

May 19, 2026

## Orange Retail Finance India Pvt Ltd: [ICRA]BBB- (Stable) assigned

### Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term others – Fund based	60.00	[ICRA]BBB- (Stable); assigned
NCD programme	45.00	[ICRA]BBB- (Stable); assigned
<b>Total</b>	<b>105.00</b>	

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

### 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 2.5 times as on December 31, 2025. Given its small scale (assets under management (AUM) of Rs. 397 crore as of December 2025), ICRA expects ORFIPL's growth to remain relatively high. Moreover, the company shall continue requiring 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), affordable housing loans and gold loans. While its overall profitability improved in 9M FY2026 with the company reporting a net profit of Rs. 7 crore (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 4.9% as of December 2025 (5.7% as of March 2025; 9.3% as of March 2024). Nonetheless, given the limited seasoning in LAP 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 and a managed gearing of 2.5 times as on December 31, 2025. Its capital-to-risk weighted assets ratio (CRAR) of 31.1%, as on December 31, 2025, was well above the regulatory capital requirement. Nonetheless, given the 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 of capital 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 (88% of AUM as of December 2025). ICRA takes note of the decline in AUM in 9M FY2026 (3% growth in FY2025), which can be attributed to portfolio consolidation following the change in the company's plan in the last few years. While the 2W loan segment was dominant in the company's AUM as on December 31, 2025 (54%), its share has been gradually decreasing over the past two years (63% as on March 31, 2025; 73% as on March 31, 2024). ORFIPL is now focussing on LAP (46% of AUM as of December 2025), affordable housing loans and gold loans; these shall drive AUM growth in the coming years. The recalibration follows the stress in the asset quality and resultant credit costs witnessed during the Covid-19 pandemic in the 2W segment, which prompted a change in the company's business strategy.

ICRA notes that the company's gross NPA (on-book portfolio) ratio declined to 4.9% as of December 2025 (5.7% as of March 2025; 9.3% as of March 2024). Further, the security receipts held in lieu of stressed assets sold to asset reconstruction companies have been coming down (4.7% of on-book portfolio as of December 2025; 7.0% as of March 2024). 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 borrower segment is more vulnerable to economic downturns due to their 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 (on-balance sheet) comprised non-convertible debentures (69%), subordinated debt (10%), loans from non-banking financial companies (NBFCs; 18%) and cash credit facilities from banks (2%) as on December 31, 2025. This apart, the company relies on co-lending arrangements with three NBFCs to fund its AUM. Nonetheless, the resource profile remains moderate with an elevated 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 9M FY2026. While the net interest margin improved to 9.4% of average managed assets (AMA) in 9M FY2026 from 8.2% in FY2025, it was driven by the reduction in gearing levels as AUM declined. Further, the operating efficiency (operating expenses in relation to AMA) moderated to 8.3% in 9M FY2026 from 7.4% in FY2025, given the reduction in AUM. Nonetheless, credit costs decreased to 0.8% (of AMA) in 9M FY2026 from 2.8% in FY2025 with the improvement in the reported asset quality indicators. The company reported a net profit of ~Rs. 7 crore (~Rs. 11 crore provisional in FY2026), translating to a return of 2.1% on AMA in 9M FY2026 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 December 31, 2025, ORFIPL had an unencumbered cash and bank balance and liquid investments of ~Rs. 16 crore. This, along with scheduled collections from advances (principal collection) of ~Rs. 134 crore over the 12-month period ending December 31, 2026, is sufficient to meet the scheduled debt repayments (principal repayment) of ~Rs. 88 crore due during the said period in a timely manner. The company's asset-liability maturity (ALM) statement, as on December 31, 2025, had positive cumulative mismatches across buckets for periods 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 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	<a href="#">Non-banking Finance Companies (NBFCs)</a>
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) that commenced operations in 2014. It started with 2W financing and gradually expanded its product 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. 397 crore as of December 2025, which is managed through a network of 58 branches spread across Telangana, Andhra Pradesh, Tamil Nadu, and Karnataka.

