

## QUARTERLY NEWSLETTER – Q3

OCTOBER-DECEMBER 2022

### Message from MD & CEO

Dear Friends,

I wish you all the blissful new year 2023 ahead with immense opportunities. We are grateful for the unwavering support of all stakeholders including shareholders, investors/lenders and most importantly our customers. The Calendar Year 2022 was another successful year for CA Grameen where we witnessed robust growth across various geographies, a smooth transition toward the new microfinance framework and a successful maiden Public NCD issue.

We initiated pilot projects for introducing new products involving gold loans, two-wheeler loans and loans against property to cater growing aspirations of our customer base and be their one-stop solution. This is supported by our continuous investment in top-notch IT infrastructure to enable higher business scalability. These stepping stones meaningfully contribute to our Vision of being the preferred financial partner of households lacking access to formal credit.

The union budget FY 2023-24 focusing on women empowerment, inclusive development and reaching the last mile as the key drivers towards the India@100 vision clearly highlights the importance of microfinance institutions' role in the capital creation story at the bottom of the pyramid. The various measures announced in the budget will benefit the rural financing opportunity over the coming years and are a big positive for the microfinance business.

- Mr. Udaya Kumar Hebbar

### Brief synopsis of our financial results for the third quarter Q3 FY 2022-23

Particulars (Cr)	Q3 FY 23	Q3 FY 22	% Change
Total Income	909.7	689.7	31.9% ↑
NII	567.4	412.0	37.7% ↑
PPOP	379.5	273.5	38.7% ↑
PAT	216.8	117.0	85.3% ↑

### Growth and expansion

Particulars	Q3 FY 23	Q3 FY 22	% Change
Gross AUM (Cr)	17,786	14,586	21.9% ↑
No. of Borrowers*	39.4 lakh	37.4 lakh	5.3% ↑
No. of Branches	1,727	1,593	8.4% ↑
No. of Employees	16,807	15,483	8.6% ↑

\*73,857 borrowers were written off during Q3 FY23 while 3,05,387 new borrowers were added during the same period.

### Interview

Read the excerpts from the interview of **Mr. Manoj Kumar**, Chairman, Nomination and Remuneration Committee, CA Grameen.



**Q1) How have we ensured the long-term sustainability of talented managerial/key personnel at CA Grameen over years?**

The uniqueness of CA Grameen has been the presence of independent directors on the Board, which is above the minimum threshold and most importantly, the Chairman's independence. This is a compelling statement about corporate governance standards despite the promoter holding a significant stake. In addition, the Nomination and Remuneration Committee (NRC) has played a vital role to oversee remuneration/compensation aspects independently. In past, we have taken the initiative of benchmarking our compensation with the industry through independent research, ensuring top performers in the leadership team are not only fairly compensated but are aligned with the vision and mission of the Company. This has shown tangible results in low attrition rates in senior management over the years.

**Q2) Could you share a few thoughts on the transparency aspects from the lens of NRC?**

In large organisations, collaboration is the key to achieving goals when every person in the leadership team works towards the same purpose. Using ESOPs as the tool for incentive alignment combined with external independent compensation benchmarking has been leveraged to ensure talent retention, and we shall continue to use the same. In addition, succession planning in companies usually needs to be more visible. We have consciously laid down this path to strengthen our management team by appointing Deputy CEO & CBO, CRO and CTO recently, which sends a clear message to the stakeholders concerning transparency in succession planning.

**Q3) Does NRC set targets on a diverse board membership?**

We have established diversity on the board not just from the gender balance angle but also by looking at their core competence to add value to our mission. Given the financial inclusion space where we work on creating a large-scale impact, we should continuously aim to ensure that certain sections of society which don't have good representation on the corporate boards are looked at and searched for. The onus comes to us to provide quality decision-making; hence, NRC will continue setting more aggressive diversity targets.



### Maiden Public Issue of Secured, Redeemable NCDs of INR 500 Crores

We successfully completed our maiden public issue of secured, redeemable Non-Convertible Debentures (NCDs) of INR 500 crores during November 2022 which was subscribed 3.03X of the base size issue. The NCDs have been listed and commenced trading on Indian stock exchanges - BSE Limited and NSE Limited. They have been rated IND AA-/Stable by India Ratings and Research Pvt Ltd.

