



RATING RATIONALE

2 April 2024

Kreon Financial Services Limited. (KFSL)

Brickwork Ratings withdraws the rating for the proposed bank loan facility of Rs. 10 Crs. of Kreon Financial Services Limited (KFSL) on account of non-utilization.

Particulars:

Instrument /Facilities [^]	Amount (Rs. Crs.)		Tenure	Rating#	
	Previous	Present		Previous (26 December 2023)	Present
Fund Based: Term Loans (Proposed)	10.00	0.00	Long Term	BWR B+ /Stable ISSUER NOT COOPERATING* /Downgrade	Withdrawal on non-utilization
Total	10.00	0.00	Rupees Zero Crores Only		

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

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

[^]Details of Bank Loan Facilities is provided in Annexure-I

RATING ACTION/OUTLOOK/WITHDRAWAL

Brickwork Ratings (BWR) has withdrawn the ratings of the Proposed bank loan facility (Proposed Term Loan) of Rs. 10 Crs. due to non-utilization of the proposed facility as the same has not been used for raising any such loan and no amount is outstanding against the rated Instrument/Facility. The withdrawal request letter from the client and the client undertaking stating that the BWR rating has not been used for raising any such loan and no amount is outstanding against the rated Instrument/ Facility is on record. The withdrawal of the rating complies with the BWR Rating Withdrawal Policy and extant regulations.

About the Company:

Macro Economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Financial	Financial Services

Kreon Financial Services Limited (KFSL), is a BSE Listed Company registered as a non-deposit taking NBFC established in 1994. 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 and successfully developed an internal startup digital lending app, “StuCred: Real-Time Student Credit”. Since the Covid-19 pandemic, KFSL’s Digital lending market has continued to grow multifold with advancements in technology resulting in substantial growth of the customer base of StuCred, with an increase in disbursement by 272% in FY 2023 over FY 2022.

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 Company has tied up with Paytm and HDFC Credila for repayment of loans.

Credit risk is managed by regular monitoring with small ticket size loans coupled with short tenure for a period of less than one year and can be renewed based on the request of the borrower. In the case of loans offered to students through its "StuCred" App, the credit period is up to 90 days.

As on 31 March 2023, 50.60% of the equity shares were held by the promoters and the balance was held by the Non institutional Investors (26.95%), Bodies Corporate (13.54%), HUF (4.71%), NRI (4.13%) and Others (0.07%). (As per the information available in public domain).

KEY FINANCIAL INDICATORS (AS AVAILABLE IN PUBLIC DOMAIN)

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	0.97	13.35	19.14
Debt to Equity	%	389.67	49.21	39.65
Operating Profit Margin	%	-12.72	55.48	44.95
Net Profit Margin	%	-31.50	48.96	48.11
Return on Equity	%	-28.05	34.67	29.79
Return On Capital Employed	%	-2.31	12.50	14.87
Return on Assets	%	-4.83	10.16	14.80
GNPA	%	3.22	4.36	16.62
Current Ratio	%	1.17	2.09	2.88

COMPLEXITY LEVELS OF THE INSTRUMENTS :

Bank Loans: 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](#)
- [Policy on Rating Withdrawal](#)

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY: The issuer has no outstanding ratings under non-cooperation from other CRAs.

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

Sl. No.	Name of Facility/ Instrument	Current Rating (2024)			Rating History for the past 3 years					
		Type	Amount (Rs.Crs.)	Rating	2023		2022		2021	
					Rating Date	Rating	Rating Date	Rating	Rating Date	Rating
1	Fund Based: Term loan (Proposed)	Long Term	0.00	Withdrawal	26 Dec 2023	BWR B+ / Stable/ ISSUER NOT COOPERATING* / Downgrade-	15 Sep 2022	BWR BB/Stable (Assignment)	NA	NA
	Total		0.00	Rupees Zero Crores Only						

Analytical Contacts	
Sujitha Suseela Associate Manager – Ratings suseela.sujitha@brickworkratings.com	Rahul Tandon Associate Director - Ratings rahul.tandon@brickworkratings.com
1-860-425-2742	media@brickworkratings.com



**Kreon Financial Services Limited (KFSL)
ANNEXURE I**

Details of Bank Facilities rated by BWR:

Sl. no	Name of the Banker	Type of Facility	Long term (Rs.Crs.)	Short Term (Rs. Crs.)	Total
1	Proposed	Term Loans	0.00	0.00	0.00
			0.00	0.00	0.00
Total (Rupees Zero 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 judgement 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 Ltd. 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.