

## QUARTERLY NEWSLETTER – Q2

## JULY-SEPTEMBER 2022

### Message from MD & CEO

We have witnessed the best second quarter performance to date with healthy growth across all parameters ranging from borrowers' addition, disbursement trends, collection efficiency and increased foreign funding sanctions giving us the stability and positioning to capitalise on our leadership status. We were among the early adopters of new microfinance guidelines which helped us channelise our energy towards customer additions and loan renewals during the second quarter.

Our consolidated gross loan portfolio grew by 24.0% YoY to Rs 16,539 crore. We added over 2.8 lakh borrowers during Q2 FY23 with 45% coming outside of the top 3 states taking the total base to 38 lakh. The second quarter disbursements at Rs 4,375 crore, a 12.5% YoY growth are the highest ever. The collections excluding arrears at CA Grameen continue to move toward the steady state level as it stood at 98% at end of Q2 FY23 and at MMFL, collection efficiency excluding arrears stood at 94%.

We draw comfort from the fact that a solid foundation built in the top 3 states over years with continuous momentum of upwards of 40%+ borrower additions coming from newer geographies signifies the diversification. The benefits of risk-based pricing are applicable courtesy of new harmonised guidelines. We believe that we are best placed to protect our NIMs with strong control over the cost of borrowings coupled with one of the lowest lending rates in the industry.

Our diversified liability strategy is an important pillar to achieving the desirable scale under the microfinance avatar and providing affordable products to our clientele. The efforts are coming to fruition towards the 25%-30% foreign funding mix as the undrawn international sanctions doubled to 38% at the end of Q2 FY23 compared to the last quarter. We are steeping in a new microfinance era with immense opportunities ahead and would continue to create a meaningful impact and scale by enhancing stable, diversified & positive ALM in our borrowing portfolio.

- Mr. Udaya Kumar Hebbar

### Brief synopsis of our financial results for the second quarter Q2 FY 2022-23

Particulars (Cr)	Q2 FY 23	Q2 FY 22	% Change
Total Income	814.3	618.6	31.6% ↑
NII	516.2	368.9	39.9% ↑
PPOP	334.3	218.7	52.9% ↑
PAT	176.1	59.7	195.0% ↑

### Growth and Expansion

Particulars	Q2 FY 23	Q2 FY 22	% Change
Gross AUM (Cr)	16,539	13,333	24.0% ↑
No. of Borrowers*	38.0	37.5	1.2% ↑
No. of Branches	1,684	1,545	9.0% ↑
No. of Employees	16,018	15,308	4.6% ↑

\*28,477 common borrowers



### CXO Box: Chief Technology Officer interview

Read the excerpts from the interview of, Mr. Sudesh Puthran, Chief Technology Officer, CA Grameen:

**Q1) Technology shift is happening rapidly in the banking space. How are you preparing to adapt to the evolving business needs?**

Technology adoption is critical in the quest for enhanced productivity and gaining a competitive edge which we regularly undertake through a proof of concept. This involves testing the feasibility of the solution in a controlled environment before rolling it out across all branches. i.e. At the time of customer onboarding, a lot of document images need to be uploaded which is validated through optical character recognition (OCR) powered by artificial intelligence (AI) and machine learning (ML) algorithms, helping reduce our regional processing centre's workload given the behemoth scale of our operations.

**Q2) How far we have reached in the journey to adopt AI and ML?**

AI & ML algorithms are powerful tools for digitization drive and are used across our working cycle including the OCR exercise. It also helps to identify a legitimate cyber threat to secure our ecosystem through the security operations centre (SOC). We aim to create a "Digital Bank" within CA Grameen using AI & ML tools to unlock hidden values. We have ~4 million customers including highly seasoned where end-to-end digital services can be provided as we see an opportunity in this area to serve growing aspirations with customer experience being paramount.

**Q3) Being the industry leader, what is the role of data analytics in the competitive MFI landscape?**

Data analytics has transformed over years to help uncover patterns and extract meaningful insights to integrate with the customer journey. We are actively working on the call to action (CTA) framework given we are in the microfinance business for over the last two decades. We process over 1 million transactions per day, this would help generate leads, identify suitable products for clientele, arrest customer attrition, and manage collections efficiently. In the next few months to come, we will have good business use cases where benefits would start accruing.

