

## QUARTERLY NEWSLETTER – Q1

APRIL – JUNE 2022

### Message from MD & CEO

The rural economy is poised for robust growth in the coming quarters owing to a healthy monsoon, improved agriculture output realisations, and a revival in economic activities. The central bank's quick response to tame inflation has shown positive signs as the inflation trajectory nears its peak.

Our consolidated gross loan portfolio grew by 23.3% YoY to Rs 15,615 crore. Our primary focus during Q1 FY23 was on maintaining a strong collections trend and ensuring complete alignment with the new microfinance guidelines announced by the RBI in March 2022. This involved formulation of necessary board-approved policies, implementation of the required process and technology changes, and extensive training for our large field force.

We continued to march ahead with our branch expansion plan as we opened 46 net new branches in the first quarter primarily in newer states, taking the total branch tally to 1,681 branches at the end of June 2022. 56% of the new borrower addition on a consolidated basis came outside of the top 3 states steering the direction of future growth.

We are happy to announce that we have recently received a credit rating upgrade to 'AA- / Stable' the highest notch in the microfinance industry. We currently charge one of the lowest interest rates to our customers and the future benefits accruing from the rating upgrade shall be gradually passed on to them. We have also been conferred the highest level of recognition, the 'Gold Standard' in Client Protection Principles (CPP) Certification, in our pursuit of creating capital at the bottom of the pyramid.

We remain sanguine on achieving our annual growth and profitability guidance given for FY 2023. Our focus shall be on maintaining robust new borrower addition momentum and further improving the profitability ratios over the coming quarters.

### Brief synopsis of our financial results for the first quarter Q1 FY 2022-23

Particulars (Cr)	Q1 FY 23	Q1 FY 22	% Change
Total Income	760.5	617.4	23.2% ↑
NII	461.5	352.7	30.8% ↑
PPOP	289.7	216.4	33.9% ↑
PAT	139.6	20.3	587.7% ↑

### Growth and Expansion

Particulars	Q1 FY 23	Q1 FY 22	% Change
Gross AUM (Cr)	15615	12664	23.3% ↑
No. of Borrowers	3689294	3785420	-2.5% ↓
No. of Branches	1681	1424	18.0% ↑
No. of Employees	15642	14357	9.0% ↑



### CXO Box: Chief Risk Officer interview

Read the excerpts from the interview of, Mr. Firoz Anam, Chief Risk Officer, CA Grameen:

#### Q1) What has been your experience in implementing RBIs new guidelines?

We have been relentlessly working towards implementing new guidelines through extensive staff training. We have also devised internal policies for several aspects of the new regulation. CA Grameen is using a questionnaire-based approach to determine household income while relying on credit bureau reports to determine the household obligation. However, EMI of non-microfinance loans is not provided in most cases for which we have deployed an internally developed algorithm. Additionally, we have placed controls on the customer's overall debt level providing us adequate comfort.

The harmonisation guidelines allowing risk-based pricing based on various factors have led to better customer selection while creating opportunities to expand the addressable universe in the future.

#### Q2) How are you managing liquidity risks given the nature of the microfinance business?

Risk management is embedded in CA Grameen's culture where we keep assessing the risk and take prompt mitigating action. Our mandate is to keep at least 1.25 times the liquidity coverage ratio prescribed by the RBI. Every quarter we conduct a stress test where we simulate different scenarios such as external disturbances/financial crisis. At large, we have comfortably met thresholds defined in adverse situations and feel comfortable about the liquidity position.

#### Q3) How is CA Grameen placed in the rising interest rate environment?

We are largely insulated from the rising interest rate cycle as the bulk of the floating rate borrowings has a longer reset, being linked to a one-year MCLR. Moreover, with new guidelines in place, we always have an option to pass on the incremental costs to the new disbursements whenever the need emerges. Both factors put together, the interest rate risk for the next twelve months is well within the limit prescribed in our risk appetite framework.

In addition, our marginal borrowing cost is either marginally higher or at a similar level compared to the legacy borrowing costs even in the current environment. This makes us confident that we will be able to maintain the tag of the most competitively priced lender in the microfinance space.

### Honoured with a gold standard for client protection

CA Grameen was awarded the highest recognition, Gold Standard in Client Protection Principle (CPP) Certification by M-CRIL Ltd. This is a testament to the conscious effort made by the organization to provide affordable products and services to its clientele over the years and be a responsible lender to the bottom of the pyramid.

