



RATING RATIONALE

17 July 2023

Ananya Finance For Inclusive Growth Private Limited

Brickwork Ratings (BWR) reaffirms the rating of NCD of Rs.51.75 Crs., and withdraws the rating for NCD of Rs.25 Crs on full redemption. BWR also withdraws bank loan rating of Rs.57.21 Crs on full repayment, withdraws the rating for the proposed term loan of Rs.139.38 Crs., and reaffirms and withdraws ratings for bank loan of Rs.67.30 Crs. of Ananya Finance For Inclusive Growth Private Limited.

Particulars:

Facilities**	Amount Rated (Rs. Crs.)		Tenure	Rating*	
	Previous	Present		Previous Rating (17 June 2022)	Rating*
Fund based Bank Loans (TL/CC/OD)	57.21	0.00	Long Term	BWR BBB/ Negative (Rating Reaffirmed)	Withdrawal on full repayment
Fund based Bank Loans (TL/CC/OD)	147.41	61.30#	Long Term	BWR BBB/ Negative (Rating Reaffirmed)	BWR BBB/ Negative (Reaffirmation and Withdrawal)
Fund based Bank Loans (TL/CC/OD)	6.00	6.00	Long Term		BWR BBB/ Negative (Reaffirmation and Withdrawal)
Proposed Term Loans	139.38	0.00	Long Term	BWR BBB/ Negative (Rating Reaffirmed)	Withdrawal on non utilization
NCDs	25.00	0.00	Long Term	BWR BBB/Negative (Reaffirmed)	Withdrawal on account of redemption
NCD	37.00	29.25*	Long Term	BWR BBB/Negative (Assigned)	BWR BBB/ Negative (Rating Reaffirmed)
NCD	22.50	22.50			
	434.50	119.05	Rs. One Hundred & Nineteen Crores and Five Lakhs only		
The term loans outstanding has reduced on a/c of repayments *o/s as on 30 June 2023 # O/s as on 31 May 2023 Please refer to BWR website www.brickworkratings.com/ for definition of the ratings ** Details of Bank facilities and NCDs provided in Annexures- I & II					



RATING ACTION/OUTLOOK

Reaffirmation of BWR BBB/ Negative for outstanding NCDs

Reaffirmation and Withdrawal for Bank Loans

Withdrawal of ratings for redeemed NCDs and repaid term loans

Brickwork Ratings (BWR) reaffirmed/ withdrawn the rating of bank loans and NCDs of Ananya Finance For Inclusive Growth Private Limited (AFIGPL or Ananya or the ‘Company’) as tabulated above, at the request of the company and No Objection Certificate/No Due Certificate provided by all the lenders and the Debenture Trustee for the withdrawal of the ratings.

The rating continues to factor in adequate capitalization, experienced management team, support from its key shareholder Gojo Capital, geographically diversified portfolio & improvement in total loan portfolio. The rating, however, is constrained by the moderate scale of operations, average asset quality, average resource profile and low profitability.

The Negative outlook is continued in view of the low profitability presently, migration of the business to the retail model which not only requires an improvement in the scale of operations but the revised retail model also needs testing, and the effects of the wholesale lending continuing.

BWR has withdrawn the rating of NCD ratings of Rs.25 Crs on full redemption. The rating has been withdrawn on the basis of independent confirmation from the debenture trustee and Investor that these NCDs have been fully redeemed, along with the Company’s request for withdrawal of the rating. The Withdrawal of bank loan rating of Rs.57.21 Crs. on a/c of full repayment (NDC obtained from Lenders). The Withdrawal of the rating for the proposed term loan of Rs.139.38 Crs. on a/c on non-utilisation. The withdrawal of the ratings is in line with BWR policy of withdrawal. BWR has reaffirmed the ratings of the bank loans of Rs. 67.30 Crs at BWR BBB/Negative Crs and withdrawn the rating on a/c of NOCs provided by all the lenders. Rs. 67.30 Crs is made up of Rs. 61.30 Crs of TL outstanding, and Rs. 6.00 Crs of an OD limit (sanctioned but reportedly not availed).

BWR has also Re-affirmed the ratings of NCDs aggregating to Rs 51.75 Crs.

KEY RATING DRIVERS

Credit Strengths:-

Improvement in Loan book: AUM has increased by 12.19% as on 31 March 2023 with main focus on the retail segment, which constitutes 81% of total portfolio as on 31 March 2023. Total disbursement has touched Rs. 441.68 Crs, as on FY23 against Rs.400 Crs in FY22 and the same is expected to be around 600 Crs for FY 24. In 2020, Ananya started lending directly to Micro-borrowers and Small & marginal farmers from its balance sheet under BC partnership. Ananya has also entered into co-lending partnerships. At present there are 8 BC Partnerships and 1 co-lending partnership. Currently, this segment accounts for 80% of the total portfolio. As on March 23 Retail segment portfolio was Rs.284 Crs with approx. 99,000 end borrowers.



The Company has moved from wholesale lending to retail lending and it expects to completely clear the wholesale book by FY25.

