15th July 2026

CreditAccess Grameen Ltd.

BSE: 541770 | NSE: CREDITACC

Recommendation	Time Period	Current Price	Target Price	Potential Upside
BUY	**12 months**	**1,487/-**	**1,710/-**	**15.0%**

CreditAccess Grameen Ltd. (CAG) is the largest NBFC-MFI in India with presence across underserved low-income borrowers in India. Primarily engaged in providing microfinance services under Joint Liability Group model, CAG is diversifying towards higher-ticket retail loan segments such as Individual Loans, Secured Business Loan, Affordable Housing Loan and 2W Loan. As of Jun'26, the company's AUM stood at Rs 30,319 cr.

Investment Rationale:

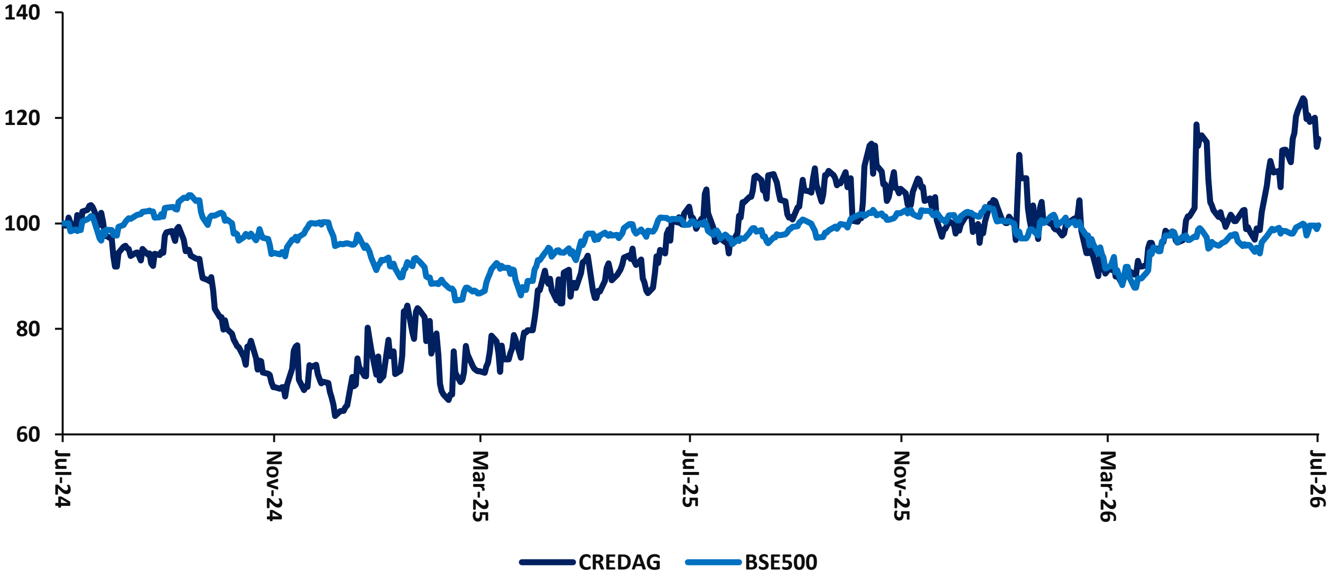
- **Project Shakti:** CAG unveiled Project Shakti – a strategic long-term initiative which entails diversifying towards non-MFI loan segments. The company is targeting a long-term 20-25% AUM CAGR, 8-10% customer growth, 4-4.5% RoA and 18-20% RoE. Management expects growth to be primarily led by non-MFI segment (2W, mortgage, IL), by using current MFI customers as a funnel for customer acquisition. Each year ~6-8% of group loan customers are expected to graduate into individual loan segment. Retail finance (RF) has scaled considerably to ~18% as of Mar'26 vs ~6% as of Mar'25, driven by sustained momentum in newer segments and muted growth in core group loan business. CAG is targeting RF to contribute 24-25% of the AUM by FY27-end, with a long-term target of 40% retail and 60% MFI. Overall, the company is targeting Rs 50,000 cr AUM by FY28, with incremental growth coming from retail finance.
- **Resilient margins:** CAG has maintained the portfolio yields in the range of 20-21% over the last few years, while NIMs have consistently remained at 11-13%. With lending book undergoing a structural change and the RF book growing to ~18% of AUM (Mar'26) from ~5% in FY25, yields have remained stable at 20.6% and NIMs at 13.4% in FY26. However, blended portfolio yields are expected to moderate marginally going ahead as RF book scale. The management expects no material yield dilution, since MFI and non-MFI (barring mortgage) yields are similar. NIMs are guided in the range of 12.8-13.2% for FY27. Furthermore, CAG enjoys the best cost of borrowings among NBFC-MFIs, with 4QFY26 incremental CoB at 8.9%. We believe lower CoB would offset yield dilution from RF ramp-up, resulting in resilient margin profile.
- **Asset quality at an inflection point:** After a tumultuous overleverage cycle for the MFI industry, asset quality seems to have stablished across lenders. For CAG, collection efficiency (CE) has improved considerably over the past year, with X-bucket CE improving from ~99.2% in Jun'25 to ~99.8% in Mar'26. Monthly PAR (Portfolio at Risk) accretion has moderated to pre-stress levels, with PAR 0 improving to 2.2% in Jun'26 vs peak of 6-7% in 2HFY25. Consequently, credit costs have moderated from 7.7% in FY25 to 6.8% in FY26. With PAR accretion moderating considerably and improvement in collection efficiency, credit cost are expected to further moderate in FY27. Management has guided credit costs at 3-4% in FY27.
- **Reasonable Valuation:** CreditAccess Grameen is transforming its business model from a MFI-focused institution to a retail-focused diversified rural financier, underpinned by strong MFI franchisee, geographical reach, diversified borrowing profile and prudent underwriting framework. With MFI overleveraging stress subsiding and strong traction in the retail finance segment, CAG is set to deliver superior returns going ahead. At CMP, the stock is trading at a P/B multiple of 2.6x/2.1x for FY27E/FY28E, respectively, based on Bloomberg consensus estimates.
- **Key Risks:** Higher Cost of Borrowings, Macros impacting AUM growth, West Asia crisis induced AQ concerns

