

Market Cap.
Rs.9,096 Cr.
52 Week H/L
Rs.839/359
CMP
Rs.585
Target Price
Rs.834

BFSI

STOCK DATA

BUY

Reuters Code	CRDE.BO	
Bloomberg Code	CREDAG IN	
BSE Code	541770	
NSE Symbol	CREDITACC	
Face Value	Rs.10	
Shares Outstanding	15.5 Cr.	
Avg. Daily Volume (6m)	146,375 Shares	
Price Performance (%)		
1M	3M	6M
5	(18)	(13)
200 days EMA Rs.665		

SHARE HOLDING (%)

Promoters	74.0
FII	10.1
FI /MF	9.0
Bodies Corporate	0.1
Public & Others	6.7

RESEARCH ANALYST

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CreditAccess Grameen reported good set of numbers with core operating income growth of 58.8% yoy.

Key Highlights of Q4FY21 Results

- Gross NPA (@ 60 +DPD) stood at 4.43% with provisions at 5.01% (incl 0.9% additional Covid buffer). Collection efficiency (excl arrears) improved to 94% in March-21 as compared to 91% as on Dec-20, with improvement across various states. Creditaccess is anticipating the collections to witness a temporary decline of 5-6% in Q1FY22 on account of several intermittent lockdowns, restrictions being imposed across states. As a result, it has decided to create additional Covid buffer of Rs.120 crores (0.9%) in Q4FY21. The company has restructured assets to the tune of 0.73% of total assets, wherein it has provided 74% on it. We expect asset quality will be impacted in Q1FY22 on account of lockdown, however due to accelerated provisions in Q4FY21, we expect credit cost to be lower in FY22 as compared to FY21.
- Consolidated gross loan portfolio increased by 13% yoy to Rs.13,587 crores. adjusting for the accelerated write-off of Rs 273 crores, the gross loan portfolio would have been grown by 16% Y-o-Y to Rs.13,860 crores. Consolidated costumer base declined from 40.54 lakhs to 39.12 lakhs primarily due to write-off. Disbursement was up 42% yoy and 3% qoq at Rs.4,726 crores, with new disbursement at over 69% of the overall portfolio.
- On P&L front, NII grew by 27% yoy at Rs.374.7 crores, with NIM at 11.3% during the quarter as compared to 12.1% in Q4FY20. Cost of borrowings fell to 8.9% as compared to 9.6% yoy, however fall in yields was sharper (100 bps yoy) to 18.6%, resulting in lower NIM. Income from direct assignment was at Rs.89 crores as compared to 15.1 crores qoq, resulting in Cost/ Income ratio at 32.7% as compared to 46.5% in the last quarter. PAT grew by 82.8% yoy to Rs.56.3 crores in Q4FY21.
- Company is well capitalized with Tier-I at 25.5% and CAR at 26.8%. Bank has maintained healthy liquidity with 15% of total AUM in cash and cash equivalents.

OUTLOOK AND VALUATION

We believe CAG is best placed to grow and capture high market share on account of its strong capital base supported by strong parentage, focus on under penetrated rural areas and early stress recognition practice. Going forward, with pick up in loan growth and lower credit cost in medium term, we expect CAG to report ROA/ROE of 4.1%/18.4%. We have a BUY rating with revised target price of Rs.834 for 18-24 months.

Y/E	Total Income (Rs cr)	PAT (Rs cr)	AEPS (Rs)	NIM (%)	P/E (x)	P/ABV (%)	ROE (%)	ROA (%)
Mar.								
FY20	1,705	335	23.0	11.0	30.2	3.7	13.2	3.4
FY21P	2,466	131	8.4	10.4	82.2	2.9	4.1	1.0
FY22E	2,941	387	24.9	10.7	27.9	2.6	10.0	2.4
FY23E	3,694	820	52.7	11.3	13.2	2.2	18.4	4.1



QUARTERLY STATEMENT

(Rs.cr)