Support from largest shareholder: Gojo Capital (Gojo), the key shareholder (70.37% equity stake at the end of FY 23), Its investor base includes Dai-ichi Life Insurance Co. Ltd, Marui Group Co., ASTMAX Fund Management Co. Ltd., RICOH Leasing Co. Ltd., Beyond Next Ventures Inc., GMO Venture Partners Inc., and other individual investors. Apart from Ananya Finance, Gojo & Co. has invested in companies like Satya Microcapital, AVIOM India Housing Finance and Loan Frame Technologies in India.

Experienced & Professional Management: Ananya is a professionally managed company headed by Mr. Gaurav Gupta who has an experience of over 20 years in banking and finance. The senior management team has well qualified and experienced people comprising Chartered Accountants and MBAs. The current Board of Ananya comprises 7 Directors, including 3 Independent Directors, and 4 Nominee Directors of financial institutions like Gojo & Company and C4D Partners.

Ananya Finance has acquired 55.5% stake holding in Prayas Finance Services Pvt Ltd., a microfinance institution by Ananya Finance for Inclusive Growth in June 2022. Prayas Financial Services Private Limited (PFSPL) is a Gandhinagar based NBFC-MFI, incorporated in 2017 and received license to operate in February 2020. PFSPL was promoted by Prayas – Organization for Sustainable Development (Prayas), a not-for-profit voluntary organization, which was established in November, 1997. The acquisition of PFSPL, which had a balance sheet size of Rs. 22 Crs in FY21, was expected to have minimal impact on the overall financials of Ananya, which had a balance sheet size of Rs.387 Crs as of 31 March 2022.

The Company is exploring the possibility of acquiring Prayas fully.

Comfortable capitalization levels coupled with resources raising ability: Company is comfortably capitalized with a net worth of Rs. 97.67 Crs. as on 31 March 2023, a gearing of 3.91 times and CRAR of 28.20%. Shareholders have regularly supported the company with equity infusion with infusion of Rs. 6.40 Crs in FY 18, Rs 51.19 Crs in FY 19 and Rs. 21.72 Crs in FY 20

The ability of the company to raise capital, to maintain its capital adequacy & Gearing levels will be monitorable.

Credit Risks:-

Low Profitability:The profitability is presently low, on account of writing off bad loans as well as the expansion of the retail book, which still has to gain scale. However, this has improved the asset quality and it will improve its profitability in the ensuing years, The profitability has improved from 0.30% as at FY22 to 0.52% in FY23. The Company had reported PAT of Rs 2.34 crore in FY23 as against 1.04 crore in FY22. (grew by 125%)

Average asset quality, albeit improving, remains monitorable: GNPA level at 1.97% as on 31 Mar 2023 as against 1.96% as on 31 march 2022. The Company had written off Rs 2.21 crore of bad loans in FY23 and Rs 7.99 Cr in FY 22. The GNPA is relatively high for a MFI focussed company.



ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

There is a change in Analytical approach from Standalone to Consolidated approach, as the consolidated balance sheet of Prayas has been published for the first time for FY23. BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

The ability of the company to scale up its portfolio while improving its asset quality, profitability metrics, maintaining comfortable capitalization and adequate liquidity are key rating sensitivities.

Positive: Portfolio growth backed by stable asset quality, improvement in profitability, healthy capitalisation and Gearing are key rating drivers.

Negative: Deterioration in profitability and asset quality are the key rating sensitivities.

LIQUIDITY INDICATORS: Adequate

- The Company has cash and bank balance of Rs.17.64 Crs., FD of Rs. 96.44 Crs. and undrawn limit of Rs. 5 Crs. The company has debt repayments of Rs 99.58 Crs between July 2023 till Dec 2023
- The liquidity position is adequate to meet its debt repayment obligations.

ABOUT THE COMPANY

- Ananya Finance for Inclusive Growth Private Limited (Ananya Finance) is a non-banking finance company incorporated in April 2009 and is based out of Ahmedabad, Gujarat. Ananya Finance was set-up by the Friends of Women's World Banking, India (FWWB). Ananya Finance took over FWWB's MFI portfolio in April 2010. It faced the Andhra Pradesh Microfinance Crisis in 2010 and survived the challenges faced for four years before registering profits in FY16. The company started with wholesale lending to MFIs and subsequently expanded by lending to the Agriculture sector. The company also engages in capacity building services and conducts workshops, training and campaigns to create awareness about microfinance. Ananya Finance also facilitates the linkages of agri enterprises with PCs.
- Ananya Finance for Inclusive Growth has acquired Prayas Financial Services Private Limited (PFSPL) in June 2022. PFSPL is a Gandhinagar-based NBFC-MFI, incorporated in 2017 and received license to operate in February 2020. PFSPL was promoted by Prayas – Organization for Sustainable Development (Prayas), a not-for-profit voluntary organization, which was established in November, 1997.
- The acquisition of PFSPL, which had a balance sheet size of Rs. 22 Crs in FY21, was expected to have minimal impact on the overall financials of Ananya, which had a balance sheet size of Rs.387 Crs as of 31 March 2022
- The consolidated balance sheet has been published for the first time for FY23.

