KrazyBee Services Limited

December 12, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	700.00	CARE A; Stable	Reaffirmed
Non-convertible debentures	500.00	CARE A; Stable	Assigned
Non-convertible debentures	12.05 (Reduced from 62.05)	CARE A; Stable	Reaffirmed
Non-convertible debentures	300.00	CARE A; Stable	Reaffirmed
Non-convertible debentures	400.00	CARE A; Stable	Reaffirmed
Non-convertible debentures	700.00	CARE A; Stable	Reaffirmed
Non-convertible debentures	-	-	Withdrawn
Commercial paper	700.00	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed ratings for bank facilities and debt instruments of KrazyBee Services Limited (KrazyBee) at 'CARE A; Stable/ CARE A1'. Reaffirmations factor in the company's strong growth momentum, with assets under management (AUM) expanding at a compound annual growth rate (CAGR) of 88% for FY21–FY25, reaching ₹10,102 crore as on March 31, 2025, and further to ₹10,601 crore as on June 30, 2025. Profitability has steadily improved with consolidated return on managed assets (ROMA) improving to 4.8% in FY25 from 4.1% in FY24, resulting in higher tangible net worth (TNW) of ₹3,107 crore as on March 31, 2025 (₹2,537 crore as on March 31, 2024). Incremental borrowings have also been mobilised at improved rates.

Ratings continue to consider the company's comfortable capitalisation levels supported by regular capital raises, scalability of its fully digital, technology-driven business model, and strong platform provided by the group company.

However, ratings are constrained by evolving nature of its products in the personal loan segment, which includes changes in ticket sizes and tenure, vulnerability to asset quality pressures due to inherent risks associated with exposure to unsecured loan segments, moderate funding profile with increasing bank support, and regulatory risks associated with the digital lending space.

CareEdge Ratings has withdrawn the rating assigned to the non-convertible debenture (NCD) issue (ISIN: INE07HK07718) of KrazyBee with immediate effect, as the company has repaid the aforementioned NCD issue in full and there is no amount outstanding under the issue as on date.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Sizable growth in scale of operations while maintaining profitability and asset quality parameters at comfortable levels.
- Significant equity raise and diversification in resource profile with improvement in cost of borrowings.

Negative factors: Factors that could, individually or collectively, lead to negative rating action/downgrade:

- Decline in capitalisation levels with overall gearing of over 3.5x at a consolidated level.
- AUM to net worth (NW) exceeding 5x at a consolidated level.
- Significant moderation in asset quality leading to decline in profitability with ROMA profit after tax (PAT)/average total assets (including off book) reducing below 2.75% on a sustained basis.

Analytical approach: Combined

CareEdge Ratings has taken a combined approach of KrazyBee and Finnovation Technology Solutions Private Limited, as both companies are integrated in terms of operations, infrastructure, and resources, including use of the technology platform, which forms the base for KrazyBee's end-to-end process. Shareholders are common in both entities holding equivalent proportion. List of companies combined is presented in Annexure-6.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Outlook: Stable
The stable outlook reflects likely continuation of a stable credit profile with healthy capitalisation levels.

Detailed description of key rating drivers:

Key strengths
Consistent increase in scale of operations with benefits derived from technological support by the group company and growth potential led by technology-led business model
KrazyBee primarily operates in unsecured personal loans segment, through its balance sheet and co-lending arrangements. On co-lending, the company is fully integrated with partner institutions across origination, underwriting, risk assessment, and collections. Its technology-led approach and quick loan accessibility have been key enablers of growth.

The company's scale of operations has expanded significantly, with its AUM growing at a CAGR of 88% from FY21–FY25. In FY25, AUM grew by 32% year-on-year (y-o-y) to ₹10,102 crore as on March 31, 2025, compared to ₹7,644 crore as on March 31, 2024, which further increased to ₹10,601 crore as on June 30, 2025. The off-book portfolio constituted 41.1% of the total AUM as on June 30, 2025 (March 31, 2025: 41.6%).

