# CreditAccess Grameen Ltd (CREGRA)

CMP: ₹1555 | Target ₹ 1800 (16%) | Target Period: 12 months | BUY

July 27, 2026

## Project Shakti on track, asset quality remains resilient...

**About the stock:** CreditAccess Grameen is one of the largest microfinance companies in India, having over 3 decades of experience, over ₹ 30,319 crore AUM and a strong distribution channel to provide financial aid to low-income households.

- It operates in over 16 states and 1 UT with 2,276 branches, having a growing employee base of 21,981

**Q1FY27 performance:** CreditAccess Grameen reported strong performance in Q1FY27, driven by healthy business growth, improving asset quality and lower incremental stress formation. AUM grew 2.5% QoQ (16.4% YoY) to ₹30,319 crore despite seasonal softness and elevated write-offs. Lower interest reversals and stable borrowing cost aided 20 bps QoQ NIM expansion to 14.4%. Credit cost moderated sharply to 0.72% (annualised), driving RoA improvement to 5.9%, while asset quality strengthened with PAR90 improving to 1.46% and monthly PAR15+ accretion remaining at ~15 bps. Retail Finance mix expanded to 20.6% of AUM, led by continued borrower graduation into higher-ticket individual lending products.

### Investment Rationale:

- **Borrower acquisition and customer graduation to fuel growth:** CreditAccess Grameen is well positioned to sustain healthy growth, supported by robust borrower acquisition, deeper penetration of Retail Finance and continued execution of Project Shakti. Management expects to add nearly one lakh borrowers per month through FY27, while maintaining 20–25% AUM growth and increasing the Retail Finance mix to 24–25% by FY27-end through graduation of high-vintage MFI customers. Expansion in secured lending, improving digital engagement through Grameen Mahi and disciplined underwriting are expected to strengthen customer lifetime value and support the company's long-term roadmap of ₹50,000 crore AUM by CY2028.
- **Sustainable profitability despite calibrated pricing actions:** Continued normalization in asset quality is expected to support earnings, with the company maintaining its FY27 RoA guidance of 4–4.8% despite reporting a higher 5.9% RoA in Q1FY27. Excess profitability arising from lower credit cost is expected to be gradually passed on to borrowers through calibrated pricing actions, reinforcing the focus on sustainable returns rather than maximizing near-term profitability. Monthly PAR15+ accretion remained at a normalized ~15–20 bps, while X-bucket collection efficiency of 99.68% reflects stable repayment behaviour and limited incremental stress formation. We expect RoA to normalize at ~5% by FY28E, supported by lower credit cost and improving portfolio quality despite calibrated pricing actions.

### Rating and Target Price

- Healthy borrower acquisition, improving asset quality and rising contribution from Retail Finance provide visibility on sustainable growth and earnings. Continued portfolio normalization and lower credit cost are expected to support earnings. We value the stock at 2.5x FY28E BV and revise our target price to ₹1,800. Maintain BUY.

### Key Financial Summary

| ₹ crore | FY25 | FY26 | 3 Year CAGR (FY23-FY26) | FY27E | FY28E | 2 Year CAGR (FY26-28E) |
|---|---|---|---|---|---|---|
| NII | 3,599 | 3,864 | 22% | 4,628 | 5,524 | 19.57% |
| PPP | 2,638 | 2,809 | 23% | 3,449 | 4,087 | 20.63% |
| PAT | 532 | 777 | -2% | 1,727 | 2,085 | 63.83% |
| ABV (₹) | 407.5 | 470.1 | | 576.5 | 702.2 | |
| P/E | 46.7 | 32.1 | | 14.4 | 11.9 | |
| P/ABV | 3.8 | 3.3 | | 2.7 | 2.2 | |
| RoE (%) | 7.9 | 10.5 | | 19.8 | 19.6 | |