Y/E March	Q4FY20	Q3FY21	Q4FY21
Interest Income	470.6	513.2	612.0
Interest Expense	174.3	224.2	237.3
Net Interest Income	296.3	289.0	374.7
Other Income	11.6	29.8	114.3
-Core Fee Income	2.1	4.2	3.7
Operating Income	307.8	318.8	488.9
Employee Exps.	70.6	95.0	95.7
Other Operating Exps.	57.8	53.3	64.2
Operating Profit	179.5	170.5	329.0
Provisions & Cont.	139.0	275.7	250.4
PBT	40.5	(105.1)	78.6
Tax	9.7	(26.3)	22.3
PAT	30.8	(78.8)	56.3

PROFIT & LOSS STATEMENT

(Rs.cr)

Y/E March	FY20	FY21P	FY22E	FY23E
Interest Income	1,633	2,290	2,745	3,476
Interest Expenses	580	929	1,061	1,295
Net Interest Income	1,053	1,361	1,684	2,181
Non- Interest Income	72	176	196	218
Operating Income	1,126	1,537	1,880	2,399
Total Operating Exp	427	586	723	880
Pre Provision Profit	699	952	1,158	1,519
Total Provisions	237	771	625	391
Profit before tax	462	180	533	1,128
Tax	126	49	145	308
Net Profit	335	131	387	820
Growth %	4%	-61%	195%	112%

Source: Company, Sushil Finance Research

FINANCIAL RATIO STATEMENT

Y/E March	FY20	FY21P	FY22E	FY23E
Profitability Ratios				
EPS	23.0	8.4	24.9	52.7
Earnings growth (%)	2.9%	-63.3%	194.7%	111.8%
PPP / Share	48.5	61.2	74.4	97.6
ROAA (%)	3.36%	0.95%	2.36%	4.13%
ROE (%)	13.2%	4.1%	10.0%	18.4%
Efficiency Ratios (%)				
C-I Ratio (Excl Treasury)	39.9%	41.7%	41.7%	39.3%
Other Inc/Total Inc	1.5%	3.1%	2.9%	2.5%
Cost Asset Ratio	7.5%	4.2%	4.4%	4.4%
Asset Quality Ratios (%)				
Gross NPLs	1.3	4.4	5.7	4.5
Net NPLs	0.3	0.0	0.0	0.0
Provision/ Loans	2.14	6.6	4.0	2.0
Y/E March	FY20	FY21P	FY22E	FY23E
Asset-Liab. Profile (%)				
Capital Adequacy Ratio	23.6%	26.8%	26.7%	29.0%
- Tier I CAR	22.3%	25.5%	26.7%	29.0%
Loan Growth	68%	6%	33%	25%
Balance Sheet Growth	71%	20%	18%	24%
Equity / Assets	22.6%	25.2%	23.4%	22.6%
Equity / Loans	25.6%	32.4%	26.7%	25.5%
Asset-Liab. Profile (%)				
Yield on Advances	18.1%	20.1%	19.8%	19.6%
Cost of funds	8.1%	9.0%	8.8%	8.7%
Net Interest Margin	11.04%	10.44%	10.71%	11.28%
Valuation				
BV / Share	190	237	261	313
P/E (x)	30.2	82.2	27.9	13.2
P/PPP (x)	14.3	11.3	9.3	7.1
P/ABV (x)	3.70	2.90	2.64	2.21

Source: Company, Sushil Finance Research

Earlier Recommendation

Date	Report Type	Reco	Price (Rs.)	Target (Rs.)
8 Feb. 2021	Initiating Coverage	Buy	729	898

Rating Scale :

This is a guide to the rating system used by our Institutional Research Team. Our rating system comprises of three rating categories.

Total Expected Return Matrix (Rating and Return)	BUY : Over 20%	HOLD : 0% to 20%	SELL : 0% to -20%
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Sushil Financial Services Pvt. Ltd and Group Directors Holding	Yes
Broking Relationship with the company covered	No