



Rating Rationale

Ananya Finance For Inclusive Growth Private Limited

17 May 2019

Brickwork Ratings assigns the long rating of BWR BBB (Outlook: Stable) for the proposed secured NCDs of Rs 15 Crs and reaffirms the rating of bank loan facilities of Ananya Finance For Inclusive Growth Private Limited (“Ananya” or “the Company”).

Particulars

Facility/ Instrument	Amount (Rs Crs)		Tenure	Previous Rating	Present Rating*
	Previous	Present			
Proposed Secured NCD	0.00	15.00	Long Term	--	BWR BBB (Pronounced as BWR Triple B) (Outlook: Stable) 'Assigned'
Cash Credit	6.00	6.00	Long Term	BWR BBB (Pronounced as BWR Triple B) (Outlook: Stable)	BWR BBB (Pronounced as BWR Triple B) (Outlook: Stable) 'Reaffirmed'
Term Loans	159.47	194.80 #	Long Term		
Proposed Term Loans	84.53	49.20	Long Term		
Total	250.00	265.00		INR Two Hundred Sixty Five Crores Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Includes Rs 20 Crs of loans which are sanctioned, but not availed.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of the company upto FY18, provisional financials of FY19, publicly available information and information/clarifications provided by the management.

The rating factors the improvement in the company’s operating and financial performance, experienced management, comfortable asset quality and adequate capitalisation. Ananya has reported steady improvement in total operating income and net profit driven by increase in portfolio. Ananya has raised equity of ~ Rs 51 Crs during FY19. Despite the recent slowdown in the NBFC sector, Ananya has been able



to borrow funds and disburse loans. The company has a favourable asset liability profile which provides comfort from a liquidity perspective. However the rating is constrained by moderate scale of operations and higher dependence on NBFCs for borrowings.

Rating Outlook: Stable

BWR believes Ananya Finance For Inclusive Growth Private Limited's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the company's disbursements and portfolio show a steady growth backed by stable asset quality, improvement in cost of borrowing and maintaining or improving of NIMs. The outlook may be revised to 'Negative' if the increase in AUM, income and profitability is lower than expected or if the asset quality weakens and capital structure deteriorates.

Going forward, the ability of the company to increase its total portfolio book, improve its cost of borrowing, effectively maintain its NIMs and asset quality will remain key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Experienced management:** Ananya is a professionally managed company and headed by Mr. S.S. Bhat, an experienced banker. The senior management team has well qualified and experienced people comprising of Chartered Accountants and MBAs. The current Board of Ananya comprises of 9 Directors, including 1 Independent Director, 6 Nominees Directors of financial institutions like Indian Foundation For Inclusive Growth, Stichting capital 4 development, Gojo & Company, Inc and Women's World Banking.
- **Comfortable asset quality:** The collection efficiency of the company is ~ 98%. The company's GNPA stood at 0.71% as on March 31, 2019. This was slightly better than the previous year.
- **Diversified Client Base:** The company mainly lends to Micro Finance Institutions (MFIs), Farmer Producer Companies (FPOs) or Producer Companies (PCs) and Agri SMEs. The company currently has around 51 MFI clients and 43 Agri clients. Around 87% of the total portfolio comprises of loans given to MFI clients.
- **Strong Engagement with Clients:** The company has a strong engagement with clients as it offers capacity building services which includes Research & Advisory Services, Management Support, Poverty Measurement, Assessment & Evaluations, Organisational Assessments, Client Protection Assessments and Social Performance Assessment. Ananya works towards raising the quality of the operations of its partner organisations (MFIs) by training the staff and management and guiding them to strengthen internal controls and keep up with the technological trends in the market. Ananya also facilitates linkages of agri enterprises with PCs which enables agri enterprises to find a good sourcing base and PCs to get a marketing partner.



- **Adequate Capitalisation:** The company net worth and gearing has improved from Rs 30.96 Crs and 3.71 times as on March 31, 2018 to ~Rs 83 Crs and 1.93 times as on March 31, 2019. The increase in net worth is on account of infusion of equity of Rs 40.68 Crs from Gojo & Company, Inc and Rs 10.51 Crs from Stichting Capital 4 Development. The company intends to maintain a target gearing of around 4.50 times.
- **Adequate Liquidity Position:** The company typically gives loans to MFIs for a tenure of 24 months. The loans to PCs and agri enterprises are short term loans. The company borrows in the form of term loans for a tenure of 2-3 years. This results in favourable ALM position for the company. The company has cash & bank balance of Rs 14.50 Crs and liquid investments of Rs 0.50 Crs as on March 31, 2019.

