

# Ananya

## FINANCE FOR INCLUSIVE GROWTH PRIVATE LIMITED

10<sup>th</sup> June 2020

Bombay Stock Exchange Limited,  
P.J.Towers,  
Dalal Street,  
Mumbai – 400 001.

Dear Sir/Madam,

Sub: Intimation of Review of Credit Rating pursuant to Regulation 55 of SEBI (LODR Regulations, 2015)

Dear Sir,

This is to inform that pursuant to the provisions of Regulation 55 of SEBI (LODR) Regulations, 2015, the credit rating of our Secured Non-Convertible Privately Placed Debt Securities has been reviewed by Brickwork Ratings India Private Limited.

In accordance with the regulations, please find below the details of the rating provided to the Debt Securities of the Company.

ISIN No.	Date of Rating	Previous Rating	Present Rating
INE774L07016	21 <sup>st</sup> May 2020	BWR BBB (Stable)	BWR BBB (Reaffirmed Rating placed under Credit Watch with Negative Implications)

The rating letter along with Rating Rationale issued by Brickwork Ratings India Private Limited is attached herewith for your perusal.

Thanking you,

Yours faithfully,

For, Ananya Finance for Inclusive Growth Private Limited,



Lavina Parikh  
Company Secretary and Compliance Officer



## Brickwork Ratings India Pvt. Ltd.

Ground floor, Building No - S 14, Solitaire  
Corporate Park, Guru Hargovindji Marg,  
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**BWR/NCD//CRC/VYD/0075/2020-21**

**21 May 2020**

Mr. Gaurav Gupta  
Managing Director

**Ananya Finance For Inclusive Growth Private Limited**

101, Sakar - I, Opp. Nehru Bridge,  
Ashram Road, Ahmedabad - 380009  
Gujarat.

Dear Sir,

**Sub:** Review of rating of existing debt instruments of Ananya Finance For Inclusive Growth Private Limited

**Ref:** Our earlier rating letter BWR/NCD//ERC/RB/0107/2019-20 dated 17 May 2019 and your mandate dated 13 May 2019

Based on the information and clarifications provided by your company and as available in public sources, Brickwork Ratings informs you that the rating of Ananya Finance For Inclusive Growth Private Limited's existing debt instruments has been reaffirmed and the rating has been placed under Credit Watch with Negative Implications as given below:

Instruments#	Rated Amount (Rs in Crs)		Tenure	Rating*	
	Previous	Present		Previous	Present
Secured NCD	15.00	15.00	Long Term	BWR BBB Stable	<b>BWR BBB Reaffirmed Rating placed under Credit Watch with Negative Implications</b>
<b>Total</b>	<b>15.00</b>	<b>15.00</b>	<b>INR Fifteen Crores Only</b>		

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

#ISIN-wise details of NCD is provided in Annexure



**Ananya Finance For Inclusive Growth Private Limited**

**BWR/NCD//CRC/VYD/0075/2020-21**

**21 May 2020**

Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.

The Rating is valid for twelve months from the date of this letter and subject to terms and conditions that were agreed in your mandate dated 13 May 2019 and other correspondence, if any and Brickwork Ratings' standard disclaimer appended at the end of this letter.

Brickwork would conduct surveillance every year till maturity/ redemption of the instruments. You are required to submit information for the purpose of surveillance/review. You are also required to keep us informed of any information/development that may affect your firm's finances/performance without any delay. **You are also requested to submit No Default Statement on monthly basis.**

Kindly acknowledge.