KEY FINANCIAL INDICATORS-

Key Financial Indicators	Units	Standalone			Consolidated
		FY21 (31 Mar 2021)	FY22 (31 Mar 2022)	FY23 (31 Mar 2023)	FY23 (31 Mar 2023)
Result Type		Audited	Audited	Audited	Audited
Total Portfolio	Rs. in Crs.	261.44	315.25	354.82	366.23
Total Income	Rs. in Crs.	37.48	39.66	62.27	68.75
Profit After Tax	Rs. in Crs.	(11.87)	1.04	2.34	2.54
Tangible Net Worth	Rs. in Crs.	92.93	93.64	97.34	106.45
CRAR	%	33.93	27.46	28.20%	-
Gearing	Times	1.83	2.76	3.91	3.71
GNPA	%	3.23	1.96	1.97	-

KEY COVENANTS OF THE INSTRUMENT/ FACILITY RATED: NIL

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY: NIL

ANY OTHER INFORMATION : NA

RATING HISTORY FOR THE PREVIOUS THREE YEARS (Including withdrawal and suspended)

Sr. No.	Name of Instrument	Current Rating (2023)			Rating History for the past 3 years		
		Type	Amount (Rs. Crores)	Rating	2022 17 June 2022	2021 25 June 2021	2020 25 June 2020
1	NCD	Long Term	25	Withdrawal on account of redemption	BWR BBB/Negative (Reaffirmed)	BWR BBB/ Negative Rating Reaffirmed and removed from Credit Watch with Negative Implications & assigned a Negative Outlook (25 June 2021)	BWR BBB Credit Watch with Negative Implications (Assigned) 25.06.2020
2	NCD	Long Term	51.75	BWR BBB/ Negative (Rating Reaffirmed)	BWR BBB/Negative (Assigned)		
3	Bank loan	Long Term	139.38	Withdrawal on non utilization	BWR BBB/Negative (Reaffirmed)	BWR BBB/ Negative Rating Reaffirmed and removed from Credit Watch with Negative Implications & assigned a Negative Outlook (25 June 2021)	BWR BBB Credit Watch with Negative Implications 25.06.2020

4	Bank loan	Long Term	67.3	BWR BBB/ Negative (Reaffirmation and Withdrawal)	BWR BBB/ Negative (Reaffirmed)	BWR BBB/ Negative Rating Reaffirmed and removed from Credit Watch with Negative Implications & assigned a Negative Outlook (25 June 2021)	BWR BBB Credit Watch with Negative Implications 25.06.2020
4	Bank loan	Long Term	57.21	Withdrawal on full repayment	BWR BBB/ Negative (Reaffirmed)	BWR BBB/ Negative Rating Reaffirmed and removed from Credit Watch with Negative Implications & assigned a Negative Outlook (25 June 2021)	BWR BBB Credit Watch with Negative Implications 25.06.2020

COMPLEXITY LEVELS OF THE INSTRUMENTS:

Bank Loans -Simple

NCD: Complex

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Banks & Financial Institutions](#)
- [Policy on Withdrawal](#)

Analytical Approach- Consolidated (Revised from standalone)

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**ANNEXURE I:
Details of Bank Loan Facilities rated by BWR:**

SL No	Name of the Lender	Type of Facilities	Long Term (Rs in Cr)	Short Term (Rs in Cr)	Total@ (Rs in Cr)
1	Bandhan Bank	Term Loan	9.995		9.995
2	Eclear Leasing & Finance Pvt Ltd	Term Loan	2.094		2.094
3	IDFC Bank First Bank	Term Loan	8.593		8.593
4	Incred	Term Loan	5.664		5.664
5	Manveeya	Term Loan	4.375		4.375
6	MAS Financial Services Ltd.	Term Loan	4.168		4.168
7	Nabfins	Term Loan	2.497		2.497
8	Nabkisan	Term Loan	2.727		2.727
9	Nabsamrudhi	Term Loan	9.426		9.426
10	Northern Arc	Term Loan	1.466		1.466
11	Samunnati	Term Loan	1.795		1.795
12	Vivriti Capital	Term Loan	8.498		8.498
			61.30		61.30
	Indusind Bank (O/D)	Overdraft	6.00		6.00
			67.3		67.3

@Outstanding 31 May 2023

**ANNEXURE II:
INSTRUMENT (Bonds) DETAILS**

Instrument	Issue Date	Amount Raised in Crs.	O/s as on 30 June 2023	Coupon Rate	Maturity Date	ISIN Particulars
NCD	28/06/2020	25.00	0.00	11.00%	Redeemed in full on 29/06/2023	INE774L07024-Listed
NCD	08/04/2022	22.00	19.25	13.80%	25/03/2025	INE774L07032-Unlisted
NCD	12/04/2022	15.00	10.00	13.80%	25/03/2025	INE774L07057-Unlisted
NCD	19/07/2022	22.50	22.50	12.29%	19/07/2025.	INE774L07040- Listed
Total			51.75	Rs. Fifty One Crores and Seventy Five Lakhs only.		



ANNEXURE- III List of Entities Consolidated : Not Applicable

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