

QUARTERLY NEWSLETTER – Q4

JANUARY-MARCH 2023

Message from MD & CEO

FY23 is a historic year in our inclusive journey where we touched newer heights with the help of all our stakeholders and clocked 26.7% AUM growth to INR 21,031 crore. We became the first pure-play microfinance institution in the country to cross the INR 20,000 crore AUM mark, credit rating upgrade from ICRA and Ind-Ra to AA- (stable), ESG ratings from Sustainalytics and S&P Global, maiden Public NCD issue worth INR 500 crore, first-of-its kind USD 35 million direct funding from DFC (USA), successful completion of CA Grameen's merger with Madura Micro Finance, featuring in the top five of Fortune India Next 500 list, and lastly "Great Place to Work" certification for 4th consecutive year.

We are conscious of our responsibility towards our customers from whom we draw our inspiration and strive to remain the lowest-cost lender through various efficiencies built into the system. Our judicious mix of utilising various funding avenues has led to the average cost of borrowing increase of just 60 bps to 9.5% compared with 8.9% at the end of March 2022 despite the repo rate increasing by 250 bps since the last year.

Assuming a stable operating environment, we look forward to achieving loan portfolio growth of 24%-25% in FY24 with the pursuit of creating women entrepreneurs and meeting rising rural aspirations.

-Udaya Kumar Hebbar

Brief synopsis of our financial results for the fourth quarter Q4 FY 2022-23

Particulars (Cr)	Q4 FY 23	Q4 FY 22	% Change
Total Income	1066.2	824.5	29.3% ↑
NII	689.8	519.6	32.7% ↑
PPOP	502.9	368.8	36.3% ↑
PAT	296.6	159.1	86.4% ↑

Growth and expansion

Particulars	Q4 FY 23	Q4 FY 22	% Change
Gross AUM (Cr)	21,031	16,599	26.7% ↑
No. of Borrowers*	42.64 lakh	38.23 lakh	11.5% ↑
No. of Branches	1,786	1,635	9.2% ↑
No. of Employees	16,759	15,667	7.0% ↑



BoD Interview:

Read the excerpts from the interview of **Mr. Massimo Vita**, Chairman, Risk Management Committee, CA Grameen.

Q1) What is the role of risk management toward sustainability in the microfinance domain?

Risk management is crucial to achieve financial sustainability and protect the assets of the company. We have an enterprise-wide risk management framework where top-risk

events are prioritized based on frequency, ease of detection, and severity. Our system is designed to identify material risks and measure the company's exposure to them to establish an early warning signal.

We follow the Risk and Control Self-Assessment (RCSA) framework which is embedded into our overarching business strategy. This has helped us define key risk indicators and assess our risk appetite in varying situations. Following a sustainable growth path is quintessential in the financial inclusion space and more emphasis should be given to it given the long-term horizon.

Q2) How big data is unlocking new opportunities given rising rural aspirations?

Alternative credit scoring and algorithm-based lending is increasingly being explored by us to better understand household leverage and make prudent decisions given the rise in cell phone usage. It represents a huge opportunity to make the credit appraisal process more efficient, notably for the retail finance wing. We aim to improve approval rates without compromising the asset quality and giving affordable credit to a larger audience. Customer needs are going beyond the traditional microfinance model, which has propelled us to offer more and more non-credit products.

Q3) Is climate change an imminent threat to the microfinance industry?

Prolonged shifts in weather patterns have led to extreme events affecting vulnerable sections of society. Microfinance has established its role in climate adaptation and is one of the few vehicles to help smoothen income streams, especially during adversity either through flexible repayment options or infusing needed credit. We periodically conduct stress tests and scenario planning to determine such an event's impact on our operations. We draw comfort from our robust risk management framework giving us resilience and sailing into the next growth phase.

CA Grameen and Madura Microfinance are now officially one!



Madura Microfinance Limited (MMFL) has been fully integrated into our company w.e.f. from 15 February, 2023 by way of an Order passed by the Hon'ble National Company Law Tribunal, Bengaluru. The merger brings about a more diversified and robust organization, enabling us

to further our mission of financial inclusion with an even greater impact.

Women's Day special - free medical check-up camp for female employees

On the occasion of International Women's Day, we organized a free medical check-up camp for our female colleagues to help raise awareness about the importance of maintaining good health. The camp conducted in association with Apollo Hospitals administered health interventions viz., height and weight screening, blood pressure and random blood sugar tests, physician consultation, ECG test on doctor's recommendation, etc.

