

June 11, 2026

Criss Financial Limited (erstwhile Criss Financial Holdings Limited): Rating placed on Watch with Positive Implications

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term fund based – Term loan	150.00	150.00	[ICRA]BBB; placed on Watch with Positive Implications
Total	150.00	150.00	

* Instrument details are provided in Annexure II

Rationale

ICRA has removed the Negative outlook on Criss Financial Limited's (CFL) rating, following the improvement in Spandana Sphoorty Financial Limited's (SSFL; holds an equity stake of 99.92% in CFL) risk profile¹. The revision of the outlook to Stable in SSFL's rating reflects the easing of pressure on its asset quality and profitability in H2 FY2026. Further, CFL's rating has been placed on Watch with Positive Implications, given its proposed merger with SSFL. The board of directors have provided in-principle approval for the proposed merger. The scheme of merger is currently being finalised by the Merger Steering Committee formed by the board. Once the scheme is finalised, the completion of the merger would require approvals from the board, the creditors, the shareholders and statutory bodies. The merger is expected to improve SSFL's operational efficiency and enable it to house the non-microfinance institution (MFI) portfolio within itself, following the changes in the principal business criteria for MFIs. Moreover, this would result in an enhanced capital profile for the resultant entity.

The rating continues to factor in CFL's small scale of operations, with the portfolio largely concentrated in two states, namely Andhra Pradesh (41% of the portfolio as of March 2026) and Rajasthan (17%), accentuating the risks associated with geographical concentration. ICRA notes that CFL's individual loans also witnessed an improvement in delinquencies, supported by write-offs and the sale of stressed loans to an asset reconstruction company (ARC). Its 0+ and 90+ days past due (dpd) stood at 9.9% and 6.5%, respectively, as of March 2026. The company's return on managed assets (RoMA) declined to -9.1% in FY2026 and -9.2% in FY2025 from 4.9% in FY2024 on account of elevated credit costs and operating expenses during FY2025-FY2026.

ICRA notes that CFL is expected to play a critical part in SSFL's diversification plan in new business segments, i.e., micro loan against property (LAP), individual loans and small business loans. These loans are expected to be originated by CFL until the merger process is concluded. Thus, it shall continue to benefit from managerial, capital and liquidity support from its parent. SSFL has extended a line of credit (current limit of Rs. 400 crore). At present, the company has an adequate capital profile in relation to its scale of operations, with a net worth of Rs. 233 crore and a managed gearing of 1.8 times as of March 2026.

Key rating drivers and their description

Credit strengths

Support from SSFL – CFL is a 99.9% subsidiary of SSFL. Going forward, CFL is expected to be merged with SSFL; the company is in the process of finalising the scheme of merger and shall seek the required statutory approvals thereafter. CFL's board comprises members from SSFL's board and senior management team. Further, SSFL is expected to provide financial support to CFL as the latter scales up its operations.

¹ Rating revised to [ICRA]BBB+ (Stable) from [ICRA]BBB+ (Negative)

Adequate capital structure – CFL’s gearing and total capital adequacy ratio stood at 1.8 times and 28.8%, respectively, as of March 2026 vis-à-vis 1.6 times and 38.3%, respectively, as of March 2025 (1.7 times and 33.2%, respectively, as of March 2024). The capitalisation is supported by equity infusions from the parent (Rs. 100 crore each in FY2025 and FY2024, and Rs. 50 crore in FY2021). ICRA expects timely aid from SSFL, as and when required, to support the targeted portfolio growth and capital profile until the proposed merger is concluded.

Credit challenges

Geographically concentrated operations – The company’s scale of operations is small with assets under management (AUM) of Rs. 580 crore as of March 2026 (Rs. 790 crore as of March 2025). Its operations are predominantly concentrated in the two states of Andhra Pradesh (40% of the portfolio as of March 2026) and Rajasthan (17%), accentuating the risks associated with geographical concentration. Apart from these two states, CFL has operations in four other states, viz., Telangana (13% of the portfolio as of March 2026), Madhya Pradesh (14%), Tamil Nadu (10%) and Karnataka (6%).

