

QUARTERLY NEWSLETTER – Q4 JANUARY - MARCH 2022

Message from MD & CEO

We have successfully navigated the FY22, achieving our annual performance guidance on the back of our robust operational controls and catering to pent-up demand in rural India. The rural economy is showing strong signs of rebound coupled with an expected good monsoon providing a boost to the fortunes.

The asset quality at CA Grameen has shown remarkable strength with PAR30 reducing from 5.6% in December 2021 to 3.0% in March 2022 while at MMFL, PAR30 reduced from 11.1% in December 2021 to 7.5% in March 2022. MMFL is continuing to show a strong growth trajectory with 65% of the INR 2,868 crore book at the end of March 2022 being built on the CA Grameen model which has been depicting superior asset quality.

The Q4 FY22 has been a pivotal point in the Indian Microfinance Industry with the awaited new guidelines announced by the central bank creating a level playing field and expanding the market scope through an upward revision in the household income. CA Grameen, being the industry leader is at the forefront to capture the massive opportunity with its deep rural focus, competitive interest rates, one of the highest customer retention, and strong governance standards.

We are set on a very exciting journey of catapulting from serving one woman per household to meeting the financing requirements of the entire household by leveraging our microfinance system and increasing wallet share per household, in line with our vision 2025 of being the preferred financial partner of 1 crore low-income households.

- Udaya Kumar Hebbar

Brief Synopsis of our Financial Results for the Fourth Quarter Q4 FY 2021-22

Particulars (Cr)	Q4 FY 22	Q4 FY 21	% Change
Total Income	824.5	726.2	13.5 ↑
NII	519.6	463.7	12.1 ↑
PPOP	368.8	329.0	12.1 ↑
PAT	160.1	56.3	184.4 ↑

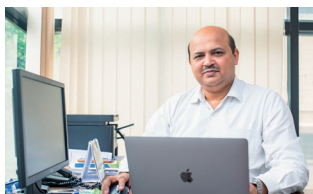
Growth and Expansion

Particulars	Q4 FY 22	Q4 FY 21	% Change
Gross AUM (Cr)	16,599	13,587	22.2 ↑
No. of Borrowers*	38.2	39.1	2.2 ↓
No. of Branches	1,635	1,424	14.8 ↑
No. of Employees	15,667	14,399	8.8 ↑

*3.8 lakh borrowers were written off during FY22

CXO Box: CAO Interview

Read the excerpts from the interview of Mr. Gururaj Rao, CAO, CA Grameen:



Q1) What is the importance of the internal audit function in the microfinance domain?

Microfinance has several unique characteristics such as providing financial delivery at the doorstep of the borrower and offering collateral-free loans through an extensive branch network resulting in millions of small value transactions.

Given the borrower profile and extent of manpower required for effective delivery of services, checks and balances are essential to curb high operational costs and avoid huge losses. Against this backdrop, the importance of the internal audit function in microfinance is very pronounced. More specifically, emphasis on independent monitoring of field operations is very critical and warranted.

Q2) What factors propelled CA Grameen to follow a bi-monthly audit schedule?

CA Grameen has been at the forefront in offering customer-centric products through our 'credit-line' concept and flexibility in the repayment options. These are some of the unique features in the microfinance industry across the globe with an emphasis on discipline and conduct of Kendra meetings being sacrosanct. A strong internal control mechanism and proactive internal audit system enable CA Grameen to offer these unique propositions with steady growth and quality operations. Continuous monitoring of branches through high-frequency audits (bi-monthly) ensures independent review and provides a continuous opportunity to course correct in case of any laxity or deviations in field processes.

Q3) How did you manage audit processes during the pandemic?

Since we had decentralised audit teams spread across geography, the movement of auditors during the pandemic was not a big concern. The major realignment was with respect to the emergence of new risks in operations such as collection-related issues, absence of customer connect, and high defaults. Social distancing norms resulted in flexible or optional attendance for members in Kendra meetings, which was not the case before as collection rates were near 100%. The collection-related risks were realigned to top priority in the audit verification which was on the bottom of the list prior to Covid-19.

The moratorium facility offered to the customers based on the RBI guidelines led to various interpretations depending upon borrower understanding coupled with infrequent repayment practices by few. Hence, the audit had to act proactively by realigning audit methodology, and sampling techniques as well as re-training the auditors to ensure an effective audit process.

Gold Shield Award for Excellence in Integrated Reporting and Reporting on SDG's



CA Grameen bagged the Gold Shield Award for "Excellence in Integrated Reporting and Reporting on Sustainable Development Goals for the year 2020-21" by the Institute of Chartered

Accountants of India (ICAI). The award was presented by Dr. Jitendra Singh, Hon'ble Minister of State (IC) for Earth Sciences, Science and Technology, GoI, in an event held on 09 February 2022 in New Delhi.