While the personal loan segment remains the core business, product mix is evolving in terms of ticket sizes and loan tenures. Business loans contributed 6.6% and secured lending through loans against property (LAP) contributed 2.0% of AUM as on June 30, 2025. CareEdge Ratings expects growth to remain healthy, though at a more moderate pace compared to previous years.

Comfortable capitalisation levels supported by regular capital raise by the company from private equity investors
Capitalisation remains comfortable, aided by regular equity infusions from marquee private equity (PE) investors. Since inception, the group has raised ~₹2,100 crore in PE infusion. Key investors include Premji Invest, Advent International, MUFG Bank, TPG NewQuest Capital, Motilal Oswal Private Equity, and ICICI Bank, among others.

On a combined basis, TNW (consolidated) stood at ₹3,107 crore as on March 31, 2025, against ₹2,537 crore as on March 31, 2024. Gearing (consolidated) remains comfortable at 1.16x as on March 31, 2025, against 1.08x as on March 31, 2024. AUM/NW stood at 3.25x as on March 31, 2025, against 3.01x as on March 31, 2024. The company's total capital adequacy ratio (CAR) continued to remain comfortable at 29.59% as on March 31, 2025, aided by healthy internal accruals.

CareEdge Ratings expects current capital base, supported by strong investors and internal accruals to support envisaged medium-term growth.

Adequate profitability levels
On a combined basis, in FY25, the company reported PAT of ₹473 crore on a total income of ₹2,712 crore against PAT of ₹285 crore on a total income of ₹1,948 crore in FY24. Revenue stream comprises interest income from on-book portfolio and processing fees on own and partner-originated loans. With increase in scale, operating efficiency improved, operating expenses as a percentage of average managed assets declined to 9.6% in FY25 from 12.6% in FY24, supported by lower sourcing costs. Consequently, the company reported 70% increase in pre-provision operating profit (PPOP) from ₹821 crore in FY24 to ₹1,396 crore in FY25. However, credit costs elevated to 7.7% of average assets in FY25 versus 6.1% in FY24, partly offsetting operational gains. ROMA improved to 4.8% in FY25 (FY24: 4.1%), mainly supported by decline in opex cost with decline in overall sourcing expenses.

On a standalone basis, the company has reported PAT of ₹92 crore on total income of ₹627 crore in Q1FY26 against PAT of ₹57 crore on total income of ₹510 crore in Q1FY25. CareEdge Ratings takes note of reduction in average lending rate undertaken by the company in line with the industry post September 2024. Going forward, control on credit costs and operational expenses becomes critical in maintaining current profitability levels and will remain a key rating sensitivity.

Key weaknesses
Moderate asset quality metrics
Given predominant presence majorly in the unsecured personal loan segment, asset quality remains moderate with credit costs remaining higher. The company has an aggressive write-off policy of writing off at 180+ days past due (DPD). Credit cost (including off-book) stood at 7.7% in FY25 against 6.1% in FY24. Post write-offs, gross non-performing assets (GNPA) and net NPA (NNPA) stood at 2.8% and 0.7% as on March 31, 2025 (2.3% and 0.7% a year earlier), improving marginally to 2.59% and 0.65% as on June 30, 2025.

However, credit costs remain structurally high given the unsecured nature of lending.

CareEdge Ratings notes that the company has tweaked its credit underwriting and has slowed down disbursements to lower ticket size loans. Increase in average ticket size and loan tenor indicates a strategic shift towards lending to better quality customers, as reflected in the declining proportion of loans with a tenor of less than six months. Although 80% of disbursements are to repeat customers, the company does not allow concurrent loans or top-ups to the customers. CareEdge Ratings notes that while technology has demonstrated its capacity for easy growth, credit models' ability to keep a check on quality of loans sourced and disbursed is still evolving. Sustenance of asset quality while expansion in loan portfolio amid high competition from banks and fintech peers remains a key monitorable.

