



## Press Release

### Maanaveeya Development & Finance Private Limited (MDFPL)

Dec 24, 2024

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities – Term Loan	448.07	IVR A / Stable (IVR A with Stable Outlook)	--	Assigned	<b>Simple</b>
Long Term Bank Facilities - Overdraft	11.00	IVR A / Stable (IVR A with Stable Outlook)	--	Assigned	<b>Simple</b>
Long Term Bank Facilities - Proposed Fund Based Bank Facilities (Term Loan)	136.93	IVR A / Stable (IVR A with Stable Outlook)	--	Assigned	<b>Simple</b>
Long Term Bank Facilities - Proposed Fund Based Bank Facilities (Overdraft)	4.00	IVR A / Stable (IVR A with Stable Outlook)	--	Assigned	<b>Simple</b>
<b>Total</b>	<b>600.00</b> <b>(Rupees Six Hundred Core only)</b>				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

Infomerics Ratings has assigned its ratings to the bank facilities of MDFPL as it derives strength from robust earnings profile, comfortable capitalisation levels, healthy asset quality, well diversified geographical portfolio and established presence with support from its parent i.e. Oikocredit. However, the ratings are partially constrained by moderation in AUM growth coupled with high concentration to NBFCs particularly MFI's and exposure of the business to socio-political interventions.



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Infomerics Ratings expects outlook to remain stable on the back of continued support from its parent company coupled with healthy growth in AUM levels & generation of healthy internal accruals along with maintenance of asset quality and capitalisation levels.

### Key Rating Sensitivities:

#### Upward Factors

- Sustained scaling in AUM levels while maintaining healthy asset quality, comfortable capital position, liquidity and profitability.

#### Downward Factors

- Substantial deterioration in AUM levels impacting capital position, liquidity, and profitability.
- Adverse movements in collection efficiency impacting MDFPL's asset quality.

### List of Key Rating Drivers with Detailed Description:

#### Key Rating Strengths:

- **Robust Earnings Profile:** MDFPL's earnings profile is robust marked by net interest income which has grown y-o-y by ~12% in FY24 (refers to period April 2023 to March 2024) to Rs. 112.85 crore on back of growth in loan assets whereas its other operating income stood at Rs. 15.07 crore in FY24 (FY23: Rs. 10.47 crore) which primarily consists of interest income from bank deposits and lease rentals income on solar power plants. Additionally, considering its AUM size, MDFPL's NIM is healthy though marginally declined to 6.49% in FY24 (FY23: 6.73%) on account of lower interest spread due to relatively higher growth in borrowing costs in comparison to the yield on the loan assets whereas its ROTA improved in FY24 to 5.13% (FY23 : 4.11%) on back of higher profitability. Moreover, MDFPL's cost to income ratio continues to remain relatively stable at 12.95% in FY24 (FY23: 12.48%) on back of rationalisation in operating expenses. Infomerics Ratings expects that MDFPL's earnings outlook will remain robust over the medium term, supported by growth in AUM and improved profitability, owing to its efficient cost-to-income structure.
- **Comfortable capitalisation levels:** MDFPL's capitalisation levels are comfortable marked by CRAR which stood at 36.57% as on 30<sup>th</sup> September 2024 (as on 31<sup>st</sup> March



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2024 : 30.51%: as on 31<sup>st</sup> March 2023 : 30.15%) which is well above the minimum regulatory requirement supported by generation of healthy internal accruals. As on 31<sup>st</sup> March 2024, MDFPL's tangible net worth remains healthy at Rs. 612.09 crore at the end of FY24 (FY23: Rs. 518.38 crore) on back of accretion of profits to reserves and surplus. Infomerics Ratings expects MDFPL's capitalisation levels to remain comfortable on back of generation of healthy internal accruals.

- **Healthy Asset Quality:** MDFPL's asset quality is healthy marked by GNPA and NNPA which stood at 0.86% & 0.10% respectively as on 31<sup>st</sup> March 2024 (As on 31<sup>st</sup> March 2023: 1.14% & 0.11% respectively) on back of its robust recovery mechanism and well defined credit appraisal process. The same is reflected in its H1FY25 numbers with its GNPA and NNPA at 0.97% & 0.11% respectively as on 30<sup>th</sup> September 2024. Going forward, MDFPL's ability to maintain its asset quality, without new slippages, will remain a key rating monitorable.
- **Well diversified geographical portfolio:** MDFPL has a presence across 16 states with the portfolio well-diversified across these states and geographically spread out with top three states like Telangana, Delhi & Gujarat accounting for ~41% of its total loan portfolio as on 30<sup>th</sup> September 2024.
- **Established presence with support from the Oikocredit:** MDFPL, a 100% subsidiary of Oikocredit, operates as its regional hub in India and has closely integrated credit and risk management processes with its parent. MDFPL receives ongoing support from Oikocredit, particularly in management expertise. As of October 31, 2024, ~54% of its borrowings are from Oikocredit in the form of external commercial borrowings, with an average cost of ~10%. Oikocredit also has a 20% country limit for India on overall assets. Infomerics Ratings expects continued support from Oikocredit. MDFPL's senior management, led by Dr. Gouri Sankar (Managing Director), brings over 20 years of experience in finance, supported by a board of four members, including two Oikocredit representatives.

