finance Limited (ACFL). The outlook has been revised from '**Stable**' to '**Negative**'.

**Rationale for the rating**

The downgrade reflects the deterioration in Adi Chitragupta Finance Limited's credit profile during FY2025 as compared to FY2024. This deterioration is in consonance with the overall deterioration in the micro finance sector due to over leveraging in the sector during last few years and consequent deterioration in asset quality. Acuite understands that as a part of deliberate strategy ACFL slowed down disbursement during the last financial year and total disbursement during the FY 2025 was restricted to ~Rs. 87.00 Cr owing to low disbursement the portfolio came down to Rs. 167.08 Cr as on FY2025 from Rs 286.23 Cr as on FY2024. Profitability also weakened because of reduction in portfolio and consequent decrease in operating income with PAT reducing to Rs. 0.41 Cr as on FY25 from Rs.14.63 Cr as on FY24, alongside a decline in return indicators such as RoAA (0.16% vs. 4.70%) and RoTA (0.20% vs. 4.54%). Asset quality also deteriorated due to over indebtedness impaired the ability of borrowers to repay consequent increase in GNPA across the industry. Besides in the state of Bihar due to increase in indebtedness number the customers migrated to other state, resulting in hike in GNPA. ACFL's GNPA rising to 17.33% as on FY25 from 1.41% as on FY24 and NNPA stood at 12.19% as on FY25, leading to higher provisioning costs.

**About the company**

Bihar based Adi Chitragupta Finance Limited (ACFL) is a non-deposit taking Non-Banking Financial Company – Micro Finance Institution (NBFC-MFI). Incorporated in 2015, the company was founded by Mr. R.K Sinha and Mr. Gyan Mohan and commenced its operation in 2017. Mr. R.K Sinha is the founder of Security & Intelligence Services (India) Limited known as SIS Group and Mr. Gyan Mohan is an ex-banker with exposure in Banking and finance, including investment and international banking. ACFL extends micro-credit primarily to women borrowers through the Joint Liability Group (JLG) model. The company operates in the states of Bihar, Jharkhand and Uttar Pradesh through a network of 86 branches across 45 districts as on Mar 31, 2025.

**Unsupported Rating**

Not Applicable.

**Analytical Approach**

Acuité has considered the standalone business and financial risk profile of ACFL to arrive at the rating.

## Key Rating Drivers

### Strength

#### Experienced management

AFCL was founded by Mr. R.K Sinha and Mr. Gyan Mohan. Mr. R.K Sinha (Director) is an entrepreneur and founder of Security & Intelligence Services (India) Limited (SIS). SIS Group is one of the leaders in the manpower security business in the Asia-Pacific. SIS Group also has operation in Australia, New Zealand etc. SIS India is a company listed at BSE & NSE, with annual turnover in excess of Rs. 13,000 Cr. and more than 3 lakhs employees. SIS Group offers Security, Cash Logistics, and Facility Management Services in India, Australia, and Asia-Pacific regions.

Mr. Gyan Mohan (Director and CEO) is an ex-banker and has around three decades of experience in the banking and finance sector, including investment and international banking. He has worked with SBI Capital Market as SVP & GH (Mergers & Acquisitions & Advisory) and has advised on many privatizations, mergers and advisory assignments. Mr. Mohan is governing board member of Microfinance Institutions Network (MFIN) and is the chairman of Task Force on Small & Medium MFIs and also an active member of Task Force on Credit Bureau at MFIN. The promoters are also supported by other board members like Mr. A. P. Verma (ex-Managing Director and CEO at SBI Capital Markets Limited), DMD and chief credit officer of SBI, who has over three decades of experience and has held varied senior positions at State Bank of India. Mr. Neelmani, a former IPS officer of batch 1975 who has served as DGP, Bihar. Mr. D.K. Saxena who has over four decades of experience in the field of Audit, Taxation, Textiles, Power and Banking/NBFC sectors and has served as a Director and Chairman of the Audit Committee of Syndicate Bank. The extensive experience of the board has helped AFCL put in place robust systems and procedures. The company has in place an automated loan processing system which operates on CBS & CRM provided by BR.Net from Craft Silicon on Software as a Service (SaaS) platform.

