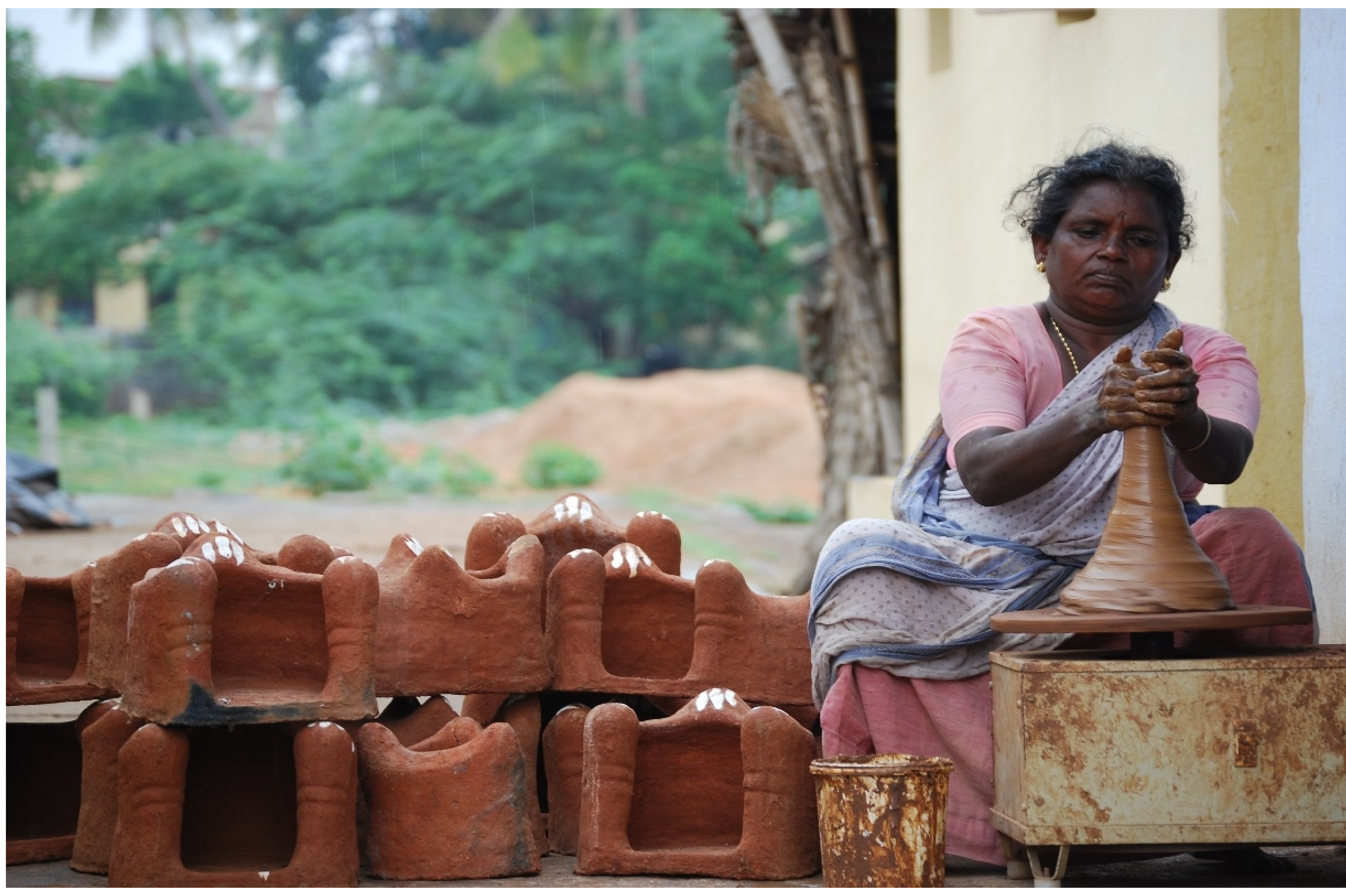
Priming inclusion beyond finance

Founder's Story

Ananya Finance for Inclusive Growth Pvt. Ltd. (Ananya) is a financial inclusion focussed lending institution, which supports micro lending directly through micro loans (from its wholly owned microfinance subsidiary company called Prayaas) as well as through other smaller institutions & platforms focussed into this segment. Ananya had been incubated by Friends of Women's World Banking (FWWB) in 2009. Thus, FWWB's wholesale MFI lending portfolio had been transferred to Ananya. The company expanded also its lending activities to the agriculture sector in January 2015 and direct lending to individuals through MFIs in October 2020. Ananya is rated Brickworks BBB and raises debt from banks, DFIs, NBFCs and AMCs.

Ananya offers income-generating loans to women entrepreneurs who form the bottom of the economic pyramid. Loans are offered to truly new- credit borrowers with ticket sizes as low as INR 10,000 to start an economic activity and from INR 25000 to INR 200,000 to women who already have business experience to scale-up their enterprises. The impact lender also lends to collectives of small and marginal farmers (called Farmer Producer Organisations or FPOs) with loan ticket size ranging from INR 0.1 million to INR 20 million. The loans are for meeting working capital requirements and for setting up primary processing units.