### Key Rating Weaknesses:

- **Moderation in AUM growth coupled with high concentration to NBFCs particularly MFI's:** MDFPL's AUM (net of provisions) has grown y-o-y by ~13% in



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FY24 to Rs. 1,845.29 crore on back of higher disbursements under the term loan and subordinated debt segments. However, as on 30<sup>th</sup> September 2024, MDFPL's total AUM has declined to Rs. 1725.39 crore on account of lower disbursements to MFI's (microfinance institution's) which is ~45% of its total portfolio with the remaining exposure towards MSME financial institutions, agriculture projects, renewable energy companies or projects. The lower disbursements are on account of seasonality in the MFI's which has been showing signs of stress in terms of asset quality on account of overleveraging of its borrowers. However, as per management, its actively diversifying its loan portfolio with a focus renewable project particularly in the solar segment. Moreover, in terms of external ratings, ~94% of its loan portfolio falling under the BBB category & above with remaining falling under the BB+ category & below or unrated category. Additionally, as of March 31, 2024, MDFPL's top 10 exposures represent 28% of its AUM and 85% of its net worth, compared to 30% of AUM and 96% of net worth as of March 31, 2023. Client concentration in the MFI segment has decreased over the years, but concentration risk will remain a key rating monitorable.

- **Exposure of the business to socio-political interventions:** MDFPL's operations are highly vulnerable to event-driven risks, primarily due to its substantial exposure to the microfinance sector. This sector remains affected by inherent risks, socio-political interventions, regulatory uncertainty, and challenges associated with unsecured lending to marginal borrowers, who are particularly susceptible to economic downturns.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Financial Institutions/NBFCs](#)

[Financial Ratios and Interpretation \(Financial Sector\)](#)

[Criteria for assigning Rating outlook.](#)



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[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity –Adequate**

Considering its asset size, MDFPL's CRAR which stood at 36.57% as on 30<sup>th</sup> September 2024 (as on 31<sup>st</sup> March 2024: 30.51%: as on 31<sup>st</sup> March 2023: 30.15%) which is well above the minimum regulatory requirement supported by generation of healthy internal accruals.. Also, it has adequately matched asset liability profile as on June 30, 2024, across all the buckets. Moreover, cash and cash equivalent stood at a healthy Rs. 102.52 crore as on 30<sup>th</sup> June 2024.

### **About the Company:**

Incorporated in August 2004, MDFPL is a Non-Banking Financial Company (NBFC) that is registered with the Reserve Bank of India (RBI) as a Non-Deposit Taking Systemically Important NBFC (NBFC-ND-SI). MDFPL is a wholly owned Indian subsidiary of Oikocredit, a Netherlands-based development finance institution with over 45 years of experience in promoting social and economic development.

### **Financials (Standalone):**

For the year ended* / As on	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	190.55	229.41
PAT	64.98	93.86
Tangible Net worth	518.38	612.09
AUM (net of provisions)	1,634.75	1,845.29
<b>Ratios</b>		
NIM (%)	6.73	6.49
ROTA (%)	4.11	5.13
Interest Coverage (times)	2.09	1.95
Total CRAR (%)	30.15	30.51
Gross NPA [Stage III] (%)	1.14	0.86
Net NPA [Stage III] (%)	0.11	0.10

\* Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA: None**

**Any other information: None**

**Rating History for last three years:**





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Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024 -25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					--	--	--
1.	Long Term Bank Facilities – Term Loan	Long Term	448.07	IVR A / Stable	--	--	--
2.	Long Term Bank Facilities - Overdraft	Long Term	11.00	IVR A / Stable	--	--	--
3.	Long Term Bank Facilities - Proposed Fund Based Bank Facilities (Term Loan)	Long Term	136.93	IVR A / Stable	--	--	--
4.	Long Term Bank Facilities - Proposed Fund Based Bank Facilities (Overdraft)	Long Term	4.00	IVR A / Stable	--	--	--

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).



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Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Instrument/Facility Details:

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Term Loan	-	-	-	Valid up to June 2027	448.07	IVR A / Stable
Long Term Bank Facilities - Overdraft	-	-	-	Revolvin g	11.00	IVR A / Stable



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Long Term Bank Facilities - Proposed Fund Based Bank Facilities (Term Loan	-			-	136.93	IVR A / Stable
Long Term Bank Facilities - Proposed Fund Based Bank Facilities (Overdraft)	-			-	4.00	IVR A / Stable

**Annexure 2: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/len-maanaveeya-dec24.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).