A major milestone: crossed INR 20,000 crore Assets Under Management



We achieved a significant milestone of crossing INR 20,000 crore Assets under Management (AUM) mark during March 2023. With a strong balance sheet, superior asset quality, and expansive presence

across the nation, we are well-poised to deepen the financial inclusion agenda and strengthen our position as the preferred financial partner to millions of low-income rural households. We convey our gratitude to all our stakeholders for their support and unwavering faith in our brand which has made this achievement possible.

Great Place to Work certified for the 4th time in a row!



We bagged the prestigious Great Place to Work® recognition for the fourth consecutive year during January 2023. The certification is considered a “gold standard” in workplace culture assessment,

globally. According to the GPTW® institute, our company has created a Great Place to Work for all its employees by excelling on the 5 dimensions of a High-Trust, High-Performance Culture™ – Credibility, Respect, Fairness, Pride and Camaraderie.

Training programs conducted during January – March 2023:

- **PoSH (Prevention of Sexual Harassment of Women at Workplace) awareness training:** Interactive session to sensitize women employees about the situations that fall under PoSH and the redressal mechanism to ensure a safe and respectful work environment for all employees.
- **People Management Program:** Helped 107 departmental executives acquire requisite managerial skills and fostered team spirit through various engaging activities.
- **Trainer program:** 2-days workshop for 45 in-house trainers of the company.

Featured in the Top 5 of Fortune India Next 500

We were featured among the top 5 in the Fortune India Next 500 companies, being the only NBFC to top the list. This recognition is a testament to our prudent lending practices and business efficiency which has helped us serve millions of low-income households across the country while maintaining a robust business performance.

Highlights of our CSR initiatives during January-March 2023:

- Smart classroom with state-of-art infrastructure established for intellectually challenged students at the Central Institute on Mental Retardation, Kerala.
- 5 students from Maharashtra and Chhattisgarh, felicitated with “Grameen Vidya” scholarship for excellent performance in class 10 board exams.
- 12 mobile charging kiosks and 3 RO drinking water dispensers installed at Madurai Railway Station, Tamil Nadu.
- Distributed book racks, sports & maths kits, chairs, tables, benches, overhead tanks, water purifiers, fans, carpets, and raincoats to 11 government schools in Karnataka and Kerala, aiding 426 beneficiaries.
- Upgraded the facilities of 89 Anganwadis by providing 1,780 baby chairs, 356 armless chairs, and 178 carpets, aiding around 2,614 beneficiaries.
- Sponsored vocational trainings for 119 eligible rural candidates from Aurangabad, Chennai, and Nagpur.
- Imparted life skills training in WASH (Water, Sanitation, and Hygiene), Financial Literacy, and Career Guidance for 32,178 students from 222 rural government high schools.
- Constructed 260 household sanitation units in the rural areas of Nashik, Maharashtra, in association with Swades Foundation, aiding around 1,040 beneficiaries.
- Sponsored computers, CCTV cameras, printers, alcohol analysers, water dispensers, teapots, chairs, and barricades to 43 rural police stations, aiding around 21,951 beneficiaries.
- Completed the ecological restoration of ~4.5-acre Pannaiyar Kulam lake in Tirunelveli, Tamil Nadu, in collaboration with the Environmentalist Foundation of India, aiding 8-13 villages nearby.
- Distributed grocery kits and utensils sets to 8 flood affected families in Odisha and Karnataka.

Brewing her cup of success!



Ms. Surrayya Banu from Chikkamagaluru, Karnataka, has been our customer for the past 14 years now. Owing to her family's severe financial difficulties, she used to work as a coolie and experienced many trials and tribulations across the years. She found a glimmer of hope when one of her friends introduced her to CA Grameen. From thereon, there was no turning back. She decided to take a loan from the company and started a small coffee nursery for a living.

At first, she availed a loan of INR 6,000 and used it to purchase raw materials like coffee seeds, soil, etc. Thanks to the timely loan and her hard work, the demand for her coffee saplings started to shoot up. She gradually began to borrow higher-ticket loans in the increments of INR 15,000, INR 30,000 and currently INR 1,00,000 to expand her business and cater to the rising demand.

With increased capital flowing in, her business took off smoothly. Growth in the business elevated the standards of living for her family. She was able to build her own house and provide seed funding for her children's business.

With gratitude in her heart, she remarks, “Loans provided by CA Grameen has helped me a lot! I now have 60,000 pots in my nursery. The price range varies between INR 10-12 per sapling and I earn a profit of around INR 20,000 per month. She confidently adds, “The business has empowered me, and I aim to cultivate 1 lakh coffee saplings soon. My family and friends are proud of me. I have suggested that my friends, too become entrepreneurs through the help of CA Grameen loans and achieve financial independence.”