

April 25, 2023

## Spandana Sphoorty Financial Limited: Rating withdrawn for PTCs issued under microfinance loan receivables transaction

### Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Previous rated amount (Rs. crore)	Current Amount Outstanding (Rs. crore)	Rating Action
Sunflower 03 2023	PTC Series A1	48.52	NA	0.00	Provisional [ICRA]A-(SO); Withdrawn

\*Instrument details are provided in Annexure I

### Rationale

ICRA has withdrawn the rating for pass through certificates (PTCs) issued under microfinance loan securitisation transaction originated by Spandana Sphoorty Financial Limited {SSFL; rated [ICRA]A-(Positive)}, as tabulated above. The rating is being withdrawn following confirmation from SSFL that the transaction has not been placed.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn. The previous detailed rating rationale of previous rating exercise is available at the following link:

[Click here](#)

### Analytical approach

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

### About the originator

Spandana Sphoorty Financial Limited (SSFL) 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), the company entered into a master restructuring agreement (MRA) as a part of the 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. SSFL completed its initial public offering (IPO) in August 2019. Following Ms. Padmaja Reddy's exit from her executive position in the company in November 2022, a new leadership team – led by Mr. Shalabh Saxena (CEO & MD) - has taken over the management of the company.

### Key financial indicators (audited) (standalone)

	FY2020	FY2021	FY2022	9M FY2023
Total income	1,430.9	1,431.7	1,350.8	863.5
Profit after tax	336.7	129.0	46.6	(103.9)
Total managed assets	8,006.0	9,635.3	7,985.5	8,695.6
Gross NPA	0.4%	3.3%	17.7%	5.1%#
Net NPA	0.1%	1.5%	9.7%	2.3%

Source: Company, ICRA Research; # After sale of assets to asset reconstruction company (ARC),

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**

Sr. No.	Trust Name	Current Rating (FY2024)				Chronology of Rating History			
		Instrument	Initial Amount Rated	Amount Outstanding	Date & Rating in FY2024		for the past 3 years		
					(Rs. crore)	(Rs. crore)	Apr 25, 2023	Apr 04, 2023	Date & Rating in FY2023
1	Sunflower 03 2023	PTC Series A1	48.52	0.00	Provisional [ICRA]A-(SO); Withdrawn	Provisional [ICRA]A-(SO)	-	-	-

**Complexity level of the rated instrument**

Instrument	Complexity Indicator
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 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**

Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date*	Amount Rated (Rs. crore)	Current Rating
<b>Sunflower 03 2023</b>	PTC Series A1	March 2023	12.10%	August 2024	0.00	Provisional [ICRA]A-(SO); Withdrawn

\* Scheduled PTC maturity date at transaction initiation; may change on account of prepayments

Source: Company

**Annexure II: List of entities considered for consolidated analysis**

Not Applicable

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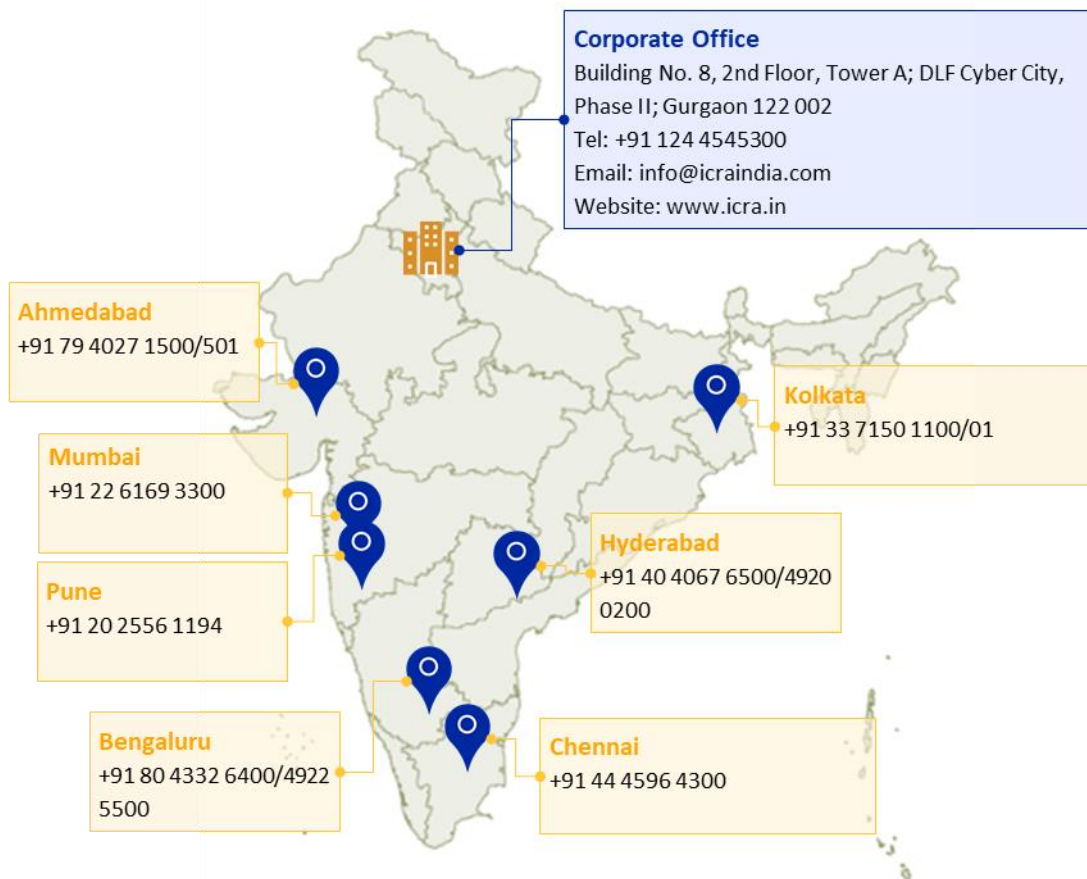
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