Press Release

Ananya Finance for Inclusive Growth Private Limited (AFIG)

Revised Press Release

May 09, 2025

This is with reference to the press release dated 20 March 2024. The revised press release stands as below.

The revised press release consists of revised CRAR for fiscal year ended 31st March 2023 as the company had provided restated financials. The revised CRAR stood at 28.20% at the end of FY23 as against 24.19%.

Link for the press release dated 20 March 2024 published on Infomerics website is provided below:

pr-Ananya-Finance-20mar24.pdf

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Rating	Previous Rating	Rating Action	Complexity Indicator
Non-Convertible Debentures (Union Bank of India)	0.00 (Reduced from 25.00)	-	IVR BBB/Positive (IVR Triple B with Positive Outlook)	Withdrawn*	Simple
Non-Convertible Debentures (Promising Lenders Fund)	22.00	IVR BBB/Stable (IVR Triple with Stable outlook)	IVR BBB/Positive (IVR Triple B with Positive Outlook)	Reaffirmed with revision in outlook	Simple
Non-Convertible Debentures (Vivriti Samarth Bond Fund)	10.00	IVR BBB/Stable (IVR Triple with Stable outlook)	IVR BBB/Positive (IVR Triple B with Positive Outlook)	Reaffirmed with revision in outlook	Simple

Non-Convertible Debentures (UTI International Wealth Creator 4)	22.50	IVR BBB/Stable (IVR Triple with Stable outlook)	IVR BBB/Positive (IVR Triple B with Positive Outlook)	Reaffirmed with revision in outlook	Simple
Total		**54.50 (Rupees Fifty Four Crores and Fifty Lakhs Only)**			

*Withdrawal of the rating is on account of no dues certificate received from the Investor confirming full redemption of the NCDs and based on the request by the company for withdrawal of rating. The withdrawal of rating is in accordance with Infomerics policy on "Withdrawal of ratings".

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics has withdrawn the rating assigned to the NCDs (Union Bank of India) based on the no dues certificate received confirming that the NCDs are fully redeemed, in line with Infomerics policy on withdrawal of ratings. Simultaneously, Infomerics has reaffirmed the rating assigned to the various Non-Convertible Debentures of AFIG and revised the outlook to stable from positive. The rating reaffirmation continues to derive comfort from AFIGs reputed and resourceful investors indicating high financial flexibility, experienced and professional management team with adequate systems and processes, comfortable capitalisation and consistent growth in operations. However, the ratings are constrained by average asset quality, thin profit margins and its exposure to regulatory & socio-political risks inherent in the industry.

The outlook has been revised to Stable from Positive due to deterioration in asset quality during 9MFY24, lower than expected growth in AUM during FY23 and 9MFY24, high cost to income ratio. Going forward, timely capital infusion by the promoters will be required to achieve the projected levels of growth in the near term.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained growth in AUM, income levels and profitability along with improved asset quality and capitalisation.

Downward Factors

- Substantial decline in AUM, income levels, profitability, collection efficiency and asset quality and capitalisation levels.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Strong Promoter indicating high financial flexibility.

Tokyo based Gojo & CO (Gojo), is the largest shareholder of AFIG who holds 72.93% as on 31st March 23. Gojo & Co. has demonstrated support by providing periodic equity infusion. During FY24, Gojo has infused approximately Rs.50 crore during FY24. As per management, Gojo is planning to acquire the remaining stake during FY25.

Comfortable capitalisation

AFIG has maintained comfortable capital adequacy levels over the years. As on December 31, 2023, the CAR remained comfortable at 25.88%. (28.20% as on March 31, 2023). Periodic equity infusion by promoters enables AFIG to maintain comfortable capital adequacy levels.

Consistent growth in operations

Company's AUM has consistently grown in the last 3 years from Rs 261.43 Crores in FY21 to Rs 354.83 Crores in FY23. The growth is driven on the back of AFIGs shift in focus from wholesale loan segment to retail loan segment. As on 31st December 2023, total AUM was at Rs.351.95 crore. As per management, AFIGs wholesale loan segment will completely rundown by FY26.

Improving albeit thin profitability

AFIG's NIM has improved on y-o-y basis to 6.66% in FY23 (FY22:5.22%) due to shift from wholesale loan segment to retail loan segment. As per management, AFIG's NIM is expected to remain around FY23 levels due to higher spreads on retail loans despite increase in interest expenses. AFIG NIM is expected to improve from FY26 onwards with higher proportion of retail loans.

Experienced and professional management team with adequate systems and processes

AFIG is a professionally managed company, currently led by Mr. Gaurav Gupta, with more than 20 years of experience in banking. AFIG has eight-member board of directors consisting of four nominee directors and three independent directors along with Managing Director. The company has invested significantly in technology to ensure the real-time availability of collection data, e-verification of customer details and cashless disbursements. AFIG has installed good tracking and MIS systems, which are adequate to support future growth expansion. Further, the company has sound loan origination and loan monitoring systems backed by strong credit appraisal policies.

