



CreditAccess Grameen Limited

Corporate Presentation

November 2022

STOOD THE TEST OF
TIME AND **TRUST**



DISCLAIMER:

The Company, subject to market conditions, and other considerations, is proposing a public issue of secured redeemable non-convertible debentures (“NCDs”) and has filed a shelf prospectus dated November 4, 2022 (“**Shelf Prospectus**”) and tranche prospectus dated November 4, 2022 (“**Tranche I Prospectus**”) (collectively, the “**Prospectus**”) with the Registrar of Companies, Bengaluru at Karnataka, BSE Limited (“**BSE**”), NSE Limited (“**NSE**”) and Securities and Exchange Board of India (“**SEBI**”). The Prospectus is available on the website of the Company at www.creditaccessgrameen.in, on the website of BSE at www.bseindia.com, on the website of NSE at www.nseindia.com, on the website of the lead manager at www.akgroup.co.in, and on the website of SEBI at www.sebi.gov.in. Investors proposing to participate in the Issue should invest only on the basis of the information contained in the Prospectus. Investors should note that investment in the NCDs involves a high degree of risk and for details in relation to the same, refer to the Prospectus, including the section titled “Risk Factors” and “Material Developments” beginning on page 17 and 389 of the Shelf Prospectus.

*For further details refer to section titled “Issue Related Information” on page 479 of the Shelf Prospectus and to section titled “Issue Related Information” on page 69 of the Tranche I Prospectus. Allotment in the public issue of debt securities should be made on the basis of date of upload of each application into the electronic book of the stock exchange. However, on the date of oversubscription and thereafter, the allotment should be made to the applicants on proportionate basis.

Capitalised terms not defined herein shall have the same meaning as assigned to such terms in the Shelf Prospectus.

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Business Overview

Business Model & Strategy

Key Performance Highlights

Issue Details



- ✓ One of the Leading NBFC-MFIs in India headquartered in Bengaluru
- ✓ Joint Liability Group (JLG) based lending model focused on women predominantly in the rural areas of India
- ✓ Diverse product suite catering to entire customer life cycle
- ✓ Calibrated, contiguous district-based expansion strategy focusing on deep rural penetration
- ✓ Well designed product delivery and collection systems resulting in high customer retention
- ✓ Track record of delivering consistent growth as well as financial performance

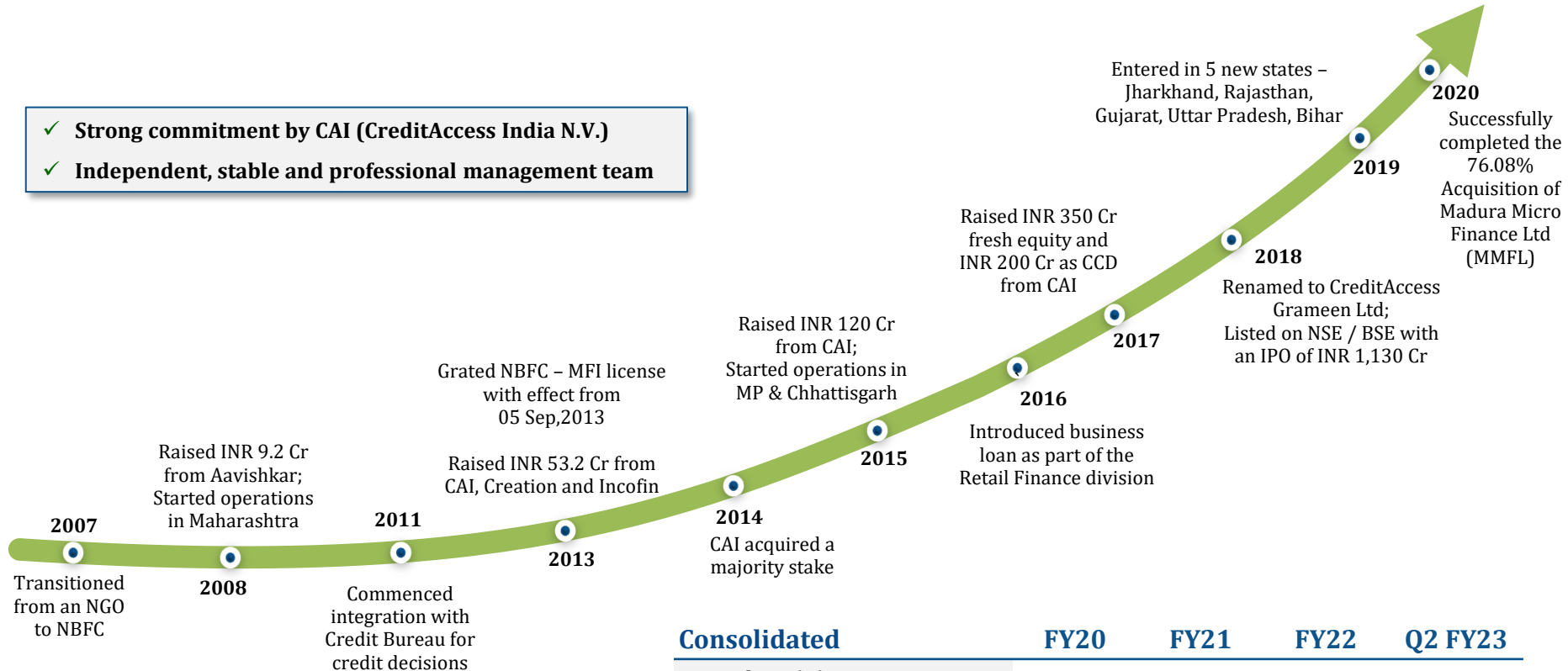
Consolidated Financial and Operational Snapshot (September 2022)

