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### Strong growth drives earnings, outlook optimistic...

**About the stock:** Capri Global Capital Ltd (CAPGLO) is a well-diversified NBFC with presence in Gold, MSME, Housing loans and Construction finance.

- Diversified AUM mix – ~46% Gold, ~18% MSME, ~20% Home, ~16% Construction finance & others
- Immersed in high potential products as micro-LAP, rooftop solar, car loan origination, insurance distribution, etc

**Q4FY26 performance:** Capri Global Capital delivered a strong Q4FY26 performance, with AUM growing ~60% YoY to ₹36,623 crore, driven by robust traction across gold loans, MSME and housing segment. NIMs remained broadly stable at ~9.2%, while operating efficiency improved with cost-to-income declining to 49.4% (vs 51.6% in Q3FY26). PAT grew ~59% YoY to ₹283 crore, supported by strong operating leverage. Asset quality improved further, with Gross Stage 3 at 0.9% and Net Stage 3 at 0.5%, while credit costs remained contained.

#### Investment Rationale

- **Growth momentum to continue across segments:** Capri Global continues its retail-led growth playbook anchored around gold, housing, MSME and co-lending, with distribution expansion & deeper geographic penetration driving volumes. While AUM growth has remained strong reaching ₹36,623 crore in Q4FY26, management has inched up guidance from earlier ₹55,000 to ₹57,000 crore in FY28E. Robust momentum in gold loans (to reach ~50% of book) aided by ~700–800 branch additions coupled with 22–25% growth across segment is expected to aid growth momentum.
- **Operating leverage and mix driving RoA:** Earnings profile remains supported by (a) higher-yield segments (gold + MSME), (b) rising fee pools (insurance + co-lending/DA + distribution), and (c) operating leverage from branch maturity. Steady margins (led by growth across segment) along with continued focus on fee income and improvement in CI ratio is seen to aid RoA trajectory towards ~4%.
- **Asset quality maintained:** Asset quality remains strong, underpinned by a predominantly secured, granular portfolio and disciplined underwriting. In Q4FY26, GNPA improved to ~0.9%, while Stage 2 declined to ~2.8%, indicating contained early stress. Credit cost remained within the guided range (0.6–0.7%), with uptick driven by management overlays (₹16 crore) and Stage 1 provisioning. Conservative LTV (66%) and collateralization provide downside protection, while diversified borrowings and healthy liquidity (₹3,900+ crore) support balance sheet resilience.

#### Rating and Target Price

- Strong growth momentum across segments along with rising contribution from fee-based businesses continues to support overall performance. Improving operating efficiency and stable asset quality provide comfort on sustainability of profitability. We maintain **BUY** rating on the stock, and revise target price to ₹250, valuing the stock at 2.4x FY28E BV.



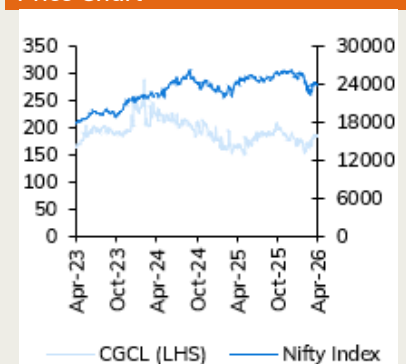
#### Particulars

Particulars	Amount
Market Capitalisation	₹ 18,805 crore
52 week H/L	214 / 151
Net worth	₹ 7,203 Crore
Face Value	1
DII Holding (%)	20.1
FII Holding (%)	5.6

#### Shareholding pattern

Holding (%)	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	60.0	60.0	60.0	59.9
FII	4.7	4.8	4.5	5.6
DII	20.5	20.3	20.1	20.1
Public	14.8	14.9	15.5	14.3

#### Price Chart



#### Key risks

- Competition and volatility in gold price could impact growth
- Transition in co-lending could keep fee income volatile

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#### Key Financial Summary

₹ crore	FY24	FY25	FY26	3 year CAGR (FY23-FY26)	FY27E	FY28E	2 year CAGR (FY26-28E)
NII	985.7	1,331.9	1,997.9	46%	2,766.8	3,411.2	31%
PPP	457.1	734.1	1,446.4	63%	2,020.5	2,514.6	32%
PAT	279.7	478.5	948.5	67%	1,313.6	1,632.0	31%
ABV (₹)	44.7	50.1	73.3	20%	86.7	103.2	19%
P/E	57.8	33.9	9.9		14.4	14.7	
P/ABV	4.4	3.9	2.7		2.3	1.9	
RoA	2.1	2.7	3.5		3.6	3.7	
RoE	7.6	11.8	16.5		16.7	17.5	

