Criss Financial Limited
CIN - U65993TG1992PLC014687
Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1,
Hyderabad Knowledge City, TSIIC, Raidurg Panmaktha,
Hyderabad - 500081 Telangana.

Ref: CFL/BSE/2025-26/18

June 11, 2025

To
BSE Limited,
Department of Corporate Services,
P. J. Towers, 25th Floor,
Dalal Street, Mumbai – 400001

Scrip Code: 975975

Dear Sir/Madam,

Subject: Intimation of Credit Rating action by India Ratings and Research Private Limited.

Pursuant to Regulations 51(2) and 55 of Securities and Exchange Board of India (Listing Obligations and disclosure Requirements) Regulations, 2015, we hereby inform that India Ratings and Research Private Limited has taken the following rating action for Debt instruments as detailed below:

Facilities/Instruments	Amount (₹ in Million)	Rating	Rating Action
Non-Convertible Debentures	2,500	IND BBB+/Negative	Downgraded
Bank Loan	2,000	IND BBB+/Negative	Downgraded

Please find enclosed rationale as published by India Ratings and Research Private Limited on June 10, 2025.

Kindly take the above on your record.

Thanking You.
Yours Sincerely,
For Criss Financial Limited

SUSHANTA KUMAR TRIPATHY
Digitally signed by SUSHANTA KUMAR TRIPATHY
Date: 2025.06.11 12:39:07 +05'30'

Sushanta Kumar Tripathy
Manager (KMP)

India Ratings Downgrades Criss Financial's NCDs and Bank Loans to 'IND BBB+'/Negative

Jun 10, 2025 | Non Banking Financial Company (NBFC)

India Ratings and Research (Ind-Ra) has downgraded Criss Financial Limited's (Criss) debt instruments to 'IND BBB+' with a Negative Outlook from 'IND A-'with a Stable Outlook as follows:

Details of Instruments

Instrument Description	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned along with Outlook/Watch	Rating Action
Non-convertible debentures*	-	-	-	INR2,500	IND BBB+/Negative	Downgraded
Bank loan	-	-	-	INR2,000	IND BBB+/Negative	Downgraded

*details in Annexure

Analytical Approach

Ind-Ra continues to factor in the availability of financial and non-financial support to Criss from its 99.9% parent, Spandana Sphoorty Financial Limited (Spandana; debt rated at 'IND A-'/Negative), to arrive at the rating, in view of the strategic and operational linkages between them.

Detailed Rationale of the Rating Action

The rating action and Negative Outlook follows a similar action on the parent company, Spandana. The rating action also factors in the deterioration in Criss's asset quality during FY25 and the subsequent impact on its credit costs and profitability.

The rating is supported by Criss's strategic importance to Spandana with respect to scaling up of individual unsecured loans, business loans (loan against property (LAP) and nano enterprise loans) in the consolidated portfolio. The ratings are also supported by Criss's adequate capitalisation profile, supported by regular equity infusions from Spandana.

The rating remains constrained by Criss's small scale of operations, high geographic concentration and the modest credit profile of its underlying borrowers.

Spandana disburses unsecured microfinance institutions loans, while Criss is focused on the disbursement of individual unsecured loans as well as the scaling up of the non-microfinance business of the franchisee, i.e. LAP and nano-enterprise loan products.

As on 31 March 2025, the company was not in compliance with the financial covenants pertaining to asset quality for its term loan facility with an outstanding principal of INR984.5 million and NCDs with outstanding principal of INR1,250 million. Ind-Ra notes that the lender has further not requested for any recalls of facilities or accelerated payments so far.

List of Key Rating Drivers

Strengths

- Support-driven rating; strategic importance to parent
- Adequate capitalisation

Weaknesses

- Weak asset quality and profitability
- Small scale with evolving product profile; high geographic concentration

Detailed Description of Key Rating Drivers

Support-driven Rating; Increased Strategic Importance to Parent: Ind-Ra believes Spandana will remain Criss's single-largest shareholder in the foreseeable future. The rating is driven by Ind-Ra's expectation of continued timely capital and liquidity support from its parent, Spandana in the medium term. Ind-Ra takes note of Criss's strategic importance to Spandana for scale-up of the non-microfinance business segment of the group.