Best Regards,

**Vydianathan Ramaswamy**

**Director & Head - Financial Sector Ratings**

**Note: In case of all accepted Ratings, respective Rating Rationale is published on Brickwork Ratings website. Interested persons are well advised to refer to our website [www.brickworkratings.com](http://www.brickworkratings.com), if they are unable to view the rationale, they are requested to inform us on [brickworkhelp@brickworkratings.com](mailto:brickworkhelp@brickworkratings.com)**

**Disclaimer:** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.



Ananya Finance For Inclusive Growth Private Limited

BWR/NCD//CRC/VYD/0075/2020-21

21 May 2020

**Annexure**  
**Secured NCDs - ISIN Details**

ISIN	Coupon Frequency	Issue Date	Redemption Date	Amount Raised (Rs in Crs)	Present O/s (Rs in Crs)	Coupon Rate p.a.
INE774L07016	Semi-annually	23 May 2019	23 May 2022	15.00	15.00	12.76%
				<b>15.00</b>	<b>15.00</b>	



## RATING RATIONALE

### Ananya Finance For Inclusive Growth Private Limited

19 May 2020

### Brickwork Ratings reaffirms BWR BBB ratings on Ananya Finance For Inclusive Growth Private Limited while placing the rating under Credit Watch with Negative Implications

#### Particulars:

Facility / Instruments **	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (May 2019)	Present
Secured NCD	15.00	15.00	Long Term	BWR BBB/Stable	BWR BBB Reaffirmed Rating placed under Credit Watch with Negative Implications
Cash Credit	6.00	6.00	Long Term	BWR BBB/Stable	BWR BBB Reaffirmed Rating placed under Credit Watch with Negative Implications
Term Loans	244.00	244.00	Long Term	BWR BBB/Stable	BWR BBB Reaffirmed Rating placed under Credit Watch with Negative Implications
<b>Total</b>	<b>265.00</b>	<b>265.00</b>	<b>INR Two Hundred and Sixty Five Crores Only</b>		

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

\*\* Details of Bank facilities and NCD is provided in Annexure-I&II

#### RATING ACTION / OUTLOOK

Brickwork Ratings (BWR) reaffirms the long-term rating of the bank loan facilities and non-convertible debenture (NCDs) of Ananya Finance For Inclusive Growth Private Limited (Ananya Finance) at 'BWR BBB' while placing the rating under Credit Watch with Negative Implications. The rating factors in adequate capitalisation, experienced management team and

adequate liquidity position. The rating, however, is constrained by the moderate scale of operations and average resource profile. The rating is placed under Credit Watch with Negative Implications, given the uncertainty regarding the extent of impact on the company's loan portfolio due to the impact of COVID-19 on the credit profile of its underlying borrowers, which are mainly microfinance institutions (MFIs), and the resultant impact on the asset quality and credit costs of Ananya Finance.

BWR will continue to monitor the liquidity position and collection efficiency of the company post the loan moratorium period announced by the Reserve Bank of India (RBI) and resolve the Credit Watch once there is some clarity on the extent of impact on the company's asset quality.

## KEY RATING DRIVERS

### Credit Strengths:

- **Adequate capitalisation:** The company was adequately capitalised with a CRAR of 40.09% as on 31 March 2020. The company raised equity of Rs. 40.68 Crs. from Gojo & Company Inc and Rs. 10.51 Crs. from Stichting Capital 4 Development in FY19 and further raised equity of Rs. 21.72 Crs. in FY20 from the aforementioned shareholders. The company's net worth and gearing improved to Rs. 106.40 Crs. and 1.63 times as on 31 March 2020 from Rs. 81.30 Crs. and 1.97 times as on 31 March 2019. Accrual to net worth remains low due to moderate profitability.
- **Experienced management:** Ananya Finance is a professionally managed company and is headed by Mr. Gaurav Gupta, having an experience of over 20 years in banking and finance. The senior management team has well-qualified and experienced people and consists of chartered accountants and MBAs. Ananya Finance's current Board includes eight directors, including one independent director, five nominee directors of financial institutions such as the Indian Foundation For Inclusive Growth, Stichting capital 4 development, Gojo & Company, Inc and Women's World Banking.

The company has also created a strong relation with its clients as it offers capacity building services, including research and advisory services, management support and various other assessments. Ananya Finance 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 technological trends in the market. The company also facilitates the linkages of agri enterprises with producer companies (PCs), which enables agri enterprises to find a good sourcing base and PCs to get a marketing partner.

