

CMP: INR 175

OUTLOOK: Positive

Stock Info

BSE	531595
NSE	CGCL
Bloomberg	CGCL:IN
Reuters	CAPG.NS
Sector	NBFC
Face Value (INR)	1
Equity Capital (INR Cr)	96.16
Mkt Cap (INR Cr)	16,824
52w H/L (INR)	263/ 151
Avg Yearly Vol (in 000')	2934

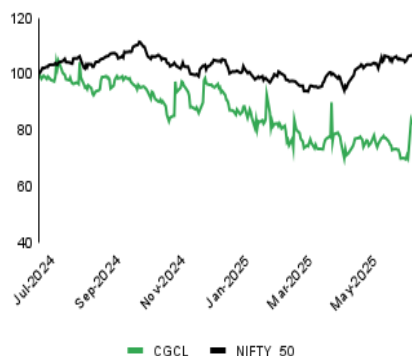
Shareholding Pattern %

(As on March, 2025)

Promoters	59.95
Public & Others	40.05

Stock Performance (%)	1m	6m	12m
Capri Global Capital Ltd	10.1	-6.8	-41.5
Nifty	0.1	5.5	6.3

CGCL Vs Nifty



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Capri Global is a diversified NBFC with a presence across both **lending and non – lending segments**. In lending, it provides a diverse range of products like **MSME, Affordable Housing, Construction Finance, and gold loan segments**, forayed into **Micro – LAP** in FY25. Under **non – lending**, it offers services viz: **car loan origination, insurance distribution and co lending**.

INVESTMENT RATIONALE

1. Diversified Secured Portfolio, Strong Margin Outlook: The company has delivered a strong 37% AUM CAGR over the past decade, driven by secured lending segments such as affordable housing, secured MSME, and gold loans. NIMs are expected to improve to ~9%, supported by a higher share of gold loans and micro LAP, along with lower borrowing costs in a benign interest rate environment. With over 90% of borrowings on a floating rate and 100% of the portfolio expected to be repriced by end-FY26, the company is well-positioned to benefit from falling rates. Additionally, the recent QIP of INR 2,000 crore and increasing share of the higher-yielding micro LAP segment are expected to further support margin expansion and optimize cost of funds. Cost of funds projected to come down to 8.9% in FY26 (9.5% in FY25).

2. Unlocking High-ROE, Low-Capital Revenue Streams: Fee Income Gaining Traction: Capri has established multiple fee-based income streams independent of its balance sheet, including insurance distribution, car loan origination, and co-lending partnerships. These initiatives are expected to contribute meaningfully to non-interest income, with premium distribution targeted to scale up to INR 8–9 billion over the next 3–4 years (vs. ~INR 1.3 billion in FY25). Co-lending remains a strategic lever for high ROE generation, capital efficiency, and liability diversification. Combined with strong core business growth and improving operating leverage, these drivers are expected to support RoA expansion to 4% - 5% by FY28.

3. Transitioning from Investment to Growth Phase: The cost-income ratio has improved despite major tech expenses and the initial gold loan branch expansion. The cost-to-income ratio is expected to decline to ~55% in FY26 from 59.9% in FY25, reflecting operating leverage gains. The branch network has expanded significantly—from 117 in FY22 to 1,111 in FY25—as part of the company's distribution-led growth strategy. Importantly, ~95% of gold loan branches are already operating above breakeven, and rising productivity across the network is expected to further enhance operating efficiency and drive down unit costs over time.

OUTLOOK:

Capri Global Capital Ltd. has successfully transformed from a construction finance-focused NBFC in 2011 into a diversified, secured retail lender. We expect an improvement in NIMs, driven by reduction in their cost of funds and improvement in yields. The increase in the share of Micro LAP segment will help them to improve their yields. Further, rate cut benefits along with a rating upgrade post successful QIP will help them to improve their cost of funds. 90% of their borrowings is floating and is expected to be completely repriced by the end of FY26. Further, company is planning to diversify their borrowings to commercial papers and NCDs which further help improve their borrowing cost. Company has further developed multiple lines of fee income, which include insurance distribution, car loan origination and co-lending opportunities. Despite elevated tech spends and initial gold loan branch rollout, cost-income ratio has improved, driven by scaling fee income businesses. Strong growth, rising non-interest income, and improving efficiency are expected to deliver RoA within the range of 4 – 5%, by FY28. We maintain a positive outlook on the company.

