

## Arohan Financial Services Limited

February 4, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	199.68	CARE A- (RWD)	Continues on rating watch with developing implications
Long-term Instruments	65.00	CARE A- (RWD)	Continues on rating watch with developing implications
Long-term Instruments*	35.00	CARE A- (RWD)	Downgraded to CARE D and simultaneously upgraded to CARE A- (RWD)
Long-term Instruments**	25.00	CARE A- (RWD)	Downgraded to CARE D and simultaneously upgraded to CARE A- (RWD)

Details of instruments/facilities in Annexure-1

\*For ISIN INE808K08053

\*\*For ISIN INE808K08061

### Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has downgraded Arohan Financial Services Limited's (AFSL) rating for subordinated debentures (ISINs INE808K08053 and INE808K08061) to CARE D, pursuant to non-payment of interest to specific debenture holders due to incorrect account details and delay in deposit of an unpaid interest amount towards these ISINs of Rs. 21,288.71 and Rs. 23,320.58, respectively, in a separate escrow account on the due date, i.e., December 31, 2024. The rating has been simultaneously upgraded/reinstated to CARE A- (RWD) as the non-payment was due to incorrect account details of investors, the company had adequate liquidity and subsequently, the said amounts have been deposited in a separate escrow account with a scheduled commercial bank (SCB) on January 31, 2025, in line with CARE Ratings' policy on default recognition and policy on curing period.

CARE Ratings notes that AFSL had deposited the aggregate amount due towards these ISINs, one day prior to the due date, into a specific bank account. From this specific bank account, the payment was made to the investors on that day itself. However, the above-mentioned amounts could not be processed due to incorrect account details of the security holders and was credited back to the specific bank account. AFSL had adequate liquidity of Rs. 1,077 crore available as on December 31, 2024 to make the required payment. CARE Ratings notes that the amount was not paid on the due date due to incorrect bank account details of investors and was not linked to the company's ability and/or willingness to service the debt in timely manner.

CARE Ratings also notes that the payment of Rs. 15,915.30 towards ISIN INE808K08053 and Rs. 22,562.18 towards ISIN INE808K08061 could not be processed due to incorrect account details of the security holders, on the due date of January 31, 2025. CARE Ratings further notes that AFSL had adequate liquidity of Rs. 935 crore available as on January 31, 2025 to make the required payment and the unpaid amount was deposited in a separate escrow account with an SCB on due date itself and delay was for reasons beyond the control of the issuer.

The company's rating continues to remain at CARE A- (RWD).

Below table includes details of the above-mentioned instruments:

Name of the security	ISIN	Amount to be paid (₹)	Due date of payment	Amount of payment made	Amount of payment failed	Reason for failure
Long-term Instruments	INE808K08053	39,27,937.16	31-Dec-2024	39,06,648.45	21,288.71	Incorrect account details
Long-term Instruments	INE808K08061	27,20,969.95	31-Dec-2024	26,97,649.37	23,320.58	Incorrect account details
Long-term Instruments	INE808K08061	27,28,424.66	31-Jan-2025	27,05,862.48	22,562.18	Incorrect account details
Long-term Instruments	INE808K08053	39,38,698.63	31-Jan-2025	39,22,783.33	15,915.30	Incorrect account details

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

Refer the following link for the previous press release that captures key rating factors and rating sensitivities: Link [here](#)

### Applicable criteria

[Policy on Default Recognition](#)

[Policy On Curing Period](#)

[Financial Ratios - Financial Sector](#)

[Non Banking Financial Companies](#)

[Criteria on Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Microfinance institutions

AFSL commenced MFI operations in 2006 and is a Kolkata-based NBFC-MFI registered with the RBI (registration in January 2014). It is mainly engaged in microfinance activity with AUM of ₹7,000 crore as on September 30, 2024, across 17 states for MFI activity. The top three states for MFI lending are West Bengal, Uttar Pradesh, and Bihar.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	1,091.00	1,634.63	935.93
PAT	70.72	313.82	148.70
Interest coverage (times)	1.19	1.70	1.57
Total Assets	5,897.26	8,054.86	8,067.32
Net NPA (%)	0.21	0.00	0.00
ROTA (%)	1.29	4.50	3.69

