



## Rating Rationale

### Ananya Finance For Inclusive Growth Private Limited

6 May 2019

**Brickwork Ratings upgrades the long rating of BWR BBB (Outlook: Stable) for the bank loan facilities aggregating to Rs 250 Crs 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			
Cash Credit	5.00	6.00	Long Term	BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook: Stable)	BWR BBB (Pronounced as BWR Triple B) (Outlook: Stable) 'Upgraded'
Term Loans	113.70	159.47	Long Term		
Proposed Term Loans	81.30	84.53 #	Long Term		
<b>Total</b>	<b>200.00</b>	<b>250.00</b>		<b>INR Two Hundred and Fifty Crores Only</b>	

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

# Includes Rs 25 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 up to Feb 2019, publicly available information and information/clarifications provided by the management.

BWR has upgraded and assigned the rating of the bank loan facilities aggregating to Rs 250 Crs of BWR BBB (Outlook: Stable). The rating upgrade takes into account improvement in the company's operating and financial performance. 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.



The rating continues to factor the qualified and experienced Board of Directors and senior management team, adequate capitalisation and comfortable asset quality. However, the ratings are 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 0.97% as on Feb 28, 2019. This was marginally higher 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 49 MFI clients and 41 Agri clients. Around 85% of the total portfolio comprises of 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 82 Crs and 1.65 times as on Feb 28, 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 6.89 Crs, liquid investments of Rs 2.05 Crs and unutilised credit lines of Rs 3.00 Crs as on Feb 28, 2019.

#### **Credit Risks:**

- **Moderate scale of operations:** The company has a total portfolio of Rs 227 Crs as of Feb 28, 2019. Ananya currently has 49 MFI clients and 41 Agri clients. The company has disbursed loans amounting to Rs 224 Crs till Feb 2019 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 ~ 12 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.

#### **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 stood at Rs 227.10 Crs as on Feb 28, 2019 as against Rs 152.17 Crs as on March 31, 2018. For FY18, the company reported total income from operations of Rs 17.55 Crs and net profit of Rs 2.62 Crs. The company reported total income from operations of Rs 28.09 Crs till Feb 2019 and a PBT of Rs 7.67 Crs (Provisional). 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 82 Crs as on Feb 28, 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 (6 May 2019)			Rating History		
		Type (Long Term / Short Term)	Amount (Rs in Crs)	Rating	11 April 2018	2017	2016
1.	Cash Credit	Long Term	6.00	BWR BBB (Pronounced as BWR Triple B (Outlook: Stable) Upgraded	BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook: Stable)	NA	NA

2.	Term Loans	Long Term	159.47	BWR BBB (Pronounced as BWR Triple B (Outlook: Stable) Upgraded	BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook: Stable)	NA	NA
3.	Proposed Term Loan	Long Term	84.53 #	BWR BBB (Pronounced as BWR Triple B (Outlook: Stable) Upgraded	BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook: Stable)	NA	NA
<b>Total</b>			<b>250.00</b>	<b>INR Two Hundred and Fifty Crores Only</b>			

# Includes Rs 25.00 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](#)
- [Approach to Financial Ratios](#)
- [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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

#### **About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

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.

#### **DISCLAIMER**

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