Q2FY26
CreditAccess Grameen Ltd.

Result Update

03rd Nov 2025

CreditAccess Grameen Ltd.

Momentum holds; elevated credit costs and ECL recalibration weigh on profitability.

CMP*	Target	Potential Upside	Market Cap (INR Mn)	Recommendation	Sector
INR 1,409	INR 1,487	5.5%	INR 224,983	ACCUMULATE	NBFC

Result Highlights

Financial Highlights

CreditAccess Grameen reported a resilient Q2 FY26 performance, maintaining steady growth momentum across key business parameters. Assets under Management (AUM) rose 3.1% YoY to INR 2,59,040 mn, supported by a strong 32.9% YoY increase in disbursements to INR 53,220 mn.

NII grew by 4.2% QoQ and 4.7% YoY to INR 9,759 mn beating our estimate of INR 8,847 mn

Total income increased sequentially to INR 15,090 mn, while pre-provision operating profit rose to INR 6,948 mn. PBT surged 108.7% QoQ to INR 1,692 mn, and PAT doubled sequentially to INR 1258 mn, translating into an RoA of 1.8% and RoE of 7.1%.

Asset quality remained stable with GNPA/NNPA at 3.65%/1.26% and PAR 90+ at 2.5%. Capital adequacy stood strong at 26.1%.

The company added 2.20 lakh new borrowers during the quarter, with 39% being New-to-Credit (NTC), highlighting its continued customer acquisition strength.

The share of unique borrowers improved to 41% from 36% in Q1 FY26, while Portfolio at Risk (PAR 0+) declined to 4.7% from 5.9% sequentially, underscoring improving asset quality.

The branch network expanded 8.8% YoY to 2,209 branches, and the employee base grew 10.9% YoY to 21,701.

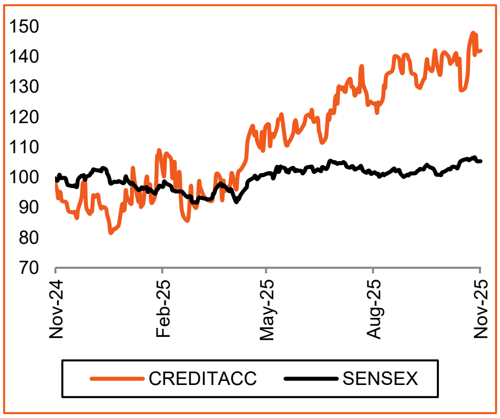
Collection efficiency (including arrears) improved to 94.9% in September 2025, reflecting enhanced on-ground performance. The Retail Finance portfolio crossed INR 25,000 mn, reinforcing the company's customer-centric diversification efforts.

Valuation and Outlook

The company continues to demonstrate strong disbursement traction, while margins should remain resilient supported by declining funding costs, recent pricing actions, and operating leverage from scale. Capital adequacy and liquidity remain healthy, providing headroom for growth. Nonetheless, credit costs are expected to remain elevated through FY26 owing to ECL model recalibration and slower PAR normalization. A return to steady-state ROA levels likely by FY27 as the portfolio mix matures and credit costs taper.

We expect earnings momentum to strengthen from H2FY26, driven by lower cost of borrowings, robust loan book expansion, and gradual normalization of credit costs ahead. We value CreditAccess Grameen at 2.6x Mar'27E ABVPS, translating into a target price of INR 1,487 per share, and reiterate our "**ACCUMULATE**" rating.

