

**CAPRI GLOBAL CAPITAL LIMITED**

Diversified growth &amp; operating leverage support earnings upside

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Capri Global Capital Ltd (CGCL) reported a robust performance in a seasonally weak quarter, supported by expanding margins, operating leverage, and consistent growth across all key business segments. In addition to its lending business, the company posted strong growth in non-interest income, which contributed 29% of total income. While asset quality saw a slight deterioration, it is expected to remain healthy, backed by technology-led underwriting and strong collection efficiency. Looking ahead, CGCL is expected to deliver a strong 26% AUM CAGR over FY25–FY27E, driven by its expanding presence in southern markets, a strong capital base, and growing co-lending partnerships. Moreover, accelerating income growth and operating leverage are likely to drive profitability, with RoA and RoE estimated at 3.7% and 14.8%, respectively, by FY27E. Hence, we maintain our BUY rating on the stock, based on 2.7x FY27E BVPS, with a revised target price of ₹229.

**Strong AUM growth and operating leverage boosts profitability**

In Q1FY26, CGCL's net interest income increased 37.9% YoY to ₹4,156 mn (+9.3% QoQ) driven by strong growth in loan AUM (+46% YoY) to ₹248 bn. The company's NIM remained broadly stable at 8.9%, owing to higher-yield products offsetting the impact of rising borrowing costs. Further, the company has improved its cost efficiency with cost-to-income ratio at 49% (vs. 67.5% in Q1FY25) and grew its other income 34.2% YoY (-10.7% QoQ). Other income contributed 28.5% of net total income during the quarter, supported by robust growth in co-lending fee income and insurance distribution. Subsequently, the company's PAT grew 131% YoY to ₹1,749 mn (-1.6% QoQ), despite the increase in impairment expense from ₹185 mn to ₹815 mn due to rising NPAs.

**Strengthening balance sheet to support long term growth**

During the quarter, the growth in AUM was supported by broad based growth across all the segments with gold loan, construction finance, housing loan, and MSME loan growing 68.6%, 61%, 32.1%, and 14.1%, respectively. Co-lending AUM reached ₹46.8 bn up by 64% YoY and accounting for 18.9% of total consolidated AUM versus 17.8% in 4QFY25, reflecting CGCL's deepening partnerships with banks. This growth was primarily from the non-southern regions, including western and northern regions. The company's asset quality slightly deteriorated, with gross NPA expanding to 1.7% from 1.53% in Q4FY25, primarily due to slippages from MSME and construction finance segment. CGCL further successfully raised ₹20 bn equity through a QIP in the quarter, resulting in a robust standalone CAR of 34%, ensuring a sufficient capital buffer to support AUM expansion through FY28.

Key Financials (₹ mn)	FY23	FY24	FY25	FY26E	FY27E
Loan & Advances	94,816	1,34,212	1,82,515	2,32,404	2,87,000
Net Interest Income	6,352	9,857	13,320	18,021	22,962
PPP ex Except. Items	3,334	4,570	7,341	11,771	16,296
Reported Profits	2,047	2,794	4,785	7,753	11,229
Earnings Per Share (₹)	2.5	3.4	5.8	8.1	11.7
P/E (x)	75.2	55.1	32.2	23.2	16.0
Adj. BV (₹)	43.2	46.5	52.2	73.4	84.9
P/ABV (x)	4.3	4.0	3.6	2.5	2.2
GNPA (%)	1.8	2.0	1.6	1.5	1.4
Adj. RoA	2.2	2.1	2.7	3.2	3.7
Adj. RoE	7.5	7.5	11.8	13.6	14.8

**BUY**

Current Market Price (₹)	187
12M Price Target (₹)	229
Potential Return (%)	23

**Stock Data**

Sector	:	NBFC
Face Value (₹)	:	1
Total MCap (₹ bn)	:	179
Free Float MCap (₹ bn)	:	54
52-Week High / Low (₹)	:	231 / 151
BSE Code / NSE Symbol	:	531595 / CGCL
Bloomberg	:	CGCL IN
Sensex / Nifty	:	80,710 / 24,650