Gross AUM	Active Customers	Branches / Districts	Employees	Loan Officers	H1 FY23 PAT
INR 16,539 Cr	37.98 Lakh	1,684 / 333	16,018	10,826	INR 316 Cr

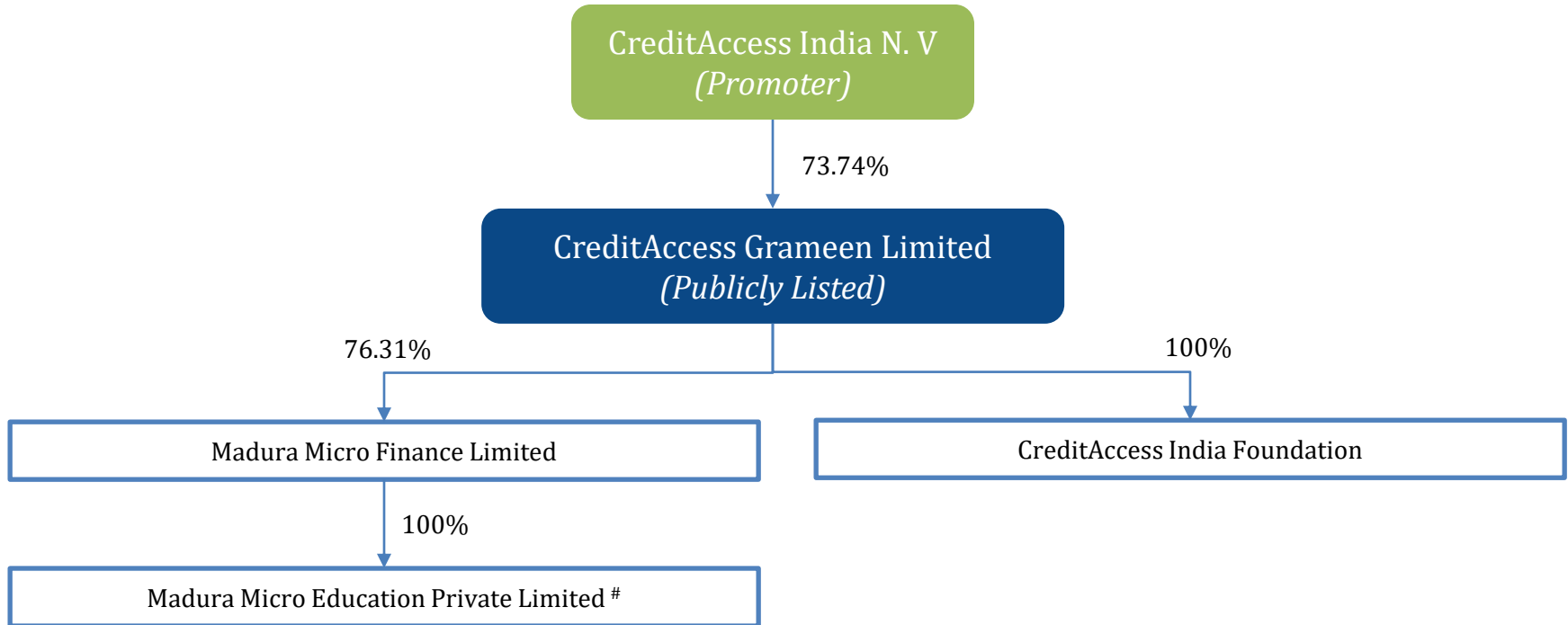
Uniquely Positioned to Capitalise on the Highly Underpenetrated Credit in Rural Areas

Key Milestones

- ✓ **Strong commitment by CAI (CreditAccess India N.V.)**
- ✓ **Independent, stable and professional management team**



Consolidated	FY20	FY21	FY22	Q2 FY23
Branches (#)	1,393	1,424	1,635	1,684
Gross AUM (INR Cr)	11,996	13,587	16,599	16,539



* Based on equity shareholding as on September 30' 2022

Madura Micro Education Private Limited has been struck off by Registrar of Companies, Tamil Nadu, Andaman & Nicobar Islands, Chennai and dissolved w.e.f. October 31, 2022



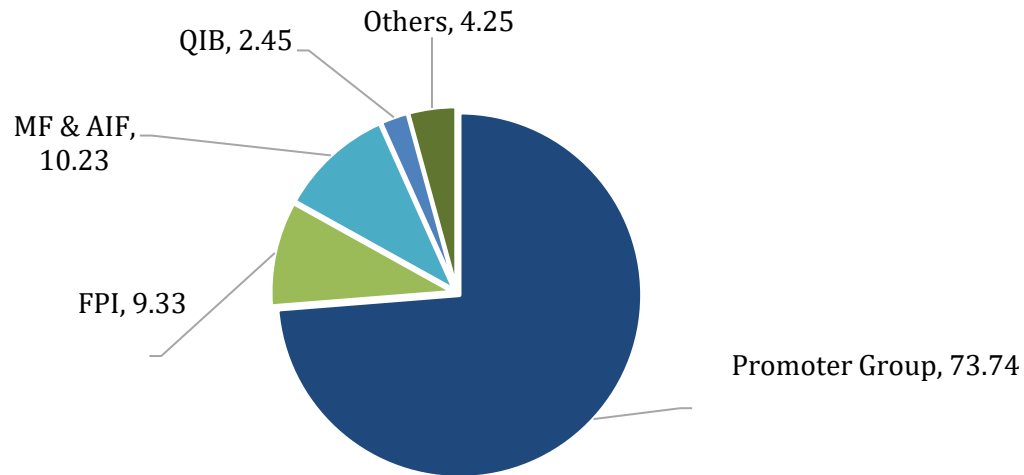
Committed to Micro Finance Business

- CreditAccess India N.V. (CAI) specialises in Micro and Small Enterprises financing
- Widely held shareholding base across 253 shareholders. Marquee investors are as follows -
 - Olympus ACF Pte Ltd. (15.40%)
 - Asian Development Bank (8.76%)
 - Asia Impact Invest SA (8.76%)
 - Conferenza Episcopale Italiana (8.13%)
 - 249 other shareholders holding less than 5% (58.95%)
- Headquartered in Amsterdam, The Netherlands