SHARE PRICE PERFORMANCE



MARKET DATA

Shares outs (Mn)	160
Mkt Cap (INR Mn)	2,24,983
52 Week H/L (INR)	1,490/750

*Based on today's closing
Note: All the market data is as of today's closing

SHARE HOLDING PATTERN (%)

Particulars (%)	Sep-25	Jun-25	Mar-25
Promoters	66.4	66.4	66.4
FIIs	12.3	12.1	11.4
DIIs	13.3	12.8	12.7
Others	8.0	8.7	9.5
Total	100	100	100

14.1%
NII CAGR between FY25-27E

84.4%
PAT CAGR between FY25-27E

KEY FINANCIALS

Particulars (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
NII	31,677	35,992	40,210	50,059	59,840
PPOP	23,909	26,384	29,083	37,155	45,610
PAT	14,459	5,314	7,893	18,079	24,110
EPS (INR / Share)	90.7	33.3	49.5	113.4	151.2
BVPS (INR / Share)	412.2	435.5	486.3	599.5	750.5
ABVPS (INR)	406.7	408.7	460.1	572.0	717.9

Source: Company, DevenChoksey Research

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CreditAccess Grameen Ltd.

Key Con-call Highlights:

Overall Performance

- CreditAccess Grameen reported steady disbursement momentum and stabilizing asset quality in Q2FY26 despite seasonal softness. Disbursements rose 33% YoY to INR 53,220 mn, supported by healthy borrower additions and expansion in Retail Finance (RF). Accelerated write-offs cleaned legacy stress, but elevated credit costs (5.2% annualized) and ECL model recalibration compressed profitability (ROA 1.8%).
- Management reaffirmed FY26 growth guidance, expecting normalization in H2FY26 and steady-state profitability restoration by FY27.

Growth, Franchise & Mix

- Disbursement momentum: INR 53,220 mn in Q2FY26, up 33% YoY; ~2.2 lakh borrowers added, 39% of whom were new-to-credit. Total borrower additions in H1FY26 stood at 4.4 lakh.
- Franchise expansion: 96 new branches added in Q2 (150 in H1), taking the total to 2,209. Employee base stood at 21,701 with 28.9% attrition.
- Product mix: Retail Finance (RF) share rose to 11.1% of AUM (vs 6.8% in Q1), driven by migration of high-vintage group borrowers into individual loans. GL share temporarily lower due to accelerated write-offs.
- Guidance: Management reiterated full-year AUM growth of 12–14%, expecting 20%+ growth in H2. RF share targeted at 15% medium term, supported by rollout of retail and mortgage offerings through microfinance branches.

Asset Quality, Delinquency Dynamics & Write-offs

- Key metrics: Collection efficiency (excl. arrears) stood at 94.5%; PAR 90+ at 2.5%, GNPA 3.65%, NNPA 1.26%.
- Regional dynamics: Temporary stress observed in Madhya Pradesh and Maharashtra due to rains; Bihar portfolio stabilizing post internal interventions.
- Write-offs: INR 6,830 mn in Q2 (including INR 5,547 mn accelerated write-offs of 180+ dpd accounts), adding INR 1,720 mn to quarterly credit cost. Management confirmed completion of accelerated clean-up cycle.
- Guardrails: Borrowers with >3 lenders reduced to 6.9% (vs 25.3% in Aug'24). Average unsecured debt per borrower declined 2% QoQ. ~80% of high-leverage borrowers continue timely repayment.
- Outlook: Heavy rainfall delayed PAR normalization (40–45 bps vs expected 25–30 bps accretion). Recovery expected from November–December 2025 onwards.

