

March 4, 2025

## Arohan Financial Services Limited: Update on material event

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debentures <sup>^</sup>	60.00	60.00	[ICRA]A (Stable); outstanding
Non-convertible debentures	265.00	265.00	[ICRA]A (Stable); outstanding
Long-term bank facilities – Fund based	5,603.07	5,603.07	[ICRA]A (Stable); outstanding
Subordinated debt	75.00	75.00	[ICRA]A (Stable); outstanding
<b>Total</b>	<b>6,003.07</b>	<b>6,003.07</b>	

\*Instrument details are provided in Annexure I; <sup>^</sup> ISINs – INE808K08061 and INE808K08053

### Rationale

Arohan Financial Services Limited, vide its stock exchange filing dated February 28, 2025, has intimated that the scheduled monthly interest payment aggregating Rs. 20,380 towards non-convertible debenture (NCD) bearing ISIN INE808K08061 and Rs. 12,011 towards NCD bearing ISIN INE808K08053 could not be remitted to a few investors because of unavailability of their correct bank account details or closure of their bank accounts. However, ICRA notes that the entire unpaid amount was credited to a separate escrow account maintained with a scheduled commercial bank before the due date, i.e. February 27, 2025.

Arohan had sufficient liquidity in the form of cash and bank balances of Rs. 845 crore as on February 27, 2025 and Rs. 799 crore as on February 28, 2025. The inability to make the payment to the investors concerned neither reflects its lack of ability nor willingness to service the debt obligations. The inability to make the payment was because of reasons beyond the control of the company as it could not gather the correct account details of the investors concerned or the bank account of the investor concerned had closed despite making efforts to approach them independently and through the Registrar and Transfer Agent (RTA).

Given that the company's fundamental credit profile remains intact and the unpaid amount had been transferred to a separate escrow account on the due date itself, its rating remains unchanged, in accordance with ICRA's Policy on Default Recognition.

The table below includes the details of the instruments concerned:

Name of security	ISIN	Total amount to be paid (Rs. lakh)	Due date of payment	Amount of payment made (Rs. lakh)	Amount of payment failed (Rs. lakh)	Reasons for failure of payment	Date when the amount corresponding to the failed payment was transferred to a separate escrow account
NCD	INE808K08061	24.64	Feb 28, 2025	24.44	0.20	Incorrect/closed account numbers	Feb 27, 2025*
NCD	INE808K08053	35.58	Feb 28, 2025	35.46	0.12	Incorrect/closed account numbers	Feb 27, 2025*

\* As per the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-3/P/CIR/2024/160 dated November 18, 2024, amount of Rs. 0.32 lakh has been deposited in an escrow account designated for coupon payments

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position, and rating sensitivities: [Click here](#)

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Rating methodology for non-banking finance companies</a> <a href="#">Policy on default recognition</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

## About the company

Arohan Financial Services Limited (Arohan) is a Kolkata-headquartered non-banking financial company – microfinance institution (NBFC-MFI). It was incorporated on September 27, 1991. Arohan is engaged in the business of microlending, mainly to women, and operates on the joint liability group (JLG) model. It was set up through the acquisition of an existing NBFC, ANG Resources Ltd, with the support of Bellwether Microfinance Fund. The company's name was changed to Arohan Financial Services Limited in March 2008. Arohan became a part of the Aavishkar Group in September 2012. As on December 31, 2024, its assets under management (AUM) stood at Rs. 5,769 crore (limited review).

## Key financial indicators

Arohan Financial Services Limited	FY2023	FY2024	9M FY2025
As per	Ind-AS	Ind-AS	Ind-AS
Total income	1,091	1,635	1,388
Profit after tax	71	314	152
Total managed assets (grossed up for provisions)	6,635	8,654	7,596
Return on average managed assets	1.1%	4.1%	2.5%
Managed gearing (times)	3.6	3.3	2.5
Gross stage 3 assets	2.7%	1.7%	2.9%
CRAR	28.7%	29.0%	36.6%

*Managed gearing = (On-book borrowings + Securitised/Assigned loan assets)/(Net worth)*

