

QUARTERLY NEWSLETTER – Q1

April - June 2024

Message from Managing Director

Dear Friends,

A seasoned team is critical in steering the company through headwinds and maintaining operational resilience. Our company's performance in Q1 FY25, despite facing adverse weather conditions and operational constraints during general elections, was in line with our internal estimates highlighting the indispensable value of a committed workforce. We delivered a Profit After Tax (PAT) for Q1 FY25 of INR 398 crore, translating to a Return on Assets (RoA) of 5.4% and a Return on Equity (RoE) of 23.5%.

This marks the sixth consecutive quarter where we have achieved RoA greater than 5% and RoE exceeding 20%, reflecting our sustainable profitability and mirroring our strong performance across economic cycles. We maintain confidence in achieving our growth and profitability guidance for the year given our enduring fundamentals. We are well-positioned to proactively manage anticipated challenges while capitalising on new opportunities as they arise.

The microfinance industry stands at a pivotal moment, with many new-to-credit customers joining the formal lending fold and vintage customers moving towards the higher ticket size category. It is important to understand the significance of recent guardrails introduced by the Microfinance Industry Network (MFIN) in the form of a cap on microfinance indebtedness and the number of lenders, reflecting a proactive step towards ensuring sustainable growth. Such initiatives pave the way for attracting capital flows into the sector, playing a key role in promoting financial inclusion.

- Udaya Kumar Hebbar

Brief synopsis of our financial results for the first quarter Q1 FY 2024-25

Particulars (Cr)	Q1 FY25	Q1 FY24	% Change
Total income	1,512.6	1,170.7	29.2%
NII	952.5	763.3	24.8%
PPOP	709.3	543.8	30.4%
PAT	397.7	348.5	14.1%

Growth and expansion

Particulars	Q1 FY25	Q1 FY24	% Change
Gross AUM (Cr)	26,304	21,814	20.6%
No. of borrowers	49.8 lakh	44.2 lakh	12.7%
No. of branches	1,976	1,826	8.2%
No. of employees	19,659	17,391	13.0%



Read excerpts from our interview with
Mr. Balakrishna Kamath,
Chief Financial Officer, CA Grameen.

Q1) How are we managing the liquidity in the current market scenario?

Our liquidity remains robust despite the prevailing high credit-to-deposit ratio in the banking system. We have witnessed that banks have enacted stricter disbursement policies that align with their risk tolerance levels. CA Grameen with its well-aligned system/processes, low credit costs, strong credit ratings, and the repayment-to-collection ratio of 60% fits well within tolerance limits complemented by its excellent track record.

We also have an added advantage being in the microfinance realm as banks need to block lesser capital lending to us along with added PSL advantage. With roughly INR 3,000 crore sanction in hand, we are well-prepared to confront forthcoming challenges confidently.

Q2) How is the strategy of tapping the overseas borrowing market playing out?

We consciously adopted the unchartered foreign borrowing route, understanding the potential benefits it bring to our liability franchise. Both NCDs and foreign borrowings will ease the pressure of borrowing from banks creating alternate sources of funding for the NBFC-MFI industry which will play to our advantage in the long run. With competition intensifying with new entrants coming into the microfinance fold, a strong hold on the cost of borrowing is paramount to offer affordable rates to customers and remain relevant. We plan to raise USD 400 million through foreign borrowing aligning with our medium-term strategy, 20-25% of this mix in the total funding.

Q3) What is your expectation on the cost of borrowings in the coming quarters?

We anticipate borrowing costs to stabilise at current levels as we foresee no significant increase in market rates. Presently, rates are at their peak, and we anticipate a downward trend starting in the second half of FY2025, with inflation coming within the regulatory bandwidth. Our strategy incorporates a balanced mix of funding sources, which positions us well to manage borrowing costs effectively. We project our cost of borrowing to hover around 9.8-9.9% levels in the coming quarters, reflecting our proactive approach to maintaining financial prudence.