CFL has historically been focussed on unsecured loans. The share of these loans reduced to 44% of its total loan portfolio as of March 2026, with the company expanding in the micro-LAP segments. The share of micro-LAP correspondingly rose to 56% of the total loan portfolio as of March 2026. ICRA notes that CFL will be focussing on scaling up the micro-LAP, individual loans and small business loan segments in the existing geographies.

Modest borrower profile impacting asset quality and earnings – CFL’s borrowers in the new focus segments are predominantly small business owners and self-employed individuals with a focus on the service industry. These borrowers usually have modest credit profiles without traditional income evidence. In addition, its traditional unsecured micro-loans segment has been catering to the bottom-of-the-pyramid borrowers. Consequently, its asset quality is vulnerable to economic cycles. The asset quality deteriorated in FY2025 and 9M FY2026 due to multiple factors, including overleveraging of borrowers. CFL’s 0+ and 90+ dpd worsened to 16.2% and 12.0%, respectively, as of December 2025 (18.7% and 11.1% as of March 2025), from 6.0% and 2.5% as of March 2024. However, delinquencies witnessed some improvement in Q4 FY2026, supported by the sale to an ARC and bad loan write-offs. The 0+ and 90+ dpd declined to 9.9% and 6.5%, respectively, as of March 2026.

CFL’s operating cost (as a percentage of average managed assets; AMA) increased in FY2025 and FY2026 as it focussed on scaling up its operational infrastructure (especially towards collections and the new businesses) amid the decline in AUM. Consequently, the company reported a net loss of 9.1% (as a percentage of AMA) in FY2026 and 9.2% in FY2025 against a profit of 4.9% in FY2024.

Liquidity position: Adequate

CFL had on-book liquidity of Rs. 49 crore as on March 31, 2026. This, along with expected inflows, is adequate for meeting the debt obligation of Rs. 42 crore during April-June 2026. As of March 2026, CFL’s total borrowings stood at Rs. 430 crore (intercorporate debt (ICD): 72%; pass-through certificate (PTC) securitisation: 21%; and term loans (TLs): 7%). ICRA expects timely support from SSFL, as and when required. Nevertheless, it is critical for CFL to diversify its external funding sources as the business expands.

Rating sensitivities

Positive factors – The rating watch shall be resolved on the successful completion of the proposed merger transaction. An improvement in SSFL’s credit profile would also positively impact the rating.

Negative factors – Deterioration in SSFL’s credit profile could negatively impact the rating. Significant weakening in CFL’s asset quality, affecting the earnings performance, shall also affect the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-banking Finance Companies (NBFCs)
Parent/Group support	The rating factors in the high likelihood of the parent, SSFL, extending financial support, given its majority shareholding.
Consolidation/Standalone	The rating is based on CFL's standalone financial statements.

About the company

Criss Financial Limited (CFL), incorporated in 1992, is a non-banking financial company and a subsidiary of SSFL. At present, SSFL holds a 99.92% stake in the company. CFL has historically been disbursing non-qualifying microfinance loans and LAP. In addition, its loan products include nano and micro, small and medium enterprise (MSME) loans. Going forward, CFL will scale up the LAP portfolio and diversify into other asset segments such as individual loans and small-ticket business loans.

Key financial indicators

Criss Financial Limited	FY2025	FY2026
Total income	191	153
PAT	(80)	(75)
Total managed assets	918	724
Return on managed assets	(9.2%)	(9.1%)
Managed/Adjusted/Reported gearing (times)	1.6	1.8
Gross stage 3	11.1%	6.5%
CRAR	38.3%	28.8%