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore*

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

**Any other information: None**

## Rating history for past three years

	Current (FY2025)					Chronology of rating history for the past 3 years					
	FY2025					FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Mar 4, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
<b>Long-term bank facilities – Fund based</b>	Long term	5,603.07	[ICRA]A (Stable)	May 20, 2024	[ICRA]A (Stable)	Aug 14, 2023	[ICRA]A- (Positive)	Apr 06, 2022	[ICRA]A- (Negative)	Jul 20, 2021	[ICRA]A- (Negative)
				Oct 25, 2024	[ICRA]A; Rating Watch with Negative Implications	Nov 9, 2023	[ICRA]A- (Positive)	Jun 21, 2022	[ICRA]A- (Negative)	Oct 05, 2021	[ICRA]A- (Negative)
				Nov 11, 2024	[ICRA]A; Rating Watch with Negative Implications	Jan 10, 2024	[ICRA]A (Stable)	Jul 01, 2022	[ICRA]A- (Negative)	Mar 25, 2022	[ICRA]A- (Negative)
				Jan 14, 2025	[ICRA]A (Stable)	-	-	Jul 14, 2022	[ICRA]A- (Negative)	-	-
				Feb 4, 2025	[ICRA]A (Stable)	-	-	Sep 21, 2022	[ICRA]A- (Negative)	-	-
				-	-	-	-	Dec 26, 2022	[ICRA]A- (Stable)	-	-
<b>NCDs</b>	Long term	265.00	[ICRA]A (Stable)	May 20, 2024	[ICRA]A (Stable)	Aug 14, 2023	[ICRA]A- (Positive)	Apr 06, 2022	[ICRA]A- (Negative)	Jul 20, 2021	[ICRA]A- (Negative)

Current (FY2025)						Chronology of rating history for the past 3 years					
FY2025						FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Mar 4, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
				Oct 25, 2024	[ICRA]A; Rating Watch with Negative Implications	Nov 9, 2023	[ICRA]A-(Positive)	Jun 21, 2022	[ICRA]A-(Negative)	Oct 05, 2021	[ICRA]A-(Negative)
				Nov 11, 2024	[ICRA]A; Rating Watch with Negative Implications	Jan 10, 2024	[ICRA]A (Stable)	Jul 01, 2022	[ICRA]A-(Negative)	Mar 25, 2022	[ICRA]A-(Negative)
				Jan 14, 2025	[ICRA]A (Stable)	-	-	Jul 14, 2022	[ICRA]A-(Negative)	-	-
				Feb 4, 2025	[ICRA]A (Stable)	-	-	Sep 21, 2022	[ICRA]A-(Negative)	-	-
				-	-	-	-	Dec 26, 2022	[ICRA]A-(Stable)	-	-
<b>NCDs</b>	Long term	60.00	[ICRA]A (Stable)	May 20, 2024	[ICRA]A (Stable)	Aug 14, 2023	[ICRA]A-(Positive)	Apr 06, 2022	[ICRA]A-(Negative)	Jul 20, 2021	[ICRA]A-(Negative)
				Oct 25, 2024	[ICRA]A; Rating Watch with Negative Implications	Nov 9, 2023	[ICRA]A-(Positive)	Jun 21, 2022	[ICRA]A-(Negative)	Oct 05, 2021	[ICRA]A-(Negative)
				Nov 11, 2024	[ICRA]A; Rating Watch with Negative Implications	Jan 10, 2024	[ICRA]A (Stable)	Jul 01, 2022	[ICRA]A-(Negative)	Mar 25, 2022	[ICRA]A-(Negative)

