

August 20, 2024

## Spandana Sphoorty Financial Limited: Ratings withdrawn for PTCs issued under a microfinance loan securitisation transaction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
Sunrise 2024	PTC Series A1	22.39	22.39	0.00	Provisional [ICRA]AAA(SO); Withdrawn
	PTC Series A2	33.59	33.59	0.00	Provisional [ICRA]A-(SO); Withdrawn

\*Instrument details are provided in Annexure I

### Rationale

ICRA has withdrawn the ratings for pass through certificates (PTCs) proposed to be issued under securitisation transaction, Sunrise 2024, backed by microfinance loans receivables originated by Spandana Sphoorty Financial Limited (SSFL/Originator; rated [ICRA]A+(Stable)) as tabulated above. The transaction did not get placed and hence there is no outstanding amount against the rated instrument.

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liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn.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). However, it took over the microfinance operations of Spandana, a non-governmental organisation 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 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)

Spandana Sphoorty Financial Limited (standalone)	FY2022	FY2023	FY2024
Total income	1,350.8	1,355.8	2,386.7
Profit after tax	46.6	12.3	467.9
Total managed assets	7,985.5	9,933.3	13,852.3

Spandana Sphoorty Financial Limited (standalone)	FY2022	FY2023	FY2024
Gross NPA (%)	18.9%	1.9%	1.6%
CRAR	50.7%	36.9%	32.0%

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

Trust Name	Instrument	Current Rating (FY2025)				Chronology of Rating History for the past 3 years		
		Initial Amount Rated	Current Amount Rated	Date & Rating in FY2025		Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022
		(Rs. crore)	(Rs. crore)	August 20, 2024	August 05, 2024	-	-	-
Sunrise 2024	PTC Series A1	22.39	0.00	Provisional [ICRA]AAA(SO); Withdrawn	Provisional [ICRA]AAA(SO)	-	-	-
	PTC Series A2	33.59	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
PTC Series A2	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)	Rating
<b>Sunrise 2024</b>	PTC Series A1	August 05, 2024	9.00%	March 23, 2027	0.00	Provisional [ICRA]AAA(SO); Withdrawn
	PTC Series A2		11.40%		0.00	Provisional [ICRA]A-(SO); Withdrawn

Source: Company

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

Not Applicable

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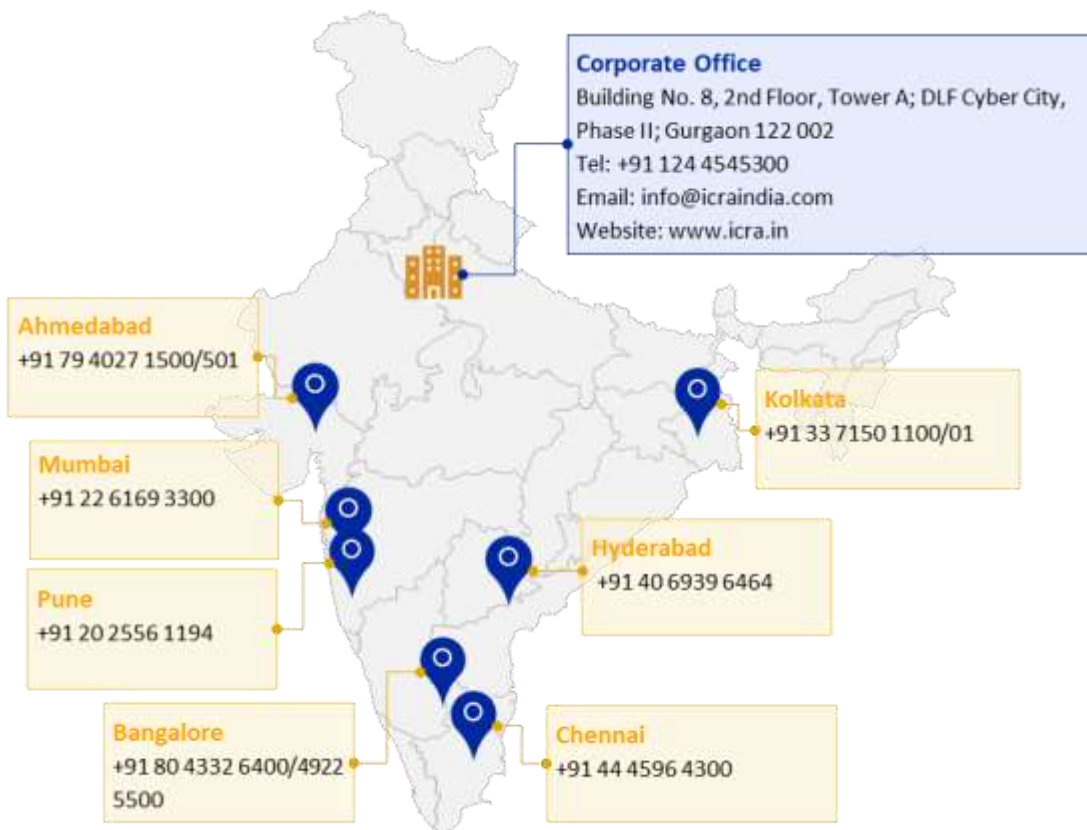
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