Strong Financial Support

- Invested through multiple rounds of capital funding along with secondary purchases during 2009 to 2017
- Displayed trust in our business model post demonetization by infusing INR 550 Cr (INR 350 Cr fresh equity + INR 200 Cr CCD) in FY17
- Provides access to global fundraising opportunities leveraging CAI's network and relationships
- Holds 73.74% in CA Grameen, committed to holding up to the regulatory requirement in future

Shareholding Pattern – September 2022



CA Grameen	September 30, 2022	FY22	FY21	FY20
Credit Rating – CRISIL	A+ (Positive)	A+ (Stable)	A+ (Stable)	A+ (Stable)
Credit Rating – ICRA	A+ (Positive)	A+ (Stable)	A+ (Stable)	A+ (Stable)
Credit Rating – Ind-Ra	AA- (Stable)	A+ (Stable)	A+ (Stable)	A+ (RWN)
Comprehensive Microfinance Grading (Institutional Grading/ Code of Conduct Assessment (COCA)) – CRISIL / SMERA	M1C1	M1C1	M1C1	M1C1

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Uniquely positioned to capitalize on the highly underpenetrated credit in rural areas

One Stop Shop providing Support to Various Lifecycle Needs of the Customer

✓ Diverse product suite:

- Income generation, education, festival, medical, emergency, water, sanitation, home improvement, livelihood improvement, business expansion

✓ Loan size flexibility:

- Ability to borrow as required within assigned credit limit
- Ability to avail multiple loans with flexible size

✓ Repayment flexibility:

- Weekly/ bi-weekly/ monthly repayment options
- Ability to choose repayment frequency based on cash flow cycle
- No pre-payment penalty

Loan Type	Customer Centric Products	Purpose	Ticket Size (INR)	Tenure (months)
Group	Income Generation Loan (IGL)	Business Investments and Income Enhancement activities	Up to 1,00,000	12 – 36
Group	Home Improvement Loan	Water Connections, Sanitation and Home Improvement & Extensions	5,000 - 50,000	12 – 36
Group	Family Welfare Loan	Festival, Medical, Education and Livelihood Improvement	Up to 20,000	3 – 12
Group	Emergency Loan	Emergencies	1,000	3
Retail Finance	Retail Finance Loan	Purchase of inventory, machine, assets or for making capital investment in business or business expansion	Up to 20,00,000	6 – 180

High customer satisfaction & customer retention rate

Sustainable & Socially Relevant

Significant contribution from existing customer

Optimising operating costs

Calibrated Expansion Through Contiguous District-Based Approach

- ✓ Systematic geography selection based on availability of infrastructure, competition, historical performance trend and growth potential
- ✓ Familiarity with demographics/ culture of nearby districts enables effective customer evaluation and better servicing
- ✓ Achieving deeper penetration within a particular district within three years of commencement of operations
- ✓ Gradual expansion into the next (typically adjoining) district
- ✓ Lower exposure to a particular district (92% of districts $\leq 1\%$ of consolidated Gross AUM, No single district has $> 4\%$ of total consolidated Gross AUM)

Continuous Technology Enhancement to Drive Operational Efficiency

Ensures Quick And Seamless Delivery of Need Based Financial Products and Services backed by Robust Technology Infrastructure

High touch-high tech delivery model:

- Digitized all customer touchpoints
- Field staff equipped with handheld tabs for managing Kendra meetings & collections
- Automated/ paperless customer on-boarding, faster KYC, and CB checks
- Tailor-made product offerings providing flexibility to customers
- Cashless disbursement / digital repayment options for customers
- Robust CBS customized for our business operations, with higher levels of automation, controls and flexibility
- Strong tech-enabled internal audit, risk, and control systems to enable real-time field risk monitoring

Committed to Basics Through Classical JLG Lending Model

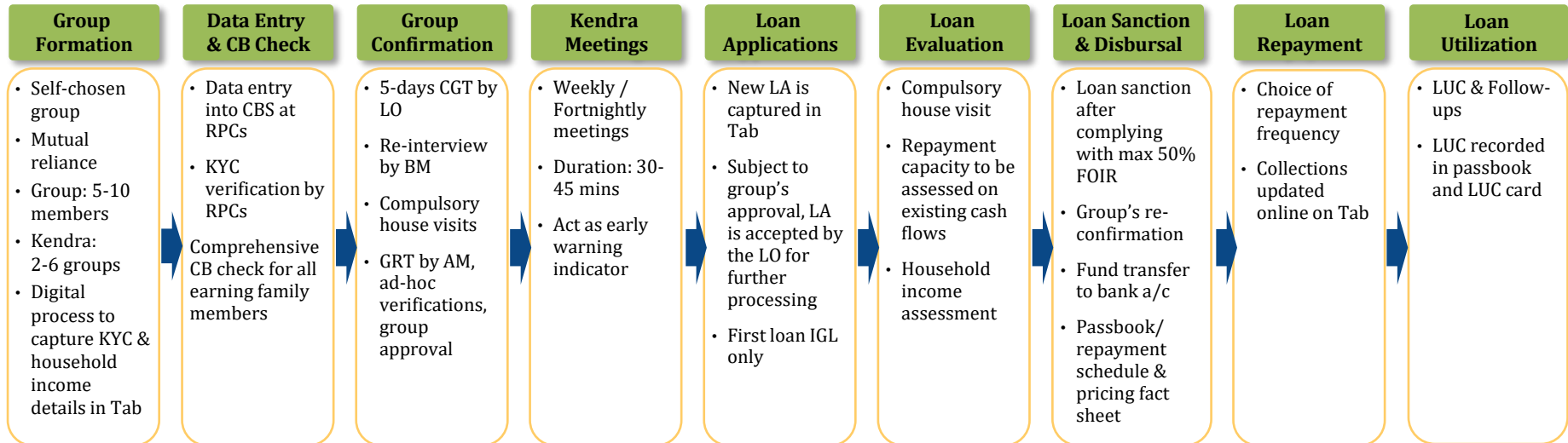
Microfinance loans are unsecured. JLG mechanism acts as security/ loan collateral -