## AWARDS & ACHIEVEMENTS:

- "Best Tech of the Year" recognition in the financial services category at Quantic India's Technology Excellence Awards held on 14 October, 2022, Bengaluru.
- "Impactful Contribution in Financial Inclusion" segment award by Elets at the 12th NBFC100 Tech Summit held on 24 November, 2022, Mumbai.
- "Certificate of Merit" for 2021 edition of the integrated annual report at the 26th South Asian Federation of Accountants (SAFA) award ceremony held in Kathmandu, Nepal on 18 December 2022.
- "Best in Enterprise Mobility & Data Centre" award by Technology Senate – Indian Express Group.

## USD 35 Million ESG Financing from US International DFC



The US International Development Finance Corporation has supported us with USD 35 million ESG-linked loan for up to 7 years via External Commercial Borrowing (ECB) route. The direct

loan is one of the first of its kind for DFC to an NBFC-MFI in India.

## Mr. Udaya Kumar Hebbar Visits Tokyo, Japan

Our MD&CEO, Mr. Udaya Kumar Hebbar, represented India's businesses and shared insights on the vast growth opportunities present in the Indian rural markets at an event organised by the Embassy of India in Tokyo, Japan on 17 November, 2022.

## People Management Programs

We organized people management programs for 532 employees from both business and support functions to help foster team spirit, hone their skills, and empower them to deliver their best for the growth of the organization.

## Kreeda Utsav – CA Grameen's Annual Sports Extravaganza!

We organized our annual sports meet- "Kreeda Utsav", during November-December 2022, in 26 locations across our operating areas. The mega sporting fest included tug-of-war, cricket, kabaddi, carrom, shot put, lemon and spoon race, sack race, 3-legged race, etc. ~8,850 employees participated and showcased their sporting talents.

## CSR INITIATIVES:

### Scholarship Award to Needy Students



115 students across 8 states were felicitated with "Grameen Vidya" scholarship worth INR ~38 lakhs by the company. The scholarship confers one-time need-based assistance viz., college/hostel fees reimbursements, bicycles/bag, sipper & merit certificate to girls from lesser privileged backgrounds in rural areas for their exceptional performance in class 10 board exams.

- Equipped over 240 Anganwadis with 4,860 baby chairs, 970 armless chairs, and 490 carpets, aiding around 7,860 beneficiaries.
- Around 5,330 kits containing essential infrastructure supplies distributed to rural police stations benefitting around 80,250 people.
- Sponsored 1-month of basic computer with tally course for 60 students in Tumkur, Karnataka, in association with Samarth Foundation.
- Launched 2nd digital self-learning centre in Bagalkot, Karnataka, to bridge the digital divide for rural students, in association with Sankalp Rural Development Society.
- Piloted Sushikshana – a life skills training program on WASH (Water, Sanitation, and Hygiene), financial literacy, and career guidance for around 7,260 rural students from 50 government schools in Karnataka, in association with Navya Disha Trust.
- Collaborated with ICICI Academy for Skills to impart free job-oriented vocational trainings to 175 eligible candidates from lesser privileged backgrounds.
- Inked an MoU (Memorandum of Understanding) with Swades Foundation to construct over 250 individual household sanitation units in the rural areas of Nashik, Maharashtra.
- Joined hands with the Environmentalist Foundation of India (EFI) to support the eco-restoration of ~4.5-acre Pannaiyar Kulam lake in Tirunelveli, Tamil Nadu.
- Piloted rainwater harvesting (rooftop and surface water runoff) project at 4 government schools in Kolar, Karnataka, in association with Biome Environmental Trust, aiding around 770 beneficiaries.
- Distributed grocery kits to over 1,000 beneficiaries across the flood-affected areas in Karnataka, Tamil Nadu, Maharashtra, and Uttar Pradesh.

## Finding a glimmer of hope!



Ms. Sunitha, a resident of Thanni in Kerala has been a CA Grameen customer for 3 years now. She makes Christmas paper stars and sells them to a church supply store near her house to support her family of 7.

Sunitha started the business with her humble savings. As the demand for her paper stars grew, she felt the need for an increased capital investment to fulfil the orders. It was then, she approached CA Grameen for loans. With a confident smile she remarks, "My Christmas stars are priced at the range of about INR 18 per star to over INR 160 a star, and currently on an average, I have earned a profit of about INR 75,000 on a capital investment of INR 50,000!" Speaking about her dreams, she says, "I have recently availed

a loan of INR 48,000 from CA Grameen to expand my business. Growth in the business will enable me to educate my children well and empower them to lead a better life!"

Sunitha's job is something she has found for herself and enjoys doing. We are honoured to help her successfully earn a living by doing what she does, at a scale she can manage.