ECL Model Reset & Credit Cost Guidance

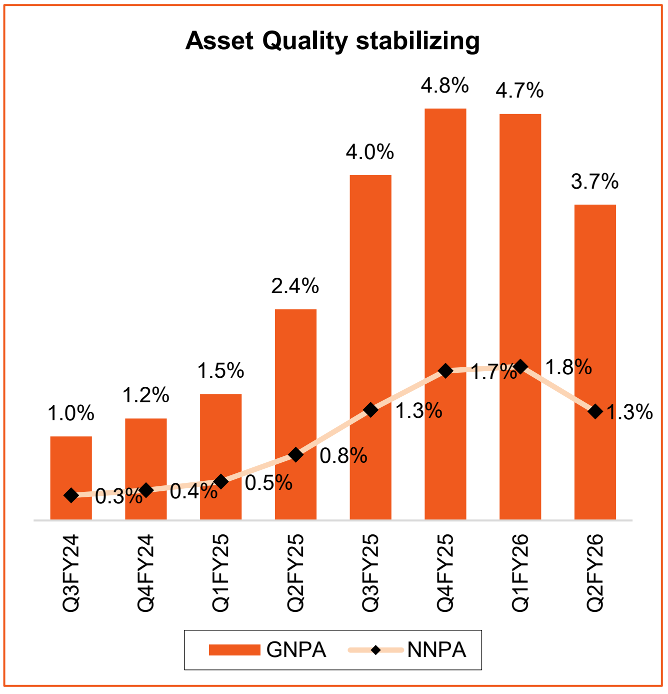
- The company recalibrated PD/LGD assumptions based on updated delinquency data, driving a 70–100 bps increase in FY26 credit cost versus prior guidance.
- Additional 30–40 bps impact anticipated from elevated ECL rates. FY27 credit cost projected at 4–4.5%, including a one-time ECL reset (~70–80 bps). ECL model uses a 36-month rolling data window; normalization expected by FY28 assuming improvement in PAR accretion to 20–25 bps per month.