### Healthy Capital Structure

ACFL's networth stood at Rs. 78.95 crore as on March 31, 2025 over the years net worth has been grown through promoters contribution and plough back of profits. Promoters have also supported the company by way of Non-convertible debentures of Rs. 49.95 crore and unsecured loans of Rs. 2.00 crore during FY2025. During FY2024 also the promoters infused capital of Rs. 10.00 crore in the form of compulsorily convertible preference share (CCPS) and in FY2025 existing CCPS worth of Rs. 11.00 crore has been converted into equity share. As per conditions stipulated with some of the lenders, the promoters are committed to maintain their NCD holding in the same form or by way of conversion into equity.

The company has also demonstrated moderation in leverage, with debt-to-equity improving to 1.45 times in FY2025 from 2.87 times in FY2024, reflecting reduced reliance on external borrowings. Networth remained stable at around Rs. 78.95 Cr as on March 31, 2025, providing a cushion against operational stress. AFCL's Capital Adequacy ratio (CAR) stood at ~51.19 percent as on March 31, 2025 (~33.90 percent as on March 31, 2024). These factors, along with a track record of operations and a diversified funding base, lend support to the overall credit profile despite the deterioration in asset quality and profitability.

### Weakness

#### Weak Asset Quality

After two years of rapid growth, the sector is facing challenges caused by borrower overleveraging and resulted increase in delinquency. Industry's Gross NPAs in FY2025 surged to around 15% vis-à-vis opening Gross NPAs of ~8.8 % as of March 2024.

ACFL's credit profile is constrained by the deterioration in asset quality and profitability during FY2025. Gross NPAs rose sharply to 17.33 percent as on FY25 from 1.41 percent in FY2024, while Net NPAs stood at 12.19 percent as on FY25, reflecting significant stress in the loan portfolio. This has led to elevated provisioning requirements of Rs. 9.53 Cr in FY2025 compared to Rs. 3.10 Cr in FY2024, which in turn weighed heavily on earnings. Profitability indicators weakened substantially, with PAT reducing to Rs. 0.41 Cr in FY2025 from Rs. 14.63 Cr in FY2024 and RoAA

declining to 0.16 percent as on FY2025 from 4.70 percent as on FY2024. However, the company is adequately capitalized to absorb the provisions being quite underleveraged, if promoter's NCD is taken out of leverage, Total outside debt to Total Networth ratio stood at ~0.82 times.

### Declining Loan Portfolio

Industry gross loan portfolio has been reduced to ~ Rs.3.75 lakh Cr. in FY2025 from ~ Rs. 4.34 lakh Cr. in FY2024. The company also witnessed contraction in scale of operations, with the loan book declining to Rs. 167.08 Cr in FY2025 from Rs. 282.92 Cr in FY2024, accompanied by a fall in earning assets and interest income. This reduction in business volumes, coupled with rising credit costs, has impacted financial flexibility. While capital adequacy remained above regulatory requirements, the sustainability of buffers is challenged by weak internal accruals and asset quality pressures.

### Risks inherent to microfinance segment; Geographical concentration

The activities of microfinance companies like ACFL are exposed to concentration risks. ACFL has a presence in 3 states with a concentration in Bihar (~91.91 percent), Jharkhand (~3.26 percent) and Uttar Pradesh (4.84 percent) of total portfolio as on Mar 31, 2025. While the company mostly focuses on rural areas, the company's performance is expected to remain exposed to the occurrence of events such as natural calamities, which may adversely impact the credit profile of the borrowers. Besides geography, the company will be exposed to competition and any changes in the regulatory framework.

### Rating Sensitivity

- Movement in asset quality and profitability metrics
- Movement in gearing levels
- Increase in scale of operations
- Diversification in geographical profile
- Changes in the regulatory environment

### Liquidity Position

#### Adequate

ACFL liquidity profile remained comfortable as on Mar 31, 2025 with no negative cumulative mismatches in any of the buckets as per the reported liquidity statement

### Outlook - Negative

### Other Factors affecting Rating

None.

