

September 23, 2026

Orange Retail Finance India Pvt Ltd: [ICRA]BBB- (Stable) assigned to Rs. 55-crore NCDs; rating reaffirmed for other instruments

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator [#]
NCD programme	-	55.00	[ICRA]BBB- (Stable); assigned	SEBI
NCD programme	87.00	87.00	[ICRA]BBB- (Stable); reaffirmed	SEBI
NCD programme	13.00	13.00	[ICRA]BBB- (Stable); reaffirmed	MCA
Long-term others – Fund based	60.00	60.00	[ICRA]BBB- (Stable); reaffirmed	RBI
Total	160.00	215.00		

*Instrument details are provided in Annexure I; NCD – Non-convertible debenture

[#] 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 (FSRs) other than SEBI

Rationale

The rating takes into consideration Orange Retail Finance India Pvt Ltd's (ORFIPL) adequate capitalisation profile, with a net worth of Rs. 119 crore and managed gearing of 2.8 times as on June 30, 2026 (provisional). Given its small scale (assets under management (AUM) of Rs. 401 crore as of June 2026), ICRA expects the company's growth to remain relatively high. Moreover, it shall require equity infusions at regular intervals to maintain a prudent capitalisation profile. ICRA takes note of ORFIPL's plans to raise equity capital in the near term, which shall help it achieve its growth target while maintaining a prudent capitalisation profile. Nonetheless, it remains important for the company to improve its resource profile to support the envisaged growth plans.

The rating also factors in ORFIPL's gradually changing product mix and evolving earnings profile, with a shift from two-wheeler (2W) loans towards loan against property (LAP) and gold loans. While its overall profitability improved in FY2026, with a net profit of Rs. 6 crore (provisional net profit of ~Rs. 1 crore in Q1 FY2027; Rs. 4 crore in FY2025), its ability to enhance its operating efficiency and control its credit costs remains important. ICRA takes note of the gradual improvement in the asset quality indicators with a reduction in gross non-performing assets (NPAs; on-book) to 2.8% as of June 2026 (2.7% as of March 2026) from 5.8% as of March 2025. Nonetheless, given the limited seasoning of the LAP portfolio and the relatively riskier borrower profile of the low-and-assessed-income segments, ORFIPL remains exposed to volatility in the asset quality.

The Stable outlook reflects ICRA's expectation that the company will continue to maintain an adequate capitalisation profile while scaling up its operations and gradually improving its profitability.

Key rating drivers and their description

Credit strengths

Adequate capitalisation to support near-term growth – ORFIPL is adequately capitalised with a net worth of Rs. 119 crore, managed gearing of 2.8 times and a capital-to-risk weighted assets ratio (CRAR) of 35.5% as on June 30, 2026. Nonetheless, given its scale and growth plans, the company would require equity capital at regular intervals to maintain a prudent capitalisation profile. It had last raised ~Rs. 30 crore through compulsorily convertible preference shares in FY2024 and plans to raise fresh equity capital in the near term, which shall remain key for medium-term growth.

Credit challenges

Small scale of operations and modest borrower profile – ORFIPL's scale remains small and geographically concentrated with a high share of AUM in Tamil Nadu (86% as of June 2026). ICRA takes note of the modest growth in AUM in FY2026 and the decline in Q1 FY2027 on account of portfolio consolidation, following the change in the company's plan in the last few years. While the share of the 2W loan segment in the AUM was high as on June 30, 2026 (41%), it has been steadily decreasing over the past two years (49% as on March 31, 2026; 62% as on March 31, 2025). ORFIPL is now focussing on LAP (58% of AUM as of June 2026) and gold loans, which shall drive AUM growth in the coming years. However, the company plans to build its affordable housing finance portfolio over the medium term, supported by its presence in relevant customer segments and geographies. The product recalibration follows the stress in the asset quality and resultant credit costs witnessed during the Covid-19 pandemic in the 2W segment.

ICRA notes that the company's gross NPA (on-book portfolio) ratio declined to 2.7% as of March 2026 (2.8% as of June 2026) from 5.8% as of March 2025. Further, the security receipts held in lieu of stressed assets sold to asset reconstruction companies have been reducing (3.6% of on-book portfolio as of March 2026; 4.7% as of March 2025). Nonetheless, ORFIPL remains exposed to volatility, given the target borrower segment. The company primarily caters to low- and middle-income individuals and families, many of whom rely on informal or undocumented sources of income. This segment is more vulnerable to economic downturns due to limited financial buffers to absorb external shocks. In this regard, ORFIPL's ability to control its asset quality remains monitorable as it scales up its portfolio over the near-to-medium term.