- ✓ Strong group bonding
- ✓ Mutual support – both financial & emotional
- ✓ Guidance & grievance resolution, Building awareness
- ✓ High quality customer – good behaviour & strong credit discipline

Fully aligned with new harmonized guidelines in terms of -

- ✓ Formulation of Board approved policies
- ✓ Process modifications
- ✓ Underwriting changes
- ✓ Technology changes in Core Banking System
- ✓ Training to all the employees

JLG Mechanism allows Multiple Layers of Checks before and after disbursement of loan



Note: CB: Credit Bureau, CBS: Core Banking System, RPC: Regional Processing Center, CGT: Compulsory Group Training, LO: Loan Officer, BM: Branch Manager, AM: Area Manager, LA: Loan Application, LUC: Loan Utilization Check

Integrating Risk Management in Every Operating Process

Microfinance is a Collection Business, hence Risk Management is Integral to Core Strategy and Operating Processes

Contiguous District-based Expansion

- Consistent replication of processes/ controls
- Better understanding of socio-economic factors, historical PAR, competition intensity
- High quality growth

Target Customer Segment

- Focus on rural markets:
 - Less served, high potential
 - Better control & asset quality
 - Focus on new-to-credit customers:
 - Shapes customer behaviour and credit discipline
 - Increases loyalty
 - Avoids over-leveraging

Customer Due-Diligence

- Self-chosen group formation
- CGT, GRT, house visits
- Comprehensive bureau check for family members

Lending Model

- Responsible loan usage due to flexible products/ repayment options
- Better cash flow management
- Reduced risk of overleveraging

Customer Engagement Model

- More frequent engagement through weekly model
- Early identification of imminent stress
- Better control on collections
- Higher recovery

Employee Incentive Structure

- No incentive to push higher disbursements
- No impact on incentives due to external impact on collections
- Incentivization for process adherence, customer training, customer servicing

Employee Rotation Policy

- Annual rotation of LOs and tri-annual rotation of BMs
- Audit & Quality Control team rotation within the state
- Reduces person dependence and provides multiple checks

Early Risk Recognition and Conservative Provisioning

Well-Established Operational Structure

Business Heads



Zonal Managers



Regional /
Divisional Heads



Area Managers



Branch Managers



Loan Officers



Branches

Sound Understanding of Rural Market

- Employees are predominantly hired fresh from rural communities

Highly Efficient Workforce

- In-house 2-3 weeks pre-hiring training program
- Compulsory rotation of loan officers and branch managers for varied job experience and work satisfaction
- Employee incentives delinked from disbursement or collections, and linked to number of customers serviced, quality of service and process adherence
- High employee retention rate

Multi-Pronged Approach For Risk Management



Internal Audit (IA):

- IA frequency – 6 times in a year at branches, 4 times at RO, 4 times at HO
- The entire audit process is automated enabling real-time data analytics. The Audit Committee of our Board is updated every quarter on significant internal audit observations, compliances, risk management practices and control systems



Quality Control (Business Support):

- Complements internal audit function by early identification of operational risks
- Ensures proactive and comprehensive review of processes, accurate documentation in branches and kendra meetings and adherence to the code of conduct



Field Risk Control (FRC):

- FRC adds strength to proactive operational risk management
- FRC complements the field operations supervision, quality control and internal audit function

