

July 22, 2025

Robust growth & operating leverage to aid valuation...

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 – ~35% Gold, ~23% MSME, ~23% Home, ~19% Construction finance & others
- Immersed in high potential products as micro-LAP, rooftop solar, car loan origination, insurance distribution, etc

Investment Rationale:

Diversification across geography, product and revenue levers to aid sustained business momentum: Capri Global is well-positioned for sustained growth, targeting ₹50,000 crore AUM by FY28E, implying 27–30% CAGR. Strategic expansion in South India across MSME, housing and gold loans will diversify footprint beyond North and West markets. Micro-LAP (introduced in 2023) is gaining early traction with strong momentum anticipated. Meanwhile, fee income streams like insurance distribution (₹73 crore in FY25), car loan origination (₹96 crore), and co-lending (₹165 crore) are scaling well with growing partner ecosystem. Focus on fee income remains structural and superior to peers and we expect momentum to continue through FY27E.

Levers available to sustain margin improvement: Margin profile has strengthened meaningfully over the past three years, supported by a sharp scale-up in gold and construction finance portfolio—both carrying higher intrinsic yields. Going ahead, planned expansion of Micro-LAP (which is high-yielding segment) is expected to aid yields, while potential rating upgrade could lower cost of funds, thus offering margin tailwinds. With ~90% of borrowings and ~75% of assets (including gold loans) linked to floating rates, benefit of asset-liability repricing in a falling rate cycle is likely to be limited, given largely aligned ALM structure.

Asset quality to remain stable; Improvement in C/I ratio to act as catalyst: Granular, 100% secured loan book, supported by strong underwriting and tech-driven risk controls, ensures asset quality resilience, with overall GNPA consistently maintained in narrow range of 1.5–2% over FY23–FY25. Credit cost has remained well-contained at below 1% in FY23–25. We expect this trend to sustain, with GNPA staying under 2% and credit cost averaging around ~60 bps through FY26–27E. Alongside stable asset quality, anticipated operating leverage is expected to act as catalyst aiding improvement in RoA. C/I ratio, which had surged to ~70% in FY23 due to branch expansion, improved to 59.9% in FY25 and is further expected to decline to ~50% by FY27E as productivity scales up. Collections team of +525 members, aided by AI-driven field tracking and route optimization, is enabling stronger recoveries at lower incremental cost. Construction finance will be capped <20% of AUM despite a robust pipeline, reflecting disciplined portfolio construction and prudent risk management.

Rating and Target Price

- Sustained and diversified business growth, steady margins and kicking in operating leverage is expected to aid 27–30% CAGR in AUM and ~30–40 bps improvement in RoA at ~3% over FY26–27E. Factoring the same, we assign a **BUY** rating on the stock, with target price of ₹220, valuing the stock at 2.7x FY27E BV.

Key Financial Summary

₹ crore	FY24	FY25	2 year CAGR (FY23–FY25)	FY26E	FY27E	2 year CAGR (FY25–27E)
NII	985.7	1,332.9	45%	1,717.6	2,131.9	26%
PPP	457.1	735.1	49%	1,093.1	1,452.4	41%
PAT	279.7	479.5	53%	682.8	916.3	38%
ABV (₹)	44.7	50.1	8%	70.5	79.5	26%
P/E	54.0	31.5		7.1	19.2	
P/ABV	4.1	3.7		2.6	2.3	
RoA	2.1	2.7		2.8	3.0	
RoE	7.6	11.8		12.1	12.3	

Source: Company, ICICI Direct Research

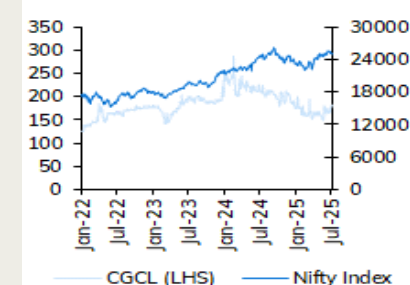
Particulars

Particulars	Amount
Market Capitalisation	₹ 17,010 crore
52 week H/L	232 / 151
Net worth	₹ 6,304 Crore
Face Value	1
DII Holding (%)	21.9
FII Holding (%)	4.7

Shareholding pattern

Holding (%)	Dec-24	Mar-25	Jun-25
Promoter	69.9	69.9	60.0
FII	1.0	1.0	4.7
DII	14.5	14.5	21.9
Public	14.6	14.6	13.5