**Shareholding Pattern**

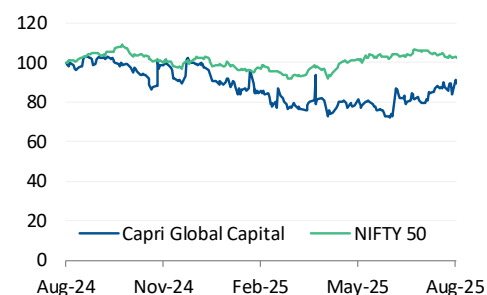
(%)	Jun-25	Mar-25	Dec-24	Sep-24
Promoter	59.95	69.87	69.87	69.89
FPIs	4.66	0.98	1.04	1.06
MFs	6.40	1.65	1.64	1.63
Insurance	13.13	12.86	12.86	12.86
Bodies Corporate	11.33	12.47	12.97	12.83
Others	4.53	2.17	1.62	1.73

Source: BSE

**Price Performance**

(%)	1M	3M	6M	12M
Capri Global	12.5%	10.3%	4.6%	-10.4%
Nifty 50	-3.2%	0.8%	4.0%	2.5%

\* To date / current date : August 5, 2025

**Capri Global Capital vs Nifty 50**

## Quarterly Financial Snapshot

(₹ mn)	Q1FY26	Q1FY25	% yoy / bps	Q4FY25	% qoq / bps
Interest Inc.	8,096	5,724	41.4	7,393	9.5
Interest Expenses	3,940	2,711	45.3	3,591	9.7
<b>Net Interest Income</b>	<b>4,156</b>	<b>3,013</b>	<b>37.9</b>	<b>3,803</b>	<b>9.3</b>
NIM (%)	8.9	8.9	-	8.9	-
Other Income - Total	1,954	1,456	34.2	2,188	(10.7)
<b>Net Operating Revenue</b>	<b>6,111</b>	<b>4,470</b>	<b>36.7</b>	<b>5,991</b>	<b>2.0</b>
Employee Expenses	1,827	1,751	4.4	2,166	(15.7)
Other Operating Expenses	628	673	(6.7)	623	0.7
<b>Total Opex</b>	<b>2,996</b>	<b>3,018</b>	<b>(0.7)</b>	<b>3,450</b>	<b>(13.2)</b>
Cost to Income Ratio (%)	49.0	67.5	(1,849)	57.6	(857)
<b>Pre Provision Profits</b>	<b>3,115</b>	<b>1,452</b>	<b>114.5</b>	<b>2,540</b>	<b>22.6</b>
Exceptional Profit (Loss)	0	0	-	0	-
<b>PPP ex Except. Items</b>	<b>3,115</b>	<b>1,452</b>	<b>114.5</b>	<b>2,540</b>	<b>22.6</b>
Provisions & Contingencies	815	464	75.6	185	339.9
<b>Profit Before Tax</b>	<b>2,300</b>	<b>988</b>	<b>132.8</b>	<b>2,355</b>	<b>(2.3)</b>
Tax	551	231	138.7	578	(4.6)
<b>Reported Profits</b>	<b>1,749</b>	<b>757</b>	<b>131.0</b>	<b>1,777</b>	<b>(1.6)</b>
Basic EPS	2.1	0.9	122.8	2.2	(4.7)

Source: Company, LKP Research

## Key Concall Highlights

### Business highlights

- Gold loan segment maintains strong momentum driven by 821 specialised branches, with an average AUM per branch of ₹0.11 bn per branch. A fully digitized loan journey, AI-enabled security systems, and high customer stickiness (55% repeat borrowers) remain key driver for its growth.
- Growth in construction finance segment remains strong with over 280 active residential projects in pipeline with an average sanction of ₹5.4 bn. The book is well-diversified, focusing on mid-size developers in metro and tier-one cities. Additionally, growth in MSME and housing segment remains strong driven by strong demand.
- The company expects to maintain a 30% annual AUM growth for the next three years, targeting an AUM of ₹500 bn by FY28.
- They plan to add 200 to 250 branches this year, with about 100 for gold loans and the rest for housing and MSME, primarily in Southern India (Tamil Nadu, Andhra, Karnataka, Telangana) and Odisha.

### Operational highlights

- The company anticipates maintaining its spread around 7%, with potential for slight improvement due to the increasing high-yield gold loan composition in its portfolio and probable reduction in cost of funds by 40-50 bps in FY26.
- The sharp improvement in C/I ratio is attributed to the maturing branch network, increased productivity from various AI-enabled tools, and greater digital enablement. The company expects to maintain its cost-to-income ratio in the range of about 50% throughout the year.
- The company recently incorporated two new companies for debt capital market investment banking activities and securities (sales/distribution of debt placement, online bond platforms, and exchange trading), which are expected to further enhance fee income.

