



**Press Release**  
**ARTHAN FINANCE PRIVATE LIMITED**  
**December 12, 2025**  
**Rating Reaffirmed and Withdrawn**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	20.00	ACUITE BB+   Negative   Reaffirmed	-
Non Convertible Debentures (NCD)	20.00	ACUITE BB+   Negative   Reaffirmed	-
Non Convertible Debentures (NCD)	20.00	Not Applicable   Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	40.00	-	-
Total Withdrawn Quantum (Rs. Cr)	20.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) to the Rs. 20.00 crore bank facilities of Arthan Finance Private Limited (AFPL). The outlook is '**Negative**'.

Acuite has reaffirmed the long term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) to the Rs. 20.00 crore non-convertible debentures of Arthan Finance Private Limited (AFPL). The outlook is '**Negative**'.

Acuite has withdrawn its long-term rating on Rs. 15.00 Cr. NCD facilities of Arthan Finance Private Limited (AFPL) without assigning any rating as the instrument is fully repaid. The rating is being withdrawn on account of request received from the issuer and No Objection Certificate (NOC) received from the trustee.

Acuite has withdrawn its long-term rating on Rs. 5.00 Cr. proposed NCD facilities of Arthan Finance Private Limited (AFPL) without assigning any rating. The rating is being withdrawn on account of request received from the issuer.

The rating withdrawal is in accordance with Acuite's policy on withdrawal of ratings as applicable to the respective facility / instrument.

**Rationale for the rating**

The rating reaffirmation continues to factor the persistent losses and high delinquency levels. The company's earning profile further deteriorated, as denoted by a PAT loss of Rs. 6.76 Cr. for FY25 (compared to a PAT loss of Rs. 3.30 Cr. in FY24) and a PAT loss of Rs. 2.56 Cr. (provisional) in H1FY26. These losses are on account of the high operating expenses incurred in the expansion of its network branches which are yet to fructify as well as credit costs incurred in the past 3 years. The GNPA and NNPA stood at 3.96 percent and 2.35 percent respectively, as on September 30, 2025 as compared to 3.06 percent and 1.52 percent as on March 31, 2025 (4.42 percent and 2.68 percent in FY24). Further, the rating factors the experience of the promoters which has helped the company to reach AUM of Rs. 218.88 Cr. as on September 30, 2025. The rating also factors in the equity infusion of Rs 40 Cr. from Incofin

India Progress Fund which resulted in a Networth of Rs 60.22 Cr. as on March 31, 2025 as

compared to Rs 28.33 Cr. as on March 31, 2024. The gearing levels have improved to 2.43 times as on March 31, 2025 from 3.65 times as on March 31, 2024. The company has adequate capitalisation marked by overall CAR of 28.05 percent as on March 31, 2025.

These strengths are partially offset by limited track record of operations and the low seasoning of the long-tenure loan portfolio.

Acuité believes that the company's ability to timely infuse capital and profitably scale up its portfolio while maintaining asset quality pressures would be a key rating monitorable.

### **About the company**

Mumbai based, Arthan Finance Private Limited was established in 2018 to pursue lending business as a non-deposit taking non-banking finance company ('NBFC') licenced by the Reserve Bank of India (RBI), with the main goal of providing credit specifically to self-employed entrepreneurs, MSME's, and consumers in India through differentiated models based on new technologies and local expertise. The company has 48 branches with presence over 4 states as on September 30, 2025.

### **Unsupported Rating**

Not Applicable

### **Analytical Approach**

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

### **Key Rating Drivers**

#### **Strength**

##### **Experienced management**

AFPL is promoted by professionals from banking space with over 15 years of experience. Mr. Pravash Dash, Founder MD and CEO is a seasoned retail banker with expertise in self-employed segments such as microfinance, micro-enterprise finance, vehicle finance and agricultural finance. He has been successful in setting up various businesses in inclusive finance segment in different banks and NBFCs. Mr. Kunal Mehta, Founder and Executive Director has extensive experience in portfolio acquisitions, evaluating strategic equity investments and has been instrumental in building wholesale businesses across asset classes like microfinance, MSME, affordable housing, school finance, gold loans. The board is further supported by Mr. Sunil Gulati, Independent Director who has around three decades of experience in the banking industry. He was a key contributor to the transformation and establishment of RBL Bank. Ms. Smita Chandramani Kumar, Independent Director has over 34 years of experience in the Central Banking, Economics and financial supervision. Additionally, Mr. Rakesh Goyal and Mr. Pranav Yogesh Bafna are Nominee directors.