Ananya is an impact lender focussing on opportunities that contribute to the equitable socio-economic development of the underbanked and unbanked population from underserved areas of the country, especially women. Apart from financial intermediation, it also offers a range of capacity building products to individuals and institutions via wholesale and retail business partnership.



Addressing the Gap

According to Microfinance Institutions Network, in terms of geographic spread, NBFC-MFIs have 78 per cent of the portfolio in rural parts and 22 per cent is in urban parts of India. At the sectoral level too, MFIs have catered to over 130 million households in India over the last 20 years.

The gross loan portfolio of the MFI sector stands at INR 2.85 trillion as at March 2022 across 58 million borrowers representing 113.1 million loan accounts. However, banks dominate this segment with a 40% market share, which is primarily catered through their rural branches powered by their ability on price competitiveness. However, the NBFCs & NGOs still contribute to 60% of the portfolio leading the charge in opening new geographies through technological and process innovation.

While the MFI sector in India has faced multiple challenges including local government intervention, demonetisation, GST implementation and multiple floods across different parts of the country, the sector has grown and evolved - courtesy to regulatory guidance and forward-looking policies, establishment of Self-Regulatory Organisations by members as well as capital supply from debt, equity and capital market investors. Positive unit economics along with significant growth opportunities are expected to continue to push forward the MFI sector, which is also one of the most critical spokes in the wheel of rural Indian economy.

Business Model

Ananya has a diversified loan portfolio across MFI, agri finance and MSMEs in other impact sectors summarised below.

Microfinance	Direct MFI loans through branch led model as well as loans to smaller financial institutions / NGOs working with small and marginal borrowers who are otherwise forced to borrow from informal sources and money lenders at much higher costs.
Agri Finance	The capex and working capital loans offered to agriculture and allied sectors through FPOs and Agri-SMEs that work with small land holder farmers.
Impact MSME	In the MSME segment, Ananya has lent to enterprises in renewable energy, healthcare, and waste management and recycling sectors among others.

Impact Story

Through its Social Performance Management Report 2020-2021, Ananya reports the social impact created with an attempt to report to the stakeholders the impact of its operations across different UN SDGs.

The UN SDG Analysis for disbursement in 2021-2022 is as follows:

1 NO POVERTY	26+ Institutions impacted 90,248+ benefici-aries served INR 3.81 billion disbursed towards SDG1	Ananya provided support across 385 districts in India with a significant percent of the support extended to people living in the most backward regions
2 ZERO HUNGER	26+ Institutions impacted 76,749+ beneficiaries served INR 3.20 billion disbursed towards SDG2	Ananya extends loans to FPOs that help in increasing income of their smallholder farmer members and work with them to promote sustainable agriculture and increase productivity
5 GENDER EQUALITY	12+ Institutions impacted 66,804+ benefici-aries served INR 2.44 billion disbursed towards SDG5	By extending micro-loans to women borrowers across diverse fields, Ananya furthers gender equality and women empowerment.
7 AFFORDABLE AND CLEAN ENERGY	1+ Institutions impacted 141+ beneficiaries served INR 45 million disbursed towards SDG7	Through its lending to impact SMEs and green enterprises, Ananya has enabled environmental protection while promoting economic growth.
8 DECENT WORK AND ECONOMIC GROWTH	27+ Institutions impacted 89,444+ benefici-aries served INR 3.77 billion disbursed towards SDG8	Ananya lends to enterprises and people at the bottom of the economic pyramid for income -generation activities.
10 REDUCED INEQUALITIES	26+ Institutions impacted 90,248+ benefici-aries served INR 3.81 billion disbursed towards SDG10	Ananya's portfolio with a dual focus on women and underserved households encompasses elements of overall economic upliftment of the poor and lower income group people.

Vivriti's Engagement with Ananya

Vivriti's engagement started with Ananya after the fall of IL&FS leading to an immediate lending freeze to wholesale NBFCs by most banks. On account of developments thereafter, small and mid-sized NBFCs such as Ananya faced challenges in raising bank finance. Vivriti provided necessary support and debt finance to the company during this time.

Post initial engagement, Vivriti has regularly supported Ananya through multiple loans during COVID-19 phase across 2020-2022. Vivriti's lending call was based on quality and commitment of the management team, and its ability to raise capital from new sources. Engagement has also progressed with additional funding support extended by VAM in April 2022 through capital market instruments. Going forward, Vivriti Group looks to continue and expand the engagement through different products.

In the words of the Gaurav Gupta, Managing Director | Ananya

The relationship between Ananya and Vivriti commenced with a Term Loan of INR 100 million in April 2019. Vivriti supported Ananya, a much smaller NBFC, at a time when the NBFC industry as a whole was facing the brunt of the after-effects of a scandal & bankruptcy involving one of the country's largest NBFCs. There has been no looking back since then, even during the COVID period. Vivriti continued to show confidence and place its trust in Ananya and is today, it's largest debt-investor.

The timely support by Vivriti during one of the most challenging times faced by Ananya was confidence-boosting, not only for the operating management but also the other stakeholders including other debt investors, the shareholders and the rating agencies. The trust in the relationship is extending it beyond that of just being a lender-borrower to a more engaging & inclusive partnership across co-lending, knowledge and resource sharing and advisory services.