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Key Performance Highlights

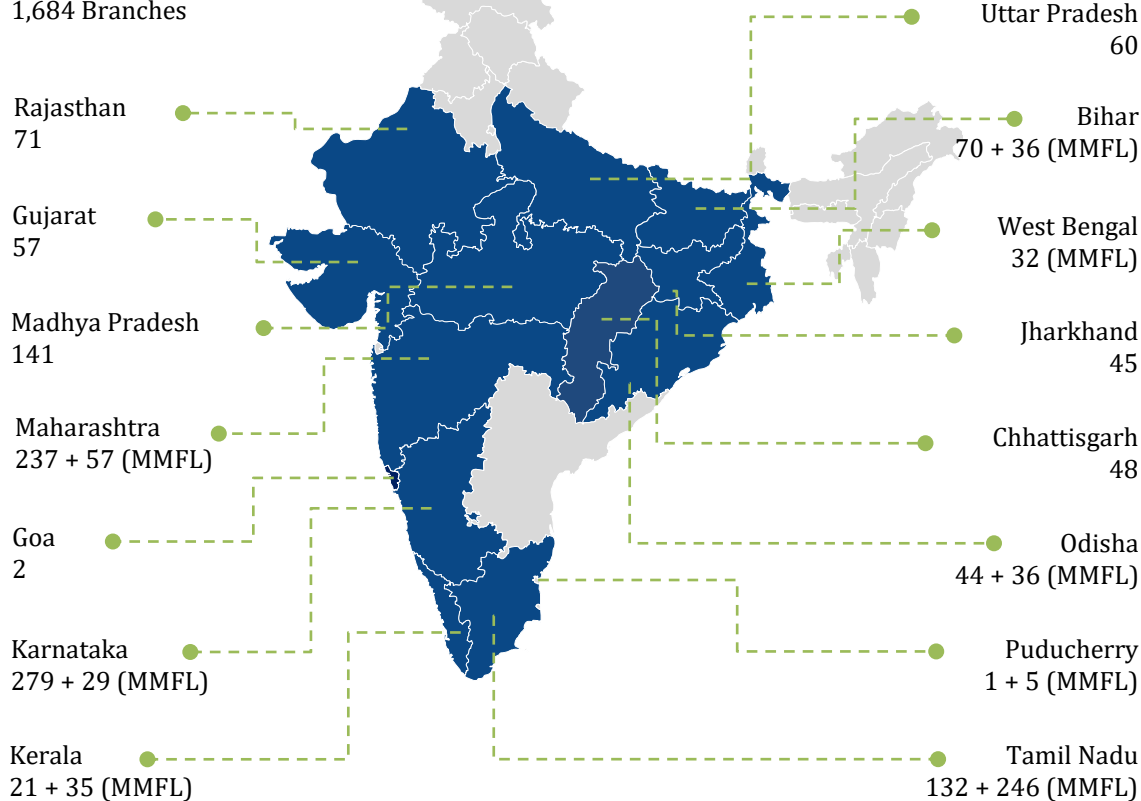
Issue Details



Well-Diversified Presence Across India

Our Presence as on Sep-22

14 States & 1 UT
333 Districts
1,684 Branches

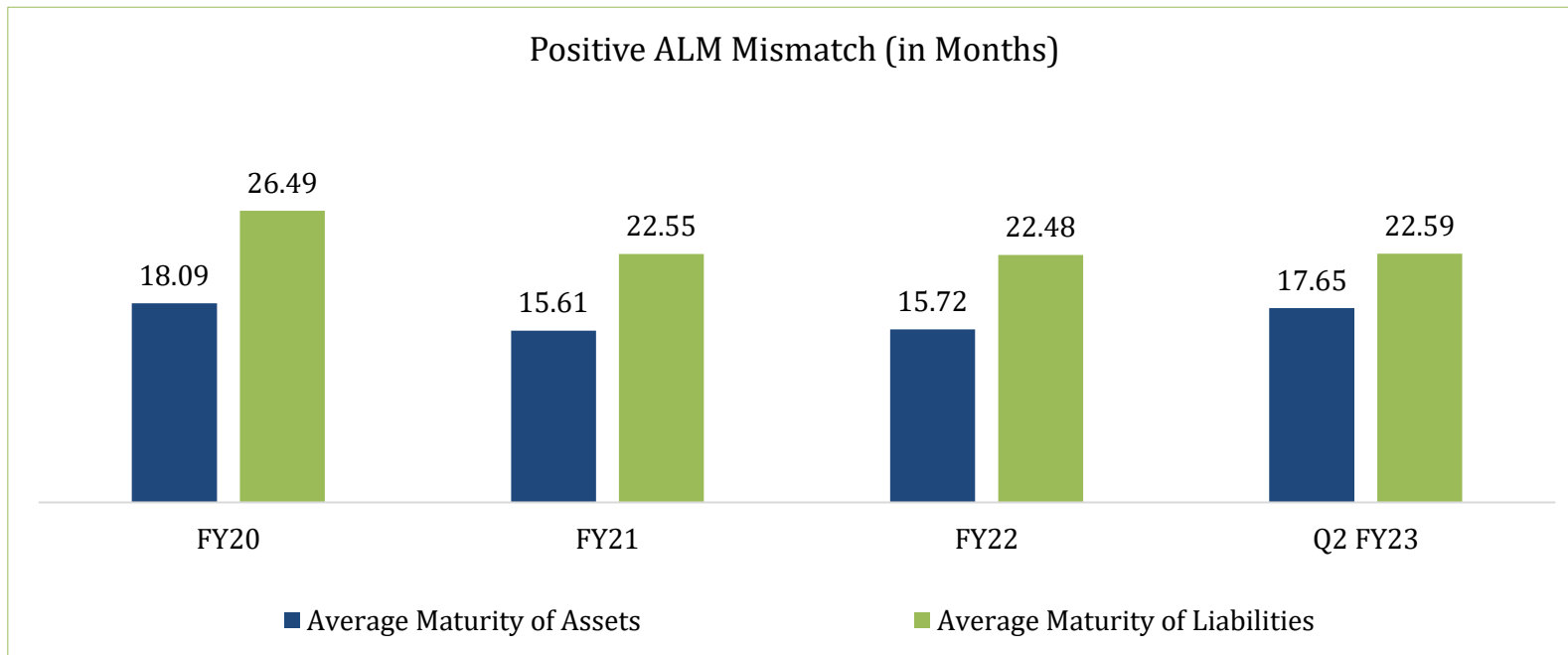


Q2 FY23	Branches
Karnataka	308
Maharashtra	294
Tamil Nadu	378
Madhya Pradesh	141
Other States & UT	563
Total	1,684

Q2 FY23	Active Customers ('000)
Karnataka	1,047
Maharashtra	771
Tamil Nadu	853
Madhya Pradesh	307
Other States & UT	821
Total	3,798

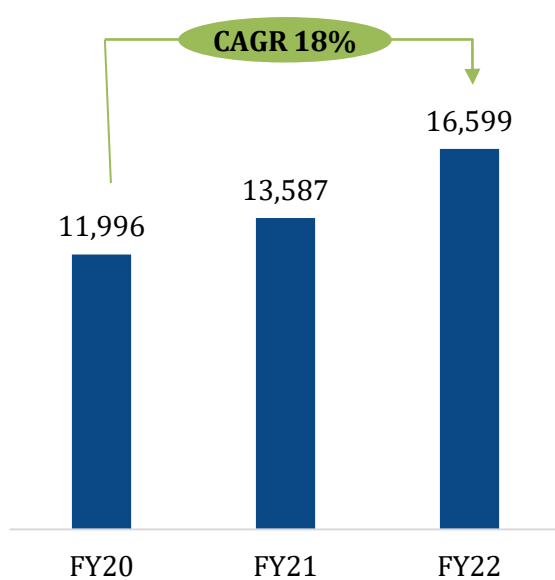
Q2 FY23	Gross AUM (INR Cr)
Karnataka	5,829
Maharashtra	3,491
Tamil Nadu	3,460
Madhya Pradesh	1,114
Other States & UT	2,645
Total	16,539