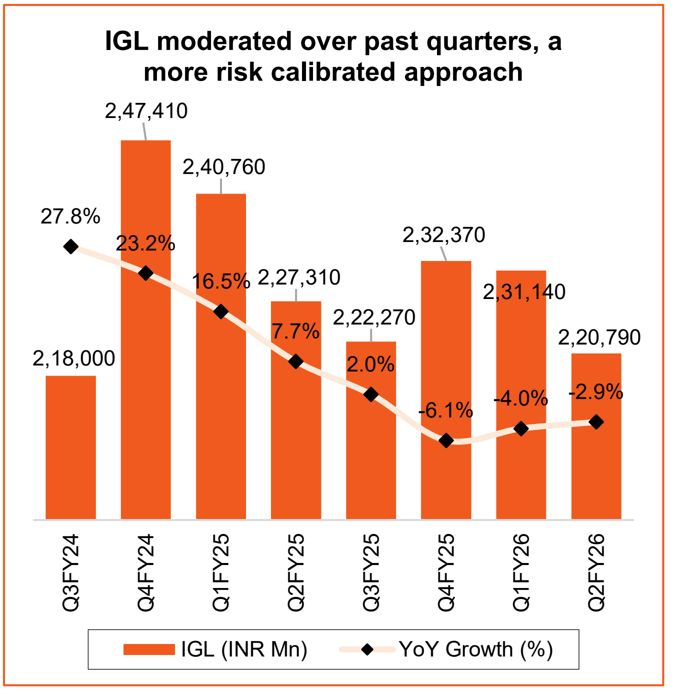
Funding, Margins & Profitability

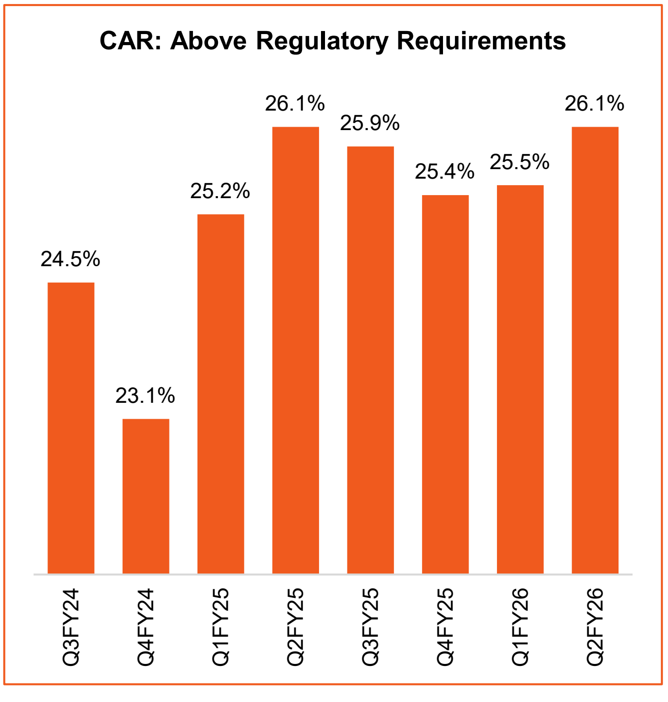
- NII: INR 9,760 mn, up 4.2% QoQ; NIM steady at 13.3%., Cost of funds: Down 11 bps QoQ to 9.6%; marginal cost 8.9%. Foreign borrowings rose to 23.7% (target 25–30% by FY28).
- Profitability metrics: Interest spread 11.1%; PPOP INR 6,950 mn; Cost-to-income 32.5%. Liquidity at INR 21,760 mn (7.9% of assets) plus INR 9,700 mn pipeline sanctions.
- Capital adequacy: 26.1%. PAT INR 1,260 mn; ROA 1.8%, ROE 7.1%.
- Outlook: Steady-state ROA of 4–4.5% achievable through 75 bps pricing hike, lower interest reversals, declining cost of funds, and opex normalization (4.6–4.7% of AUM).

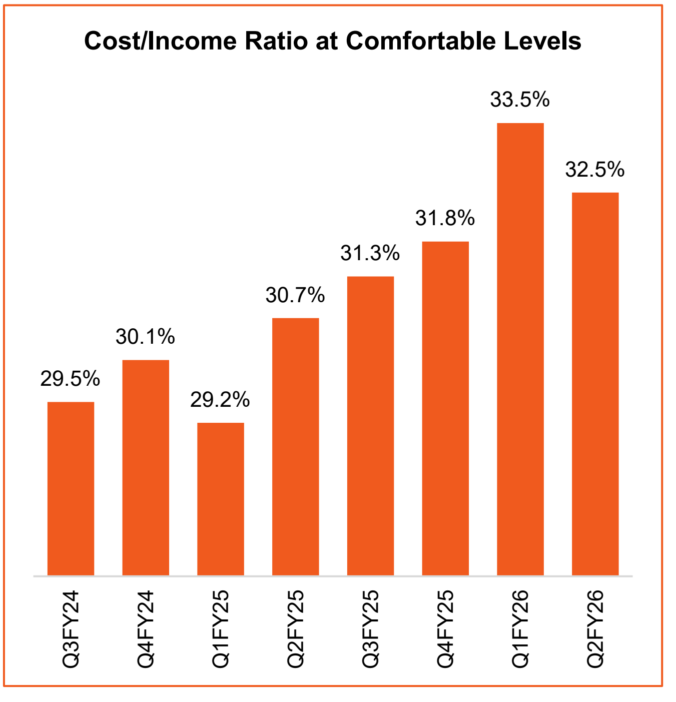
CreditAccess Grameen Ltd.