Source: Company, ICICI Direct Research

CreditAccess Grameen

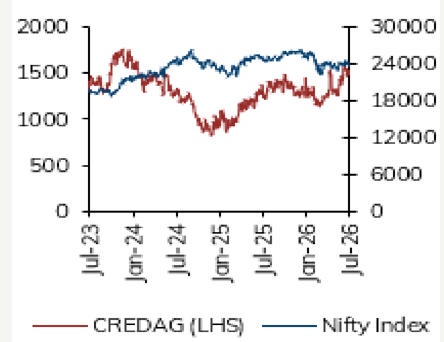
### Particulars

| Particulars | Amount |
|---|---|
| Market Capitalisation | ₹ 24,329 crore |
| Networth | ₹ 8347 crore |
| 52-week H/L | 1609 / 1113 |
| Face Value | ₹ 10 |
| DII Holding (%) | 12.7 |
| FII Holding (%) | 13.5 |

### Shareholding pattern

| | Sept 25 | Dec 25 | Mar 26 | Jun 26 |
|---|---|---|---|---|
| Promoter | 66.4 | 66.3 | 66.2 | 66.2 |
| FII | 12.3 | 11.7 | 12.9 | 13.5 |
| DII | 13.3 | 13.2 | 12.6 | 12.7 |
| Others | 8.0 | 8.8 | 8.2 | 7.6 |

### Price Chart




### Key risks

(i) Lower than expected AUM growth

(ii) Volatility in delinquencies could result in higher credit cost and thus cap RoA expansion

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Result Update

ICICI Securities – Retail Equity Research

## Concall highlights and outlook

### Operational Performance

- AUM grew 16.4% YoY and 2.5% QoQ to ₹30,319 crore, despite 6.3% write-offs and seasonal softness, supported by robust portfolio growth, normalized asset quality and profitability.
- Disbursements stood at ₹6,107 crore (+11.9% YoY). The company added 2.5 lakh new borrowers (35% new-to-credit) and expects to sustain nearly one lakh borrower additions per month through FY27, making new customer acquisition the key driver of MFI growth.
- Retail Finance (RF) share increased to 20.6% of AUM (₹6,262 crore) from 18.1% in Q4FY26, driven by graduation of high-vintage MFI customers. Average customer vintage/credit score stood at 7.7 years/732 for business loans and 6.2 years/714 for mortgages. Management reiterated customer graduation as a core pillar of Project Shakti and maintained its FY27-end RF mix target of 24–25%.
- Portfolio quality improved further, with unique GL borrowers rising to 45.7% of AUM while borrowers with over three lenders declined to 2.6% from 3.3%, reflecting continued de-leveraging and adherence to MFIN guardrails.
- Grameen Mahi onboarded 4 lakh customers during Q1FY27, taking the active base to 15.4 lakh (34.5% penetration). Digital collections (including other digital modes) increased to 24.2% from 16.3% in FY26. Management expects Mahi to evolve into a platform for instant loan eligibility, lead generation and unified cashless collections.
- Branch network expanded by 42 to 2,276 branches across 457 districts. Employee strength increased to 21,981 while attrition moderated to 20.6% from 25.8%, supported by internal hiring, differentiated incentives and higher employee retention.
- Management highlighted that all Retail Finance products except the relatively small two-wheeler portfolio are already profitable. Mortgage loans are profitable before full cost allocation and are expected to achieve full profitability at ~₹1,000 crore of AUM.
- Management indicated no discernible impact from the West Asia conflict or El Niño on business operations so far, while continuing to monitor developments closely.
- Management clarified that the company is not targeting 6% RoA, and excess profitability arising from lower credit cost will be gradually passed on to customers.

### Margins

- NIM remained healthy at 14.4% versus 14.2% in Q4FY26, supported by improving yields from lower interest reversals on Stage 3 accounts and stable funding cost.
- Management expects pricing to remain unchanged during H1FY27. Subject to sustained credit normalization, an initial 50 bps reduction could be considered after Q2, with any subsequent pricing actions implemented gradually. Management noted loan repricing takes 15–18 months, providing flexibility to manage profitability.
- Cost-to-income improved to 29.3% from 30.4% in Q4FY26. FY27 guidance of 33–35% was maintained, with management continuing to factor potential inflationary pressures from global macro uncertainties.
- Foreign borrowings remained at 24% of liabilities, close to the medium-term target of 25–30%. During the quarter, the company

raised ₹425 crore through private NCDs. Liquidity remained strong with cash of ₹3,536 crore, undrawn bank lines of ₹2,993 crore and funding pipeline of ₹9,440 crore.

