

June 22, 2022

## Spandana Sphoorty Financial Limited: ICRA withdraws rating for pass through certificates (PTCs) issued under a micro loan securitisation transaction

### Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Previous rated amount (Rs. crore)	Current outstanding Amount (Rs. crore)	Rating Action
CREDAVENUE GRETA 12 2020	PTC Series A1	49.95	7.63	0.00	[ICRA]A+(SO); withdrawn

\*Instrument details are provided in Annexure-1

### Rationale

ICRA has withdrawn the rating for PTCs issued under a micro loan securitisation transaction originated by Spandana Sphoorty Financial Limited (SSFL), as tabulated above.

All the payouts to the investors in the above-mentioned instrument has been made and no further payment are due to the investors.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

### Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Policy on Withdrawal of Credit Ratings</a>
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

### About the company

Spandana Sphoorty Financial Limited (Spandana) was incorporated in 2003 as a non-banking financial company (NBFC) and it took over the microfinance operations of Spandana, a non-governmental organisation started by Ms. Padmaja Reddy in 1998. The company was classified as a non-banking financial company – microfinance institution (NBFC-MFI) in 2015. Following the microfinance crisis in Andhra Pradesh (AP), Spandana entered into a master restructuring agreement (MRA) as part of a corporate debt restructuring (CDR) with its lenders in September 2011. It exited the CDR in April 2017 after a fresh equity investment led by Kedaara Capital Investment Managers Limited (Kedaara Capital) and fresh funding from three banks. The company completed its initial public offering (IPO) in August 2019.

The company has a rating of [ICRA]A- and is placed under watch with developing implications on its long-term debt programmes.

## Key financial indicators (audited)

Spandana Sphoorty Financial Limited (standalone)	FY2020	FY2021	3M FY2022*
Total Income	1,217.0	1,365.2	389.4
Profit after Tax	336.7	129.0	47.5
Assets under management	6,660.8	7,812.7	7,042.6
Gross NPA (%)	0.4%	5.8%	4.7%
Net NPA (%)	0.1%	3.2%	2.4%

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

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

**Any other information: None**

## Rating history for past three years

Sr. No	Trust name	Current Rating (FY2023)				Chronology of Rating History for the past 3 years			
		Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021		Date & Rating in FY2020
							Jun 22, 2022	Jan 28, 2022	
1	CREDAVENUE GRETA 12 2020	PTC Series A1	49.95	0.00	[ICRA]A+(SO) withdrawn	[ICRA]A+(SO)	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	-

## Complexity level of the rated instrument

Trust name	Instrument	Complexity Indicator
CREDAVENUE GRETA 12 2020	PTC Series A1	Moderately Complex

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 analyzing 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, is available on ICRA's website: [www.icra.in](http://www.icra.in)

### Annexure-1: Instrument details

Issue Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Scheduled Maturity Date	Amount Rated (Rs. Crore)	Current Rating
CREDAVENUE GRETA 12 2020	PTC Series A1	December 2020	9.50%	October 2022	0.00	[ICRA]A+(SO); withdrawn

Source: Company

### Annexure-2: List of entities considered for consolidated analysis

Not Applicable

## ANALYST CONTACTS

**Abhishek Dafria**  
+91 22 6114 3440  
[abhishek.dafria@icraindia.com](mailto:abhishek.dafria@icraindia.com)

**Gaurav Mashalkar**  
+91 22 6114 3431  
[gaurav.mashalkar@icraindia.com](mailto:gaurav.mashalkar@icraindia.com)

**Sushant Vanmali**  
+91 22 6114 3436  
[sushant.vanmali@icraindia.com](mailto:sushant.vanmali@icraindia.com)

**Himanshi Doshi**  
+91 22 6114 3410  
[himanshi.doshi@icraindia.com](mailto:himanshi.doshi@icraindia.com)

## RELATIONSHIP CONTACT

**L Shivakumar**  
+91 22 6114 3406  
[shivakumar@icraindia.com](mailto:shivakumar@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)

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## ICRA Limited



### Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



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