Won the 'Best Core Banking Technology Implementation Award'



In partnership with Temenos, we received the prestigious Best Core Banking Technology Implementation Award at the Asian Banker Technology Innovation Awards. The award recognised our recent upgrade to R-19, a cutting-edge core banking platform that leverages open application programming interfaces and microservices architecture to boost our scalability and resilience.

Our Chief Executive Officer, Mr. Ganesh Narayanan, and Chief Technology Officer, Mr. Sudesh Puthran, received the award on behalf of the company.

Bagged the 'Innovation Hero Award'



We received the 'Innovation Hero Award' at the Temenos Community Forum, held on May 17, 2024, in Dublin, Ireland. Mr. Sudesh Puthran, Chief Technology Officer, and Mr. Praveen Kumar, Vice-President of Core Banking Applications, accepted the honour on the company's behalf.

The award acknowledges the role of our technological innovations in helping advance financial inclusion across rural areas. We were the only NBFC in the world to receive this prestigious accolade.

Recognised as 'Risk Management Team of the Year'



We won the 'Risk Management Team of the Year' award at the India Fraud Risk Management Summit & Awards held on May 16, 2024, in Mumbai. The award was bestowed upon us for implementing cutting-edge fraud prevention technologies and strategies that mitigate risks effectively. Mr. Firoz Anam, our Chief Risk Officer, received the award on behalf of the company.

Ranked among India's Top 25 Best Workplaces in BFSI



For the fifth year running, we ranked among India's Top 25 Best Workplaces in BFSI by the Great Place to Work Institute. The honour reiterates our commitment to employee wellbeing and fostering an inclusive work culture where people are encouraged to bring their best selves to work and excel.

International Yoga Day



On the 10th International Yoga Day, we organised rejuvenating desk yoga sessions for our employees at the Head Office. Led by an experienced instructor, these sessions comprised various stretching, strengthening, and relaxing exercises to help our employees unwind, improve their posture, and mobility, and embrace a healthier lifestyle.

Training programs conducted during April-June 2024:



People Management Programs:

We organised leadership training programs for 208 Branch Managers from Tamil Nadu, Kerala, and Maharashtra. The programs comprised various engaging activities to foster team spirit among participants, hone their interpersonal skills, and boost their performance.

CSR highlights from the quarter:

1. Awarded 'Grameen Vidya' scholarships to over 458 students from underprivileged backgrounds who have shown excellent performances in their class 10 and 11 exams.

2. Collaborated with IIT-IIT (IITians for Influencing India's Transformation), to implement watershed management programs for rejuvenating water bodies in Tumkur, Karnataka. ~16,000 cubic meters of silt was excavated from 16 modules across identified water bodies, creating around 160 million litres of water holding capacity. Excavated silt was applied to over 960 acres of farmland to enhance agricultural productivity and benefit local livelihoods.

3. Distributed grocery kits and relief materials to over 1,234 beneficiaries affected by various disasters in Karnataka, Bihar, Uttar Pradesh, and Tamil Nadu.

4. Signed an MoU with Swades Foundation to carry out multiple development projects in Maharashtra. These include:

- Construction of 130 household sanitation units and 2 sanitation units at government schools
- Solar-powering of 2 government primary schools and 2 *anganwadis*
- Installation of solar-powered pumps for farmlands
- Imparting need-based skill-development training for over 70 youth
- Installation of solar-powered streetlights in dark locations to minimise animal-human conflicts
- Laying of water pipelines to irrigate over 18-acres of farmlands
- Providing farming communities with access to water for irrigation purposes

5. Inked an MoU with Udyogwardhini to impart job-oriented skill development training like electrical, masonry, general duty assistant, solar technician, and Reinforced Cement Concrete (RCC) courses to over 200 rural youth in Madhya Pradesh

6. Donated air coolers, CCTV camera, water dispensers, barricades, chairs, and more to 33 rural public institutions, aiding around 897 beneficiaries

7. Donated 3-seater chairs, ECG machine, glucometer, BP apparatus, fetal doppler, weighing scale, stethoscope, and other amenities to 3 primary healthcare centres in Tamil Nadu

Puttamma's story: Where there's a will, there's a way!