Financial Summary

Particulars (Rs cr)	FY25A	FY26A	FY27E	FY28E
NII	3,599	3,864	4,520	5,459
Net Profit	531	778	1,549	1,981
NIM (%)	12.9	13.4	14.4	14.3
RoA (%)	1.9	2.6	4.4	4.7
RoE (%)	7.9	10.5	18.0	19.1
GNPA %	4.8	3.2	2.7	2.5
Credit Cost (%)	6.8	5.9	3.6	3.3
PE (x)	44.7	30.7	15.5	12.1
P/BV (x)	3.4	3.0	2.6	2.1

Source: Bloomberg, SSL Research

Stock Performance (2-Years)



Source: Bloomberg, SSL Research

Recommendation History

Date	Stock Price	Target Price	Recommendation	Status
-	-	-	-	-

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(CIN): U65999MH2005PLC155485

SEBI Registration No.: Stock Broker: INZ000200032 | DP Registration No.: IN-DP-314-2017| Research Analyst : INH000000602

IRDA : CA0103 | PFRDA Registration No: POP 26092018

Registered & Corporate Office: Marathon Futurex, Unit No. 1201, B-Wing, 12th Floor, N M Joshi Marg, Mafatlal Mill Compound, Lower Parel East, Mumbai 400013

For any information contact us:

(022) 6854 5555 | E-mail: helpdesk@sbicapsec.com | Web: www.sbisecurities.in

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Name	Qualification	Designation
Sudeep Shah	MMS-Finance	VP- Technical & Derivative Research
Sunny Agrawal	B.E, MBA (Finance)	DVP - Fundamental Research
Rajesh Gupta	PGDBM (Finance), MA (Bus. Eco)	AVP - Fundamental Research
Monica Chauhan	C.A.	Research Analyst - Equity Fundamentals
Harsh Vasa	C.A.	Research Analyst - Equity Fundamentals
Sumeet Shah	B.E., CFA	Research Analyst - Equity Fundamentals
Arnav Sane	BMS (Finance)	Research Associate - Equity Fundamentals
Shubham Purohit	BMS (Finance)	Research Associate - Equity Fundamentals
Vinit Mishra	B.Com	Research Associate - Equity Fundamentals
Avijit Sheet	MBA (Finance)	Research Associate – Equity Fundamentals
Siddhesh Nanal	MSc (Finance)	Research Associate – Equity Fundamentals
Gautam Updhyaya	MBA (Finance)	Research Analyst - Equity Derivatives
Vinayak Gangule	BE (IT)	Research Analyst - Equity Technicals
Ashwin Ramani	B.Com	Research Analyst - Equity Technicals
Sagar Peswani	B.Tech (ECE)	Research Associate - Equity Technicals
Kalpesh Mangade	B.Com	MIS Analyst - Retail Research

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Sunny Agrawal

Sunny Agrawal
DVP – Fundamental Research

Sudeep Shah.

Sudeep Shah
VP – Technical & Derivative Research