Price Chart



Key risks

- Moderation in business growth
- Volatility in asset quality in recently started micro-LAP segment

Research Analyst

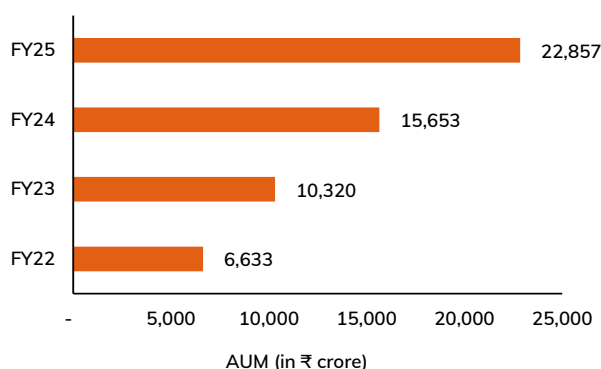
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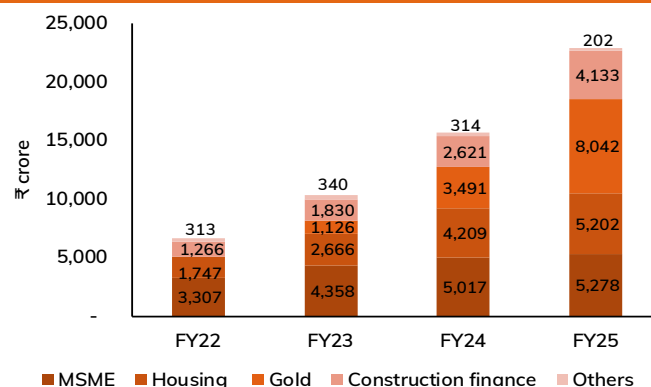
Story in Charts

Exhibit 1: AUM run-up @ 51% CAGR in 3 years



Source: Company, ICICI Direct Research

Exhibit 2: Diversified asset mix



Source: Company, ICICI Direct Research

Exhibit 3: Product profile

Particulars	MSME loans	Housing loans	Gold loans	Construction Finance loans
Product portfolio	Business loans against residential or commercial properties	Purchase of residential unit, construction, renovation and plot purchase	Loan against gold jewelry	Loans to small and mid sized real estate developers
Tenor of loans	upto 15 years	upto 25 years	upto 1 year	Less than 7 years
Portfolio ATS	₹13.2 lakh	₹13.9 lakh	₹1.3 lakh	₹14.6 Crore
Avg LTV	~51.7%	~57.3%	~64.7%	~80%

Source: Company, ICICI Direct Research

Exhibit 4: Catering to wide base of underserved and unserved customers

WHO WE CATER TO

MSMEs



Traders



Small manufacturing units



Private schools



Restaurants



Other businesses

Individuals



First-generation business owners



Independent non-professionals

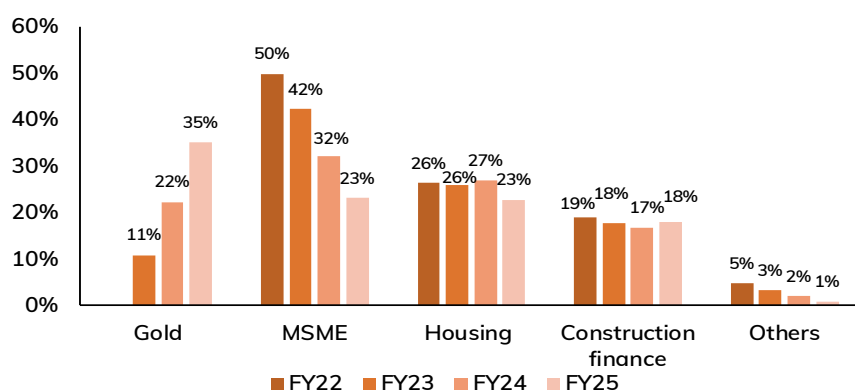


Underprivileged female borrowers

Extensively caters to tier 3 and tier 4 cities, offering loans with minimal paperwork and no prior financial history requirements, thus empowering underserved regions.