Credit Risks:

- **Moderate scale of operations:** The company has a total portfolio of ~ Rs 259 Crs as of March 31, 2019. Ananya currently has 51 MFI clients and 43 Agri clients. The company has disbursed loans amounting to Rs 275 Crs during FY19 as against Rs 162 Crs during FY18.
- **High Dependence on NBFCs:** The company majorly borrows from NBFCs which results in higher cost of borrowing. The company has availed term loans from ~ 14 lenders.

Analytical Approach

For arriving at its ratings, BWR has evaluated the risk profile of Ananya on a Standalone basis and applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale). Ananya has no subsidiaries or associate companies.

Proposed NCDs

Ananya proposed to raise Rs 15 Crs by issue of secured, listed, Non-Convertible Debentures. The NCDs will have a tenure of 36 months with coupon payable semi-annually.



About the Company

Ananya Finance for Inclusive Growth Private Limited (Ananya) is a Non-Banking Finance Company which was incorporated in April 2009 and is based out of Ahmedabad (Gujarat). It was set up by the Friends of Women’s World Banking, India (FWWB). Ananya took over FWWB’s MFI portfolio in April 2010. It faced the Andhra Pradesh Microfinance Crisis in 2010 and survived the challenges faced for 4 years before registering profits in FY16. Ananya started with wholesale lending to MFIs and subsequently expanded by lending to Agriculture sector. Ananya also engages in capacity building services and conducts workshops, trainings and campaigns to create awareness about microfinance. Ananya also facilitates linkages of agri enterprises with PCs.

Company’s Financial Performance

The total portfolio of the company increased from Rs 152.17 Crs as on March 31, 2018 to Rs 258.63 Crs as on March 31, 2019, an increase of ~70%. The company has reported total income from operations of Rs 31.42 Crs during FY19 as against Rs 17.55 Crs during the previous year. The profit before tax stood at Rs 8.71 Crs during FY19 (Provisional) as against Rs 3.28 Crs during FY18. During FY19, company raised equity of Rs 40.68 Crs from Gojo & Company, Inc and Rs 10.51 Crs from Stichting Capital 4 Development. The net worth has increased to ~ Rs 83 Crs as on March 31, 2019.

Key Financial Indicators	Units	2017	2018
Result Type		Audited	Audited
Total Income from Operations	Rs in Crs	13.76	17.55
PAT	Rs in Crs	1.84	2.62
Tangible net worth	Rs in Crs	24.12	30.96
Gearing	In times	3.31	3.71
Total portfolio	Rs in Crs	98.27	152.17
CRAR	%	21.27	20.13
GNPA	%	0.32	0.75

Rating History for the last three years

S.No	Facility	Current Rating (17 May 2019)			Rating History			
		Type (Long Term / Short Term)	Amount (Rs in Crs)	Rating	6 May 2019	11 April 2018	2017	2016
1.	Proposed Secured NCD	Long Term	15.00	BWR BBB (Pronounced as BWR Triple B (Outlook: Stable))	NA	NA	NA	NA
2.	Cash Credit	Long Term	6.00	BWR BBB (Pronounced as BWR Triple B (Outlook: Stable))	BWR BBB (Pronounced as BWR Triple B (Outlook: Stable))	BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook: Stable)	NA	NA
3.	Term Loans	Long Term	194.80 #	BWR BBB (Pronounced as BWR Triple B (Outlook: Stable))	BWR BBB (Pronounced as BWR Triple B (Outlook: Stable))	BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook: Stable)	NA	NA
4.	Proposed Term Loan	Long Term	49.20	BWR BBB (Pronounced as BWR Triple B (Outlook: Stable))	BWR BBB (Pronounced as BWR Triple B (Outlook: Stable))	BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook: Stable)	NA	NA
Total			265.00	INR Two Hundred Sixty Five Crores Only				

Includes Rs 20.00 Crs of loans which are sanctioned, but not availed.

Status of non-cooperation with previous CRA: Not Applicable

Any Other Comments: NA

Hyperlink/Reference to applicable Criteria

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



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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

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BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

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