

RATING RATIONALE

26 Dec 2023

Kreon FInnancial Services Limited

Brickwork Ratings downgrades the rating and migrates the rating to the ‘Issuer Not Cooperating’ category to the Proposed Bank Loan Facilities of Rs. 10.00 Cr of ‘Kreon FInnancial Services Limited’ based on best available information, as the issuer did not cooperate.

Particulars

Facility	Amount (₹ Cr)		Tenure	Rating#	
	Previous	Present		Previous (15 Sep 2022)	Present
Fund Based : Term Loans (Proposed)	10.00	10.00	Long Term	BWR BB /Stable (Assignment)	BWR B+ / Stable / ISSUER NOT COOPERATING* / Downgrade
Total	10.00	10.00	Rupees Ten Crores Only		

Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

* Issuer did not cooperate, based on the best available information.

**Details of bank facilities are provided in Annexure-I

RATING ACTION / OUTLOOK / NATURE OF NON-COOPERATION

Brickwork Ratings (BWR) has downgraded the long term rating to “BWR B+/Stable” and has migrated the ratings to the ‘Issuer Not Cooperating’ category for the proposed Bank Loan facilities of ‘Kreon FInnancial Services Limited’, based on the best available information as the issuer did not cooperate.

The ratings were due for review in September, 2023. BWR took up with the company to provide required information over emails. Despite the best efforts of BWR to get at least the minimum required information for a review, the entity has not provided the same, and since then, the rating has not been reviewed. In the absence of adequate information from the issuer/company/bank, BWR is unable to assess the issuer’s/company’s financial performance, status of the loans and its ability to service its debt and maintain a valid rating.

LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally, non-cooperation by rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. The users of credit ratings should therefore, take into



account the possible deterioration in the rated entity’s credit quality that arises from its non-transparency and withholding of information required for a review of the rating.

COMPANY PROFILE:

Kreon Financial Services Limited (KFSL), is registered as a non-deposit taking NBFC established in the year 1994. The Company is currently listed on BSE. KFSL has been into the traditional lending business for the past two decades. With the boom of technology based services in the market, in 2019, KFSL started a new digital lending business division. KFSL specially designed and successfully developed an internal start-up digital lending app, “STUCRED: Real-Time Student Credit”. The Company has tie-ups with 2000+colleges Pan-India where the Company provides unsecured small loans to the students of the affiliated colleges. The loan size ranges from Rs. 500 to maximum of Rs. 10000 and the loans are repayable in 30 days. The Company charges an application usage fee which is deducted upfront. The Company has tied up with Paytm and HDFC Credila for repayment of loans.

Note : As per information available in September 2022.

KEY FINANCIAL INDICATORS (in ₹ Cr) [AS AVAILABLE WITH BWR]

Key Financial Indicators	Units	FY21	FY22	FY23
Result Type		Audited	Audited	Audited
Total Operating Income	Rs.Crs	1.72	4.29	9.62
PAT	Rs.Crs	-0.48	2.10	4.58
Tangible Net Worth	Rs.Crs	1.93	13.35	20.82
Debt to Equity	%	389.67	49.21	39.65
Operating Profit Margin	%	-12.72	55.47	46.96
Net Profit Margin	%	-31.50	48.96	47.62
Return on Equity	%	-28.05	15.72	29.79
Return On Capital Employed	%	-2.31	11.94	14.87
Return on Assets	%	-4.83	10.16	14.80
GNPA	%	3.22	4.36	16.62

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY : Nil

RATING HISTORY FOR THE PREVIOUS THREE YEARS [INCLUDING WITHDRAWAL AND SUSPENDED]

Instrument / Facilities	Current Rating (2023)			Rating History		
	Tenure (Long Term/ Short Term)	Amount (₹ Cr)	Rating	15 Sep 2022	2021	2020
Fund Based: Term Loan (Proposed)	Long Term	10.00	BWR B+ / Stable ; ISSUER NOT COOPERATING* / Downgrade	BWR BB/Stable (Assignment)	-	-
Total		10.00	Rupees Ten Crores Only			

* Issuer did not cooperate, based on the best available information.

