

December 15, 2023

Spandana Sphoorty Financial Limited – Update on Material Event

Summary of rating(s) outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term fund based – Term loan	2,105.00	2,105.00	[ICRA]A (Stable); outstanding
Non-convertible debentures	379.50	379.50	[ICRA]A (Stable); outstanding
Market-linked debentures	120.00	120.00	PP-MLD[ICRA]A (Stable); outstanding
Total	2,604.50	2,604.50	

*Instrument details are provided in Annexure I

Rationale

On December 07, 2023, Spandana Sphoorty Financial Limited (SSFL) updated the stock exchange about the shortfall of Rs. 0.04 crore in interest payment for non-convertible debentures (INE572J07646), which was due on December 06, 2023. The shortfall was on account of the non-availability of operative account details of one of the debenture holders (due to suspension of the debenture holder's bank account by the debenture holder's bank), holding 500 debentures of the company. ICRA notes that the company had sufficient account balance and initiated the payment; however, the same was returned due to non-availability of operative account. Subsequently, SSFL made the payment on December 12, 2023, post contacting the debenture holder and obtaining the operational bank account details.

ICRA is of the view that this occurrence is solely because of technical reasons beyond the control of SSFL and does not, per se, have any credit implications.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position, rating sensitivities, and key financial indicators: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology for Non-banking Finance Companies Rating Approach – Consolidation
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on SSFL's consolidated financial statements

About the company

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 (audited)

Spandana Sphoorty Financial Limited (consolidated)	FY2022	FY2023	Q1 FY2024
Total income	1,438.4	1,438.3	528.0
Profit after tax	69.8	12.4	119.5
Net worth	3,089.9	3,099.0	3,228.0
Total managed assets	8,214.2	10,159.6	10,479.0
Return on average managed assets	0.8%	0.1%	4.7%
Return on average net worth	2.4%	0.4%	15.2%
Managed gearing (times)	1.4	2.1	2.1

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

Spandana Sphoorty Financial Limited (standalone)	FY2022	FY2023	Q1 FY2024
Total income	1,350.8	1,355.8	496.8
Profit after tax	46.6	12.3	111.1
Net worth	3,031.5	3,043.2	3,164.0
Total managed assets	7,985.5	9,933.3	10,260.9
Return on average managed assets	0.5%	0.1%	4.4%
Return on average net worth	1.6%	0.4%	14.3%
Managed gearing (times)	1.4	2.1	2.1
Gross stage 3 (on-b/s)	18.9%	1.9%	1.5%
Net stage 3 (on-b/s)	11.5%	0.6%	0.4%
Solvency (net stage 3/net worth)	20.5%	1.5%	1.1%
CRAR	50.7%	36.9%	38.0%

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

	Instrument	Type	Current Rating (FY2024)				Chronology of Rating History for the Past 3 Years								
			Amount Rated (Rs. crore)	Amount O/S (Rs. crore)	Date & Rating in FY2024		Date & Rating in FY2023			Date & Rating in FY2022	Date & Rating in FY2021				
					Dec-15-2023	Aug-18-2023	Mar-27-2023	Mar-01-2023	Sep-29-2022	Nov-10-2021	Nov-20-2020	Oct-12-2020	Jul-01-2020	Jun-19-2020	
1	MLD	LT	120.00	120.00	PP-MLD[ICRA] A (Stable)	PP-MLD[ICRA] A (Stable)	PP-MLD[ICRA] A- (Positive)	PP-MLD[ICRA] A- (Positive)	PP-MLD[ICRA] A- (Stable)	PP-MLD[ICRA] A-&	PP-MLD[ICRA] A- (Stable)	PP-MLD[ICRA] A- (Stable)	-	-	
2	NCD	LT	379.50	295.38*	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A- (Positive)	[ICRA]A- (Positive)	[ICRA]A- (Stable)	[ICRA]A-&	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]A- (Stable)	
3	Term loan	LT	2,105.00	2,105.00	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A- (Positive)	[ICRA]A- (Positive)	[ICRA]A- (Stable)	[ICRA]A-&	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]A- (Stable)	

*Outstanding amount has declined on account of the part payment against ISIN INE572J07281 (reduced to Rs. 16.13 crore from Rs. 21.50 crore), ISIN INE572J07315 (reduced to Rs. 30.00 crore from Rs. 100.00 crore) and ISIN INE572J07323 (reduced to Rs. 26.25 crore from Rs. 35.00 crore)
 & - Denotes Rating Watch with Developing Implications

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term fund based – Term loan	Simple
Non-convertible debentures	Simple
Market linked debentures	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