Moderate resource profile – ORFIPL's funding profile comprised non-convertible debentures (62%) largely from high-net-worth individuals (HNIs), subordinated debt (8%), loans from non-banking financial companies (NBFCs; 28%) and cash credit facilities from banks (1%) as on March 31, 2026. This apart, the company relies on co-lending arrangements with three NBFCs to fund its AUM (Rs. 100.67 crore, i.e., 24.6% of the AUM as on March 31, 2026). Nonetheless, the resource profile remains moderate with a high cost of funding. In ICRA's opinion, it is important for ORFIPL to improve its funding profile while diversifying its lender base and reducing its cost of funds to support its growth plans.

Evolving profitability metrics, though performance has improved in the recent past – The company's profitability profile is undergoing a transition, reflecting the evolving product mix. The lending yields and interest spreads have moderated with the increasing share of the relatively lower-yield secured loans in FY2026 and Q1 FY2027. Further, the operating efficiency [operating expenses in relation to average managed assets (AMA)] moderated to 8.2% in FY2026 from 7.4% in FY2025, given the reduction in AUM. Nonetheless, credit costs decreased to 0.4% of AMA in FY2026 from 2.0% in FY2025 with the improvement in the reported asset quality indicators. Consequently, the company reported a net profit of ~Rs. 6 crore, translating to a return of 1.2% on AMA in FY2026 (net profit of Rs. 1.09 crore, translating to a return of 0.9% on AMA in Q1 FY2027 on provisional basis) compared to Rs. 4 crore and 0.8%, respectively, in FY2025. ICRA expects a gradual improvement in the operating efficiency and profitability, though maintaining the credit quality would remain key for a sustained earnings performance.

Liquidity position: Adequate

As on June 30, 2026, ORFIPL had an unencumbered cash and bank balance and liquid investments of ~Rs. 11 crore (~Rs. 40 crore as on September 01, 2026). This, along with scheduled collections from advances (principal collection) of ~Rs. 147 crore over the 12-month period ending June 30, 2027, is sufficient to meet the scheduled debt repayments (principal repayment) of ~Rs. 122 crore due during this period in a timely manner. The company's asset-liability maturity (ALM) statement, as on June 30, 2026, had positive cumulative mismatches across buckets for periods of up to five years.

Rating sensitivities

Positive factors – Sustained improvement in the scale and earnings, while keeping the asset quality under control, could positively impact the rating.

Negative factors – An increase in the managed gearing beyond 4.0 times on a continued basis or significant deterioration in the asset quality indicators, resulting in sustained pressure on the profitability indicators, could negatively impact 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

Orange Retail Finance India Pvt Ltd (ORFIPL) is a non-deposit taking non-banking financial company (NBFC), which commenced operations in 2014. It started with 2W financing and gradually expanded its offerings to other products including loans to micro, small & medium enterprises (MSMEs), affordable housing loans and gold loans, with a focus on small business owners in semi-urban and rural areas.

The company reported assets under management (AUM) of Rs. 401 crore as of June 2026 (Rs. 410 crore as of March 2026), which is managed through a network of 58 branches spread across Telangana, Andhra Pradesh, Tamil Nadu, and Karnataka.

Key financial indicators

ORFIPL	FY2025	FY2026	Q1 FY2027*
Total income	67	73	16
Profit after tax (PAT)	4	6	1
Total managed assets	487	469	467
Return on managed assets	0.8%	1.2%	0.9%
Managed gearing (times)	3.0	2.8	2.8
Capital-to-risk weighted assets ratio	29.3%	34.8%	35.5%
Gross NPA	5.8%	2.7%	2.8%
Net NPA	3.1%	1.4%	1.3%

Source: Company; Amount in Rs. crore; Managed assets = Total assets + Off-book portfolio; Managed gearing = (On-book borrowings + Off-book portfolio)/Net worth

Status of non-cooperation with previous CRA: Crisil BB+ /Stable (ISSUER NOT COOPERATING)