### Key Financials - Standalone / Originator

Particulars	Unit	FY25 (Actual)	FY24 (Actual)
Total Assets	Rs. Cr.	203.98	322.53
Total Income*	Rs. Cr.	31.12	42.10
PAT	Rs. Cr.	0.41	14.63
Net Worth	Rs. Cr.	78.95	80.68
Return on Average Assets (RoAA)	(%)	0.16	4.70
Return on Average Net Worth (RoNW)	(%)	0.52	21.21
Debt/Equity	Times	1.45	2.87
Gross NPA	(%)	17.33	1.41
Net NPA	(%)	12.19	0

\*Total income equals to Net Interest Income plus other income

### Status of non-cooperation with previous CRA (if applicable):

Not Applicable

**Any other information**

None.

**Applicable Criteria**

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>

**Note on complexity levels of the rated instrument**

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
30 Oct 2024	Term Loan	Long Term	1.50	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	4.40	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	5.45	ACUITE BBB   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	52.68	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	9.20	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	8.65	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	1.99	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	4.24	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	7.50	ACUITE BBB   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	3.19	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	7.27	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	18.18	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	9.20	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	8.65	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	28.50	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	19.40	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	10.00	ACUITE BBB   Stable (Reaffirmed)
02 Aug 2023	Term Loan	Long Term	3.92	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	1.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	8.51	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	4.90	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	12.73	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	9.72	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	3.74	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Proposed Long Term Bank Facility	Long Term	31.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	26.50	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
		Long		ACUITE BBB   Stable (Upgraded from

	Term Loan	Term	21.53	ACUITE BBB-   Positive)
	Cash Credit	Long Term	5.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	6.88	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	4.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	7.88	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	17.50	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Proposed Long Term Bank Facility	Long Term	3.19	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	7.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	25.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
09 Mar 2023	Term Loan	Long Term	4.84	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	1.00	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	10.24	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	5.75	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	14.55	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	11.65	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	4.58	ACUITE BBB-   Positive (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	47.39	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	29.06	ACUITE BBB-   Positive (Assigned)
	Term Loan	Long Term	23.43	ACUITE BBB-   Positive (Assigned)
	Cash Credit	Long Term	5.00	ACUITE BBB-   Positive (Assigned)
	Term Loan	Long Term	7.50	ACUITE BBB-   Positive (Assigned)
	Term Loan	Long Term	4.17	ACUITE BBB-   Positive (Assigned)
	Term Loan	Long Term	8.48	ACUITE BBB-   Positive (Assigned)
	Term Loan	Long Term	19.17	ACUITE BBB-   Positive (Assigned)
	Proposed Long Term Bank Facility	Long Term	3.19	ACUITE BBB-   Positive (Assigned)



## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	84.40	Simple	ACUITE BBB-   Negative   Downgraded   Stable to Negative ( from ACUITE BBB )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	84.40	Simple	ACUITE BBB-   Negative   Downgraded   Stable to Negative ( from ACUITE BBB )
INDIAN OVERSEAS BANK	Not avl. / Not appl.	Term Loan	21 Mar 2023	Not avl. / Not appl.	28 Mar 2026	0.91	Simple	ACUITE BBB-   Negative   Downgraded   Stable to Negative ( from ACUITE BBB )
INDIAN OVERSEAS BANK	Not avl. / Not appl.	Term Loan	27 Nov 2023	Not avl. / Not appl.	29 Mar 2027	11.36	Simple	ACUITE BBB-   Negative   Downgraded   Stable to Negative ( from ACUITE BBB )
INDIAN OVERSEAS BANK	Not avl. / Not appl.	Term Loan	28 Nov 2024	Not avl. / Not appl.	31 Aug 2028	18.93	Simple	ACUITE BBB-   Negative   Downgraded   Stable to Negative ( from ACUITE BBB )



## Contacts

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### About Acuité Ratings & Research

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