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term fund based – Term loan	June 09, 2017 to March 24, 2023	NA	August 31, 2023 to January 27, 2026	1,493.48	[ICRA]A (Stable)
Unutilised	Term loan	NA	NA	NA	611.52	[ICRA]A (Stable)
INE572J07281	NCD programme	December 24, 2020	11.49%	December 22, 2023	21.50	[ICRA]A (Stable)
INE572J07315	NCD programme	February 26, 2021	12.50%	February 26, 2024	100.00	[ICRA]A (Stable)
INE572J07323	NCD programme	March 12, 2021	11.49%	March 12, 2027	35.00	[ICRA]A (Stable)
INE572J07414	NCD programme	August 1, 2022	12.29%	August 1, 2028	23.00	[ICRA]A (Stable)
Unutilised	NCD programme	-	-	-	200.00	[ICRA]A (Stable)
INE572J07257	MLD programme	November 24, 2020	-	November 24, 2023	100.00	PP-MLD[ICRA]A (Stable)
INE572J07208	MLD programme	October 28, 2020	-	June 27, 2024	20.00	PP-MLD[ICRA]A (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Criss Financial Holdings Limited	99.85%	Full Consolidation
Caspian Financial Services Limited	100.00%	Full consolidation

Source: Company

Note: ICRA has taken a consolidated view of the parent (SSFL), its subsidiaries and associates while assigning the ratings

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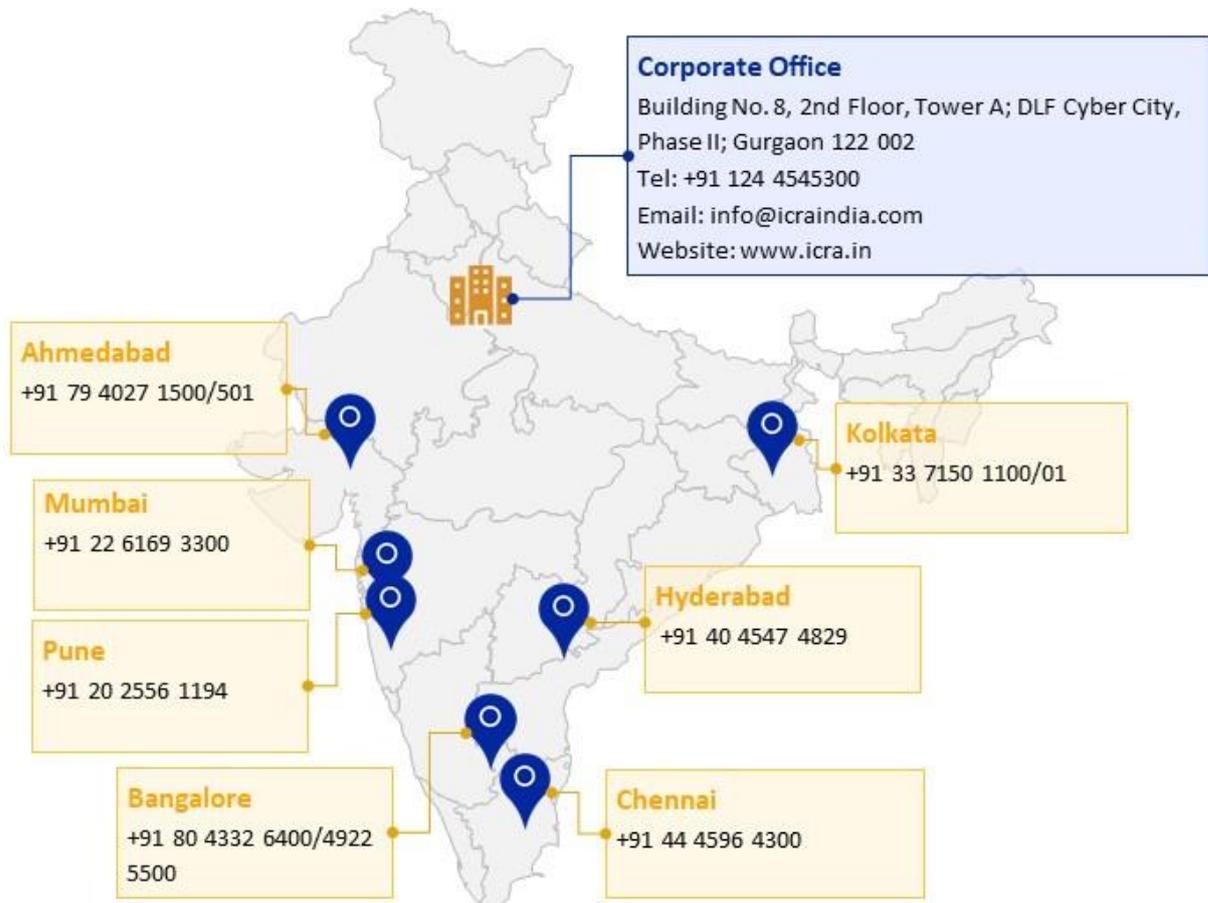
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