	Current (FY2025)					Chronology of rating history for the past 3 years					
	FY2025					FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Mar 4, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
				Jan 14, 2025	[ICRA]A (Stable)	-	-	Jul 14, 2022	[ICRA]A-(Negative)	-	-
				Feb 4, 2025	[ICRA]A (Stable); downgraded to [ICRA]D and simultaneously upgraded to [ICRA]A (Stable)	-	-	Sep 21, 2022	[ICRA]A-(Negative)	-	-
				-	-	-	-	Dec 26, 2022	[ICRA]A-(Stable)	-	-
NCDs	Long term	-	-	May 20, 2024	[ICRA]A (Stable)	Aug 14, 2023	[ICRA]A-(Positive)	Apr 06, 2022	[ICRA]A-(Negative)	Jul 20, 2021	[ICRA]A-(Negative)
				Oct 25, 2024	[ICRA]A; Rating Watch with Negative Implications	Nov 9, 2023	[ICRA]A-(Positive)	Jun 21, 2022	[ICRA]A-(Negative)	Oct 05, 2021	[ICRA]A-(Negative)
				Nov 11, 2024	[ICRA]A; Rating Watch with Negative Implications	Jan 10, 2024	[ICRA]A (Stable)	Jul 01, 2022	[ICRA]A-(Negative)	Mar 25, 2022	[ICRA]A-(Negative)
				-	-	-	-	Jul 14, 2022	[ICRA]A-(Negative)	-	-

	Current (FY2025)					Chronology of rating history for the past 3 years					
	FY2025					FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Mar 4, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
				-	-	-	-	Sep 21, 2022	[ICRA]A-(Negative)	-	-
				-	-	-	-	Dec 26, 2022	[ICRA]A-(Stable)	-	-
<b>Subordinated debt</b>	Long term	75.00	[ICRA]A (Stable)	May 20, 2024	[ICRA]A (Stable)	Aug 14, 2023	[ICRA]A-(Positive)	Sep 21, 2022	[ICRA]A-(Negative)	-	-
				Oct 25, 2024	[ICRA]A; Rating Watch with Negative Implications	Nov 9, 2023	[ICRA]A-(Positive)	Dec 26, 2022	[ICRA]A-(Stable)	-	-
				Nov 11, 2024	[ICRA]A; Rating Watch with Negative Implications	Jan 10, 2024	[ICRA]A (Stable)	-	-	-	-
				Jan 14, 2025	[ICRA]A (Stable)						
				Feb 4, 2025	[ICRA]A (Stable)						

Source: Company

## Complexity level of the rated instruments

Instrument	Complexity indicator
Subordinated debt	Simple
NCD	Simple
Long-term bank facilities – Fund based	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)	Current rating and outlook
INE808K08079	NCD	Mar-31-2022	13.65%	Jun-30-2027	200	[ICRA]A (Stable)
INE808K08061	NCD	Oct-25-2019	12.85%	Oct-25-2026	25	[ICRA]A (Stable)
INE808K08046	NCD	Mar-29-2018	13.25%	Apr-28-2025	65	[ICRA]A (Stable)
INE808K08053	NCD	Aug-14-2018	13.25%	Sep-30-2025	35	[ICRA]A (Stable)
NA	Long-term bank facilities – Fund based	Jun-08-2018 to Apr-02-2024	5.15-11.75%	Jul-10-2023 to Apr-30-2027	5,603.07	[ICRA]A (Stable)
NA	Subordinated debt (term loan)	Mar-07-2018	13.50%	Apr-01-2025	50	[ICRA]A (Stable)
NA	Subordinated debt (term loan)	Mar-30-2021	14.25%	Jun-04-2027	25	[ICRA]A (Stable)

Source: Company

[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

**Karthik Srinivasan**  
+91 22 6114 3444  
[karthiks@icraindia.com](mailto:karthiks@icraindia.com)

**A M Karthik**  
+91 44 4596 4308  
[a.karthik@icraindia.com](mailto:a.karthik@icraindia.com)

**Prateek Mittal**  
+91 33 6521 6812  
[prateek.mittal@icraindia.com](mailto:prateek.mittal@icraindia.com)

**Arpit Agarwal**  
+91 124 4545 873  
[arpit.agarwal@icraindia.com](mailto:arpit.agarwal@icraindia.com)

**Chandni**  
+91 124 4545 300  
[chandni@icraindia.com](mailto:chandni@icraindia.com)

## RELATIONSHIP CONTACT

**L Shivakumar**  
+91 22 2433 1084  
[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**  
Tel: +91 124 4545 860  
[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)  
[info@icraindia.com](mailto: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](http://www.icra.in)

## ICRA Limited



### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001  
Tel: +91 11 23357940-45



### Branches



© Copyright, 2025 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](http://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.