## Asset Quality

- Monthly PAR 15+ accretion averaged 15 bps during Q1FY27, well within the normalized range. X-bucket collection efficiency stood at 99.68%.
- GNPA declined to 2.18% from 3.17%, NNPA improved to 0.76% from 1.12% and PAR 90+ reduced to 1.46% from 2.28%, reflecting continued portfolio normalization.
- Credit cost stood at ₹212 crore or 0.72% (non-annualised), comfortably within FY27 guidance of 3–4%. Management indicated monthly PAR accretion has remained ~15–20 bps through the first four months, suggesting credit cost could trend towards the lower end of guidance if current trends sustain.
- Management continues to fine-tune its BRE-based underwriting framework across customer, product, district and state levels alongside MFIN guardrails, enabling faster policy calibration based on portfolio behaviour. Stage 1 ECL provisioning is expected to remain broadly range-bound, subject to quarterly review by the ECL Committee.

## Guidance

- FY27 guidance was maintained at AUM growth of 20–25%, NIM of 12.8–13.2%, cost-to-income of 33–35%, credit cost of 3–4%, RoA of 4–4.8% and RoE of 16–20%. Management stated current business trends remain positive with no visible incremental stress on the ground but prefers to observe one more quarter before revisiting guidance.
- GL portfolio growth guidance of 10–12% reflects net growth after annual graduation of 6–8% of borrowers into Retail Finance. New borrower additions are expected to materially exceed FY26 levels.
- Management reiterated Project Shakti's long-term roadmap of ₹50,000 crore AUM by calendar 2028, followed by 20–25% AUM CAGR, RoA of 4–4.5% and RoE of 18–20%, supported by customer graduation, secured lending expansion and technology-led operating efficiencies.

Variance Analysis

| | Q1FY27 | Q1FY26 | YoY (%) | Q4FY26 | QoQ (%) | Comments |
|---|---|---|---|---|---|---|
| NII | 1,164 | 906 | 28.5 | 1,047 | 11.1 | Strong loan growth and higher yields supported NII growth |
| NIM (%) | 14.4 | 12.8 | 160 bps | 14.2 | 20 bps | Higher yields (lower interest reversals) and stable cost of borrowings aided margins |
| Other Income | 70 | 75 | -6.9 | 73 | -3.9 | |
| Net Total Income | 1,234 | 981 | 25.8 | 1,121 | 10.2 | |
| Staff cost | 242 | 221 | 9.4 | 212 | 14.3 | Led by branch expansion and employee additions |
| Other Operating Expenses | 120 | 107 | 11.7 | 129 | -6.8 | |
| PPP | 873 | 653 | 33.6 | 780 | 11.8 | |
| Provision | 213 | 572 | -62.8 | 335 | -36.6 | Lower PAR accretion and normalised credit cost reduced provisions despite write-offs |
| PBT | 660 | 81 | 713.6 | 445 | 48.3 | |
| Tax Outgo | 167 | 21 | 696.2 | 105 | 58.0 | |
| PAT | 493 | 60 | 719.7 | 340 | 45.3 | AUM growth, higher NIM and credit cost normalisation drove PAT growth |
| **Key Metrics** | | | | | | |
| Gross loans (₹ crore) | 30,319 | 25,133 | 20.6 | 29,590 | 2.5 | 2.5 lakh customers added in Q1FY27 |
| Borrowers (nos '000) | 4,451 | 4,933 | -9.8 | 4,418 | 0.7 | |
| GNPA (%) | 2.18 | 2.44 | -26 bps | 3.17 | -99 bps | Collection efficiency at 97.4% (excl arrears) |