About the Company

- Capri Global is a diversified NBFC with a presence across both lending and non –lending segments.
- In lending, it provides a diverse range of products like **MSME, Affordable Housing, Construction Finance, and gold loan segments.**
- In FY25, company introduced a new product, **Micro – LAP**, which is expected to grow in coming years.
- Under **non – lending**, it offers services viz: **car loan origination, insurance distribution and co lending.**

LENDING Business

- Their **MSME (which includes Micro LAP)** constitutes to 23.1% of the AUM, with an ATS of INR 2 mn and LTV of 56%. AUM stood at INR 52,784 mn as on Q4FY25.
- Their **gold loan** business started operating from FY22 and now constitutes 35.2% of the AUM. Its ATS stood at INR 1.28 lakh with an LTV of 72.4%. AUM stood at INR 80,423 mn as on Q4FY25.
- The **affordable housing** constitutes to 22.8% of the AUM, with an ATS of INR 22.2 Lakh and LTV of 56.4%. AUM stood at INR 52,016 mn as on Q4FY25.
- **Construction finance** currently constitutes 18.1% of the AUM. AUM stood at INR 41,329 mn as on Q4FY25, with 282 live accounts. This book is a granular book, safeguarding it from any possible risk of default.
- Capri global started their business in FY 2011 with sole product construction finance and thus have high vintage and experience to deal with the risk in the segment.
- Company's **100% of the portfolio is secured.** Construction finance is secured against the land on which construction is done.
- In FY22, Capri global launched several initiative in order to propel the business into its next stage of growth.
- Following initiatives were launched: introduction of new product like gold loan, building fee income, investment in automation of collection through A.I. and investment in technology through in-house development and infrastructure.
- Capri global is a 100% secured portfolio, and they introduced gold loans in FY22 and have been investing in opening new branches since FY22, due to which their expenses has seen an upward trend.
- They branch count has increased from 117 in FY22 to 1111 in FY25.
- Now company's investment phase is almost complete and opex is expected to come down.
- Each branch takes 15 – 18 months to break even. Today, 95% of gold loan branches are operating above breakeven and productivity is expected to improve.
- Further, they also started building fee income (non – lending business) which has helped them to grow.

NON – LENDING Business

- Under this segment, company offers **car loan origination, insurance distribution and co lending.**
- They have entered into contract with 12 banks for **car loan origination.** They charge a fee of 2 – 2.5%.
- In FY25, company had done a car loan origination of INR 107 bn.

- Under **Insurance Distribution**, Capri global has tie ups with 18 insurers.
- They are targeting a premium distribution of INR 8 – 9 bn in next 3 – 4 years (v/s ~1.3 bn in FY25).
- **Co-lending** AUM stood at INR 40.79 bn (18% of AUM). Co-lending is a “high ROE generation, capital conservation and liability diversification” lever.
- They have 11 partners with in the co lending business.

Guidance

- Management is targeting growth of 27–30% CAGR in AUM, and aiming for INR 500 bn AUM by FY28.
- Targeting sustainable ROE of 16%+ by FY28, with 1.5 – 2% incremental ROE from fee income streams (car loan origination, insurance, co-lending) and ROA of 4 – 5%.
- Company is planning on opening 200 new branches every year, with 50% branches being gold loan branches.
- Management is aiming to enter southern region, where they believe demand for housing and gold loan is high.
- In Insurance distribution business, they are targeting a premium distribution of INR 8 – 9 bn in next 3 – 4 years (v/s ~1.3 bn in FY25).
- Cost to income for the whole FY26 is expected to reduce to 55% (v/s 59.9% in FY25).
- Cost of funds projected to come down to 8.9% in FY26 (9.5% in FY25).

Table 1: Financial metrics

KPI	FY25	FY24	Trend / Notes
AUM	INR 2,28,573 mn	INR 1,56,530 mn	+46% YoY growth
Net Interest Income	INR 13,320 mn	INR 9,857	+35% YoY growth
PPOP	INR 7,341 mn	INR 4,570 mn	+61% YoY growth
PAT	INR 4,785 mn	INR 2,794 mn	+71% YoY growth
Cost income ratio	59.90%	66.60%	Improvement of 664 bps
Net NPA	0.90%	1.10%	Improvement of 17 bps
Return on Equity	11.80%	7.60%	Improvement of 428 bps
Return on Assets	2.70%	2.10%	Improvement of 55 bps

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BUY
ACCUMULATE
HOLD
NEUTRAL
REDUCE
SELL

Absolute Return

>20%
12% to 20%
5% to 12%
-5% to 5%
-5% to -12%
<-12%

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