COMPLEXITY LEVELS OF THE INSTRUMENTS/ FACILITIES : SIMPLE

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Banks and Financial Institutions](#)
- [What Constitutes Non-Cooperation](#)

Analytical Contacts	
Soubhagya Ranjan Kahalsingh Senior Rating Analyst Mobile : 8884498558 soubhagya.rs@brickworkratings.com	Vidya Shankar Principal Director – Ratings Board : +91 80 40409999 vidyashankar@brickworkratings.com
1-860-425-2742	media@brickworkratings.com



ANNEXURE - I
Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (Rs in Crs)	Short Term (Rs in Crs)	Total (Rs in Crs)
1	Proposed Loan	Term Loan	10.00	-	10.00

Rupees Ten Crores Only

For print and digital media The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

About Brickwork Ratings

Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI], offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,560 medium and large corporates and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations. BWR has Canara Bank, a leading public sector bank, as one of the promoters and strategic partner.

DISCLAIMER :

Brickwork Ratings India Pvt. Ltd. (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by the Reserve Bank of India [RBI], offers credit ratings of Bank Loan facilities, Non-convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. [hereafter referred to as "Instruments"]. BWR also rates NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations.

BWR wishes to inform all persons who may come across Rating Rationales and Rating Reports provided by BWR that the ratings assigned by BWR are based on information obtained from the issuer of the instrument and other reliable sources, which in BWR's best judgment are considered reliable. The Rating Rationale / Rating Report & other rating communications are intended for the jurisdiction of India only. The reports should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in Europe and also the USA).

BWR also wishes to inform that access or use of the said documents does not create a client relationship between the user and BWR.

The ratings assigned by BWR are only an expression of BWR's opinion on the entity / instrument and should not in any manner be construed as being a recommendation to either purchase, hold or sell the instrument.



BWR also wishes to abundantly clarify that these ratings are not to be considered as an investment advice in any jurisdiction nor are they to be used as a basis for or as an alternative to independent financial advice and judgement obtained from the user's financial advisors. BWR shall not be liable to any losses incurred by the users of these Rating Rationales, Rating Reports or its contents. BWR reserves the right to vary, modify, suspend or withdraw the ratings at any time without assigning reasons for the same.

BWR's ratings reflect BWR's opinion on the day the ratings are published and are not reflective of factual circumstances that may have arisen on a later date. BWR is not obliged to update its opinion based on any public notification, in any form or format although BWR may disseminate its opinion and analysis when deemed fit.

Neither BWR nor its affiliates, third party providers, as well as the directors, officers, shareholders, employees or agents (collectively, "BWR Party") guarantee the accuracy, completeness or adequacy of the Ratings, and no BWR Party shall have any liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the Rating Rationales or Rating Reports. Each BWR Party disclaims all express or implied warranties, including, but not limited to, any warranties of merchantability, suitability or fitness for a particular purpose or use. In no event shall any BWR Party be liable to any one for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the Rating Rationales and/or Rating Reports even if advised of the possibility of such damages. However, BWR or its associates may have other commercial transactions with the company/entity. BWR and its affiliates do not act as a fiduciary.

BWR keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of the respective activity. As a result, certain business units of BWR may have information that is not available to other BWR business units. BWR has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

BWR clarifies that it may have been paid a fee by the issuers or underwriters of the instruments, facilities, securities etc., or from obligors. BWR's public ratings and analysis are made available on its web site, www.brickworkratings.com. More detailed information may be provided for a fee. BWR's rating criteria are also generally made available without charge on BWR's website.

This disclaimer forms an integral part of the Ratings Rationales / Rating Reports or other press releases, advisories, communications issued by BWR and circulation of the ratings without this disclaimer is prohibited.

BWR is bound by the Code of Conduct for Credit Rating Agencies issued by the Securities and Exchange Board of India and is governed by the applicable regulations issued by the Securities and Exchange Board of India as amended from time to time.