

November 17, 2022

Spandana Sphoorty Financial Limited: ICRA withdraws ratings for pass through certificates (PTCs) issued under two microfinance loan securitisation transactions

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Previous rated amount (Rs. crore)	Current outstanding Amount (Rs. crore)	Rating Action
Kent Trust 03 2021	PTC Series A1	47.42	6.27	0.00	[ICRA]AA(SO); withdrawn
KARTHIKEYA 03 2021	PTC Series A	199.98	18.59	0.00	[ICRA]AA(SO); withdrawn

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the rating for PTCs issued under two microfinance loan securitisation transactions originated by Spandana Sphoorty Financial Limited (SSFL) (rated [ICRA]A-(Stable)), 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key rating drivers, liquidity position, rating sensitivities have not been captured as the rated instruments are being withdrawn.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	ICRA's Policy on Withdrawal of Credit Rating
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

About the originator

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.

Key financial indicators (audited)

Spandana Sphoorty Financial Limited	FY2020	FY2021	FY2022
Total Income	1,217.0	1,365.0	1,392.0
Profit after Tax	336.7	129.0	47.0
Assets under Management	6,660.8	7,736.0	6,214.0
Gross Non-performing Assets (NPA)%	0.4%	5.8%	14.20%

Net NPA%	0.1%	3.2%	6.24%
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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
					Nov 17, 2022	May-16-2022			
1	Kent Trust 03 2021	PTC Series A1	47.42	0.00	[ICRA]AA(SO); withdrawn	[ICRA]AA(SO)	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	-

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
					Nov 17, 2022	May-16-2022			
2	KARTHIKEY A 03 2021	PTC Series A	199.98	0.00	[ICRA]AA(SO); withdrawn	[ICRA]AA(SO)	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	-

Complexity level of the rated instrument

Trust name	Instrument	Complexity Indicator
Kent Trust 03 2021	PTC Series A1	Moderately Complex
KARTHIKEYA 03 2021	PTC Series A	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: [Click Here](#)

Annexure-I: Instrument details

Trust name	Instrument	Date of Issuance / Sanction	Coupon Rate	Scheduled Maturity Date	Amount Rated (Rs. Crore)	Current Rating
Kent Trust 03 2021	PTC Series A1	March 2021	9.25%	November 2022	0.00	[ICRA]AA(SO); withdrawn
KARTHIKEYA 03 2021	PTC Series A	March 2021	8.95%	December 2022	0.00	[ICRA]AA(SO); withdrawn

Source: Company

Annexure-II: List of entities considered for consolidated analysis

Not Applicable

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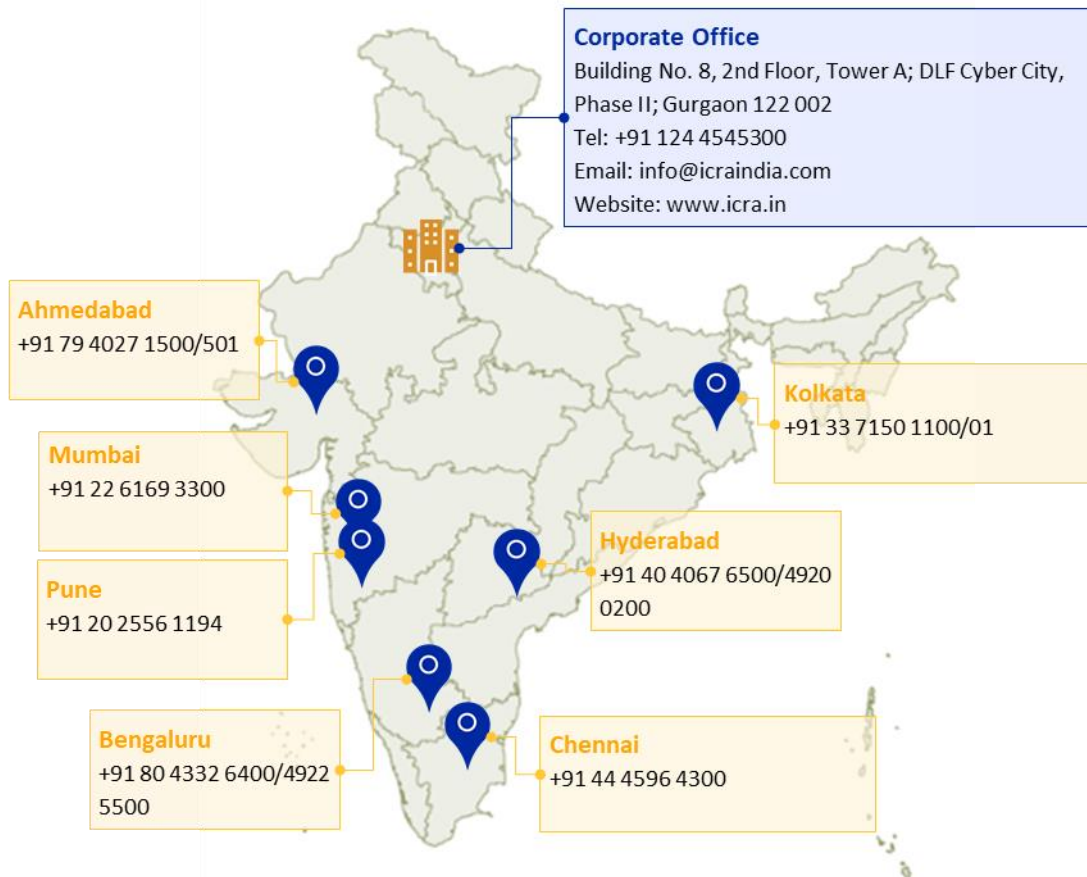
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