

December 26, 2024

## Karvy Financial Services Limited: Moved to Non-Cooperating category, Ratings based on best available information

### Summary of rating action

Instrument <sup>^</sup>	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund based	10.00	10.00	[ICRA]D; ISSUER NOT COOPERATING; Rating moved to the 'Issuer Not Cooperating' Category
<b>Total</b>			

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

*^Instrument details are provided in Annexure-1*

### Rationale

ICRA has moved the ratings of Karvy Financial Services Limited (KFSL) to the 'Issuer Not Cooperating' category. The rating is denoted as "[ICRA]D; ISSUER NOT COOPERATING"

As part of its process and in accordance with its rating agreement with KFSL, ICRA has been trying to seek information and management meeting from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, a rating view has been taken on the entity based on the best available information.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">ICRA's Credit Rating Methodology for Non-banking Finance Companies (NBFCs) Policy in Respect of Non-Cooperation by a Rated Entity</a> <a href="#">Policy on Default Recognition</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the standalone financial statements of the company

### About the company

Karvy Financial Services Limited is a fully-owned subsidiary of Karvy Stock Broking Limited (KSBL), directly and through other Group companies. It received its NBFC licence in Q1 FY2010. During the initial phase of operations, the company had significant exposure to capital markets through products such as loan against shares and commodities, and margin funding, which was largely done in conjunction with the broking and commodities arms of the Group. In FY2017, KFSL sold a substantial part of its assets to SBFC and transferred most of its employees and the entire branch network and infrastructure facilities to the latter.

KFSL reported a net loss of Rs. 4 crore on a total asset base of Rs. 83 crore as on March 31, 2024 compared to net loss of Rs. 22 crore on a total asset base of Rs. 85 crore as on March 31, 2023. It reported a net profit of Rs. 1 crore on a total asset base of Rs. 84 crore as on September 30, 2024.

## Key financial indicators (audited)

Karvy Financial Services Limited	FY2023	FY2024	H1 FY2025*
Total income	4	5	3
Profit after tax	(22)	(4)	1
Total managed assets	85	83	84
Return on managed assets	(16.7%)	(3.8%)	2.4%
Reported gearing (times)	-	-	-
Gross stage 3	78.7%	83.2%	84.0%
CRAR	132.1%	141.7%	155.4%

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

## Rating history for past three years

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	26-Dec-2024	FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating
Long-term fund based	Long term	10.00	[ICRA]D; ISSUER NOT COOPERATING	Sep 27, 2023	[ICRA]D	Dec 02, 2022	[ICRA]D	Oct 12, 2021	[ICRA]D
								Oct 07, 2021	[ICRA]D
Long-term fund based	Long term	-	-	Sep 27, 2023	[ICRA]D; reaffirmed and withdrawn	Dec 02, 2022	[ICRA]D	Oct 12, 2021	[ICRA]D
								Oct 07, 2021	[ICRA]D
Long-term fund based	Long term	-	-			Dec 02, 2022	[ICRA]D; withdrawn	Oct 12, 2021	[ICRA]D
								Oct 07, 2021	[ICRA]D
Long-term fund based	Long term	-	-					Oct 12, 2021	[ICRA]D; withdrawn
								Oct 07, 2021	[ICRA]D

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund based	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: [Click Here](#)

**Annexure-I: Instrument details**

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term fund based	NA	NA	NA	10.00	[ICRA]D; ISSUER NOT COOPERATING

Source: Company

**Annexure-II: List of entities considered for consolidated analysis – Not applicable**

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## ICRA Limited

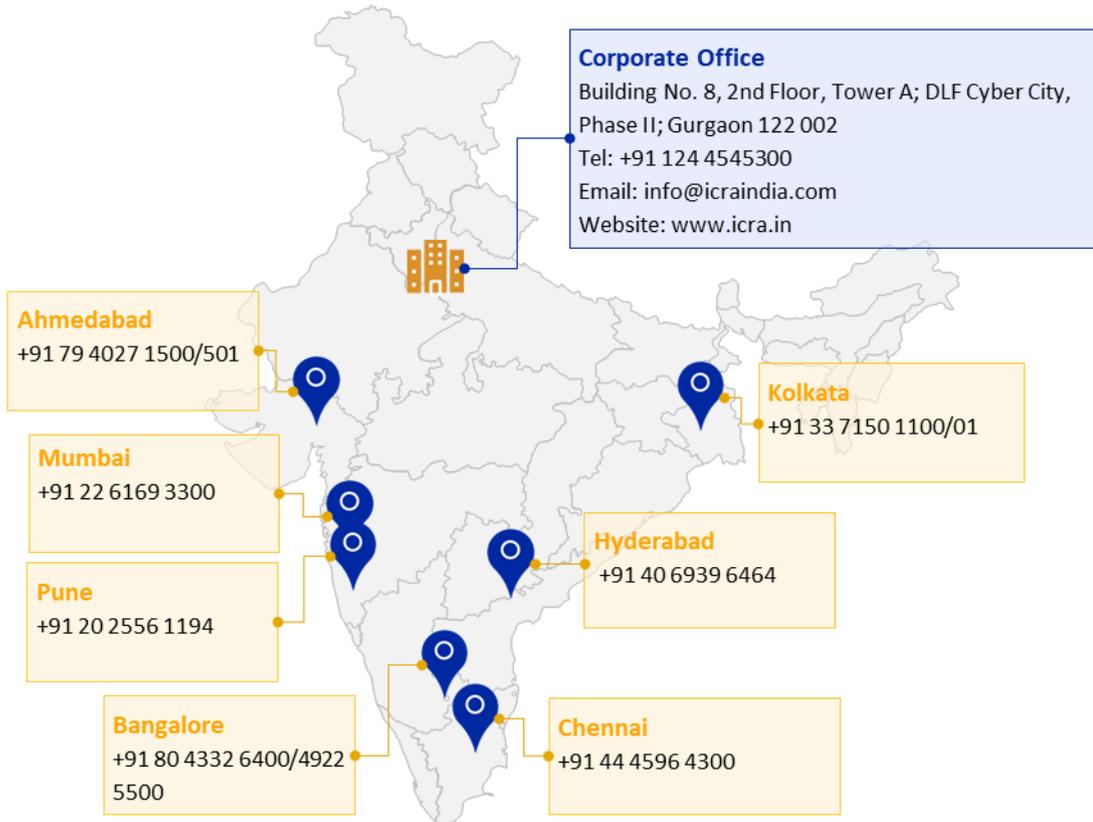


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