Moderate resource profile with improvement in proportion of bank funding

Major funding continues to be through NCDs. On total borrowings, share of NCDs stood at 42% as on March 31, 2025 (37% as on March 31, 2024). Share of bank funding increased from 23% as on March 31, 2024, and stood at 29% as on March 31, 2025, while share of term loan from non-banking finance companies (NBFCs) reduced to 19% as on March 31, 2025, against 27% as on March 31, 2024. Pass-through certificate (PTC; 6.9%) and commercial paper (CP; 2.6%) constitute the resource profile's remaining portion as on March 31, 2025. The company's ability to further improve its resource profile is critical for its future growth prospects.

Regulatory risk related to digital lending space

Ratings also take note of the regulatory risk associated with entities operating in digital lending where frameworks continue to evolve. Rapid growth in digital lending has increased regulatory scrutiny, particularly in the unsecured segment, exposing players to potential policy shifts. Recently, Reserve Bank of India's (RBI) actions adversely impacted growth and yields across the industry, underscoring vulnerability of the business model to regulatory interventions. The regulator's recent reversal of higher risk weights on unsecured loans is viewed as a positive development, providing some relief to entities in this space.

Liquidity: Adequate

The company's liquidity profile stood adequate with no negative cumulative mismatches in time bucket as on June 30, 2025. Inflow from advances stood at ₹5,178 crore for the next 12 months against schedule repayment for the next 12 months of ₹3,023 crore. The company also had cash and cash equivalents amounting to ₹1,303 crore and had unutilised OD limits of ₹443 crore as on June 30, 2025, on a consolidated basis.

Applicable criteria

Consolidation
Definition of Default
Rating Outlook and Rating Watch
Financial Ratios - Financial Sector
Withdrawal Policy
Short Term Instruments
Non Banking Financial Companies

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

KrazyBee was incorporated on March 16, 2016, and received its NBFC license from the RBI in May 2017. The company provides unsecured personal loans up to ₹500,000 for a maximum 48 months. The company commenced operations in June 2017 and moved into offering unsecured loans to young professionals in April 2018 under brand 'KreditBee'. Average ticket size for unsecured personal loans is ~₹30,000. Apart from lending through NBFC, 'KrazyBee', the company also does co-lending with partners. KrazyBee has an overall AUM (including co-lending) of ₹10,601 crore as on June 30, 2025 (₹10,102 crore as on March 31, 2025). KrazyBee NBFC has its own book loan portfolio of ₹6,241 crore as on June 30, 2025 (₹5,899 crore as on March 31, 2025).

Brief Financials (₹ crore)	March 31, 2023	March 31, 2024	March 31, 2025
Combined	A	A	A
Total income	1268	1948	2712
PAT	93	285	473
Asset under management (AUM)	4,644	7,644	10,102
On-book gearing (x)	0.67	1.08	1.16
AUM/ Tangible net worth (TNW) (x)	2.41	3.01	3.25
Gross non-performing assets (NPA) (%)	2.31	2.29	2.83
Return on managed assets (ROMA) (%)	2.35	4.04	4.80
Capital adequacy ratio (CAR) (%)	60.17%	33.89%	29.59%

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial paper-Commercial paper (Standalone) (Proposed)	Proposed	-	-	-	700.00	CARE A1
Fund-based-Long term	-	-	-	July 2027	587.00	CARE A; Stable
Fund-based-Long term (Proposed)	Proposed	-	-	-	113.00	CARE A; Stable
Debentures-Non-convertible debentures	INE07HK07718	April 19, 2024	12.50%	October 19, 2025	0.00*	Withdrawn
Debentures-Non-convertible debentures	INE07HK07718	August 26, 2024	12.50%	October 19, 2025	0.00*	Withdrawn
Debentures-Non-convertible debentures (Proposed)	Proposed	-	-	-	7.05	CARE A; Stable
Debentures-Non-convertible debentures	INE07HK07791	January 23, 2025	10.95%	July 23, 2026	320.00	CARE A; Stable
Debentures-Non-convertible debentures	INE07HK07791	February 5, 2025	10.95%	July 23, 2026	115.00	CARE A; Stable
Debentures-Non-convertible debentures	INE07HK07809	May 6, 2025	10.65%	November 6, 2026	200.00	CARE A; Stable
Debentures-Non-convertible debentures	INE07HK07809	June 19, 2025	10.65%	November 6, 2026	70.00	CARE A; Stable
Debentures-Non-convertible debentures	INE07HK07825	August 12, 2025	10.65%	August 12, 2027	425.00	CARE A; Stable
Debentures-Non-convertible debentures	INE07HK07833	September 10, 2025	11.20%	March 10, 2027	100.00	CARE A; Stable
Debentures-Non-Convertible Debentures (Proposed)	INE07HK07858	October 31, 2025	11.50%	March 29, 2027	125.00	CARE A; Stable