Ms. Puttamma from Kanakapura, Karnataka has been a CA Grameen customer for 19 years. She is a tailor and runs a tailoring training centre for a living.

Initially, Puttamma helped her husband manage their coconut-supply business. Speaking about the venture, she says, "Before starting this business, my husband worked as a daily labourer and his income wasn't enough to make ends meet. But we were determined to improve our earnings. So, we decided to sell coconuts by sourcing them directly from local farmers, as it gives good profits."

She adds, "To support the business, I took out loans in increments of INR 7,000, INR 10,000, and INR 15,000 from the company and used them to purchase required inventories. Through our hard work and the support of loans from the company, our business scaled up gradually, and we started making profits. To supplement our income, I decided to take up tailoring, while my husband continued to manage the business. For this, I took out a loan of INR 20,000 from the company and purchased a tailoring machine. I then, started catering to local orders and my earnings improved steadily."

After a few years, Puttamma decided to take the next big leap. With the help of the Unnati loan (the company's high-ticket business loan of INR 2,50,000), she purchased 5 tailoring machines and started a tailoring training centre. She happily shares, "I now teach tailoring to 10 women. The best part of this job is that it enables me to earn while empowering these women to secure jobs. Thank you, CA Grameen, for all the support!"

25th Anniversary Special Edition

Glimpses from our silver jubilee celebrations



#25YearsOfCAGrameen: Guided by Gratitude, Driven by Impact

Our story began in May 1999, with the mission to give every rural woman the opportunity to work herself out of poverty. Who knew that, 25 years later, this dream would positively transform the lives of more than 49.2 lakh+ women and their families?

It has been an eventful journey, marked by learning, growth, and customer empowerment. It fills our hearts with joy to witness how far we've come!

To take a moment to reflect on the past, express our gratitude to those who made our silver jubilee a reality, and set the stage for the future, we organized grand celebrations, complete with two events.

Silver jubilee at the Taj West End

An industry leaders conference was hosted at the Taj West End, Bengaluru, on May 31, 2024. Dr. Alok Misra, CEO and Director of MFIL, and Mr. Prakash Iyer, Former MD of Kimberley-Clark Lever, best-selling author and leadership coach, graced the occasion as chief guests and enlightened the audience with their insightful words. Our Founder, Mrs. Vinatha M Reddy, Chairman and Lead Independent Director, Mr. George Joseph, and Vice-Chairman and Non-Executive Director, Mr. Paolo Brichetti, addressed the gathering and reminisced about our growth journey.

Sharing his thoughts on the occasion, Mr. George Joseph, remarked, *"My association with CA Grameen dates back to 2016. Over time, we have grown in size and strength. Today we are a 26,000-crore company."*

Mr. Paolo, shared, *"Looking forward, I see CreditAccess Grameen serving 4-5 times the customers it serves today and go on marching with the same sense of respect and service as it has been always in the early days till now."*

Our MD, Mr. Udaya Kumar Hebbar, and CEO, Mr. Ganesh Narayanan felicitated the dignitaries with shawls sourced from S Sinnadevi, our customer from Ooty, Tamil Nadu, since 2019.

The craft, a tribute to the community's deep ties with nature, features intricate *Ikat* patterns and showcases the Toda community's stunning handiwork. The dignitaries were also presented with a *Bidri* artifact handcrafted by our customer Syeda Parveen from Bidar, Karnataka. *Bidriware* dates back to the 14th century and is an age-old tradition known for striking silver inlays meticulously carved onto black metal.

The event also featured an incredibly touching moment -- the honoring of founder Mrs. Vinatha Reddy. The entire audience rose to their feet in a standing ovation for the visionary leader who sowed the seeds of our institution. Today, it flourishes as a thriving tree, spreading hope and happiness to millions!