Positive ALM Continues To Contribute Growth

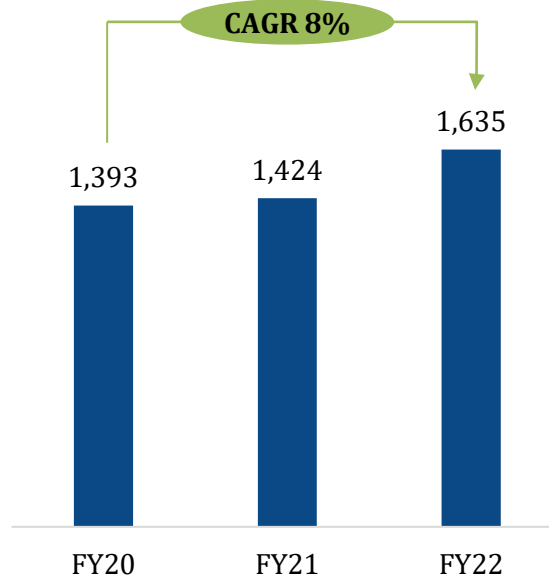


Consolidated Historical Performance Trend 1/4

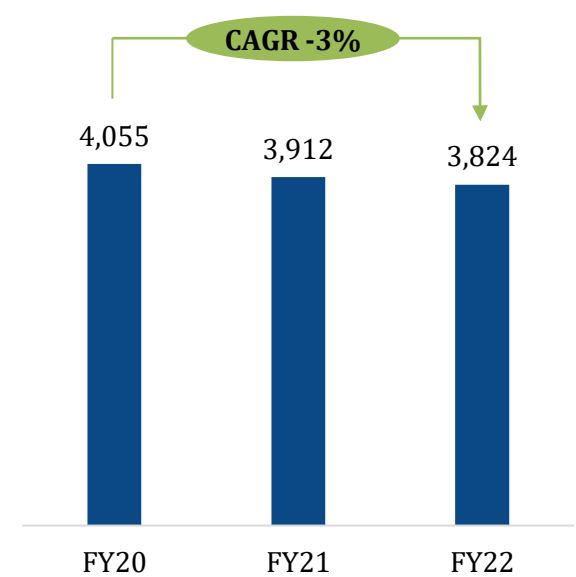
Gross AUM (INR Cr)



Branch Network

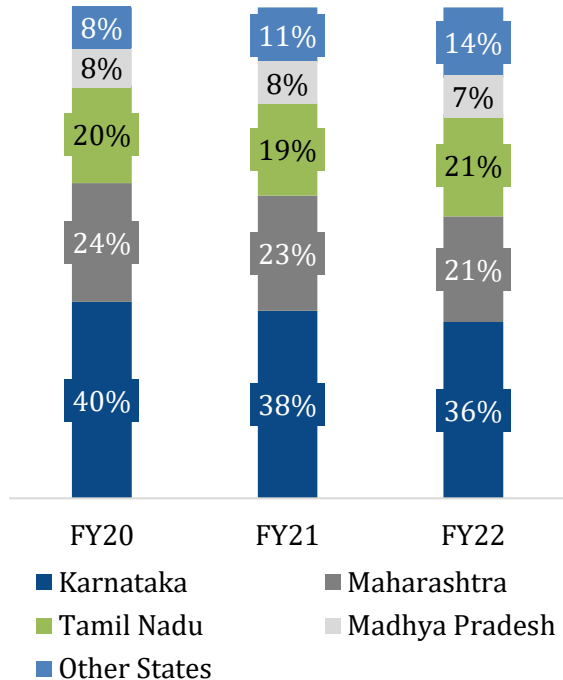


Active Customers ('000)