Story in Charts









Source: Company, DevenChoksey Research

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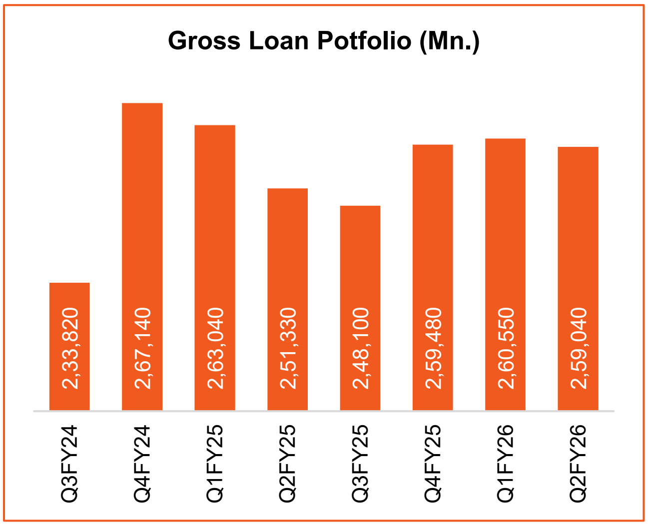
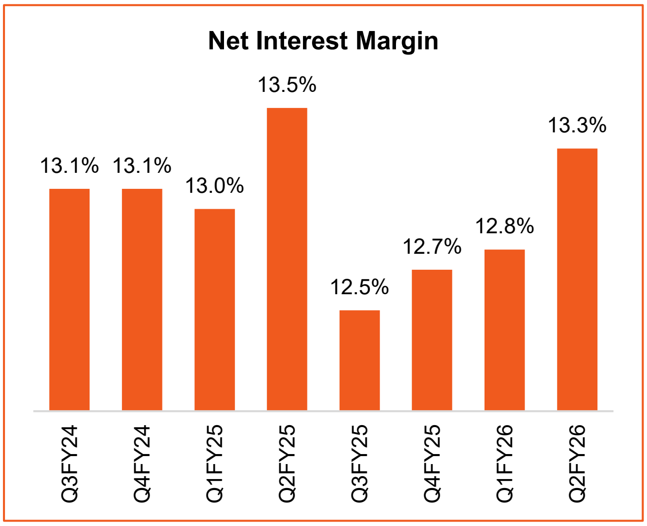
Result Snapshot

Consolidated Financials (INR Mn)	Q2FY26	Q1FY26	QoQ (%)	Q2FY25	YoY
Income Statement					
Interest Income	14,554	14,191	2.6%	14,170	2.7%
Interest Expense	4,795	4,822	-0.6%	4,846	-1.1%
Net Interest Income	**9,759**	**9,369**	**4.2%**	**9,324**	**4.7%**
Non Interest Income	536	445	20.3%	369	45.2%
Operating Income	**10,295**	**9,814**	**4.9%**	**9,693**	**6.2%**
Operating Expenses	3,347	3,285	1.9%	2,972	12.6%
Pre-provisioning Profit	**6,948**	**6,529**	**6.4%**	**6,721**	**3.4%**
PPOP Margin (%)	**67.5%**	**66.5%**	96 bps	**69.3%**	-185 bps
Impairment of financial instruments	5,257	5,719	-8.1%	4,202	25.1%
Pre-tax Profit	**1,692**	**810**	**108.7%**	**2,519**	**-32.9%**
Tax	434	209	107.1%	659	-34.2%
Profit before minority interest	1,258	601	109.3%	1,860	-32.4%
Minority interest	0	0	0.0%	0	0.0%
Profit after tax	**1,258**	**601**	**109.3%**	**1,860**	**-32.4%**
PAT Margin (%)	**12.2%**	**6.1%**	**609 bps**	**19.2%**	**-697 bps**
Diluted EPS	**7.9**	**3.8**	**109.3%**	**11.6**	**-32.2%**

Source: Company, DevenChoksey Research





Source: Company, DevenChoksey Research

CreditAccess Grameen Ltd.

Financials:

Exhibit 1: Profit & Loss Statement

INR Mn	FY25	FY26	FY27E	FY28E
Interest income	55,468	59,750	72,252	86,447
Interest expense	19,476	19,540	22,193	26,607
Net interest income	**35,992**	**40,210**	**50,059**	**59,840**
Non interest income	**2,094**	**2,050**	**2,069**	**2,270**
Operating income	**38,086**	**42,260**	**52,128**	**62,110**
Operating expense	11,702	13,177	14,973	16,500
PPOP	**26,384**	**29,083**	**37,155**	**45,610**
Provisions	19,295	18,536	13,050	13,463
PBT	**7,089**	**10,547**	**24,105**	**32,146**
Tax expense	1,775	2,654	6,026	8,037
PAT	**5,314**	**7,893**	**18,079**	**24,110**

