

March 23, 2022<sup>Revised</sup>

## Dvara Kshetriya Gramin Financial Services Private Limited: Rating withdrawn

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term – Fund-based TL	52.71	52.71	[ICRA]BBB(Stable); withdrawn
Long Term – Unallocated	249.29	249.29	[ICRA]BBB(Stable); withdrawn
Subordinated Debt	30.00	30.00	[ICRA]BBB(Stable); withdrawn
<b>Total</b>	<b>332.00</b>	<b>332.00</b>	

\*Instrument details are provided in Annexure-1

### Rationale

ICRA has withdrawn the rating assigned to the instruments of Dvara Kshetriya Gramin Financial Services Private Limited at the request of the company. In accordance with ICRA's policy on withdrawal of credit ratings, the ratings have been withdrawn as the subordinated debts has been continuously rated by ICRA for five years and the request to withdraw the rating is accompanied by a confirmation from the rated entity that a rating is available on the same instrument from another credit rating agency. The term loan facilities are being withdrawn based on the receipt of No objection certificate/No Due Certificate from the lenders. However, ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed. The Key Rating Drivers, Liquidity Position, Rating Sensitivities, have not been captured as the related instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

### Analytical approach

Analytical Approach	Comments
<b>Applicable Rating Methodologies</b>	<a href="#">ICRA's policy on withdrawal of credit rating</a> <a href="#">ICRA's Credit Rating Methodology for Non-Banking Finance Companies</a>
<b>Parent/Group Support</b>	Not applicable
<b>Consolidation/Standalone</b>	The rating is based on the standalone financial statements of the issuer

### About the company

Dvara Kshetriya Gramin Financial Services Private Limited is a systemically important non-deposit taking non-banking financial company (NBFC-ND-SI) providing financial services in remote and rural areas. The company positions itself as a rural wealth manager providing both loan products as well as other financial products like savings schemes, insurance products, etc., to its customers. Besides loan origination, the company carries out business correspondent activity for two banks and two NBFCs. Dvara has operations across seven states (Tamil Nadu, Odisha, Karnataka, Chhattisgarh, Uttarakhand, Jharkhand and Bihar) with 296 branches as of December 2021. Dvara Trust, Leapfrog Financial Inclusion India (II) Ltd, Accion Africa, Nordic Microfinance Initiative Fund and Stakeboat Capital held stakes of 32.3%, 23.0%, 21.7%, 16.9% and 6.0%, respectively, as of December 2021.

Dvara reported a net loss of Rs. 17.3 crore in 9M FY2022 on a total managed asset base of Rs. 1,188.8 crore compared to a net profit of Rs. 0.8 crore on a total managed asset base of Rs. 1,336.1 crore in FY2021.

## Key financial indicators (Ind-AS)

	FY2020	FY2021	9M FY2022*
Total Income (Rs. crore)	209.1	246.0	196.1
Profit after Tax (Rs. crore)	3.8	0.8	-17.3
Net Worth (Rs. crore)	293.7	295.2	278.2
Total Managed Portfolio (Rs. crore)	982.7	1,107.8	1028.7
Total Managed Assets (Rs. crore)	1,228.8	1,336.1	1188.8
Return on Managed Assets %	0.4%	0.1%	-1.8%
Return on Net Worth %	1.7%	0.3%	-8.1
Gearing (reported; times)	2.6	3.0	2.9
Gearing (managed; times)	2.7	3.3	3.2
Gross NPA%	2.4%	7.0%	8.4%
Net NPA%	1.1%	1.7%	3.5%
CRAR%	29.9%	26.3%	24.0%

**Source:** Company, ICRA Research; All ratios as per ICRA calculations. \*provisional

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

	Instrument	Current Rating (FY2022)				Chronology of Rating History for the Past 3 Years						
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Current rating	FY2022	FY2021		FY2020		FY2019	
					Mar-23-2022	Aug-20-2021	Mar-26-2021	May-18-2020	Aug-19-2019	Aug-13-2019	Dec-31-2018	Oct-29-2018
1	Long-term fund-based TL	Long term	52.71	52.71	[ICRA]BBB(Stable); withdrawn	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable); upgraded from [ICRA]BBB-(Stable)	[ICRA]BBB-(Stable)	[ICRA]BBB-(Stable)
2	Long term – Unallocated	Long term	249.29	249.29	[ICRA]BBB(Stable); withdrawn	[ICRA]BBB(Stable)	[ICRA]BBB (Stable)	-	-	-	-	-
3	Subordinated debt	Long term	30.00	30.00	[ICRA]BBB(Stable); withdrawn	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable); upgraded from [ICRA]BBB-(Stable)	[ICRA]BBB-(Stable)	[ICRA]BBB-(Stable)

## Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term fund-based term loan	Simple
Long term – Unallocated	Not Applicable
Sub-debt	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: [www.icra.in](http://www.icra.in)

#### Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan 1	30-Sep-19 to 13-Jan-21	NA	04-Dec-21 To 13-Jan-24	8.00	[ICRA]BBB(Stable); withdrawn
NA	Term Loan 2		NA		10.00	[ICRA]BBB(Stable); withdrawn
NA	Term Loan 3		NA		18.75	[ICRA]BBB(Stable); withdrawn
NA	Term Loan 4		NA		4.52	[ICRA]BBB(Stable); withdrawn
NA	Term Loan 5		NA		4.17	[ICRA]BBB(Stable); withdrawn
NA	Term Loan 6		NA		7.27	[ICRA]BBB(Stable); withdrawn
NA	Proposed Limits	NA	NA	NA	249.29	[ICRA]BBB(Stable); withdrawn
INE179P08017	Subordinated Debt	29-Jun-16	15.80%	29-Jun-22	18.00	[ICRA]BBB(Stable); withdrawn
INE179P08025	Subordinated Debt	28-Jul-16	15.80%	28-Jul-22	12.00	[ICRA]BBB(Stable); withdrawn

Source: Dvara

#### Annexure-2: List of entities considered for consolidated analysis: Not applicable

## Corrigendum

The rating rationale document dated March 23,2022 has been corrected with the revision as detailed below:

Detailed reason for withdrawal of ratings has been updated in the rationale para in Page no.1.

## ANALYST CONTACTS

**Karthik Srinivasan**  
+91-22-6114 3444  
[karthiks@icraindia.com](mailto:karthiks@icraindia.com)

**A M Karthik**  
+91-44-4596 4308  
[a.karthik@icraindia.com](mailto:a.karthik@icraindia.com)

**R Srinivasan**  
+91-44-4596 4315  
[r.srinivasan@icraindia.com](mailto:r.srinivasan@icraindia.com)

**Richardson Xavier J**  
+91-90-9487 7278  
[richardson.xavier@icraindia.com](mailto:richardson.xavier@icraindia.com)

## RELATIONSHIP CONTACT

**Mr. Jayanta Chatterjee**  
+91 080 4332 6401  
[jayantac@icraindia.com](mailto:jayantac@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**  
Tel: +91 124 4545 860  
[communications@icraindia.com](mailto:communications@icraindia.com)

## Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)  
[info@icraindia.com](mailto:info@icraindia.com)

## About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



### Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi – 110001  
Tel: +91 11 23357940-45



### Branches



© Copyright, 2022 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.