Furthermore, Criss has strong board representation from Spandana, with three board members of the former also being on the board of Spandana. Criss has a history of receiving support from Spandana, with access to a line of credit worth INR4,000 million and equity infusions of INR1,000 million in FY25 (FY24: INR1,000 million; FY21: INR500 million; FY19: INR250 million). Also, Spandana has extended a corporate guarantee for the term loans availed by Criss (FY25: INR751.5 million; FY24: INR1,561.0 million). The agency expects the parent to continue to offer capital support to Criss, as and when required, so that it can meet the medium-term growth plans and targeted capital profile.

Adequate Capitalisation: Criss's leverage (debt/equity; including loans from Spandana) remained modest at 1.78x as of March 2025 (FY24: 1.8x; FY23: 2.5x, FY22: 1.7x), supported by the INR1,000 million of equity raise from Spandana in March 2025, and its capital to risk weighted assets ratio stood comfortable at 38.3% (33.15%; 29.29%; 36.67%). Criss's tangible net worth was INR2,704 million as of March 2025 and INR2,770 million as of March 2024; the capitalisation has been supported by equity infusions from the parent and reasonable internal capital generation in the previous quarters. Ind-Ra expects timely capital infusions from Spandana to support Criss's medium-term growth plans. Criss expects to maintain leverage below 4.0x in the medium term.

Weak Asset Quality and Profitability: Criss's individual unsecured loan portfolio has been impacted by the ongoing challenges in the segment, pertaining to overleveraging of borrowers, adverse climatic conditions, localised political movements, field officer attrition etc. as well as the floods in Andhra Pradesh and Telangana. Criss's 0+dpd increased to 18.7% as of March 2025 from 16.4% as of December 2024 (September 2024: 17.6%; June 2024: 8.5%; March 2024: 6.0%; March 2023: 8.0%; March 2022: 30.3%); 90+dpd stood at 11.1% as of March 2025 and 4.8% as of December 2024 (September 2024: 4.7%; March and June 2024: 2.5%). The company's gross stage 3 assets (%) and net stage 3 assets (%) also increased to 11.08% and 2.77% as of March 2025 from 4.8% and 1.2%, respectively, as of December 2024 (September 2024: 4.6% and 1.2%; June 2024: 2.4% and 0.6%; March 2024: 2.9% and 0.6%; March 2023: 3.9% and 1.5%; March 2022: 9.1% and 6.2%). The company wrote off INR622.2 million during FY25 and INR84.4million in FY24 (FY23: INR313 million). Criss's provision coverage ratio against the gross stage 3 assets also improved to 78.1% in FY24 (FY23: 62.0%; FY22: 33.8%) and stood at 75% for FY25; the company created incremental provisions of INR659.9 million in FY25 compared to INR 108.8 million in FY24.

Criss's earnings profile in FY25 was impacted by the increased operating costs as percentage of average assets (FY25: 13.5%; FY24: 5.0%; FY23: 3.5%) on account of the set-up of new branches and increased recruitments for scaling up of newer loan products. The credit cost (as percentage of average assets) increased sharply to 16.2% for FY25 (FY24: 2.5%) as the company incurred incremental credit costs of INR1,249.3million (INR163.9 million). The company reported a loss of INR804 million during FY25 translating into a return on assets (RoA; annualised) of negative 10.4% (FY24: INR334.9 million; 5.2%; FY23: INR14.1 million; 0.2%).