Key Rating Weaknesses

Average asset quality

AFIG's asset quality remained stable during FY23 with reported GNPA and NNPA of 1.97% and 0.72% respectively (FY22:2.1% and 0.57% respectively). However, due to fresh slippages from wholesale segment, AFIG's asset quality has deteriorated in 9MFY24 with GNPA and NNPA increasing to 2.35% and 1.33% respectively. Infomerics notes that the ability of the company to maintain stable asset quality with exposure to unsecured MFI/retail lending and MSME segment will be a key credit monitorable.

Exposure to regulatory & socio-political risks inherent in the industry

Political and operational risks associated with Agriculture/MSME lending may lead to high volatility in the asset quality indicators. The MSME/microfinance industry is prone to socio-political and operational risks, which could negatively impact the company's operations and thus its financial position. Further, unsecured lending to the marginal borrower profile and the political & operational risks associated with microfinance lending may result in high volatility in the asset quality indicators. The company's ability to on-board borrowers with good credit history, recruit and retain employees and maintain geographical diversity would be key for managing high growth rates.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Financial Institutions/Non-Banking Finance companies

Criteria of assigning Rating Outlook

Policy on Withdrawal of Ratings

Complexity level of rated instruments/Facilities

Policy on Default Recognition

Financial Ratios & Interpretation (Financial Sector)

Liquidity –Adequate

Liquidity of the company is adequate with cash and bank balance of Rs 128.76 crores, unmarked FDs of 24.61 crores and unutilised bank limits of Rs 37.00 crores. Infomerics expects the liquidity of the company to remain adequate with the expected capital infusion in FY25 and given that ~85% of portfolio is retail in nature with lower tenure and low-ticket size loans.

About the company

Incorporated in 2009, Japan based Gojo & Co. is the holding company of AFIG who have acquired majority stake in the company during 2017. In June 2022, AFIG acquired a NBFC-MFI, Prayas Financial Services Pvt Ltd for having its own distribution channel to increase its Microfinance retail lending operations. As on December 31, 2023, around ~85% of total portfolio of the company is from retail lending. The company is currently having a network 35 own branches and 18 BC partners operating through 450 dedicated branches spreading over 19 states in India.

Financials (Standalone)*:

Rs in Crores

For the year ended/As on*	31-03-2022	31-03-2023
	(Audited)	(Audited)
Total Income	39.66	62.27
PAT	1.04	2.34
Total Loan portfolio	315.79	354.83
Tangible Networth	93.64	97.35
Total debt	260.83	383.06
NIM (%)	5.22	6.66
Overall CRAR (%)	27.46	28.20#
Gross NPA (%)	2.10	1.97
Net NPA (%)	0.57	0.72

***Classification as per Infomerics' standards**

Restated as per latest FY22 – 23 (Audited) financials.

Status of non-cooperation with previous CRA: Not applicable

Any other information: NA

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 – (5 April 2023)	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	NCDs (Union Bank of India	Long Term	0.00 (Reduced from 25.00)	Withdrawn	IVR BBB/Positive	-	-
2.	NCDs (Promising Lenders Fund)	Long Term	22.00	IVR BBB/Stable	IVR BBB/Positive	-	-

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 – (5 April 2023)	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
3.	NCDs (Vivriti Samarth Bond Fund)	Long Term	10.00	IVR BBB/Stable	IVR BBB/Positive	-	-
4.	NCDs (UTI International Wealth Creator 4)	Long Term	22.50	IVR BBB/Stable	IVR BBB/Positive	-	-

Name and Contact Details of the Rating Director:

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About Infomerics:

Infomerics Valuation and Rating 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).

Adhering to the 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 visit www.infomerics.com.

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Annexure 1: Details of Facilities/Instrument:

Name of Instrument	ISIN	Date of Issuance	Coupon Rate/ IRR (%)	Maturity Date	Size of Facility (Rs. Crore)	Listing Status	Rating Assigned/ Outlook
Long Term NCD (Union Bank of India)	INE774L07024	30/06/2020	11.00%	29/06/2023	0.00 (Reduced from 25.00)	Listed	Withdrawn on account of full redemption
Long Term NCDs -(UTI International Wealth Creator 4)	INE774L07040	15-07-2022	12.29%	18/07/2025	22.50	Listed	IVR BBB/Stable
Long Term NCDs – Promising Lenders Fund	INE774L07032-Unlisted	08/04/2022	13.80%	25/03/2025	22.00	Unlisted	IVR BBB/Stable
Long Term NCDs - Vivriti Samarth Bond Fund	INE774L07057	12/04/2022	13.80%	25/03/2025	10.00	Listed	IVR BBB/Stable
Total					**54.50**		

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details – Not Applicable

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:

Term sheet for the Long Term NCD (Promising Lenders Fund)

