

April 02, 2020

The General Manager
Department of Corporate Services – Listing Dept.
BSE Limited
Phiroze Jeejeebhoy Towers Dalal
Street
Mumbai 400001
Scrip code: 541770

The Vice President, Listing Department
National Stock Exchange of India Limited The
Exchange Plaza
Bandra Kurla Complex
Bandra (East) Mumbai
400051
Trading Symbol: CREDITACC

Dear Sir/Madam,

Subject: Press Release – COVID-19 Business Update

The Company wishes to provide a brief business update, in the aftermath of COVID-19 outbreak, for the benefit of various stakeholders who have been associated with the company and extended their continued support.

A copy of the Press Release on Business Update is attached for your information and records.

Thanking you,

Yours sincerely

CreditAccess Grameen Limited

M J Mahadev Prakash
Head - Compliance, Legal & Company Secretary
Membership No: A16350

Encl: as above

Our Financial Products



CreditAccess Grameen Limited COVID-19 Status Update

Bengaluru, 2nd April 2020: CreditAccess Grameen Limited ('CAGL') wishes to place formally on record a brief business update, in the aftermath of COVID-19 outbreak, for various stakeholders who have been associated with the company and extended their continued support. As the situation is very dynamic and fast evolving, the company's management will continuously monitor the on-ground developments and proactively communicate any material developments which impact the business operations.

Business update: Key highlights

1. Business impact & invocation of Business Continuity Plan ('BCP')
2. Continued customer connect & proactive communication to ensure health and safety
3. Proven resilience of rural markets to external disturbances
4. Key business metrics
5. Loan moratorium policy
6. Successful completion of purchase of 76.06% stake in Madura Microfinance
7. Robust liquidity position, liability profile & continued lenders' support
8. Resilient business model with demonstrated ability for faster recovery

1. Business impact & invocation of Business Continuity Plan ('BCP')

- Business was as usual until 20th March 2020 with on-time centre meetings, disbursements and collections. From 23rd March 2020, in the event of national lockdown, the company took an immediate cognizance of customer and employee safety and complied with government advisories.
- BCP was invoked and various risk management initiatives were formulated.
- All weekly centre meetings, disbursements and collections were temporarily stopped till the lockdown is in effect.
- There was strict advisory for loan officers to not venture out for any field operations and follow local administration regulations.
- 'work-from-home' was implemented for all the employees at head office and regional / divisional offices. IT system arrangements were made to allow seamless remote operations.
- All the branches (with co-accommodation model) were advised to operate with skeletal staff, while taking precautionary measures.

2. Continued customer connect & proactive communication to ensure health and safety

- Employees are maintaining regular connect with the customers and empathising with them in these testing times. This is crucial to further strengthen our customer relationship.
- Board has approved Rs 5.0 Cr funds under CSR for creating awareness, prevention and support to any COVID-19 impacted customers, as per latest guidelines of MCA.
- Audio messages (daily series) in regional languages on COVID-19 awareness are sent to customers.
- Awareness calls to centre / group leaders are being done through Central Operations Team.



3. Proven resilience of rural markets to external disturbances

- As on date, there has not been any significant impact on the rural economy, especially in the regions where the company operates.
- The immediate fallout of lockdown has been more severe in urban locations, especially on the migrant population. Reverse migration might create some difficulties with concerned families for a temporary period.
- While this is an unprecedented situation, based on historical experience, rural economy has always been more resilient and capable of returning back to normalcy after natural disasters / external disturbances. There have been many cases like droughts, floods, cyclones, crop failures in the past or even demonetisation which have proved the resilience of rural people.
- A larger percentage of rural population is typically self-sufficient operating within a particular geography, where the production and consumption is largely local. Further, majority of rural expenditure is on essentials. In case of any economic difficulties, they are able to manage with captive production / consumption and minimal expenditures.
- Furthermore, various measures announced by the government under the food security / economic relief package will aid the poor / low income households (our customer base) to tide over the temporary difficulties.

4. CAGL Key business metrics (standalone) as on 31st March 2020

- Gross loan portfolio: Rs 9,903 Cr (+38% YoY), Active borrowers: 29.1 Lakh (+18% YoY).
- Stable PAR and collection efficiency as on 20th March 2020 (before national lockdown).
- As on 31st March 2020, total debt was Rs 7,789 Cr.
- Rs 2,181 Cr borrowings were raised in Q4 FY20. There was no new securitisation / direct assignment transaction during Q4 FY20.