Small Scale with Evolving Product Profile; High Geographic Concentration: Criss's scale of operations is small, with assets under management (AUM) of INR7,896 million as of March 2025 and INR7,742 million as of March 2024 (FYE23: INR5,314.6 million, FYE22: INR3,840.0 million, FYE21: INR4,033.5 million). Furthermore, AUM is largely concentrated in three states (Andhra Pradesh: 56.2%, Telangana: 18.2%, Rajasthan: 11.9%; others – Karnataka, Madhya Pradesh & Tamil Nadu: 13.6%). As of March 2025, individual unsecured loans, nano enterprise loans and LAP contributed about 69.1%, 6.2% and 24.6%, respectively, to the total AUM. Criss plans grow its AUM through scaling up of new loan products (micro-LAP and nano-enterprise loans), to be disbursed to small business owners and self-employed individuals with a modest underlying credit profile. The company has also started to diversify geographically by entering Rajasthan, Karnataka, Madhya Pradesh and Tamil Nadu. The agency will continue to monitor the execution of the company's plans and the asset quality with the seasoning of newer products.

Liquidity

Adequate: Criss had on-book liquidity of INR65.7 million and a line of credit of INR4,000 million from Spandana as on 30 April 2025. The on-book liquidity, including the likely average monthly collections of INR546.3 million between May 2025 and October 2025, will be sufficient to meet the debt obligations of INR1,987 million during the period.

As on 31 March 2025, Criss' total borrowings stood at INR4,825.5 million (NCDs: 25.6%, term loans from financial institutions: 23.3%, intercorporate deposits from Spandana: 4.9%, PTC securitisation: 42.7% and term loans from banks: 3.5%). It is critical for Criss to diversify its external funding sources as the business expands.

Rating Sensitivities

Positive: An improvement in Spandana's credit and financial profile could lead to a positive rating action for Criss.

Negative: Any material dilution in Spandana's support stance or shareholding compared to the agency's expectations, inability to access funding adequately for growth and liquidity support, and Criss's leverage exceeding 4.0x, on a sustained basis, could lead to a negative rating action.

Any Other Information

Not applicable

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on Criss, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

About the Company

Criss is a non-banking financial company that was incorporated in 1992. It was acquired by Spandana in FY19 from Padmaja Reddy, the erstwhile managing director and chief executive officer of Spandana.

As of March 2025, Spandana held 99.90% equity stake in Criss. Criss operates largely in Andhra Pradesh (56.2%), Telangana (18.2%), Rajasthan (11.9%). Spandana disburses unsecured microfinance loans, while Criss's loan book consists of individual unsecured loans, LAP and other unsecured loans.

Key Financial Indicators

Particulars (INR million)	FY25	FY24
Total tangible assets*	7,689.5	7,746.2
Total tangible equity*	2,703.5	2,769.8

Net profit	-804.2	334.9
Return on average assets (%)	-10.4	5.2
Equity/assets (%)	35.2	35.8
Total capital ratio (%)	38.3	33.2
Source: Criss; Ind-Ra *Total assets and equity adjusted for deferred tax assets and intangibles Note: All ratios in the rating rationale are as per Ind-Ra methodology and can vary from those reported by the company.		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Ratings/Outlook	Historical Rating/Outlook					
				12 February 2025	27 December 2024	7 October 2024	24 June 2024	11 September 2023	31 March 2023
Bank loan	Long-term	INR2,000	IND BBB+ /Negative	IND A-/Negative	IND A/Negative	IND A/Stable	IND A/Stable	IND BBB+/Stable	IND BBB+/Stable
Non-convertible debentures	Long-term	INR2,500	IND BBB+ /Negative	IND A-/Negative	IND A/Negative	IND A/Stable	IND A/Stable	IND BBB+/Stable	-

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan	Low
Non-convertible debentures	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

Annexure

Instrument Type	ISIN	Date of Issuance	Coupon (%)	Maturity Date	Amount (million)	Rating/Outlook
Non-convertible debentures	INE02EP07038	26 September 2023	12.97	26 September 2026	INR500	IND BBB+/Negative
Non-convertible debentures	INE02EP07046	30 August 2024	10.50	30 August 2026	INR750	IND BBB+/Negative
				Limit unutilised	INR1,250	
				Total	**INR2,500**	
Source: NSDL, Ind-Ra						

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

India Ratings is a 100% owned subsidiary of the Fitch Group.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

The Rating Process

Financial Institutions Rating Criteria

Non-Bank Finance Companies Criteria

Rating FI Subsidiaries and Holding Companies

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