

**Message from Managing Director**

Dear Friends,

The resilience of the microfinance industry has been tested and validated repeatedly over the years. Today, the industry stands as a mature and robust sector capable of proactively addressing challenges with effective corrective measures. The MFIN guardrails introduced by the industry serve the purpose of strengthening the underwriting standards and maintaining stable asset quality of the microfinance players, in addition to protecting the customer interest.

At CA Grameen, our customer-centric and employee-first approach has been central to our superior cross-cycle performance. These values have not only shaped our daily operations but have also been the cornerstone of our industry-best performance. The recent increase in delinquencies tested our business model once again, but we will emerge stronger due to our solid fundamentals and agility in adapting to changing circumstances. As signs of improvement in delinquencies emerge, we are refocusing on growth, reflected by the AUM growth in December after 8 months of contraction.

Our monthly disbursements, which had fallen to 50-60% of normal levels between July and November, crossed 80% in December and further inched up to 90% in January. This recovery is mirrored in the growth of new borrower additions, with new-to-credit customers increasing from 30-35% to 42% in Q3 FY25. Our Retail Finance division, a key part of our diversification strategy, saw a 51% QoQ increase in disbursements, now accounting for 5.0% of our AUM, amounting to ₹1,245 crore at the end of Q3 FY25.

We have continued to maintain a stable average cost of borrowing at 9.8% over the last six quarters, despite rising funding cost scenarios. Considering the current environment, we are aiming for AUM growth of 7-8%, NIM of 12.8-13.0%, credit cost of 6.7-6.9%, ROA of 2.3-2.4%, and ROE of 9.5-10.0% in FY25. Together, with our continued focus on growth, customer satisfaction, and innovation, we are well-positioned for sustained success.

- Udaya Kumar Hebbar

**Synopsis of our financial results for the third quarter Q3 FY 2024-25**

Particulars (Cr)	Q3 FY25	Q3 FY24	% Change
Total income	1,381.9	1,295.2	6.7%
NII	861.7	802.4	7.4%
PPOP	622.9	601.8	3.5%
PAT	-99.5	353.3	-128.2%

**Growth and expansion**

Particulars	Q3 FY25	Q3 FY24	% Change
Gross AUM (Cr)	24,810	23,382	6.1%
No. of borrowers	48.1 lakh	46.9 lakh	2.4%
No. of branches	2,059	1,894	8.7%
No. of employees	19,333	19,041	1.5%



**Read excerpts from our interview with Mr. Gururaj KS Rao, Chief Operating Officer, CreditAccess Grameen.**

**Q1) What strategies have you adopted to keep the field staff motivated in these challenging times?**

Frontline employees are the face of our organisation and play a critical role in delivering exceptional customer service. We prioritise consistent support and guidance from the leadership team to keep them motivated during challenging times. Our incentive system is designed to protect staff rewards, even in difficult periods, ensuring their continued motivation. We have embraced a decentralised approach, empowering field staff to make decisions and use their region-specific expertise to address local challenges effectively. Additionally, the leadership team engages with field employees to understand their daily struggles and provide tailored solutions to ease their workload. We ensure they are equipped and fully supported to lead from the front in these challenging times.

**Q2) How has CA Grameen successfully reversed the delinquency trend, and what factors have led to this turnaround?**

At CA Grameen, microfinance isn't just a business. It's a lifeline built on trust, empathy, and discipline. In times of crisis, when our customers are most vulnerable, these values become our anchor. We understand that only a small portion intentionally default, but disruptions can lead to temporary setbacks. That's why we prioritise deep compassion and a customer-first approach. Our turnaround starts within, with our dedicated frontline staff, who put their best into rebuilding trust and offering practical solutions. Their unwavering commitment is what drives our recovery, helping us rebuild trust with customers and address challenges at the grassroots level.

**Q3) What parallels can be drawn with past periods of challenging environments, and what lessons have been most crucial in adapting to today's circumstances?**

The microfinance business model has proven its capacity to thrive in challenging environments, drawing valuable lessons from past experiences such as demonetisation and the COVID-19 pandemic. These events highlighted the importance of agility in adapting to unforeseen challenges. A key factor in microfinance's success is maintaining a customer-centric approach, understanding their behaviour during times of distress, and offering timely support to foster trust. Engaging with customers early in times of crisis mitigates potential impacts, ensuring continued support. These lessons have reinforced microfinance's ability to adapt and grow, solidifying its role as an essential tool for fostering long-term financial stability.

**CA Grameen organised RBI-funded Education & Awareness Program**



In December 2024, the Depositors' Education and Awareness Programme, funded by the Reserve Bank of India, was successfully organised by CA Grameen in collaboration with MFIN. The initiative aimed to educate depositors on banking processes, covering topics like savings, deposit accounts, account opening, transactions, grievance

redressal, and support for the elderly and disabled. A total of 29 workshops were conducted across Madhya Pradesh, Bihar, Uttar Pradesh, and Gujarat, benefiting 1,602 participants.