A: Audited UA: Unaudited NA: Not Available; 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 and Rating Outlook
Debt-Non-convertible Debenture/Subordinate Debt	INE808K08046	28-Mar-2018	13.50	28-Apr-2025	65.00	CARE A- (RWD)
Debt-Non-convertible Debenture/Subordinate Debt	INE808K08053	14-Aug-2018	13.50	30-Sep-2025	35.00	CARE A- (RWD)
Debt-Non-convertible Debenture/Subordinate Debt	INE808K08061	24-Oct-2019	12.85	25-Oct-2026	25.00	CARE A- (RWD)
Fund-based - LT-Cash Credit		-	-	-	45.00	CARE A- (RWD)
Fund-based - LT-Term Loan		-	-	01-04-2025	154.68	CARE A- (RWD)

**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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	154.68	CARE A- (RWD)	1)CARE A (RWN) (23-Oct-24) 2)CARE A- (RWD) (30-Dec-24) 3)CARE A- (RWD) (04-Feb-25)	1)CARE A; Stable (02-Feb-24) 2)CARE A-; Positive (06-Sep-23)	1)CARE A-; Negative (30-Nov-22)	1)CARE A-; Negative (03-Dec-21) 2)CARE A-; Negative (23-Jun-21)
2	Debt-Subordinate Debt	LT	-	-	-	-	1)Withdrawn (30-Nov-22)	1)CARE A-; Negative (03-Dec-21) 2)CARE A-; Negative (23-Jun-21)
3	Fund-based - LT-Cash Credit	LT	45.00	CARE A- (RWD)	1)CARE A (RWN)	1)CARE A; Stable (02-Feb-24)	1)CARE A-; Negative (30-Nov-22)	1)CARE A-; Negative

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	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	Date(s) and Rating(s) assigned in 2021-2022
					(23-Oct-24) 2)CARE A-(RWD) (30-Dec-24) 3)CARE A-(RWD) (04-Feb-25)	2)CARE A-; Positive (06-Sep-23)		(03-Dec-21)  2)CARE A-; ; Negative (23-Jun-21)
4	Debt-Non-convertible Debenture/Subordinate Debt	LT	35.00	CARE A-(RWD)	1)CARE A (RWN) (23-Oct-24) 2)CARE A-(RWD) (30-Dec-24) 3)CARE D (04-Feb-25)	1)CARE A; Stable (02-Feb-24)  2)CARE A-; Positive (06-Sep-23)	1)CARE A-; Negative (30-Nov-22)	1)CARE A-; ; Negative (03-Dec-21)  2)CARE A-; ; Negative (23-Jun-21)
5	Debt-Non-convertible Debenture/Subordinate Debt	LT	65.00	CARE A-(RWD)	1)CARE A (RWN) (23-Oct-24) 2)CARE A-(RWD) (30-Dec-24) 3)CARE A-(RWD) (04-Feb-25)	1)CARE A; Stable (02-Feb-24)  2)CARE A-; Positive (06-Sep-23)	1)CARE A-; Negative (30-Nov-22)	1)CARE A-; ; Negative (03-Dec-21)  2)CARE A-; ; Negative (23-Jun-21)
6	Fund-based - LT-Bank Overdraft	LT	-	-	-	-	1)Withdrawn (30-Nov-22)	1)CARE A-; ; Negative (03-Dec-21)  2)CARE A-; ; Negative (23-Jun-21)
7	Debt-Non-convertible Debenture/Subordinate Debt	LT	25.00	CARE A-(RWD)	1)CARE A (RWN) (23-Oct-24) 2)CARE A-(RWD)	1)CARE A; Stable (02-Feb-24)  2)CARE A-; Positive	1)CARE A-; Negative (30-Nov-22)	1)CARE A-; ; Negative (03-Dec-21)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	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	Date(s) and Rating(s) assigned in 2021-2022
					(30-Dec-24) 3)CARE D (04-Feb-25)	(06-Sep-23)		2)CARE A-; Negative (23-Jun-21)
8	Debentures-Non-convertible debentures	LT	-	-	-	1)Withdrawn (06-Sep-23)	1)CARE A-; Negative (30-Nov-22)	1)CARE A-; Negative (03-Dec-21) 2)CARE A-; Negative (23-Jun-21)
9	Debentures-Non-convertible debentures	LT	-	-	-	-	1)Withdrawn (30-Nov-22)	1)CARE A-; Negative (03-Dec-21) 2)CARE A-; Negative (23-Jun-21)
10	Debentures-Non-convertible debentures	LT	-	-	-	1)Withdrawn (06-Sep-23)	1)CARE A-; Negative (30-Nov-22)	1)CARE A-; Negative (03-Dec-21) 2)CARE A-; Negative (23-Jun-21)

**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	Debt-Non-convertible Debenture/Subordinate Debt	Complex
2	Fund-based - LT-Cash Credit	Simple
3	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:** CARE 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.

## Contact us

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### About us:

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