Triple triumph for CA Grameen: "Great Place to Work" for 3rd consecutive time

We are delighted to be recognized as a "Great Place to Work®" by the GPW® Institute for the 3rd consecutive year, in the Large Organizations category, from February 2022 - March 2023.

Lab in Van – affordable mobile diagnostic facility for rural residents



In association with Dr. Sachidananda Murthy Memorial Education Trust, the company launched a mobile diagnostic laboratory – “Lab in Van” in Mysore and Chamarajanagar

districts of Karnataka on 11 March 2022. This hi-tech mobile diagnostic laboratory enables rural residents to avail an array of affordable and quality diagnostic facilities as per valid medical prescriptions, at identified locations near their homes. As of 31st March, 2022, around 133 patients have availed over 233 diagnostic tests through this initiative.

Infrastructure support to police stations, healthcare, and govt. institutions

As a gesture of gratitude towards the public welfare services rendered by police stations, healthcare centres, and local government institutions, the company has donated around 350 kits containing essential supplies to these institutions, which shall aid over 19,062 beneficiaries.

Flood-relief efforts

During the end of 2021, relentless rains wreaked havoc in a few areas of Karnataka, Tamil Nadu, Kerala, and Maharashtra. During such trying times, the company extended help to the flood-affected areas by distributing around 2,191 grocery kits to over 3,486 beneficiaries.

Bridging the digital divide for rural children



In collaboration with e-Vidyaloka, the company has launched a digital self-learning centre for rural children between the ages of 6 and 16, at Anekal, Bangalore, on 24 March,

2022 on a pilot basis. The centre leverages technology, peer discussion, and collaboration to provide an inquiry-based learning environment.

Covid-19 relief efforts

Type of beneficiaries	No. of health kits*	No. of beneficiaries
Gram Panchayat offices	357	16,826
Healthcare staff	180	950
Municipal workers	42	2,100
Police stations	842	47,126
PHCs & other govt office staff	115	4,585
School students & teachers	105	15,300
Total	1,641	86,887

*Health kits include: Masks, sanitizers, and dispensers.

(Data as of Q4 FY 2021- 22)

Spurring women entrepreneurship through livelihood and skilling programs

The company, in collaboration with Samarth Foundation, organized basic-level tailoring programs for 57 women from underprivileged communities in Tumkur, during Jan-Mar 2022. It also sponsored 15-day cloth-bag-making training, in association with Yellow Bag Foundation and Madura Microfinance Limited, for 80 women from underprivileged communities in Madurai, in March 2022. Both the training programs were imparted with an objective to help these women learn and leverage tailoring skills to enhance their income. All the trainees were awarded a certificate and a tailoring toolkit as a gesture of encouragement.

Strengthening Anganwadi centers

Upon receiving a welcoming response to the pilot phase of the Anganwadi improvement project, the company extended the initiative to include more Anganwadi centers across its operating geographies. Through this project, it donates essential supplies to select Anganwadi centers, requiring assistance. During January-March 2022, the company has distributed around 216 kits each containing 20 baby chairs, 2 carpets, and 12 side chairs to over 216 Anganwadis, aiding 6,552 beneficiaries.

Empowering power loom weavers to spin profits



Mrs. Rani, a resident of Anekal Taluk in Karnataka owns a power loom unit, which she operates with the help of her husband and son. She has been a CA Grameen customer for 3 years now. Rani ventured into the power loom business in the year 2015 with a single machine. With a desire to put her business on the fast track, she decided to avail loans from the company. Using 3 term-loans of Rs 40,000, Rs 25,000, and Rs 60,000 disbursed by the company, paired with some of her savings, she was able to add 3 more machines to her weaving unit and purchase the required raw materials.

Rani aspired to take her business to new heights. When a loan officer from CA Grameen introduced her to Grameen Unnati Loan, she immediately applied for it. Grameen Unnati is the company's recently launched business loan of ticket-size Rs 1,50,000 envisaged for existing and graduated group lending customers to help them meet capital investment for the purchase of inventory, machinery, or working capital for business expansion. Sharing her experience about the Unnati loan, she says, “I was not able to fulfill all the eligibility criteria listed by banks, in order to avail a business loan. That’s when I found out about the Unnati loan. I was happy with the big-ticket size, affordable interest rate, and minimal documentation. The loan has enabled me to add 2 more machines to my unit. With a total of 6 machines, we are now capable of producing 18-20 sarees per day and earn a profit of around Rs 600- Rs 700. We have a profitably running business throughout the year and can fulfill bulk orders too. I am glad that I have chosen a Unnati loan for my business. I have also recommended it to my neighbours and friends.”

Our Financial Products



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