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	Current (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jun-11-2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	150.00	[ICRA]BBB; rating Watch with Positive Implications	Jun-11-2025	[ICRA]BBB+ (Negative)	Feb-03-2025	[ICRA]A- (Negative)	Jan-15-2024	[ICRA]A- (Positive)
				Aug-26-2025	[ICRA]BBB (Negative)	Dec-05-2024	[ICRA]A (Negative)	Aug-21-2023	[ICRA]BBB+ (Stable)
						Oct-18-2024	[ICRA]A (Stable)		
						Jul-15-2024	[ICRA]A (Stable)		
MLD	Long term	-	-	-	-	Oct-18-2024	PP-MLD[ICRA]A (Stable)	Jan-15-2024	PP-MLD[ICRA]A- (Positive)
						Jul-15-2024	PP-MLD[ICRA]A (Stable)	Aug-21-2023	PP-MLD[ICRA]BBB+ (Stable)

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$))	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instrument

Instrument	Complexity indicator
Long term fund based – Term loan	Simple

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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
-	Term loan (unutilised)	NA	NA	NA	150.00	[ICRA]BBB; rating Watch with Positive Implications

Source: Company

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

Annexure III: List of entities considered for consolidated analysis

Not applicable

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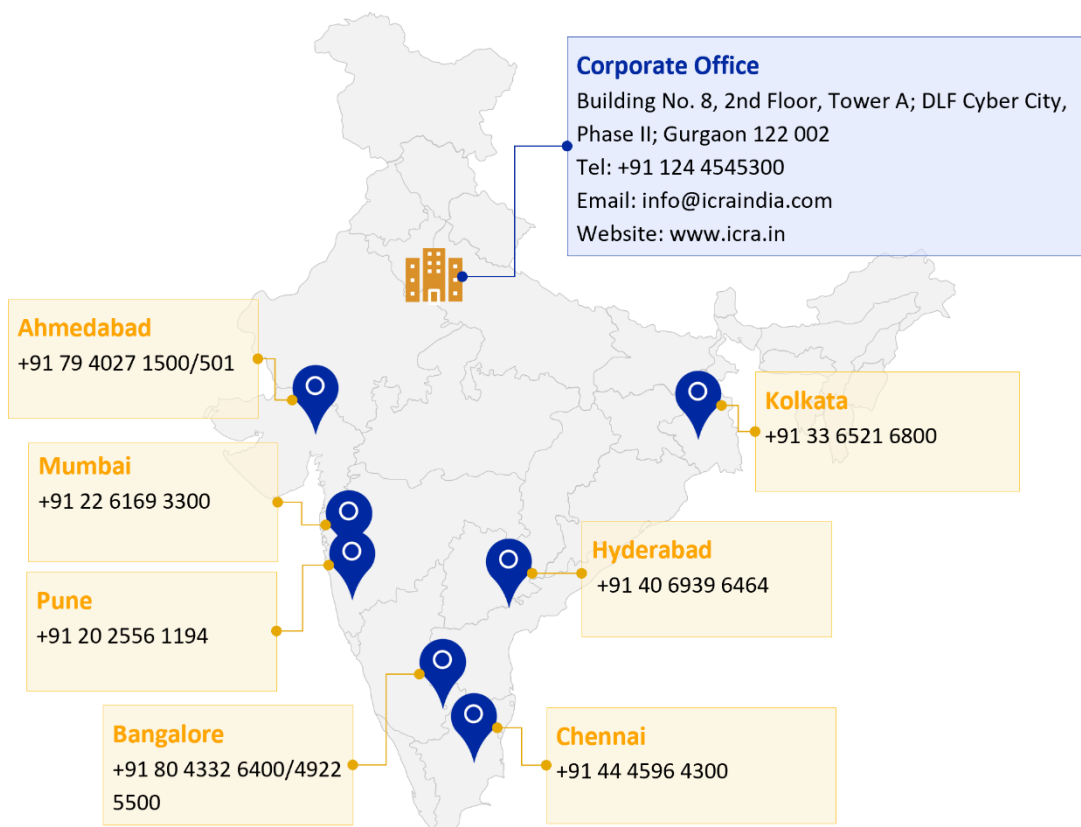
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