Source: Company, ICICI Direct Research

# Financial summary

Exhibit 1: Profit and loss statement (₹ crore)

| (Year-end March) | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| Interest Earned | 5,547 | 5,763 | 6,826 | 8,206 |
| Interest Expended | 1,948 | 1,899 | 2,198 | 2,682 |
| Net Interest Income | 3,599 | 3,864 | 4,628 | 5,524 |
| % growth | 13.6 | 7.3 | 19.8 | 19.4 |
| Non Interest Income | 209 | 300 | 367 | 409 |
| Net Income | 3,809 | 4,163 | 4,994 | 5,933 |
| Employee cost | 730 | 879 | 1,016 | 1,256 |
| Other operating Exp. | 440 | 476 | 530 | 590 |
| Operating Profit | 2,638 | 2,809 | 3,449 | 4,087 |
| Provisions | 1,930 | 1,775 | 1,146 | 1,307 |
| PBT | 709 | 1,033 | 2,303 | 2,779 |
| Taxes | 177 | 257 | 576 | 695 |
| Net Profit | 532 | 777 | 1,727 | 2,085 |
| % growth | (63.2) | 46.1 | 122.4 | 20.7 |
| EPS (₹) | 33.3 | 48.5 | 107.8 | 130.1 |

Source: Company, ICICI Research

Exhibit 2: Key ratios

| (Year-end March) | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| Valuation | | | | |
| No. of Equity Shares | 16.0 | 16.0 | 16.0 | 16.0 |
| EPS (₹) | 33.3 | 48.5 | 107.8 | 130.1 |
| BV (₹) | 435.5 | 489.5 | 597.3 | 727.5 |
| ABV (₹) | 407.5 | 470.1 | 576.5 | 702.2 |
| P/E | 46.7 | 32.1 | 14.4 | 11.9 |
| P/BV | 3.6 | 3.2 | 2.6 | 2.1 |
| P/ABV | 3.8 | 3.3 | 2.7 | 2.2 |
| Yields & Margins (%) | | | | |
| Yield on Advances | 21.4% | 19.5% | 20.9% | 20.7% |
| Avg. cost on funds | 9.5% | 8.0% | 7.9% | 8.1% |
| Net Interest Margins | 13.7% | 13.9% | 14.2% | 13.9% |
| Spreads | 11.9% | 11.4% | 12.9% | 12.5% |
| Quality and Efficiency | | | | |
| Cost / Total net income | 30.7% | 32.5% | 30.9% | 31.1% |
| GNPA% | 4.8% | 3.2% | 2.7% | 2.5% |
| NNPA% | 1.7% | 1.1% | 1.0% | 1.0% |
| RoE (%) | 7.9% | 10.5% | 19.8% | 19.6% |
| RoA (%) | 1.9% | 2.6% | 4.9% | 5.0% |

*Source: Company, ICICI Direct Research*

Exhibit 3: Balance sheet (₹ crore)

| (Year-end March) | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| Sources of Funds | | | | |
| Capital | 160 | 160 | 160 | 160 |
| Reserves and Surplus | 6,796 | 7,682 | 9,409 | 11,494 |
| Networth | 6,956 | 7,842 | 9,569 | 11,654 |
| Borrowings | 20,446 | 23,641 | 27,707 | 32,972 |
| Other Liabilities & Provisions | 401 | 447 | 606 | 1,104 |
| **Total** | **27,802** | **31,930** | **37,883** | **45,730** |
| | | | | |
| Applications of Funds | | | | |
| Fixed Assets | 44 | 44 | 47 | 50 |
| Investments | 994 | 1,645 | 1,480 | 1,628 |
| Advances | 24,663 | 28,252 | 33,986 | 41,288 |
| Other Assets | 2,102 | 1,990 | 2,370 | 2,763 |
| **Total** | **27,802** | **31,930** | **37,883** | **45,730** |

Source: Company, ICICI Research

Exhibit 4: Growth ratios

| (Year-end March) | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| Total assets | -3.7% | 14.8% | 18.6% | 20.7% |
| Advances | -2.5% | 14.6% | 20.3% | 21.5% |
| Borrowings | -6.4% | 15.6% | 17.2% | 19.0% |
| Total Income | 10.7% | 9.3% | 20.0% | 18.8% |
| Net interest income | 13.6% | 7.3% | 19.8% | 19.4% |
| Operating expenses | 11.5% | 15.8% | 14.1% | 19.5% |
| Operating profit | 10.3% | 6.5% | 22.8% | 18.5% |
| Net profit | -63.2% | 46.1% | 122.4% | 20.7% |
| Book value | 5.7% | 12.4% | 22.0% | 21.8% |
| EPS | -63.3% | 45.6% | 122.4% | 20.7% |

Source: Company, ICICI Research

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