- **Moderate asset quality:** Ananya Finance's asset quality was moderate, with gross non-performing assets (NPAs) and net NPA of 2.09% and zero, respectively, as on 31 March 2020, against 1.05% and 0.57%, respectively, as on 31 March 2019. The increase in the gross NPA is primarily in the agri loan book, wherein the GNPA increased to 1.74% as on 31 March 2020 from 0.85% as on 31 March 2019. The impact of COVID-19 on the loan portfolio of Ananya Finance and its ability to manage asset quality is a key rating monitorable.

### Credit Risks:

- **Majority exposure to the vulnerable MFI sector:** The company mainly lends to MFIs, farmer producer companies (FPOs) or PCs and agri SMEs. The lending is concentrated in the MFI sector, with around 86% of the total portfolio comprising loans given to MFI clients. However, the company has a diversified client base of around 52 MFI clients, and the single largest exposure stood at 5.4% of the total portfolio as on 31 March 2020. The MFI sector is expected to be impacted by the COVID-19 impact on the domestic market; however, the extent of impact is yet to be determined. During FY20, the company has diversified to MSME lending and has built a portfolio of around Rs 21 Crs (~ 8% of AUM) as on 31 March 2020. The company's agri portfolio constituted ~ 6% of the AUM with a client base of around 28 clients. Going forward, the concentration of portfolio in the MFI sector is expected to reduce.
- **Moderate scale of operations:** The company had a total portfolio of Rs. 267.80 Crs. as of 31 March 2020. Ananya Finance currently has 52 MFI clients and 28 agri clients. The company has disbursed loans amounting to Rs. 303.30 Crs. during FY20, against Rs. 274.70 Crs. during FY19.
- **Average resource profile:** The company has an average resource profile with high dependence on NBFCs for funding, resulting in a higher cost of borrowing. Out of its total borrowing of Rs 173.26 Crs as on 31 March 2020, 91% was in the form of term loans, and around 9% was in the form of NCDs. The company has availed term loans from 15 lenders, out of which 6 are banks. Around 44% of total term loans outstanding as on 31 March 2020 was from banks.

### ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA



For arriving at its ratings, BWR has considered the standalone performance of Ananya Finance. 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 build its total portfolio book while improving its asset quality and profitability, maintaining healthy capitalisation and adequate liquidity

**Positive:** Steady portfolio growth backed by stable asset quality, improvement in profitability, healthy capitalisation and adequate liquidity are key rating drivers.

**Negative:** A sharp deterioration in asset quality, liquidity and profitability are key rating sensitivities.

### **LIQUIDITY POSITION: ADEQUATE**

The company 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 a favourable ALM position for the company. The company has debt repayment obligations of Rs 54.35 Crs between April to September 2020. Against this, the company has collections of Rs 84 Crs during the same period. Apart from this, the company had liquidity of Rs. 26.08 Crs and unutilised cash credit limits of Rs 6.00 Crs as on 31 March 2020. The company had requested a loan moratorium from all of its fifteen lenders, of which it has received approval from six lenders (as of April 2020). If the company receives a moratorium from its other lenders, it would provide additional cushion to the company's liquidity position.

**Coronavirus disease (COVID-19)**, declared a pandemic by the World Health Organisation (WHO), has become a full-blown crisis globally, including in India. As a containment measure, the Indian Government had announced a 21-day nationwide lockdown on 24 March 2020, which was then extended until 3 May 2020 and then further extended until 17 May 2020. As per BWR, financial institutions, mainly those lending to the retail low-income borrower segments could be the most impacted. The 3-month moratorium announced by the Reserve Bank of India on interest and principal on bank debt will provide some cushion to the lending community to realign its collection machinery and operations during this period. However, lenders' ability to ensure credit discipline among borrowers as the 3-month moratorium ends and to collect accumulated interest and principal dues on a timely basis after this period will be a key monitorable. BWR is actively engaging with its clients on a continuous basis and taking updates on the impact on its operations and liquidity situation. BWR will take appropriate rating actions as and when it deems necessary and will publish the same.



## COMPANY PROFILE

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.