Source: Company, ICICI Direct Research

## Concall highlights and outlook

### Business Updates

- Delivered strong Q4FY26 with AUM at ₹36,623 crore (+60% YoY, +20% QoQ) and disbursements up 116% YoY to ₹18,145 crore (~83% YoY for FY26), reflecting robust demand and continued distribution expansion; customer base crossed ~6.9 lakh.
- Growth remained granular, diversified and fully secured, supporting superior asset quality; expansion was led by gold loan (+111% YoY), housing (+43% YoY) and MSME (+23% YoY).
- Gold loan franchise remains the key growth driver, with AUM at ₹16,965 crore (+111% YoY, +33% QoQ), driven by aggressive branch expansion (89 additions in Q4) and strong customer traction; mix expected to increase toward ~50%. Productivity improved to ₹17 crore/branch (vs ₹14 crore QoQ), with ~90% branches above breakeven—supporting strong operating leverage.
- Growth strategy in gold loans remains volume-led, with calibrated yield moderation (~90 bps QoQ) to capture market share and scale through co-lending/DA, while maintaining conservative LTV and strong asset quality (GNPA at ~0.3%).
- MSME AUM grew 23% YoY to ₹6,465 crore, with micro-LAP scaling to ₹824 crore; housing AUM grew 43% YoY to ₹7,447 crore, with higher self-employed mix (~74%) aiding yield profile, while construction finance (+38% YoY) remains granular and escrow-backed.
- Co-lending/DA AUM at ₹7,783 crore (~21% mix) continues to support capital-efficient growth; near-term volumes may moderate (1–2 quarters) due to transition to revised RBI guidelines, with normalization expected from Q2FY27.
- Fee income streams scaling, supported by insurance distribution and co-lending income, while car loan distribution platform (₹11,910 crore origination in FY26) is being expanded with new products to enhance monetisation.
- Profitability improved sharply, with NII up 56% YoY to ₹596 crore and non-interest income up 36% YoY to ₹247 crore (~29% of income), while operating leverage drove PPOP growth of 68% YoY.
- Branch network expanded to 1,429 (98 additions in Q4FY26; 318 in FY26), supporting scalable retail franchise growth. In Q4FY26, 36 branches added in Telangana, 18 in Andhra Pradesh, 8 in Karnataka and 20 in Odisha.

### Margins

- Margins remained resilient, with yields at 16.3% and spreads at 7.1%, supported by favourable product mix and improving funding profile.
- Cost of funds declined ~18 bps QoQ, driven by liability mix optimisation and repricing; management expects further ~10–20 bps reduction in FY27 to 9%, with additional upside (~20 bps) contingent on rating upgrade expected in 6–9 months, providing a key offset to yield moderation.

### Asset Quality

- Asset quality improved with GNPA at 0.9% (down ~61 bps QoQ) and NNPA at 0.5%, amongst the top quartile in the industry, reflecting strong collection efficiency and secured portfolio profile.
- Stage 2 ratio declined to 2.8% (vs 4% QoQ), indicating improving early bucket trends across segments.
- Segment-wise GNPA remained well controlled at ~0.3% (gold), ~1% (housing), ~3% (MSME), and ~0.3% (construction), highlighting granular and diversified risk profile.
- Credit cost remained within guided range (~0.6–0.7%), with Q4 at ~0.8% due to ₹16 crore prudent management overlay, while underlying trends remain stable.
- Provision coverage remained healthy at ~41%, reflecting conservative provisioning.

Guidance

- Management guides for ~25% AUM growth to ~₹46,000 crore in FY27 and ~₹57,000 crore by FY28 (revised upward).
- PAT guidance of ~₹1,300 crore for FY27, supported by operating leverage, mix shift toward high-yield segments and improving funding cost.
- Return ratios expected to improve with RoA at ~4% and RoE ≥16%, with medium-term targets of RoA at 4–4.5% and RoE at 16–18%.
- Gold loan mix expected to rise towards ~50% of AUM, supported by ~350 branch additions in FY27 (700–800 over 2 years).
- MSME growth guided at 20–25% YoY; housing finance and construction finance growth at 25–30% YoY; gold loans growth at 25–30%+ YoY, supported by accelerated branch additions.
- Co-lending/DA mix to remain ~20% long term, supporting capital-efficient growth, while fee income diversification and new initiatives provide incremental optionality.
- Credit cost guided at ~0.7% of average assets on a sustainable basis
- Tier 2 capital raise being evaluated over an 18–24 month horizon. DA and co-lending utilisation to conserve on-balance-sheet capital in the interim. Category 1 merchant banking licence applied for; expected by end of June 2026. Revenue contribution currently nil, income to reflect from FY27 onwards.