Acuité believes that AFPL's business profile will be supported by its experienced promoter base and will be able to leverage their expertise to raise funding and grow its loan book.

#### **Adequate capitalization**

AFPL's Capital Adequacy Ratio stood at 28.05 percent comprising majority of Tier 1 capital at 27.83 percent as on March 31, 2025 (16.45 percent as on March 31, 2024). The company's networth improved to Rs. 60.22 Cr. as on March 31, 2025 from Rs. 28.33 Cr. as on March 31, 2024 (Rs. 31.67 Cr. as on March 31, 2023) on account of capital support in the form of equity infusion of Rs 40 Cr. from Incofin India Progress Fund in H1FY2025. The gearing levels stood at 2.43 times as on March 31, 2025 as against 3.65 times as on March 31, 2024.

Going ahead, Acuité expects AFPL to benefit from its continuous support from external investors, hereby maintaining adequate capitalisation.

#### **Weakness**

##### **Subdued earning profile**

AFPL's reported losses of Rs. 6.76 Cr. for FY25 (Rs. 3.30 Cr. in FY24) and PAT loss of Rs. 2.56 Cr. (provisional) for H1FY2026. These losses are on account of the high operating expenses incurred in the expansion of its network branches which are yet to fructify, as well as credit costs incurred in past 3 years.

Acuite believes that the company's ability to maintain its profitability parameters will be a key rating monitorable.

#### Low seasoning of Portfolio

AFPL commenced its operations in later half of 2019 with majority of the portfolio concentrated in the states of Andhra Pradesh (58.78 percent) and Maharashtra (13.40 percent), Telangana (12.20 percent) and Odisha (15.61 percent) as on September 30, 2025. AFPL's Assets Under Management (AUM) stood at Rs. 218.88 Cr. as on September 30, 2025 (Rs. 195.67 Cr. as on March 31, 2025) with majority of the portfolio having tenor more than 3 years. The company disbursed Rs. 63.04 Cr. in H1FY26 (Rs 139.30 Cr. in FY25 and Rs 102.90 Cr. in FY24) .

Acuite believes that the ability of the company to grow its loan book with support from both debt as well as equity would be a key rating monitorable.

#### Moderate asset quality

AFPL's asset quality is marked by on-time portfolio of 90.27 percent as on September 30, 2025 (92.14 percent as on March 31, 2025). The GNPA and NNPA stood at 3.96 percent and 2.35 percent respectively, as on September 30, 2025 as compared to 3.06 percent and 1.52 percent as on March 31, 2025 (4.42 percent and 2.68 percent in FY24). The Provision Coverage Ratio as on September 30, 2025 stood at 40.58 percent. Going forward, Acuite believes the company's ability to diversify its loan portfolio while maintaining its asset quality will be key monitorable.

#### Rating Sensitivity

- Ability to timely raise capital, both debt and equity to sustain growth momentum
- Movement in profitability metrics
- Movement in asset quality as reflected by GNPA and collection efficiency levels
- Movement in liquidity buffers
- Changes in regulatory environment

#### All Covenants

Not applicable

#### Liquidity Position

##### Adequate

AFPL has adequately matched asset-liability profile as on March 31, 2025, with no negative cumulative mismatch in near to medium term. The company has maintained cash and bank balances of Rs. 38.52 Cr. (including undrawn ODFD lines) as on March 31, 2025.

#### Outlook - Negative

#### Other Factors affecting Rating

None

#### Key Financials - Standalone / Originator

Particulars	Unit	FY25 (Actual)	FY24 (Actual)
Total Assets	Rs. Cr.	206.59	131.83
Total Income*	Rs. Cr.	23.83	17.64
PAT	Rs. Cr.	(6.76)	(3.30)
Net Worth	Rs. Cr.	60.22	28.33
Return on Average Assets (RoAA)	(%)	(3.99)	(2.40)
Return on Average Net Worth (RoNW)	(%)	(15.26)	(11.01)
Total Debt/Tangible Net worth (Gearing)	Times	2.43	3.65
Gross NPA	(%)	3.06	4.42
Net NPA	(%)	1.52	2.68