5. Loan moratorium policy

- In accordance with the loan moratorium guidelines issued by RBI on 27th March 2020, the company has framed its loan moratorium policy, approved by the Board of Directors.
- Moratorium will be applicable to all the existing borrowers across India.
- Moratorium will be allowed on all instalments falling due between 1st March 2020 and 31st May 2020. For the borrowers who have already paid instalments after 1st March 2020, required adjustments will be made so that moratorium is applicable for the remaining instalments till 31st May 2020.
- The asset classification will be according to RBI guidelines.
- The customer will not be reported as defaulter during the moratorium period. The regular reporting to credit bureaus shall commence after the repayment holiday period.

6. Successful completion of purchase of 76.06% stake in Madura Microfinance

- The company has achieved a major milestone by successfully completing the first step of the merger with Madura Micro Finance Limited ('MMFL').
- Within stipulated timelines, the company has completed the purchase of 76.06% stake in MMFL by paying Rs 661 Cr in March 2020.
- From the balance sheet point of view, CAGL will now be able to consolidate MMFL. 100% consolidation of MMFL profits will commence from April onwards, aiding CAGL's overall profitability and return on equity in FY21.



7. Robust liquidity position, liability profile & continued lenders' support

- The company maintains well diversified liability profile with more than 46% of borrowings in form of 2-6 year term loans. There are no borrowings in form of CPs or bonds from mutual funds. Hence the repayment schedule is well spread over longer term.
- The company continues to receive support from its diversified base of lenders. The company raised Rs 2,181 Cr in Q4 FY20 (Rs 900 Cr in March) while witnessing stable interest rates.
- On the back of strong balance sheet position and prudent liquidity management, the company has successfully financed the MMFL transaction in March and honoured all principal and interest payments till 29th March 2020.
- While the company will observe moratorium on principal repayments to its lenders starting from 30th March 2020 to 31st May 2020, it has made a prudent decision to continue to pay interest to its lenders during the moratorium period.
- The company has sufficient cash balance of Rs 530 Cr as on 31st March 2020, to sustain business operations over a reasonable period of time.
- The company shall draw new borrowings in Q1/Q2 based on future repayment schedule and business growth plans.
- The company has sufficient capital adequacy to manage its growth in FY21. There is no immediate need to raise equity and company can wait for the market conditions to improve over the coming year.

8. Resilient business model with demonstrated ability for faster recovery

- CAGL has a very robust operating model focussed on rural markets (>82% rural) with very extensive customer engagement (weekly centre meetings) and unique customer centric approach (customised products with flexible repayment rates) leading to high borrower retention (86% vs. 70-75% for MFI industry).
- CAGL has strong customer relationships with around 40-45% of new borrowers being new-to-credit, around 35-40% customers being unique to CAGL and around 73% customers are more than one year with CAGL.
- CAGL has well experienced management team (stable for last 8-10 years) and seasoned senior field staff (more than 5 years of avg. experience of branch / area / regional / divisional / zonal managers within CAGL) having successfully navigated through multiple business challenges.
- CAGL has proven ability to demonstrate faster recovery after any external disturbances. The company had displayed robust performance even during demonetisation, when it recorded higher recoveries & lower write-offs compared to industry and displayed healthy profitability in the subsequent financial year (FY18 after demonetisation: PAT of Rs 212 Cr, ROA of 5.1%)



About CreditAccess Grameen Limited

CreditAccess Grameen limited is a leading Indian microfinance institution headquartered in Bengaluru, focused on providing micro-loans to women customers predominantly in rural areas across India. The Company is now operating in 230 districts in the 13 states (Karnataka, Maharashtra, Tamil Nadu, Chhattisgarh, Madhya Pradesh, Odisha, Kerala, Goa, Gujarat, Rajasthan, Uttar Pradesh, Bihar and Jharkhand) and one union territory (Puducherry) in India through 928 branches. The Company's Promoter is CreditAccess Asia N.V., a multinational company specializing in MSE financing (micro and small enterprise financing), which is backed by institutional investors and has a micro-lending experience through its subsidiaries in four countries in Asia.

For more information, please contact:

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