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non-Convertible Debentures (Proposed)	Proposed	-	-	-	50.00	CARE A; Stable
Debentures-Non-Convertible Debentures (Proposed)	Proposed	-	-	-	500.00	CARE A; Stable

*Redeemed

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Commercial Paper-Commercial Paper (Standalone)	ST	700.00	CARE A1	1)CARE A1 (29-Sep-25) 2)CARE A1 (14-Jul-25) 3)CARE A1 (09-Jul-25)	1)CARE A1 (15-Jan-25) 2)CARE A1 (09-Jan-25) 3)CARE A1 (05-Jul-24) 4)CARE A1 (16-May-24) 5)CARE A1 (18-Apr-24) 6)CARE A1 (04-Apr-24)	1)CARE A1 (12-Feb-24) 2)CARE A1 (27-Dec-23)	-
2	Fund-based-Long Term	LT	700.00	CARE A; Stable	1)CARE A; Stable (29-Sep-25) 2)CARE A; Stable (14-Jul-25)	1)CARE A-; Stable (15-Jan-25) 2)CARE A-; Stable (09-Jan-25)	1)CARE A-; Stable (12-Feb-24)	-

					3)CARE A; Stable (09-Jul-25)	3)CARE A-; Stable (05-Jul-24) 4)CARE A-; Stable (16-May-24) 5)CARE A-; Stable (18-Apr-24) 6)CARE A-; Stable (04-Apr-24)		
3	Debentures-Non Convertible Debentures	LT	-	-	1)CARE A; Stable (29-Sep-25) 2)CARE A; Stable (14-Jul-25) 3)CARE A; Stable (09-Jul-25)	1)CARE A-; Stable (15-Jan-25) 2)CARE A-; Stable (09-Jan-25) 3)CARE A-; Stable (05-Jul-24) 4)CARE A-; Stable (16-May-24) 5)CARE A-; Stable (18-Apr-24) 6)CARE A-; Stable (04-Apr-24)	-	-
4	Debentures-Non Convertible Debentures	LT	12.05	CARE A; Stable	1)CARE A; Stable (29-Sep-25) 2)CARE A; Stable	1)CARE A-; Stable (15-Jan-25) 2)CARE A-; Stable	-	-

					(14-Jul-25) 3)CARE A; Stable (09-Jul-25)	(09-Jan-25) 3)CARE A-; Stable (05-Jul-24) 4)CARE A-; Stable (16-May-24)		
5	Debentures-Non Convertible Debentures	LT	300.00	CARE A; Stable	1)CARE A; Stable (29-Sep-25) 2)CARE A; Stable (14-Jul-25) 3)CARE A; Stable (09-Jul-25)	1)CARE A-; Stable (15-Jan-25) 2)CARE A-; Stable (09-Jan-25)	-	-
6	Debentures-Non Convertible Debentures	LT	400.00	CARE A; Stable	1)CARE A; Stable (29-Sep-25) 2)CARE A; Stable (14-Jul-25) 3)CARE A; Stable (09-Jul-25)	1)CARE A-; Stable (15-Jan-25)	-	-
7	Debentures-Non Convertible Debentures	LT	700.00	CARE A; Stable	1)CARE A; Stable (29-Sep-25) 2)CARE A; Stable (14-Jul-25)	-	-	-
8	Debentures-Non Convertible Debentures	LT	500.00	CARE A; Stable				

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Standalone)	Simple
2	Debentures-Non Convertible Debentures	Simple
3	Fund-based-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	KrazyBee Services Limited	Full	Operational and financial linkages
2	Finnovation Technology Solutions Private Limited	Full	Operational and financial linkages

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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