

November 27, 2019

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
Scrip code: **CREDITACC**

Dear Sir/Madam,

Subject: Press release-CreditAccess Grameen Announces Acquisition of Madura Micro Finance

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with reference to the above subject, we hereby submit the enclosed press release for your kind information and records.

Thanking you,

Yours sincerely,

CreditAccess Grameen Limited



Syam Kumar R
Company Secretary

CreditAccess Grameen Limited

(Formerly known as Grameen Koota Financial Services Pvt Ltd.)

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CreditAccess Grameen Announces Acquisition Of Madura Micro Finance

Bengaluru, 27th November 2019: CreditAccess Grameen Limited (NSE: CREDITACC, BSE: 541770) ("CAGL"), India's leading microfinance institution, announces that it has signed definitive agreements for acquisition of a controlling majority in Madura Micro Finance Limited ("MMFL") and subsequently, a merger of MMFL into CAGL ("Transaction"). The Board of Directors of CAGL and the Board of Directors of MMFL at their respective meetings held today have approved the Transaction.

CAGL will acquire 100% stake in MMFL in a two-step process. In the first leg, CAGL will acquire up to 76.2% stake in MMFL from its existing shareholders for cash and in the second stage, MMFL shall be merged into CAGL through a scheme of arrangement ("Scheme"). As part of the merger, the residual shareholders of MMFL will receive shares of CAGL at the share swap ratio proposed in the Scheme.

The Transaction is subject to the approval of Reserve Bank of India, the Securities and Exchange Board of India / Stock Exchanges, National Company Law Tribunal and such other regulatory approvals as may be required.

The business acquired from MMFL will continue to operate as a separate division until the integration of business and processes is complete. All employees of MMFL will become employees of CAGL upon merger. MMFL's Promoter, Dr. Tara Thiagarajan, will act as an Advisor to the Board of Directors of CAGL after the merger.

Strategic rationale and key benefits

The acquisition provides an opportunity for two high-quality platforms to come together to build on CAGL's large microfinance franchise. MMFL is the 11th largest NBFC-MFI in India (as per MFIN, Sep-19) with GLP of Rs 2,053 crore, 11.1 Lakh borrowers and 430 branches as on September 30, 2019. MMFL has a long, demonstrated and consistent track record of high growth (FY16-19 GLP CAGR: ~ 50% and PAT CAGR: ~ 61%), high profitability (FY16 - H1 FY20 Avg. ROGLP / ROE: ~ 4.5% / ~ 23.3%) and operating efficiency (H1 FY20 Opex/GLP: ~ 5.2%).

The Transaction provides CAGL access to a large and unique client base (with very limited overlap of only ~0.5 Lakh customers with MMFL as of July 2019). It also helps CAGL in furthering its geographical diversification of portfolio, with the share of book in Karnataka reducing from ~51% to ~41% of GLP. It strengthens CAGL's leadership position in the microfinance market with a combined portfolio of Rs 9,958 crore, ~37 lakh borrowers and 1,300+ branches spread across 13 states and 1 union territory in India. This acquisition adds over one year of organic growth, improves ROE profile and also accelerates deployment of leverage at CAGL.

The Transaction will be EPS accretive to CAGL from inception along with a possibility to improve operating and productivity metrics at MMFL on the back of CAGL's operational efficiency. The transaction also provides an opportunity for both entities to leverage their strengths and generate synergies for the combined platform. MMFL is at the forefront of deploying technology and analytics to achieve high levels of data integrity and process excellence in its business that can benefit the combined organisation.



Mr. Paolo Brichetti, Chairman, CreditAccess Grameen Limited, commenting on the announcement said, *“The acquisition underpins our mission to be the preferred business partner of low-income households lacking access to credit. It strengthens our microfinance franchise which can be leveraged to provide innovative financial services and products matching the evolving needs of under-served and unbanked households. We are also excited about building on MMFL’s industry leading technology and data analytics capabilities in the microfinance sector. We believe the acquisition will add value to our current and future stakeholders.”*

Mr. Udaya Kumar Hebbar, Managing Director and CEO of CreditAccess Grameen Limited, commenting on the announcement said, *“The acquisition will provide us with significant benefits in the form of better competitive positioning, larger business scale, deeper presence, portfolio diversification, optimum leverage and better profitability, while maintaining our quality of operations. We both share a good cultural fit with our focus on customer centricity, rural markets and process driven approach. Both are professionally run businesses with strong governance standards. We welcome MMFL team to become a part of CAGL family.”*

Dr. Tara Thiagarajan, Chairman and Managing Director of Madura Micro Finance Limited, commenting on the announcement said, *“The acquisition represents an immense opportunity to build an even stronger operating platform and leverage innovations in technology, data and analytics for the benefit of low-income rural households. Both organizations share common values of transparency, operational efficiency and focus on the customer with significant synergies and a strong cultural fit. We are excited to become part of the CAGL family.”*

Financial and Legal Advisors

- Spark Capital Advisors (India) Private Limited is the exclusive financial advisor to CreditAccess Grameen Limited for this Transaction
- Cyril Amarchand Mangaldas is the exclusive legal advisor to CreditAccess Grameen Limited for this Transaction

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 213 districts in 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 887 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.

About Madura Microfinance Limited

Madura Microfinance Limited was started by erstwhile promoters of Bank of Madura. Bank of Madura started lending under SHG model in 1995 and merged with ICICI bank in 2001. Post merger, the SHG business continued in a partnership model between ICICI Bank & Micro Credit Foundation of India (MCFI). MCFI transitioned into Madura Micro Finance Ltd, an NBFC in 2005. SHG lending was gradually moved to the Company.



The Company started operations in 2006 and is based in Chennai. As of Sep-19, the Company has a customer base of over 11 lakh borrowers in over 25,000 villages, 82 districts across 6 states of India. As of Sep-19, it had a network of 430 branches, GLP of Rs. 2,053 crore and networth of Rs. 368 crore.

For more information, please contact:

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