Exhibit 1: Variance Analysis

	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Comments
NII	595.6	380.6	56.5	510.3	16.7	Driven by strong loan book expansion
Reported NIM (%)	9.2	8.9	30 bps	9.1	10 bps	Supported by improving funding cost
Other Income	293.4	219.2	33.8	283.9	3.4	
Net Total Income	889.0	599.9	48.2	794.1	11.9	
Staff cost	319.3	216.6	47.4	278.6	14.6	Led by branch expansion and hiring for growth
Other Operating Expenses	142.9	129.3	10.5	152.0	-5.9	
PPP	426.8	253.9	68.1	363.6	17.4	
Provision	53.8	18.5	191.4	23.1	132.9	Elevated due to growth led provisioning and prudent overlay, asset quality remains stable
PBT	373.0	235.5	58.4	340.5	9.5	
Tax Outgo	90.2	57.8	56.1	84.8	6.3	
PAT	282.8	177.7	59.1	255.6	10.6	Strong business growth aids earnings trajectory

Source: Company, ICICI Direct Research

## Financial Summary

Exhibit 2: Profit and loss statement				₹ crore
(Year-end March)	FY25	FY26	FY27E	FY28E
Interest Earned	2,605.5	3,727.7	5,032.3	6,138.9
Interest Expended	1,273.6	1,729.8	2,265.5	2,727.6
Net Interest Income	1,331.9	1,997.9	2,766.8	3,411.2
Growth (%)	35.1	50.0	38.5	23.3
Non Interest Income	500.9	859.7	1,095.1	1,377.7
Net Income	1,832.8	2,857.6	3,862.0	4,788.9
Employee cost	743.0	1,008.7	1,313.8	1,622.6
Other operating exp.	355.7	402.5	527.7	651.7
Operating expense	1,098.7	1,411.2	1,841.4	2,274.3
Operating Income	734.1	1,446.4	2,020.5	2,514.6
Provisions	100.8	189.6	279.9	352.1
PBT	633.3	1,256.8	1,740.6	2,162.5
Taxes	154.8	308.3	427.0	530.5
Net Profit	478.5	948.5	1,313.6	1,632.0
Growth (%)	71.1	98.2	38.5	24.2
EPS (₹)	5.8	9.9	13.7	17.0

Source: Company, ICICI Direct Research

Exhibit 3: Key ratios					₹ crore
(Year-end March)	FY25	FY26	FY27E	FY28E	
<u>Valuation</u>					
No. of Shares (crore)	82.7	96.2	96.2	96.2	
EPS (₹)	5.8	9.9	13.7	17.0	
BVPS (₹)	52.1	74.9	88.5	105.5	
ABVPS (₹)	50.1	73.3	86.7	103.2	
P/E	33.9	9.9	14.4	14.7	
P/BV	3.8	2.6	2.2	1.9	
P/adj.BV	3.9	2.7	2.3	1.9	
<u>Yields &amp; Margins (%)</u>					
Yield on avg assets	16.3	15.6	15.4	15.2	
Avg. cost on funds	9.8	8.7	8.5	8.2	
NIM	8.3	8.4	8.5	8.4	
<u>Quality and Efficiency (%)</u>					
C/I ratio	59.9	49.4	47.7	47.5	
GNPA	1.5	0.9	1.1	1.1	
NNPA	0.9	0.5	0.5	0.5	
RoE	11.8	16.5	16.7	17.5	
RoA	2.7	3.5	3.6	3.7	

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet				₹ crore
(Year-end March)	FY25	FY26	FY27E	FY28E
<u>Sources of Funds</u>				
Capital	82.5	96.2	96.2	96.2
Reserves and Surplus	4,221.6	7,107.3	8,420.9	10,053.0
Networth	4,304.1	7,203.5	8,517.1	10,149.2
Borrowings	15,576.8	24,112.1	29,403.2	36,988.7
Other Liabilities & Prov	950.4	1,360.4	1,564.5	1,799.1
Total	20,831.3	32,676.0	39,484.8	48,937.0
<u>Applications of Funds</u>				
Cash and equivalents	1,531.2	2,122.9	2,352.3	2,589.2
Investments	160.4	1,236.1	988.9	791.1
Advances	18,251.5	28,149.9	34,989.8	44,016.6
Other Assets	888.2	1,167.1	1,153.9	1,540.1
Total	20,831.3	32,676.0	39,484.8	48,937.0

Source: Company, ICICI Direct Research

Exhibit 5: Growth				(%)
(% growth)	FY25	FY26	FY27E	FY28E
Total assets	37.5	56.9	20.8	23.9
Advances	36.0	54.2	24.3	25.8
Borrowings	49.7	54.8	21.9	25.8
Total Income	34.0	55.9	35.1	24.0
Net interest income	35.1	50.0	38.5	23.3
Operating expenses	20.6	28.4	30.5	23.5
Operating profit	60.6	97.0	39.7	24.5
Net profit	71.1	98.2	38.5	24.2

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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