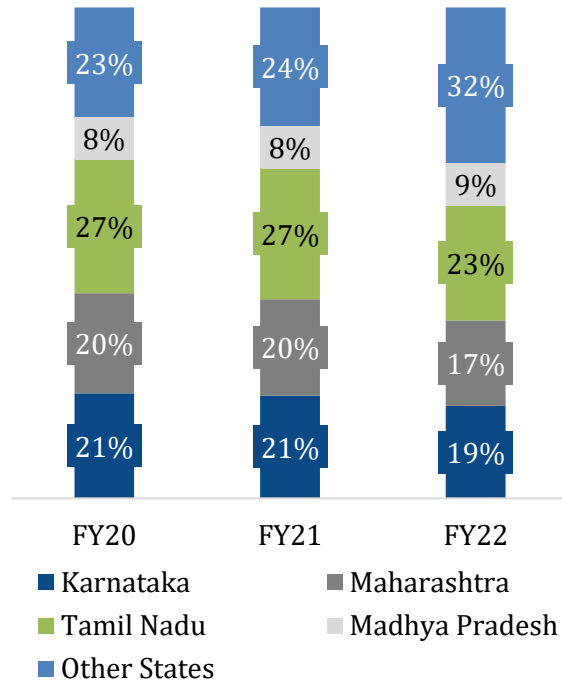


Consolidated Historical Performance Trend 2/4

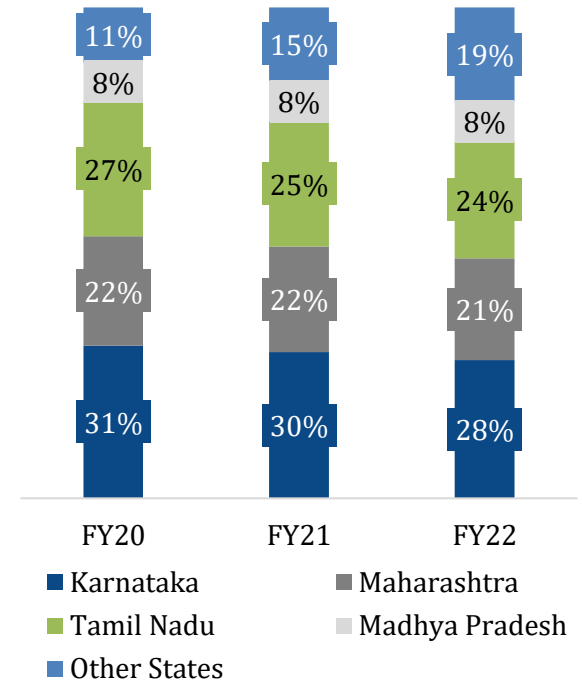
Gross AUM – State-wise % Mix



Branch – State-wise % Mix

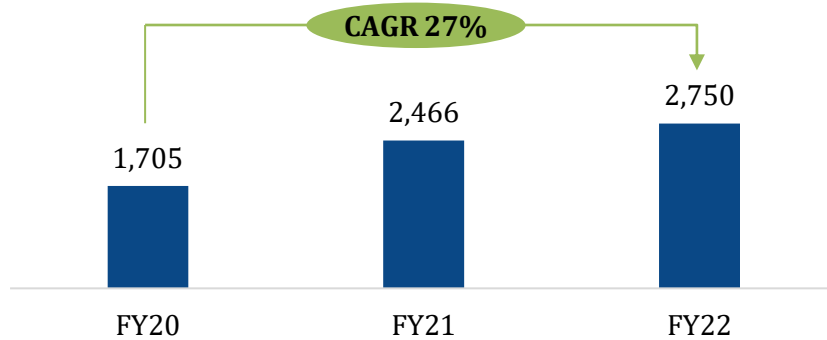


Active Customers – State-wise % Mix

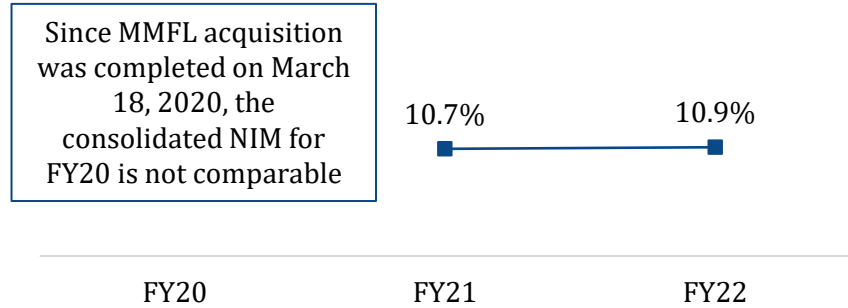


Consolidated Historical Performance Trend 3/4

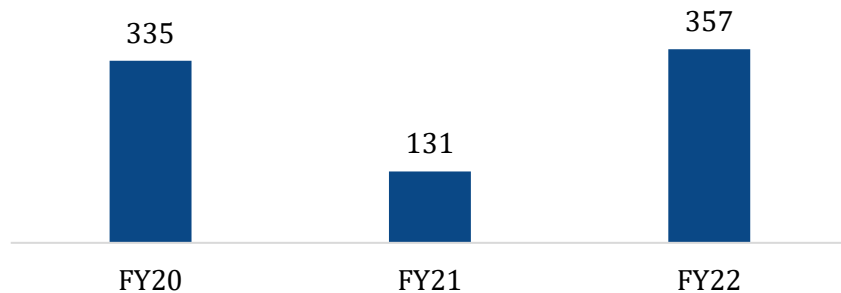
Total Revenues (INR Cr)



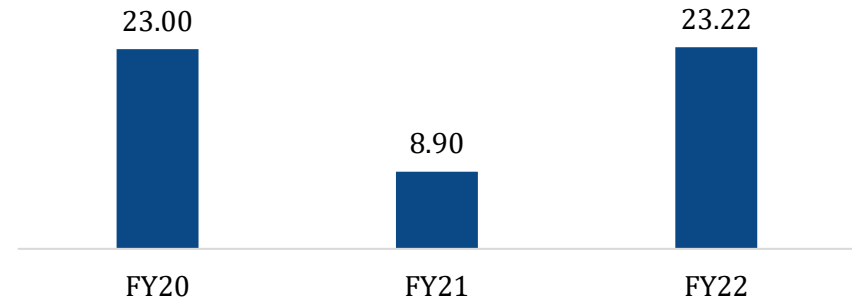
Net Interest Margin (%)



PAT (INR Cr)



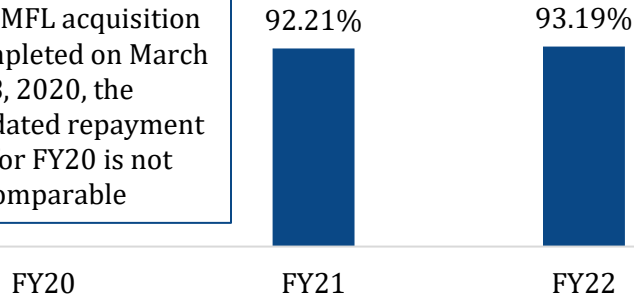
EPS - Diluted (INR)