Source: ICICI Direct Research

Exhibit 5: Acceleration in gold loan led to deceleration in MSME contribution

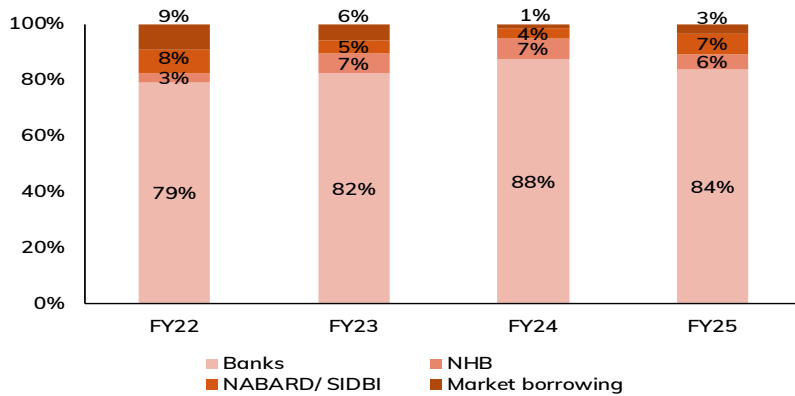


Source: Source: Company, ICICI Direct Research

Company forayed into gold loan financing, which is a high yield business (at ~19% yields) compared to other products (MSME: ~16%, CF: ~17%, housing finance: 12-13%).

MSME slowdown was conscious stance by management for capital optimisation purpose and cautious stance over recent delinquencies in the system.

Gold Loan network increased to 803 branches across 10 states and UTs

Exhibit 1: Liability profile inclined towards bank funding


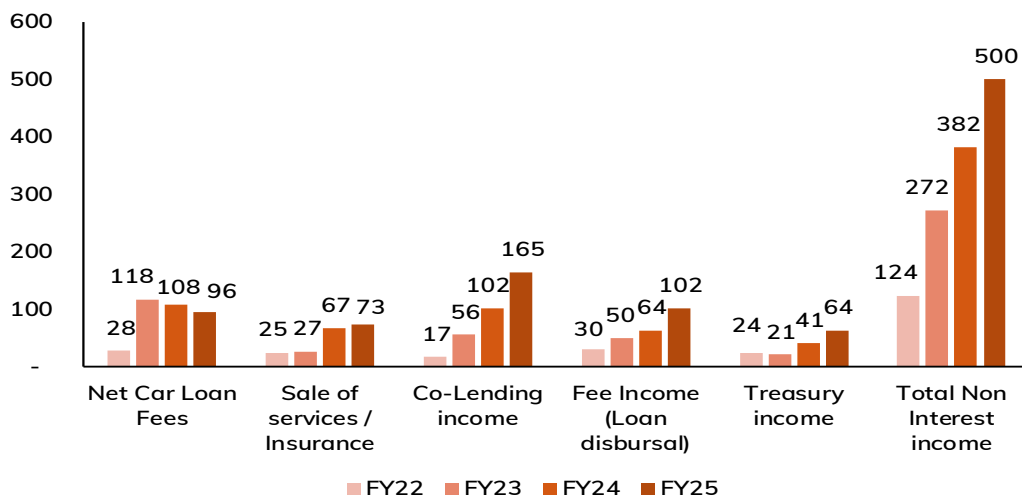
Source: Company, ICICI Direct Research

Exhibit 2: Lending Partners


Source: Company, ICICI Direct Research

CGCL has active borrowing relationship with 22 Financial Institutions across PSU, Private Sector Banks, Life Insurance companies and Public Sector Financial Institutions.

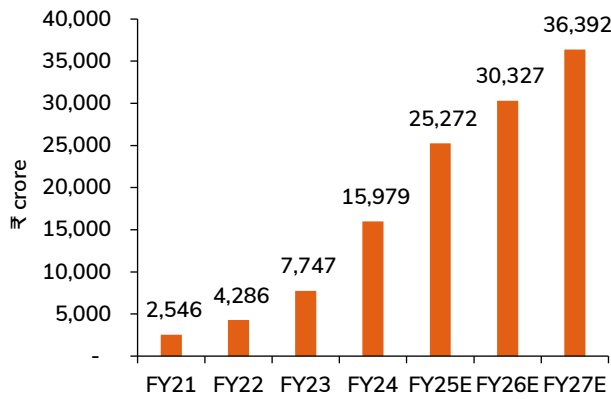
Company continues to have access to strong credit lines to support its rapid growth

Exhibit 3: Non-interest income diversified - share expanding...


Source: Company, ICICI Direct Research

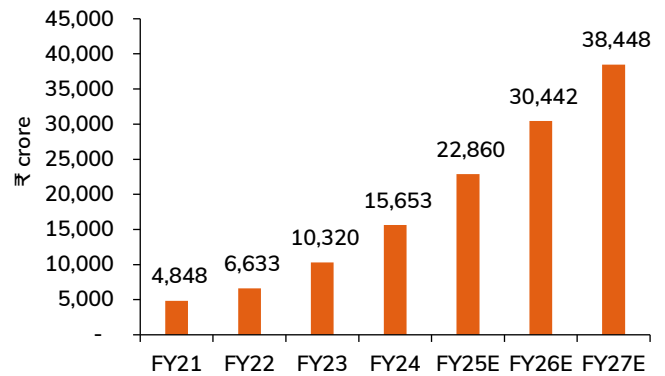
Financial Outlook

Continued healthy traction in disbursement.....



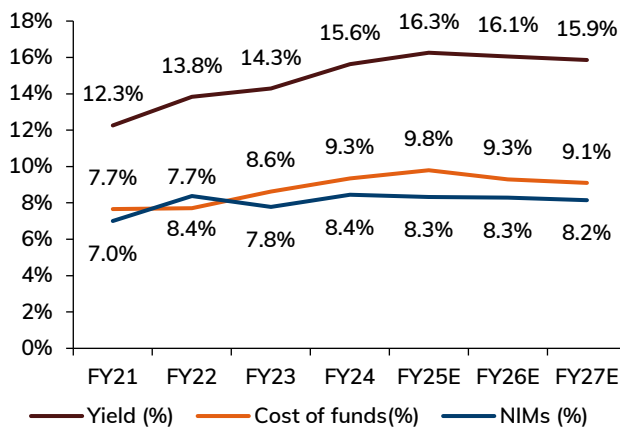
Source: Company, ICICI Direct Research

.....to keep AUM growth at 27%-30% CAGR



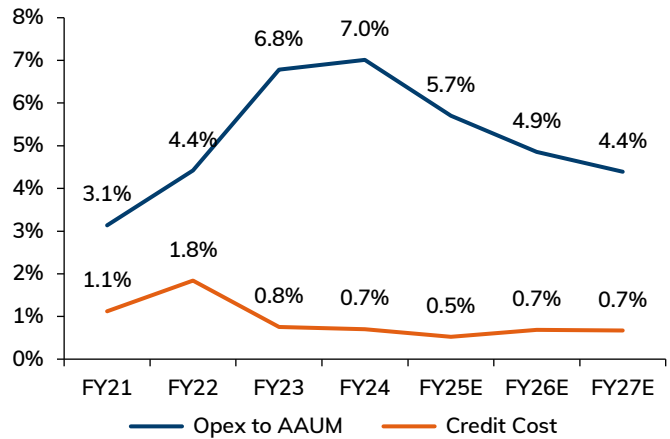
Source: Company, ICICI Direct Research

Steady margins amid change in asset mix.....



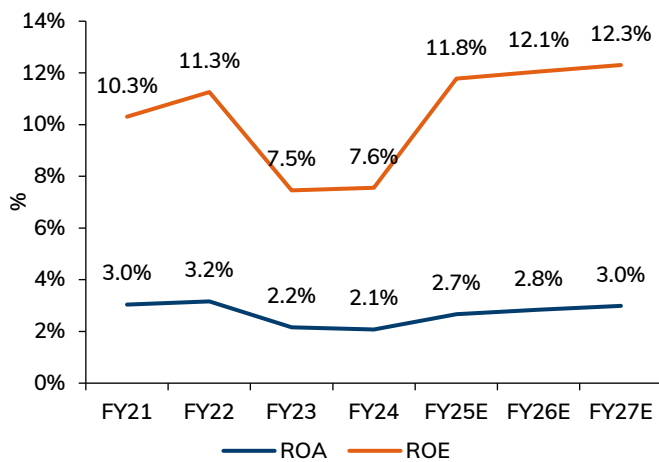
Source: Company, ICICI Direct Research

... improvement in efficiency & steady credit cost...