## KEY FINANCIAL INDICATORS

Key Parameters	Units	FY18	FY19	FY20
Result Type		Audited	Audited	Provisional
Total portfolio	Rs. in Crs.	152.36	258.63	267.80
Total Income	Rs. in Crs.	17.55	31.52	44.35
Profit after Tax	Rs. in Crs.	2.62	7.07	3.16
Tangible net worth	Rs. in Crs.	30.90	81.30	106.40
Gearing	Times	3.71	1.97	1.63
Gross NPA	%	0.67	1.05	2.09
CRAR	%	20.13	32.14	40.09

*All financial numbers for FY20 are provisional.*

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY : NA**

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

Sr. No.	Name of Instrument	Current Rating (2020)			Rating History for the past 3 years								
		Type	Amount (Rs. Crores)	Rating	2019			2018			2017		
1	Secured NCD	Long Term	15.00	BWR BBB Credit Watch with Negative Implications	17.05.2019			11.04.2018			NA		
					Long Term	15.00	BWR BBB Stable	NA	NA	NA			
					6.05.2019								
					NA	NA	NA						
2	Cash Credit	Long Term	6.00	BWR BBB Credit Watch with Negative Implications	17.05.2019			11.04.2018			NA		
					Long Term	6.00	BWR BBB Stable	Long Term	5.00	BWR BBB-Stable			
					6.05.2019								
					Long Term	6.00	BWR BBB Stable						
3	Term Loans	Long Term	244.00	BWR BBB Credit Watch with Negative Implications	17.05.2019			11.04.2018			NA		
					Long Term	244.0	BWR BBB Stable	Long Term	195.00	BWR BBB-Stable			
					6.05.2019								
					Long Term	244.0	BWR BBB Stable						
<b>Total</b>			<b>265.00</b>	<b>INR Two Hundred Sixty Five Crores Only</b>									

**COMPLEXITY LEVELS OF THE INSTRUMENTS**

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)



**Hyperlink/Reference to applicable Criteria**

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

Analytical Contacts	Investor and Media Relations
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**Ananya Finance For Inclusive Growth Private Limited**

**ANNEXURE I - Details of Bank Facilities rated by BWR**

Sl. No.	Name of the Lender	Type of Facilities	Amount Rated (Rs. in Crs)	
			Previous	Present
1	IDFC First Bank	Term Loan	40.55	26.16
2	Union Bank of India	Term Loan	10.91	17.53
3	State Bank of India	Term Loan	10.29	3.25
4	Reliance Commercial	Term Loan	6.46	0.00
5	Tata Capital	Term Loan	10.93	4.13
6	Mahindra Finance	Term Loan	7.88	1.83
7	Avanse Financial Services	Term Loan	5.51	0.47
8	Nabkisan	Term Loan	17.82	10.03
9	Nabard Financial Services	Term Loan	15.67	17.08
10	Nabsamruddhi Financial	Term Loan	11.39	14.44
11	Mudra	Term Loan	29.89	14.98
12	Maanaveeya	Term Loan	7.50	18.13
13	Vivriti Capital	Term Loan	25.00	8.20
14	Yes Bank	Term Loan	10.00	5.83
15	Bandhan Bank	Term Loan	--	12.14
16	Suryoday Bank	Term Loan	--	4.06
	<b>Total Existing Term Loans</b>		<b>209.80</b>	<b>158.26</b>
17	<b>Proposed</b>	<b>Term Loan</b>	<b>34.20</b>	<b>85.74</b>
	<b>Total Term Loan</b>		<b>244.00</b>	<b>244.00</b>
18	Rabobank	CC limit	6.00	6.00
	<b>Total Amount Rated</b>		<b>250.00</b>	<b>250.00</b>

**Total Rupees Two Hundred and Fifty Crores only.**



## ANNEXURE II - NCD DETAILS

Instrument	Issue Date	Amount in Crs.	Coupon Rate	Maturity Date	ISIN Particulars
Secured NCD	23 May 2019	15.00	12.76%	23 May 2022	INE774L07016

**For print and digital media** The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

**About Brickwork Ratings** :Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

**DISCLAIMER** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons