

Issue Date: 08th Aug – 10th Aug 2018
Price Band (Rs.): 418-422
Lot Size (No. of Share): 35

Issue Details	
Issue Opens	08-Aug-18
Issue Closes	10-Aug-18
Issue Size (Rs. Crore)	1131.19
Face value (per-equity share)	10
Price Band (Rs.)	418-422
Lot Size (No of Share)	35
No of Shares on Offer (crore)	2.68
QIB (%)	50%
Non-Institutional (%)	15%
Retail (%)	35%
Commencement of Trading	23-Aug-18

Company Background

Incorporated in 1991, Bengaluru based CreditAccess Grameen Limited is a company engaged in providing micro-loans to women in Rural Areas in India. According to CRISIL Research, the company is third largest NBFC-MFI in gross loan portfolio in the country. The company primarily focuses on providing income generating loans to women with low annual household income in Rural Areas. It also provides other types of loans for family welfare, home improvement and emergency funds.

Financials

Particulars	For the year/period ended (in Rs. Million)				
	Mar'18	Mar'17	Mar'16	Mar'15	Mar'14
Total Assets	52,183	35,641	28,080	17,268	10,581
Total Revenue	8,752	7,093	4,667	2,814	1,478
Profit After Tax	1,246	803	832	487	166

Concerns

- Microfinance loans unsecured; susceptible to credit risks
- Lending operations involve significant amounts of cash collection.
- Competition from banks & financial institutions.

Strengths

- Deep penetration in Rural Areas characterized by low competition and built through contiguous district based expansion.
- Robust customer selection and risk management policies resulting in healthy asset quality.
- Strong track record of financial performance and operating efficiency.

Our View

On upper price band of Rs 442 and EPS of Rs12.6, P/E works out to be 34.4x. On last 3 years average EPS of Rs 11.37, P/E works out to be 37x. Therefore for price band of 418-422, P/E works out to be 34x to 37x. Its listed peers like Ujjivan Financial services is trading at P/E of 627x (Highest) and Shriram Transport Finance trading at P/E of 17x (Lowest) and industry average P/E is 101x. Hence, this IPO Issue is fully priced at Rs 422.

The company has relatively lower valuation, higher quality of the loan assets, and good return ratios. According to management, they will continue their core business and are not having banking and other activities forey plans. With the current portfolio it will expand its horizon and performance going forward. Considering all these positive factors, investors can invest in this IPO for long term.

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	98.9	80.3
Public (incl institutions and employees)	1.1	19.7
Total	100.0	100.0

Objects of the Issue

The Offer comprises of the Fresh Issue and the Offer for Sale.

1. The Company will not receive any proceeds from the Offer for Sale.
2. The net Proceeds from the Fresh Issue will be utilized towards augmenting the capital base to meet future capital requirements of the company which are expected to arise out of growth in the Company's assets, primarily the Company's loans and advances and other investments.