## 23 glorious years of growth



The company marked its 23rd foundation day on 31 May, 2022, with fun and enthusiasm across its branches. Employees got together and presented entertaining

performances. Mr Udaya Kumar Hebbar, MD and CEO along with the top management team graced the occasion and unveiled the new corporate website of the company. All the employees who completed 10 years of service at the company were felicitated on the occasion. The event ended with a scrumptious feast for all the attendees.

## India Ratings and Research upgrades our Credit Ratings

India Ratings and Research have upgraded CA Grameen's debt instruments to 'IND AA-/ Stable. The upgrade factors in the company's improved geographical diversification, ability to manage asset quality over the years, and a supportive regulatory environment. The rating also factors in the company's industry-leading franchise in the NBFC-MFI segment, experienced management, healthy operating performance, and above average capital buffers. Ind-Ra notes that the company has adopted certain operating practices, which could provide a strong operational control and oversight and aid in faster response to emerging issues.

## Blood donation camp: doing our bit to save lives!



On the occasion of World Blood Donor Day on 14 June, 2022, we organized a voluntary blood donation camp in association with Sammprada Multi-speciality Hospital, Bangalore. Our employees extended their support by donating blood to the camp. They were awarded a certificate for contributing to this noble cause and were served with refreshments to recuperate post donation.

## Improving access to essentials at Anganwadis



The company ramped up its Community Development Program to reach more Anganwadi centres across its operating geographies. Through this program, it has donated 3,220 baby

chairs, 322 carpets, and 644 armless chairs to over 161 Anganwadis, aiding around 4,345 beneficiaries during April-June 2022. Speaking at one such distribution event held at K.R. Nagar, Karnataka, Asst. CDPO, Mr. Harish, said "We appreciate CA Grameen's initiative to strengthen Anganwadi infrastructure. Their community development programs are inspiring."

## Strengthening infrastructure at police stations and govt. hospitals

To augment the public welfare efforts undertaken by police stations and govt. hospitals, we distributed over 1,800 kits containing essential supplies to these institutions, aiding around 3,635 beneficiaries. Materials distributed included: medical supplies and apparatus, fans, chairs, water coolers and units, barricades, among others.

## Yoga for Humanity: harmonizing body, mind, and soul!

We observed the 8th International Yoga Day on 21 June, 2022 in association with Sammprada Multispeciality Hospital, Bangalore. Our Head Office employees gathered together for an engaging yoga session where they practiced various yoga poses under the guidance of Yoga instructors Mr. Prakash and Ms. Divya Prakash.

## Management trainee induction program: fostering young talents

13 fresh management graduates selected from premier institutions across India, were integrated into various departments at our Head Office through Management Trainee Induction Program. The program is a gateway for new graduates, to join us and be a part of challenging projects across our business. It adopts a blended training approach involving classroom sessions and field visits to provide the trainees an experiential understanding of our company culture and ethos.

## Helping small entrepreneurs soar high with Unnati Loans



Meet Mrs. Nagamma, a resident of Rural Bengaluru, Karnataka. She has been a CA Grameen customer for 16 years now and runs a Grandhige (Puja essentials) store with her son for a living.

Nagamma aspired to expand her business. When a loan officer from CA Grameen informed her about Grameen Unnati Loan (business loan of ticket size Rs. 1.5 lakhs envisaged for our graduated group lending customers), she spotted a good business growth opportunity and immediately applied for it.

Sharing her experience about Unnati Loan, she says, "I felt Unnati loan would be beneficial for my business due to its high ticket size, quick-disbursement, and minimal documentation features. So, I availed it and used it as a capital investment for my business." She confidently adds, "With higher capital investment, our business has scaled up, and we are earning good profits now. I am glad that I chose Unnati loan for my business." She happily recommends the loan to her neighbours and other customers in the hope that they would also benefit from it.

Speaking about CA Grameen, she remarks: "loans provided by the company have helped me meet financial requirements at several occasions. Be it for my business, children's education, home renovation, or emergencies. It has been a very fruitful association for me and my family."

## Our Financial Products



W: [www.creditaccessgrameen.in](http://www.creditaccessgrameen.in)  
E: [communications@cagrameen.in](mailto:communications@cagrameen.in)