### Asset quality

- Incremental slippages were observed in MSME segment, particularly in Madhya Pradesh (where business is being toned down cautiously, according to the management). Also, one account in construction finance with an outstanding loan of ₹0.16 bn slipped into NPA.
- The company has provided a clear guidance that its gross NPA will “never cross 2%” and net NPA will “never cross 1.2%”. For FY26, the company conservatively projects that the overall credit cost will not cross more than 70 bps.

## Profit &amp; Loss

(₹ mn)	FY23	FY24	FY25	FY26E	FY27E
Int. Income / Opr. Revenue	11,682	18,229	26,056	34,347	42,484
Interest Expenses	5,330	8,372	12,736	16,326	19,523
<b>Net Interest Income</b>	<b>6,352</b>	<b>9,857</b>	<b>13,320</b>	<b>18,021</b>	<b>22,962</b>
<i>NIM (%)</i>	7.6	8.5	8.5	8.6	8.7
Other Income - Total	2,977	4,914	6,453	7,991	9,678
<b>Net Operating Revenue</b>	<b>9,329</b>	<b>14,771</b>	<b>19,772</b>	<b>26,012</b>	<b>32,640</b>
Employee Exp.	4,061	6,237	7,430	8,315	9,534
Other Opex	1,934	3,964	5,001	5,926	6,811
<b>Total Opex</b>	<b>5,995</b>	<b>10,201</b>	<b>12,431</b>	<b>14,241</b>	<b>16,344</b>
<i>C/I Ratio (%)</i>	64.3	69.1	62.9	54.7	50.1
Pre Provision Profits	3,334	4,570	7,341	11,771	16,296
Provisions & Contingencies - Total	651	914	1,008	1,511	1,435
<b>Profit Before Tax</b>	<b>2,683</b>	<b>3,656</b>	<b>6,333</b>	<b>10,260</b>	<b>14,861</b>
Tax	636	862	1,548	2,508	3,632
<b>Reported Profits</b>	<b>2,047</b>	<b>2,794</b>	<b>4,785</b>	<b>7,753</b>	<b>11,229</b>
<i>PAT Growth (yoy %)</i>	-0.5%	36.5%	71.3%	62.0%	44.8%

Source: Company, LKP Research

## Balance Sheet

(₹ mn)	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	412	825	825	962	962
Reserves (ex Revel. Reserve)	35,242	37,541	42,216	69,640	80,676
<b>Net Worth - Ex Revaluation</b>	<b>35,655</b>	<b>38,366</b>	<b>43,041</b>	<b>70,601</b>	<b>81,638</b>
Borrowings	70,727	1,02,547	1,50,682	1,86,739	2,24,430
Debt Securities / Pref Shares	4,386	1,522	5,087	8,595	14,072
Other Lia. & Prov.	7,246	9,067	9,504	10,673	12,733
<b>Total Liabilities</b>	<b>1,18,013</b>	<b>1,51,502</b>	<b>2,08,313</b>	<b>2,76,608</b>	<b>3,32,872</b>
Cash & Cash Equivalent	15,100	6,746	15,312	28,703	28,551
Investments	2,155	2,162	1,604	3,048	3,597
Loan & Advances	94,816	1,34,212	1,82,515	2,32,404	2,87,000
<i>Growth (yoy %)</i>	51.2%	41.5%	36.0%	27.3%	23.5%
Fixed Assets	2,865	3,211	2,980	3,287	3,606
Other Assets	3,076	5,171	5,902	9,166	10,119
<b>Total Assets</b>	<b>1,18,013</b>	<b>1,51,502</b>	<b>2,08,313</b>	<b>2,76,608</b>	<b>3,32,872</b>