### Microfinance Awareness Program to enhance 'Financial Literacy' in Athagarh



On Dec 14, 2024, Microfinance Awareness Program took place at Gandhimarg and Bankikantha Nagar in Athagarh, Cuttack District, Odisha, with 70 attendees. Shri Manas Ranjan Behera, Assistant Collector of Athagarh, and Mr. Habib Shaik, VP of State Initiative, graced the event. The session focused on responsible loan usage, maintaining good credit, and preventing digital fraud. Shri Behera advised on loans within capacity, repaying on time, and safeguarding financial information. The event aimed to strengthen connections and provide financial knowledge.

### Recognised with the 'Best Financial Inclusion Initiative Award' of the year



CreditAccess Grameen Limited received the 'Best Financial Inclusion Initiative of the Year' award at the ET BFSI Exceller Awards 2024. Our CFO, Nilesh Dalvi, accepted the award in Mumbai on behalf of our team, celebrating our commitment to affordable finance for women entrepreneurs. This recognition highlighted our efforts to promote inclusive, sustainable community development and financial empowerment.

### CA Grameen's Leadership at the Global Inclusive Finance Summit



At the Global Inclusive Finance Summit held on Dec 11<sup>th</sup> and 12<sup>th</sup> in Delhi, our leadership team shared insights on critical financial sector topics. Our CEO, Mr. Ganesh Narayanan, discussed WASH financing, emphasising water management solutions like rainwater harvesting. While our Chief Risk Officer, Firoz Anam, focused on managing risk in microfinance, highlighting responsible lending and effective field practices for strengthening customer relationships.

### Training Programs conducted during October to December

#### Transformative Leadership Program (TLP)



The Transformative Leadership Program provided 60 managers with insights to inspire change and drive innovation, focusing on personal growth, strategic thinking, and collaborative leadership. The program included engaging activities and fostered connections among peers and management, with employees also being recognised for their dedicated services.

### CSR highlights from the quarter

1. Partnered with IIT to rejuvenate water bodies in Tumkur, Karnataka. Excavated 25,600 cubic meters of silt, creating 251 million litres of water storage, benefiting 15,000 villagers.
2. With the Swades Foundation, built 60 household sanitation units and provided skill training to 70 youths, solar power for schools, anganwadis, and solar pumps for farmlands.
3. Partnered with Sri Sathya Sai Annapoorna Trust & ICDS to serve 3,335 children, with food supplements produced and dispatched across multiple districts.
4. Collaborated with Apollo Telemedicine and conducted 4,510 screenings, including cancer checks, and educated 638 beneficiaries on health awareness.
5. Partnered with organisations like Learnet Skills Limited, Udyogawardhini Shikshan Sanstha, Pramith Foundation, and Orion Educational Society for the development of various skills like electric work, plumbing, tailoring, masonry, repair & installation, etc. Aimed to benefit 1090 young professionals.
6. Launched initiatives at govt. schools in partnership with Aasman and Agastya International Foundation for children. Conducted career guidance sessions for 18,920 students & experiential learning training for 490 teachers.
7. Supported Jivika Healthcare's Cervical Cancer Vaccination Program in U.P. and Maharashtra, which aims to administer HPV vaccinations to 4000 girls aged 9-14 through schools.
8. Established a special school, 'Coorg Foundation', to provide livelihood and skill development to 107 children with disabilities from marginalised and low-income families.
9. Supplied food to 106 children at N.A. Muttanna Police School and supported 53 tribal children with nutrition, education, and essential materials through ASHA Child Home.
10. Partnered with CanKids KidsCan to support 324 children with cancer, offering medical care, nutrition, education, & psychosocial support while registering 168 new patients.
11. Conducted camps with the University of Agricultural Sciences for treating, vaccinating, deworming, and addressing infertility in 4,478 animals, with the participation of 1,108 farmers.
12. Collaborated with Stonesoup Trust to educate women on health benefits and promote a cleaner environment by distributing menstrual cups to 250 women.
13. Celebrated Children's Day at 200 Anganwadis. Distributed learning materials, play kits, and snacks.



### Laxamma's Journey: Growing Her Business with CreditAccess Grameen



Laxamma, a grocery shop owner from Channapatna, has been a customer of CreditAccess Grameen for several years. Before joining CA Grameen, her husband worked in the timber and dry coconut business, but they faced challenges in earning a stable income.

Laxamma received her first ₹5000 loan from CA Grameen, which allowed her to expand her grocery shop, improve her stock, and increase her business's revenue. Over time, she took additional loans to further grow her business.

She is grateful for the support and guidance from the loan officers, which have been helpful in managing her finances. Laxamma now plans to expand her business even further.

Her success has also inspired others in the community, and she has encouraged many to join CreditAccess Grameen to benefit from similar opportunities.