### Azadi Ka Amrit Mahotsav celebrated with patriotic gusto!



Responding to the Government of India's call of "Azadi Ka Amrit Mahotsav", we marked 75 glorious years of India's independence with patriotic zeal and fervour. Our employees were dressed in hues of tricolour and gathered to form a human flag at our Head Office. The occasion was graced by the presence of Ms. Jhansirani Lakshmi Achar amongst us as the chief guest. Her inspirational words instilled a sense of pride and patriotism among us. A tri-colour salad spread contest was also organized for our employees on the occasion. Departments from each floor teamed to whip up some

scrumptious salads and presented their platters inspired by various patriotic themes. The winner was adjudged on basis of creativity and judicious use of tricolours. Our CSR wing, CreditAccess India Foundation, joined the government's "Har Ghar Tiranga" campaign and distributed over 75,000+ National flags across the nation.

### Scholarship support for needy students!



Our CSR wing, CreditAccess India Foundation launched the "Grameen Vidya Scholarship" in August 2022. The initiative intends to support girls hailing from lesser privileged

families in rural areas, who have performed exceptionally well in class 10 Board Exams. It incentivizes them to pursue studies beyond Grade 10, by awarding one-time financial or non-financial need-based assistance. These include reimbursement of academic fees/hostel fees/laptops/bicycles, among others. Additionally, a student kit consisting of a backpack and a water bottle is provided to every awardee. The program aims to cover up to 100 districts in the current financial year. As on 30 September 2022, 27 students have been awarded the scholarship.

### Helping rural women and youth take an entrepreneurial leap!



To strengthen skills and provide income-enhancement opportunities for women and youth from low-income backgrounds, we commenced the latest batches of our free tailoring training program in August 2022. The initiative

organized by our CSR wing, CreditAccess India Foundation, equipped over 80 trainees with the basics of tailoring and tassel tying, in association with Samarth Foundation at Gubbi, in Tumkur, Karnataka. The Foundation also sponsored a training program on Aari work (traditional embroidery) and industrial sewing machine operation for over 120 trainees in association with YellowBag Foundation at Sivakasi, Tamil Nadu. After the successful completion of the training, each participant received a certificate and a tailoring toolkit. Since its inception, the initiative has empowered over 290 trainees to acquire requisite skills and earn a substantial income to support their families financially.

### Strengthening the first block of rural education: Anganwadis



We further accelerated our community development program to reach more Anganwadi centres across our operating geographies. Through this program, we

donated 15,840 baby chairs, 1,584 carpets, and 3,168 armless chairs to over 947 Anganwadis, aiding around 24,993 beneficiaries. Speaking at one such distribution event held at Tumkur, the CDPO (Child Development Project Officer), remarked, "Anganwadis play an essential role in shaping a child's fundamental education. We appreciate CA Grameen's gesture of donating essential items which will aid in making learning more comfortable."

### Infrastructure support to rural police stations, govt. hospitals, and govt. schools



As a gesture of gratitude towards the public welfare services rendered by police stations, govt. hospitals and schools, we distributed around 1,178 kits contain-

ing essential supplies to these institutions across our operating geographies. Items distributed included: medical apparatus, waiting chairs, RO water units and coolers, barricades, fans, etc., which shall aid around 15,838 beneficiaries.

### Trainings and seminars:



#### People Management Program: Fostering team spirit

A two-day training program was organized for employees from Finance, Compliance, and Investor Relations Departments to help them explore effective ways to collaborate as a cohesive team and deliver their best.

#### Nurturing emotional intelligence: To work better, together!

A one-day training on emotional intelligence was organized for the first-line managers of our Head Office to help them better understand how emotions impact professional success. It involved practical tasks and exercises that touched upon various aspects of emotional intelligence.

### Helping Varalakshmi dream big with dairy farming!



Ms. Varalakshmi, a resident of a small village in Mysore, has been our customer for 20 years now. She works as a dairy farmer for a living. Initially, she had 15 cows in her herd with which she managed to supply around 30-40 litres of milk every day to the nearby milk collection (dairy) centres. Varalakshmi has been in the business for over 10 years and aspired to expand her business. When a CA Grameen loan officer introduced her to Grameen Unnati Loan, (the company's high-ticket business loan of Rs. 1,50,000/-), she found the right impetus to put her business on the fast track!

Sharing her experience with Unnati loans, she remarks, "I required large capital investment to scale up my business. When I was introduced to Unnati loans, I felt it would be beneficial for my business owing to its high-ticket size, affordable interest rates, and minimal documentation features." She further says, "The loans are approved quickly, usually within just 2-3 days of submission of the application. So, there is no more long waiting period!" With a confident smile, she adds, "Unnati loans helped me to add 4 extra cows to the herd. The capacity of milk production has improved and I am earning good profits now!"

### Our Financial Products



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