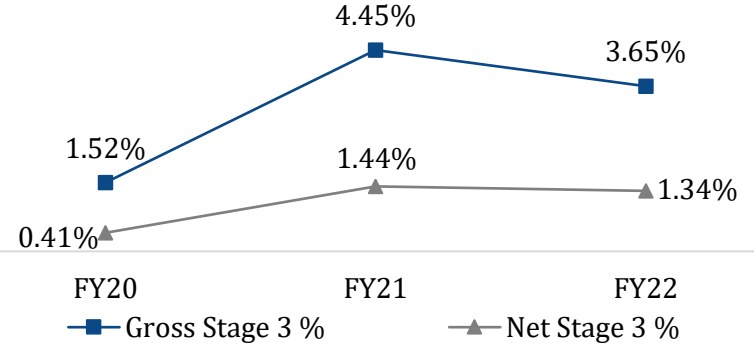
Consolidated Historical Performance Trend 4/4

Repayment Rate %

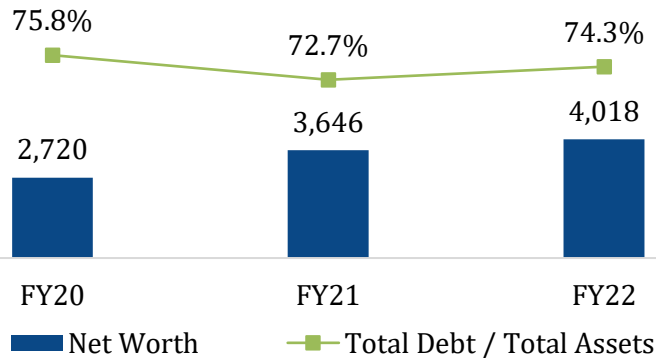
Since MMFL acquisition was completed on March 18, 2020, the consolidated repayment rate for FY20 is not comparable



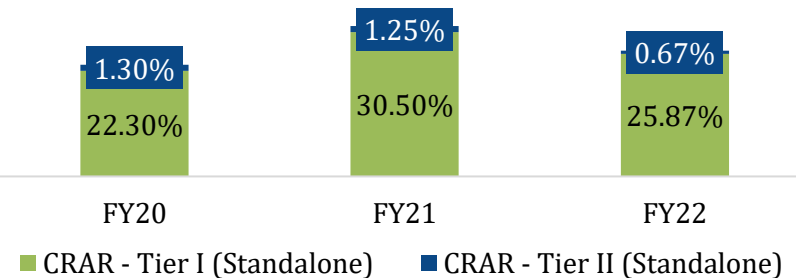
Asset Quality %



Net Worth (INR Cr) & Total Debt/Total Assets Ratio



Capital Adequacy (%)



Business Overview

Business Model & Strategy

Key Performance Highlights

Issue Details



Issue Partners

Lead Manager



Debenture Trustee



Rating Agency



Legal Counsel



Banker to the issue



Joint Statutory Auditors

Deloitte Haskins & Sells & PKF Sridhar & Santhanam LLP

RTA



Key Highlights of the Issue

Issuer	CreditAccess Grameen Limited
Type / Nature of the instrument	Secured, Listed, Redeemable, Non-Convertible Debentures
Credit Ratings / Rating of the instrument	INDAA-/Stable for an amount of INR 1,500 crores by India Ratings and Research Private Limited
Tranche I Issue Size	INR 500 crores (Base Issue Size - INR 250 crores ; Green shoe option – INR 250 crores)
Issue Schedule	Issue is open from 14 th November 2022 to 2 nd December 2022 (with an option for early closure)
Security Cover	Our Company shall maintain a minimum 110% security cover*
Other Covenants	<ol style="list-style-type: none"> GNPA maximum 4% of Gross Loan Portfolio NNPA maximum 2% of Gross Loan Portfolio Minimum Capital Adequacy Ratio 17% or higher, if prescribed by RBI Debt-Adjusted Tangible Networth (Debt/ATNW) ratio – maximum 4x Unhedged forex exposure should be nil. Credit Rating of the NCDs being issued under the Issue Document not to fall below 'A' by the rating agency. <p>(Other negative covenants as indicated in the Tranche I prospectus)</p>

*110% security cover on the outstanding balance of the NCDs plus accrued interest thereon.

Allotment on First-come-first-serve basis

Please note that the Basis of Allotment under the Issue will be on the basis of the date of upload of each application into the electronic book of the Stock Exchanges in accordance with the SEBI Operational Circular. However, from the date of oversubscription and thereafter, the allotments will be made to the applicants on a proportionate basis. For further details, refer section titled "Issue Procedure" on page 93 of the Tranche I Prospectus dated November 4, 2022

Specified terms of the NCD

Series	I	II	III	IV*	V	VI
Frequency of Interest Payment	Monthly	Cumulative	Monthly	Cumulative	Monthly	Cumulative
Minimum Application	₹ 10,000 (10 NCDs) across all series					
In Multiples of thereafter (₹)	₹ 1,000 (1 NCD)					
Face Value/ Issue Price of NCDs (₹/ NCD)	₹ 1,000					
Tenor	24 months	24 months	36 months	36 months	60 months	60 months
Coupon (% per annum) for NCD Holders in all Categories	9.45%	NA	9.60%	NA	10.00%	NA
Effective Yield (% per annum) for NCD Holders in all Categories	9.83%	9.83%	10.02%	10.02%	10.46%	10.46%
Redemption Amount (INR / NCD) on Maturity for NCD Holders in all Categories	INR 1,000	INR 1,206.57	INR 1,000	INR 1,332.07	INR 1,000	INR 1,644.91
Maturity / Redemption Date (from the Deemed Date of Allotment)	24 months	24 months	36 months	36 months	60 months	60 months
Put and Call Option	Not Applicable					

*The Company shall allocate and allot Series IV NCDs wherein the Applicants have not indicated the choice of the relevant NCD Series

Note: Subject to applicable tax deducted at source, if any.



Thank You

www.creditaccessgrameen.in