\*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
13 Dec 2024	Term Loan	Long Term	0.41	ACUITE BB+   Negative (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	5.00	ACUITE BB+   Negative (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	7.50	ACUITE BB+   Negative (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	7.50	ACUITE BB+   Negative (Reaffirmed)
	Cash Credit	Long Term	0.50	ACUITE BB+   Negative (Reaffirmed)
	Term Loan	Long Term	0.31	ACUITE BB+   Negative (Reaffirmed)
	Proposed Term Loan	Long Term	18.78	ACUITE BB+   Negative (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	5.00	ACUITE BB+   Negative (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	7.50	ACUITE BB+   Negative (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	7.50	ACUITE BB+   Negative (Reaffirmed)
14 Dec 2023	Cash Credit	Long Term	0.50	ACUITE BB+   Stable (Reaffirmed)
	Term Loan	Long Term	1.93	ACUITE BB+   Stable (Reaffirmed)
	Proposed Term Loan	Long Term	13.66	ACUITE BB+   Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	5.00	ACUITE BB+   Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	7.50	ACUITE BB+   Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	7.50	ACUITE BB+   Stable (Reaffirmed)
	Term Loan	Long Term	3.91	ACUITE BB+   Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	12.50	ACUITE BB+   Stable (Assigned)
	Non-Covertible Debentures (NCD)	Long Term	7.50	ACUITE BB+   Stable (Assigned)
06 Sep 2023	Term Loan	Long Term	0.15	ACUITE BB+   Stable (Reaffirmed)
	Cash Credit	Long Term	0.50	ACUITE BB+   Stable (Reaffirmed)
	Term Loan	Long Term	2.37	ACUITE BB+   Stable (Reaffirmed)
	Proposed Term Loan	Long Term	11.98	ACUITE BB+   Stable (Reaffirmed)
	Proposed Secured Non-Convertible Debentures	Long Term	5.00	ACUITE BB+   Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	7.50	ACUITE BB+   Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	7.50	ACUITE BB+   Stable (Reaffirmed)
		Long		ACUITE BB+   Stable

	Term Loan	Term	5.00	(Reaffirmed)
06 Sep 2022	Term Loan	Long Term	1.05	ACUITE BB+   Stable (Assigned)
	Cash Credit	Long Term	0.50	ACUITE BB+   Stable (Assigned)
	Term Loan	Long Term	4.28	ACUITE BB+   Stable (Assigned)
	Proposed Term Loan	Long Term	14.17	ACUITE BB+   Stable (Assigned)
	Proposed Secured Non-Convertible Debentures	Long Term	20.00	ACUITE BB+   Stable (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	INE06MY07034	Non-Convertible Debentures (NCD)	28 Nov 2023	14.75	07 Dec 2025	7.50	Simple	ACUITE BB+   Negative   Reaffirmed
Not Applicable	INE06MY07042	Non-Convertible Debentures (NCD)	30 Apr 2024	14.75	07 May 2026	7.50	Simple	ACUITE BB+   Negative   Reaffirmed
Not Applicable	INE06MY07026	Non-Convertible Debentures (NCD)	23 Dec 2022	15.15	31 Dec 2024	7.50	Simple	Not Applicable   Withdrawn
Not Applicable	INE06MY07018	Non-Convertible Debentures (NCD)	29 Sep 2022	15.50	07 Mar 2025	7.50	Simple	Not Applicable   Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Non Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BB+   Negative   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Non Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	Not Applicable   Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.64	Simple	ACUITE BB+   Negative   Reaffirmed
IDFC First Bank Limited	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.25	Simple	ACUITE BB+   Negative   Reaffirmed
A U Small Finance Bank	Not avl. / Not appl.	Term Loan	05 Dec 2024	Not avl. / Not appl.	18 Jan 2027	6.67	Simple	ACUITE BB+   Negative   Reaffirmed
A U Small Finance Bank	Not avl. / Not appl.	Term Loan	26 Jun 2025	Not avl. / Not appl.	18 Jul 2027	6.61	Simple	ACUITE BB+   Negative   Reaffirmed
IDFC First Bank Limited	Not avl. / Not appl.	Term Loan	17 Sep 2024	Not avl. / Not appl.	29 Nov 2026	5.83	Simple	ACUITE BB+   Negative   Reaffirmed

## Contacts

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### About Acuité Ratings & Research

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