

May 16, 2024

Spandana Sphoorty Financial Limited: Rating withdrawn for PTCs issued under a microfinance loan securitisation transaction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
GALAXY 10 2022	PTC Series A1	46.49	8.27	0.00	[ICRA]AAA(SO); Withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the rating for pass through certificates (PTCs) issued under securitisation transaction, Galaxy 10 2022, backed by microfinance loans receivables originated by Spandana Sphoorty Financial Limited (SSFL) (SSFL/Originator; rated [ICRA]A(Positive)) as tabulated above. All the payouts to the investors in the above-mentioned instrument have been made and no further payments are due to the investors.

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liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn.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	ICRA's Policy on Withdrawal of Credit Rating
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 an NBFC-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 an 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. The current leadership team is led by Mr. Shalabh Saxena (Managing Director & Chief Executive Officer) and Mr. Ashish Damani (President & Chief Financial Officer). The company has a 10-member board of directors, including 5 independent directors.

Key financial indicators (standalone)

	FY2022	FY2023	H1FY2024
Total income	1,350.8	1,355.8	1,105.1
Profit after tax	46.6	12.3	227.4
Total managed assets	7,985.5	9,933.3	11,862.1
Gross stage 3 (on b/s)	18.9%	1.9%	1.3%
CRAR	50.7%	36.9%	37.0%

Source: Company, ICRA Research; 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 (FY2025)				Chronology of Rating History for the past 3 years			
		Instrument	Initial Amount Rated	Amount Outstanding	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023		Date & Rating in FY2022
			(Rs. crore)	(Rs. crore)	May 16, 2024	Dec 14, 2023	Dec 05, 2022	Nov 04, 2022	-
1	Galaxy 10 2022	PTC Series A1	46.49	0.00	[ICRA]AAA(SO); Withdrawn	[ICRA]AAA(SO)	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
PTC Series A1	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
Galaxy 10 2022	PTC Series A1	October 2022	9.80%#	June 2024	0.00	[ICRA]AAA(SO); Withdrawn

* Scheduled PTC maturity date at transaction initiation; may change on account of prepayments, #1-year MCLR of Investor +190 bps
Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

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