Security Name	Long Term NCD (Promising Lenders Fund)
Issuer	Ananya Finance for Inclusive Growth
Investor	Promising Lenders Fund
Type of Instrument	Rated, Unlisted, Senior, Secured, Redeemable, Taxable, Non-convertible Debentures ["NCDs" or "Debentures"]
Issue Size	INR 22.00 crores
Object of the Issue	Onward lending
Coupon Rate	13.80% per annum payable monthly
Coupon Type	Fixed
ISIN	INE774L07032
Issue date	08/04/2022
Maturity	25/03/2025
Financial covenant	• Financial Indebtedness/TNW < 4.5x till March 23, and 4x after that. • No cumulative liquidity mismatch in any of the standard buckets up to 12 months on all standard liquidity buckets, as prescribed by RBI. For the purpose of this calculation, undrawn term loans are to be excluded. Issuer to be profitable in any financial year beginning FY22 (tested on 12 month basis) • CRAR > 20%, as per RBI norms • The Company shall at all times maintain a ratio of (x) the sum of Portfolio at Risk over 90 days plus restructured plus Net Charge-Offs during the last 12 months divided by (y) the Outstanding Gross Loan Portfolio of not greater than 6% from 1 Apr 22 till 31 Mar 23 and not greater than 3% from 1 Apr 23 onwards.

	• The Company shall at all times maintain the ratio NNPA less than 2% • Company will restrict direct wholesale lending to Non-Banking Financial Companies, Housing Finance Companies or Micro-Finance Companies to a maximum of 10% of the Outstanding Gross Loan Portfolio till the remaining tenor of the instrument. • Portfolio sourced through BC / Co-lending from single partner will be lower than 60% by Mar'23 and 40% by Mar'24. • No exposure to a single borrower will exceed 10% of NW.

Term sheet for the Long Term NCD (Vivriti Samarth Bond Fund)

Security Name	Long Term NCD (Vivriti Samarth Bond Fund)
Issuer	Ananya Finance for Inclusive Growth
Investor	Vivriti Samarth Bond Fund
Type of Instrument	Rated, listed, Senior, Secured, Redeemable, Taxable, Non-convertible Debentures ["NCDs" or "Debentures"]
Issue Size	INR 10.00 crores
Object of the Issue	Onward lending
Coupon Rate	13.80% per annum payable quarterly
Coupon Type	Fixed
ISIN	INE774L07057
Issue date	12/04/2022
Maturity	25/03/2025
Financial covenant	• Financial Indebtedness/TNW < 4.5x till March 23, and 4x after that. • No cumulative liquidity mismatch in any of the standard buckets up to 12 months on all standard liquidity buckets, as prescribed by RBI. For the purpose of this calculation, undrawn term loans are to be excluded. Issuer to be profitable in any financial year beginning FY22 (tested on 12 month basis) • CRAR > 20%, as per RBI norms • The Company shall at all times maintain a ratio of (x) the sum of Portfolio at Risk over 90 days plus restructured plus Net Charge-Offs during the last 12 months divided by (y) the Outstanding

	Gross Loan Portfolio of not greater than 6% from 1 Apr 22 till 31 Mar 23 and not greater than 3% from 1 Apr 23 onwards. • The Company shall at all times maintain the ratio NNPA less than 2% • Company will restrict direct wholesale lending to Non-Banking Financial Companies, Housing Finance Companies or Micro-Finance Companies to a maximum of 10% of the Outstanding Gross Loan Portfolio till the remaining tenor of the instrument. • Portfolio sourced through BC / Co-lending from single partner will be lower than 60% by Mar'23 and 40% by Mar'24. • No exposure to a single borrower will exceed 10% of NW.

Term sheet for the Long Term NCD - (UTI International Wealth Creator 4)

Security Name	Long Term NCD (UTI International Wealth Creator 4)
Issuer	Ananya Finance for Inclusive Growth
Investor	UTI International Wealth Creator 4
Type of Instrument	Rated, listed, Senior, Secured, Redeemable, Taxable, Non-convertible Debentures ["NCDs" or "Debentures"]
Issue Size	INR 22.50 crores
Object of the Issue	Onward lending
Coupon Rate	11.86% per annum payable semi-annually
Coupon Type	Fixed
ISIN	INE774L07040
Issue date	15/07/2022
Maturity	18/07/2025
Financial covenant	• **Capital Adequacy**: The Issuer shall maintain a ratio of Regulatory Capital divided by Risk Weighted Assets of at least twenty (20) per cent. • **Open Currency Position**: The Issuer shall maintain a ratio of Foreign-Currency Assets minus Foreign-Currency Liabilities divided by Regulatory Capital comprised between 150% and - 50%. • **Portfolio Quality**: The Issuer's [(Portfolio at Risk 30 Days+ Refinanced, Restructured/rescheduled + Write off previous 12 month) / Gross Loan Portfolio] shall be less than or equal to the following:

	• From April 2022 to September 2022: 8% • From October 2022 to March 2023: 7% • From April 2023: 5% • **Open Loan Position**: The Issuer shall maintain [(Portfolio at Risk More Than Thirty (30) Days + Refinanced, restructured, rescheduled – Loan Loss Reserve)/ Regulatory Capital] less than or equal to 20%.

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.