Our MD and CEO felicitating the dignitaries



Hampers ready to be gifted to our guests

Our esteemed promoters, investors, industry veterans, CSR partners, and other stakeholders joined us in the celebrations and conveyed their best wishes. Guests were gifted hampers comprising products sourced directly from our customers and the beneficiaries of our CSR initiatives. Each item in the hamper was a reminder of Bharat's wealth of artistry! The hamper also featured a mini-book, capturing the behind-the-scenes story.

Sharing his thoughts at the event, Mr. Rajat Verma, Managing Director, DBS Bank India Ltd, remarked, *"Many congratulations to team CA Grameen for completing 25 years. Not only is this about growing the book and the clients we service, but it's also about transforming lives. The company's journey mirrors India's growth story."*

The program flowed seamlessly thanks to our MC, Ms. Archana Deshmukh, who steered the show with professionalism and charisma.

Employee celebrations at the Prestige Srihari Khoday Centre for Performing Arts

The conference was followed by a fun-filled evening at the Prestige Srihari Khoday Centre for Performing Arts, Bengaluru, where employees celebrated with their colleagues and family. A live sand art performance chronicling our growth journey, a gripping mentalist act, music, and dance performances by renowned artists and in-house talent were a few highlights of the event.

MC Vinayak Joshi kept the audience hooked from start to finish, with humor, interactive engagement, and fun games!



Glimpses from our evening extravaganza

Furthermore, long-service awards were bestowed upon employees who have completed 10 and 20 years of service at the company.



Felicitating employees for their dedicated service

To honour our legacy of excellence and ethos of empowerment, a bespoke anniversary logo was unveiled during our silver jubilee year



The celebrations were completely eco-friendly, in line with our ESG efforts. 99% of the waste generated was diverted from landfills, preventing 966 kg of greenhouse gas emissions! The milestone also empowered 16 dedicated front-line workers and waste warriors, whose invaluable support made it possible.

Branch Celebrations Across the Country



Branch festivities

Gifts of Gratitude

With gratitude in our hearts, we honoured every individual, team, branch, and partner who helped us make this milestone a reality!



As a token of appreciation towards the immense contributions made by our employees, we presented them with a memento - a reusable, special edition flask to help them stay hydrated on the move!

Employees with their flask



Further, we presented our branches an ornate clock, complete with tasteful wooden accents.

A dedication to our branches

Our partners drive us to support the dreams of 49.2 lakh+ rural women customers and their families. Thanking them for being an integral part of our growth journey, we presented them with a striking artifact sourced from Syeda Parveen, a customer from Bidar. *Bidriware* dates to the 14th century and finds its origins in the royal courts of Bidar, Karnataka. Meticulously chiselled with inlays of silver on black alloyed metal and finished with soil only found in Bidar Fort, this time-honoured tradition is a testament to the rich artistic legacy of Bharat.



Stunning Bidriware artifact presented to our partners

A few of our partners expressed their heartfelt congratulations on the occasion. Here's what they had to say.

Mr. Prakash Kumar, DMD, SIDBI (Small Industries Development Bank of India), shared, *"It's very heartening to see the kind of growth CA Grameen has made over the years, and the processes they have built, their service, and the innovations they have brought in."*

"CA Grameen is fundamentally strong in its field and continues to nurture the fundamentals of the JLG (Joint Liability Group) lending model," opines Mr. Neeraj Biyani, Product Head - Microfinance, ICICI Bank

We thank our partners for being our pillars of support, aligning with our endeavour to advance financial inclusion across rural India. Here's to many more years of collaboration and positive impact!

Last, but not least, all the volunteers and performers were gifted multi-utility gift sets and certificates of appreciation for extending a helping hand behind the scenes and thoroughly entertaining us on stage.

Guided by gratitude and driven by the infinite positive impact we can create together, we are excited to embark on the next phase of growth! With an unwavering commitment to customer empowerment, we remain well-poised to scale new heights and seek your continued support to achieve it!



#25YearsOfCAGrameen
A Gesture of Gratitude,
from Us to You