## Key financial indicators

ORFIPL	FY2024	FY2025	9M FY2026*
Total income	65	67	54
Profit after tax (PAT)	0	4	7
Total managed assets	506	487	445
Return on managed assets	0.1%	0.8%	2.1%
Managed gearing (times)	3.3	3.0	2.5
Capital-to-risk weighted assets ratio	20.7%	29.3%	31.1%
Gross NPA	9.3%	5.7%	4.9%
Net NPA	6.8%	3.3%	2.0%

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

**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)	May 19, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Long-term others – Fund based	Long term	60.00	[ICRA]BBB-(Stable)						
NCD	Long term	45.00	[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: 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.

#### 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 programme	-	-	-	60.00	[ICRA]BBB- (Stable)
NA	NCD – Yet to be issued	NA	NA	NA	45.00	[ICRA]BBB- (Stable)

Source: Company; NA – Not applicable; \*Put option at the end of 15th month from the date of allotment and quarterly thereafter

[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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## ICRA Limited

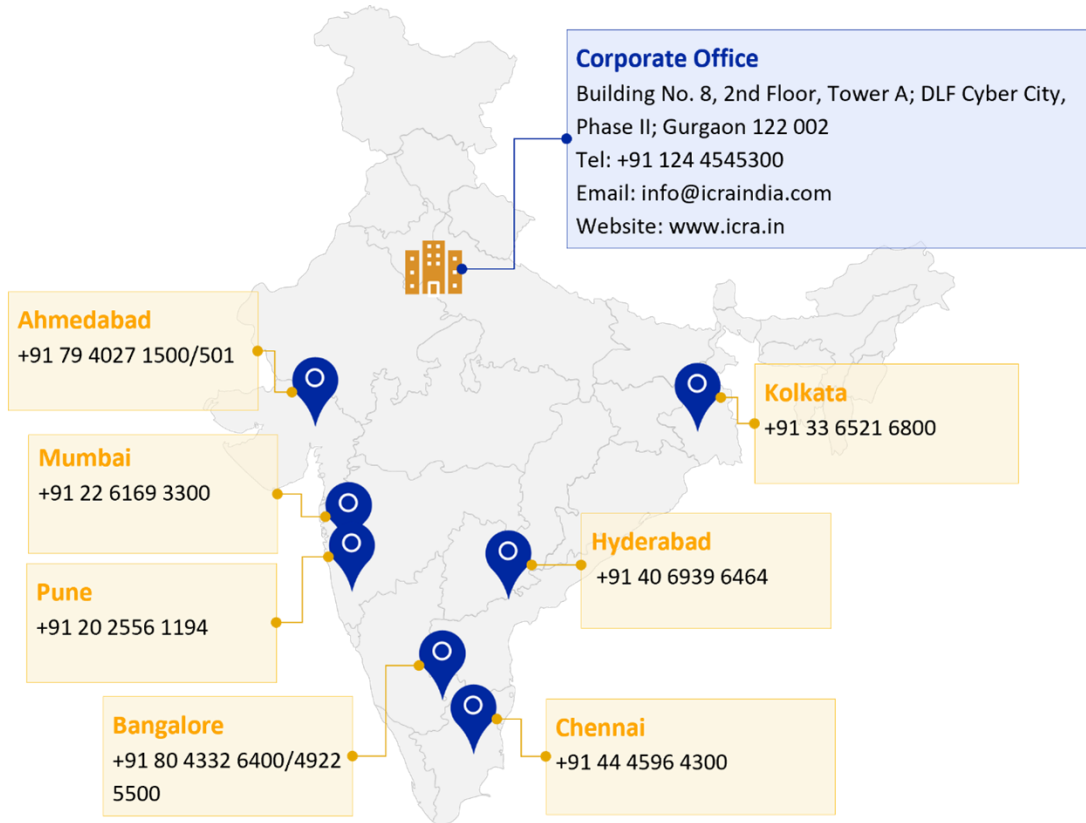


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