

November 10, 2021

Criss Financial Limited (erstwhile Criss Financial Holdings Limited)- Ratings placed under watch with developing implications

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Bank Facilities	200.00	200.00	[ICRA]BBB&; placed under watch with developing implications
Market-linked Debentures (MLD) Programme	100.00	100.00	PP-MLD [ICRA]BBB&; placed under watch with developing implications
Total	300.00	300.00	

Rationale

The rating action on Criss Financial Limited(Criss) follows the rating action on Spandana Sphoorty Financial Limited (SSFL), whose ratings have been placed under watch with developing implications. SSFL is the major shareholder in CFL with a 98.45% stake as on March 31, 2021. CFL's existing rating factors in the operational, management and financial support from SSFL. The rating action taken on SSFL follows the sudden exit by Mrs. Padmaja Reddy, the former managing director of SSFL, who resigned from the post with effect from November 02, 2021, and a few other exits at the senior management levels. SSFL's board has constituted a management committee under the chairmanship of Mr. Ramchandra Kasargod Kamath, former chairman & managing director of Punjab National Bank and a non-executive director on the board of the company, and empowered it to provide a strategic direction to the business operations in the interim till a new leadership team takes over the reins at SSFL. However, the uncertainties SSFL faces in the near term are a monitorable.

ICRA notes that there is significant amount of operational synergies between CFL and SSFL, especially for the microfinance business of CFL. Also, the capitalisation profile of CFL has been supported by SSFL through regular capital infusions in the past (Rs. 50 crore in FY2021 and Rs. 25 crore in FY2019). Given the close interlinkages between the parent (SSFL) and subsidiary(CFL), ICRA would closely monitor the impact of the development at SSFL on CFL's risk profile.

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

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Non-Banking Finance Companies
Parent/Group Support	The ratings factor in the high likelihood of the parent, SSFL, extending financial support because of its majority shareholding
Consolidation/Standalone	The ratings are based on the standalone financial statements of CFL

About the company

Criss Financial Limited (CFL) is a non-banking financial company (NBFC) incorporated in 1992. It was largely held by Ms. Padmaja Reddy before it was acquired by SSFL in FY2019, which currently holds a 98.45% stake. The company primarily gives non-

qualifying microfinance loans, which constituted about 69% of its Rs. 403.4crore total loan portfolio as on March 31, 2021. The gross loan portfolio for CFL stood at Rs. 418 crore as on June 30, 2021. Apart from microfinance loans, CFL's loan products include loan against property (22.5% as on March 31, 2021), personal loans (2.1%), gold loans (5.9%) and other loans (1%).

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument			Current Rating (FY2022)		Chronology of Rating History for the Past 3 Years					
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	FY2022		FY2021	FY2020	FY2019		
					Nov-10-2021	Jun-18-2021	Jun-19-2020	Jan-07-2020	Jan-14-2019	Oct-22-2018	
1	Bank Facilities	Long Term	*200.00	200.00	[ICRA]BBB &	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable)
2	MLD	Long Term	100.00	100.00	PP-MLD[ICRA]BBB&	PP-MLD[ICRA]BBB (Stable)	-	-	-	-	-

&= Under watch with developing implications; *Rs. 116 crore is unallocated

Complexity level of the rated instrument

Instrument	Complexity Indicator
Bank Facilities	Simple
Principal Protected Market Linked Non-convertible 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-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
	Bank Facilities	30-Sep-20 to 07-Sep-21	-	01-Jun-22 to 05-Sep-24	84.00	[ICRA]BBB&
	*Bank Facilities unallocated				116.00	[ICRA]BBB&
INE02EP07020	Market Linked Debenture (MLD) Programme	15-Jun-21	-	15-Jul-23	12.00	PP-MLD [ICRA]BBB&
INE02EP07012	Market Linked Debenture (MLD) Programme	15-Jun-21		15-Jan-23	6.00	PP-MLD [ICRA]BBB&
-	Market Linked Debenture (MLD) Programme- Un-utilised	-	-	-	82.00	PP-MLD [ICRA]BBB&

Source: Company; **Unallocated, &=under watch with developing implications

Annexure-2: List of entities considered for consolidated analysis – Not applicable

ANALYST CONTACTS

Karthik Srinivasan
+91 22 6114 3444
karthiks@icraindia.com

AM Karthik
+91 44 4596 4308
a.karthik@icraindia.com

Deepali Panda
+91 80 4332 6400
deepali.panda@icraindia.com

Shruti Nitin Padlekar
+91 22 6114 3400
shruti.padlekar@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2021 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.