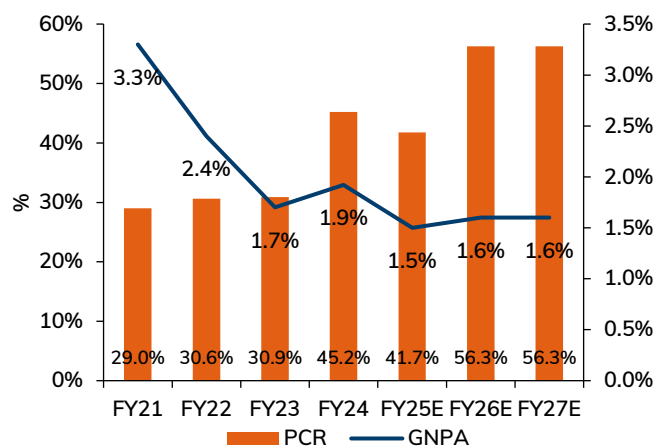
Source: Company, ICICI Direct Research

.....is seen to aid return ratios



Source: Company, ICICI Direct Research

Asset quality expected to remain stable



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 4: Profit and loss statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Interest Earned	1,822.9	2,605.5	3,325.9	4,126.4
Interest Expended	837.2	1,272.6	1,608.2	1,994.5
Net Interest Income	985.7	1,332.9	1,717.6	2,131.9
Growth (%)	55.0	35.2	28.9	24.1
Non Interest Income	382.1	500.9	667.0	842.5
Net Income	1,367.8	1,833.8	2,384.7	2,974.3
Employee cost	623.7	743.0	873.2	1,038.6
Other operating exp.	287.0	355.7	418.3	483.3
Operating expense	910.7	1,098.7	1,291.6	1,521.9
Operating Income	457.1	735.1	1,093.1	1,452.4
Provisions	91.2	100.8	182.7	230.7
PBT	365.9	634.3	910.4	1,221.7
Taxes	86.2	154.8	227.6	305.4
Net Profit	279.7	479.5	682.8	916.3
Growth (%)	36.7	71.4	42.4	34.2
EPS (₹)	3.4	5.8	7.1	9.5

Source: Company, ICICI Direct Research

Exhibit 5: Key Ratios

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
<u>Valuation</u>				
No. of Shares (crore)	82.5	82.7	96.2	96.2
EPS (₹)	3.4	5.8	7.1	9.5
BVPS (₹)	46.5	52.1	72.7	82.2
ABVPS (₹)	44.7	50.1	70.5	79.5
P/E	54.0	31.5	7.1	19.2
P/BV	3.9	3.5	2.5	2.2
P/adj.BV	4.1	3.7	2.6	2.3
<u>Yields & Margins (%)</u>				
Yield on avg assets	15.6	16.3	16.1	15.9
Avg. cost on funds	9.3	9.8	9.3	9.0
NIM	8.4	8.3	8.3	8.2
<u>Quality and Efficiency (%)</u>				
C/I ratio	66.6	59.9	54.2	51.2
GNPA	1.9	1.5	1.6	1.6
NNPA	1.1	0.9	0.9	0.9
RoE	7.6	11.8	12.1	12.3
RoA	2.1	2.7	2.8	3.0

Source: Company, ICICI Direct Research

Exhibit 6: Balance Sheet

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
<u>Sources of Funds</u>				
Capital	82.5	82.5	96.2	96.2
Reserves and Surplus	3,754.1	4,221.6	6,892.1	7,808.4
Networth	3,836.6	4,304.1	6,988.3	7,904.6
Borrowings	10,406.9	15,576.8	19,026.1	25,074.8
Other Liabilities & Prov	906.2	950.4	1,093.0	1,256.9
Total	15,149.7	20,831.3	27,107.3	34,236.3
<u>Applications of Funds</u>				
Cash and equivalents	674.6	1,531.2	1,902.6	2,507.5
Investments	216.2	160.4	176.4	194.1
Advances	13,421.2	18,251.5	22,831.3	28,836.0
Other Assets	837.7	888.2	2,197.0	2,698.7
Total	15,149.7	20,831.3	27,107.3	34,236.3

Source: Company, ICICI Direct Research

Exhibit 7: Growth Ratios

(% growth)	FY24	FY25	FY26E	FY27E
Total assets	28.4	37.5	30.1	26.3
Advances	41.5	36.0	25.1	26.3
Borrowings	38.5	49.7	22.1	31.8
Total Income	50.6	34.1	30.0	24.7
Net interest income	55.0	35.2	28.9	24.1
Operating expenses	58.4	20.6	17.6	17.8
Operating profit	37.3	60.8	48.7	32.9
Net profit	36.7	71.4	42.4	34.2

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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