Exhibit 2: Balance Sheet

INR Mn	FY25	FY26E	FY27E	FY28E
SOURCES OF FUNDS				
Share capital	1,597	1,597	1,597	1,597
Reserves & surplus	67,963	76,080	94,159	1,18,269
Minority interest	0	0	0	0
Shareholders' funds	**69,560**	**77,678**	**95,756**	**1,19,866**
Borrowings	2,05,863	2,30,154	2,76,813	3,28,291
Trade Payables	1,606	0	0	0
Other liabilities & provisions	996	3,151	3,151	3,151
TOTAL LIABILITIES & EQUITY	**2,78,025**	**3,10,983**	**3,75,720**	**4,51,309**
USES OF FUNDS				
Cash and cash equivalent	14,430	10,394	16,041	24,787
Investments	8,930	12,000	15,000	20,000
Advances	2,42,745	2,74,490	3,30,136	3,91,531
Fixed & other assets	11,920	14,100	14,543	14,990
TOTAL ASSETS	**2,78,025**	**3,10,983**	**3,75,720**	**4,51,309**
GLP	**2,59,480**	**2,95,150**	**3,54,985**	**4,21,002**

Exhibit 3: Key Ratios

KEY RATIOS	FY25	FY26E	FY27E	FY28E
Growth rates				
AUM (%)	-2.9%	13.7%	20.3%	18.6%
Borrowings (%)	-6.3%	11.8%	20.3%	18.6%
Total assets (%)	-3.7%	11.9%	20.8%	20.1%
NII (%)	13.6%	11.7%	24.5%	19.5%
Pre-provisioning profit (%)	10.3%	10.2%	27.8%	22.8%
PAT (%)	-63.2%	48.5%	129.1%	33.4%
Balance sheet ratios				
Advances/Total assets (%)	87.3%	88.3%	87.9%	86.8%
Leverage (x)	1.4x	1.4x	1.4x	1.4x
Operating efficiency				
Cost/income (%)	30.7%	31.2%	28.7%	26.6%
Opex/ average assets (%)	4.1%	4.5%	4.4%	4.0%
Opex/GLP (%)	4.8%	4.8%	4.5%	4.2%
Profitability				
NIM (%)	14.8%	14.6%	15.2%	15.3%
ROAA (%)	1.9%	2.7%	5.3%	5.8%
ROAE (%)	7.9%	10.7%	20.8%	22.4%
Asset quality				
Gross NPA (%)	5.05%	4.99%	4.55%	4.23%
Net NPA (%)	1.77%	1.53%	1.33%	1.32%
Per share data / Valuation				
EPS (INR)	33.3	49.5	113.4	151.2
BV (INR)	435.5	486.3	599.5	750.5
ABV (INR)	408.7	460.1	572.0	717.9
P/E (x)	34.2x	27.7x	12.1x	9.1x
P/BV (x)	2.6x	2.8x	2.3x	1.8x
P/ABV (x)	2.8x	3.0x	2.4x	1.9x

Source: Company, DevenChoksey Research

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CreditAccess Grameen Ltd.

CreditAccess Grameen Ltd.			
Date	CMP (INR)	TP (INR)	Recommendation
03-Nov-25	1,409	1,487	ACCUMULATE
28-Jul-25	1,308	1,400	ACCUMULATE
20-May-25	1,102	1,208	ACCUMULATE
06-Mar-25	985	1,086	ACCUMULATE
27-Jan-25	924	988	ACCUMULATE
28-Oct-24	957	1,011	ACCUMULATE
23-Jul-24	1,267	1,630	BUY

Rating Legend (Expected over a 12-month period)	
Our Rating	Upside
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

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