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)	Sep 23, 2026	FY2027		FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long-term others – Fund based	Long term	60.00	[ICRA]BBB-(Stable)	May 19, 2026	[ICRA]BBB-(Stable)	-	-	-	-	-	-
				Aug 21, 2026	[ICRA]BBB-(Stable)	-	-	-	-	-	-
NCD	Long term	13.00	[ICRA]BBB-(Stable)	May 19, 2026	[ICRA]BBB-(Stable)	-	-	-	-	-	-
				Aug 21, 2026	[ICRA]BBB-(Stable)	-	-	-	-	-	-
NCD	Long term	32.00	[ICRA]BBB-(Stable)	May 19, 2026	[ICRA]BBB-(Stable)	-	-	-	-	-	-
				Aug 21, 2026	[ICRA]BBB-(Stable)	-	-	-	-	-	-
NCD	Long term	55.00	[ICRA]BBB-(Stable)	Aug 21, 2026	[ICRA]BBB-(Stable)	-	-	-	-	-	-
NCD	Long term	55.00	[ICRA]BBB-(Stable)	-	-	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term others – Fund based	Simple
NCD programme	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/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Rating	Financial sector regulator [#]
NA	Long-term fund-based bank facilities programme	-	-	-	60.00	[ICRA]BBB-(Stable)	RBI
NA	NCD – Yet to be placed	NA	NA	NA	92.00	[ICRA]BBB-(Stable)	SEBI
INE786X07BM8	NCD	Aug 25, 2026	11.5%	Aug 25, 2028	50.00	[ICRA]BBB-(Stable)	SEBI
INE786X07BJ4	NCD	Jun 02, 2026	10.5%	Sep 02, 2027	4.75	[ICRA]BBB-(Stable)	MCA
INE786X07BI6	NCD	Jun 02, 2026	14.5%	Sep 02, 2027	4.75	[ICRA]BBB-(Stable)	MCA
INE786X07BL0	NCD	Jul 31, 2026	12.5%	Jan 31, 2028	3.50	[ICRA]BBB-(Stable)	MCA

Source: Company; NA – Not applicable; [#]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 FSRs other than SEBI

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

Annexure II: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Ashish Modani
+91 22 6169 3300
ashish.modani@icraindia.com

Prateek Mittal
+91 33 6521 6812
prateek.mittal@icraindia.com

Chandni
+91 22 6114 3448
chandni@icraindia.com

Deep Inder Singh
+91 124 4545 830
deep.singh@icraindia.com

Siddharth Panda
+91 124 4545 830
siddharth.panda@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



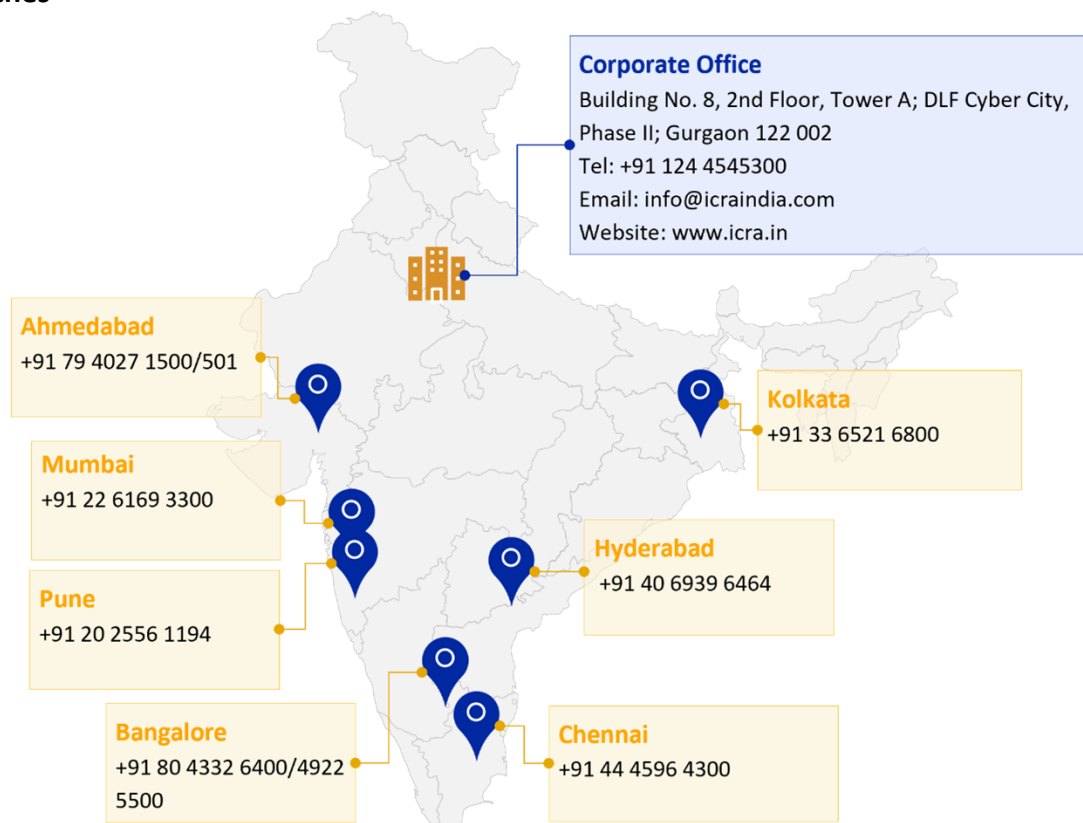
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.