Source: Company, LKP Research

## Detail RoA Tree Analysis

(₹ mn)	FY23	FY24	FY25	FY26E	FY27E
Interest Income / Assets	12.3	13.5	14.5	14.2	13.9
Interest Exp. / Assets	5.6	6.2	7.1	6.7	6.4
<b>NII / Assets</b>	<b>6.7</b>	<b>7.3</b>	<b>7.4</b>	<b>7.4</b>	<b>7.5</b>
Other Income / Assets	3.1	3.6	3.6	3.3	3.2
<b>Net Operating Income / Assets</b>	<b>9.8</b>	<b>11.0</b>	<b>11.0</b>	<b>10.7</b>	<b>10.7</b>
Employee Exp. / Assets	4.3	4.6	4.1	3.4	3.1
Other Opex/ Assets	2.0	2.9	2.8	2.4	2.2
<b>Total Opex / Assets</b>	<b>6.3</b>	<b>7.6</b>	<b>6.9</b>	<b>5.9</b>	<b>5.4</b>
<b>Operating Profits / Assets</b>	<b>3.5</b>	<b>3.4</b>	<b>4.1</b>	<b>4.9</b>	<b>5.3</b>
Provisions / Assets	0.7	0.7	0.6	0.6	0.5
<b>Profit Before Tax / Assets</b>	<b>2.8</b>	<b>2.7</b>	<b>3.5</b>	<b>4.2</b>	<b>4.9</b>
Tax Expenses / Assets	0.7	0.6	0.9	1.0	1.2
<b>RoA</b>	<b>2.2</b>	<b>2.1</b>	<b>2.7</b>	<b>3.2</b>	<b>3.7</b>
Leverage (x)	3.3	3.9	4.8	3.9	4.1
<b>RoE</b>	<b>7.5</b>	<b>7.5</b>	<b>11.8</b>	<b>13.6</b>	<b>14.8</b>
Adj. RoA	2.2	2.1	2.7	3.2	3.7
Adj. RoE	7.5	7.5	11.8	13.6	14.8

Source: Company, LKP Research

## Per Share Data

(₹ mn)	FY23	FY24	FY25	FY26E	FY27E
<b>Earnings Per Share (₹)</b>	<b>2.5</b>	<b>3.4</b>	<b>5.8</b>	<b>8.1</b>	<b>11.7</b>
EPS (% YoY)	(15.2)	36.5	71.2	39.0	44.8
P/E (x)	75.2	55.1	32.2	23.2	16.0
<b>Adj. EPS (₹)</b>	<b>2.5</b>	<b>3.4</b>	<b>5.8</b>	<b>8.1</b>	<b>11.7</b>
Adj. EPS (% YoY)	(15.2)	36.5	71.2	39.0	44.8
Adj. Price-Earnings (x)	75.2	55.1	32.2	23.2	16.0
<b>Book Value (₹)</b>	<b>43.2</b>	<b>46.5</b>	<b>52.2</b>	<b>73.4</b>	<b>84.9</b>
BVPS (% YoY)	58.0	7.6	12.2	40.7	15.6
P/BV (x)	4.3	4.0	3.6	2.5	2.2
<b>Adj. BV (₹)</b>	<b>43.2</b>	<b>46.5</b>	<b>52.2</b>	<b>73.4</b>	<b>84.9</b>
Adj. BV (% YoY)	58.0	7.6	12.2	40.7	15.6
P/ABV (x)	4.3	4.0	3.6	2.5	2.2

Source: Company, LKP Research

## Key Parameters

Y/E Mar	FY23	FY24	FY25	FY26E	FY27E
<b><u>Operating Ratios</u></b>					
<i>Yield on Funds</i>	14.9	15.8	16.5	16.3	16.1
<i>Cost of Funds (CoF)</i>	8.6	9.3	9.8	9.3	9.0
<i>Interest Spread</i>	6.5	6.8	6.9	7.0	7.1
<i>NIM's</i>	7.6	8.5	8.5	8.6	8.7
<i>C/I Ratio (%)</i>	64.3	69.1	62.9	54.7	50.1
<i>Effective Tax Rate (%)</i>	23.7	23.6	24.4	24.4	24.4
<b><u>Business Growth (YoY)</u></b>					
<i>Co-lending AUM (₹ mn)</i>	5,469	18,306	40,798	54,091	70,014
<i>Total AUM (₹ mn)</i>	1,03,205	1,56,540	2,28,602	2,89,885	3,61,200
<b><u>Return Ratios</u></b>					
<i>Adj. RoA</i>	2.2	2.1	2.7	3.2	3.7
<i>Adj. RoE</i>	7.5	7.5	11.8	13.6	14.8
<b><u>Asset Quality Metrics</u></b>					
<i>Credit Cost (%)</i>	0.7	0.7	0.6	0.7	0.5
<i>GNPA (%)</i>	1.8	2.0	1.6	1.5	1.4
<i>PCR (%)</i>	30.87	45.21	41.75	48.69	52.23
<i>CAR (%)</i>	39.9	26.6	22.8	28.0	27.0
<b><u>Valuation Ratios</u></b>					
<i>P/E</i>	75.2	55.1	32.2	23.2	16.0
<i>P/BV</i>	4.3	4.0	3.6	2.5	2.2
<i>P/ABV</i>	4.3	4.0	3.6	2.5	2.2

Source: Company, LKP Research

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