

CAPRI GLOBAL CAPITAL

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	187
12 month price target (INR)	220
52 Week High/Low	232/151
Market cap (INR bn/USD bn)	183/2.1
Free float (%)	39.9
Avg. daily value traded (INR mn)	1,279.5

SHAREHOLDING PATTERN

(%)	Jun-25	Mar-25	Dec-24
Promoter	60.0%	69.9%	69.9%
FII	4.7%	1.0%	1.0%
DII	21.9%	14.5%	14.5%
Pledge	-	-	-

FINANCIALS

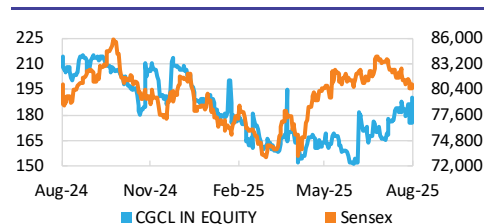
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
NII	13320	17914	22625	26100
PPoP	7341	13167	17870	21376
Adjusted profit	4785	8954	12287	14729
Diluted EPS (INR)	5.8	9.3	12.8	15.3
EPS growth (%)	71.2	60.6	37.2	19.9
RoAE (%)	11.8	15.6	15.8	16.2
P/E (x)	32.2	20.0	14.6	12.2
P/ABV (x)	3.6	2.5	2.1	1.8
Dividend yield (%)	0.1	0.1	0.2	0.3

CHANGE IN ESTIMATES

Year to March	Revised estimates		% Revision	
	FY26E	FY27E	FY26E	FY27E
NII	17,914	22,625	3.1	4.6
PPoP	13,167	17,870	8.5	9.9
PAT	8,954	12,287	9.3	10.7
Diluted EPS (INR)	9.3	12.7	9.3	10.7

PRICE PERFORMANCE



Robust growth across metrics

Capri Global delivered a robust Q1FY26 with AUM expanding 41.5% YoY/8.3% QoQ. NII surged 38.4% YoY/9% QoQ while tight cost control drove PPOP up 1.1x YoY/22.6% QoQ. However, impairment costs spiked 75.6% YoY/3.4x QoQ, weighing on profitability. As a result, APAT grew 1.3x YoY, but dipped 1.6% QoQ. RoA/RoE (annualised) stood at 3.2% (+522bp YoY)/13% (+125bp YoY) in Q1FY26.

Management remains confident of delivering INR500bn in AUM, RoA of 4–4.5%, and RoE of 16–18% over FY26–28E. We are tweaking FY26E/27E/28E earnings by 9.3%/10.7%/9.6%. Consequently, we are raising the TP to INR220 (earlier INR210), valuing the stock at FY27E P/B of 2.5x; retain 'BUY'.

Operating leverage drives earnings growth

AUM grew strongly at 41.8% YoY/8.3% QoQ led by disbursal growth of 50.5% YoY/0.8% QoQ in Q1FY26. AUM of high-yielding segments such as gold loans/construction finance rose sharply by 68.6%/61% YoY, which lifted average yield by 55bp YoY/13bp QoQ to 17.1%. NIM improved moderately to 8.8% (+9bp YoY/+3bp QoQ), partially offset by a rise in average CoF by 22bp YoY/+33bp QoQ. Management expects borrowing costs to fall 40–50bp by end-FY26E, with MCLR resets and a larger share of NCDs/CPs at competitive prices. Incremental borrowing costs to decline 25–30bp. NII grew 38.4% YoY/9% QoQ to INR4.15bn. Co-lending/insurance distribution income shot up 1.7x/1.2x YoY while declining 26.2%/18.3% QoQ. Total expenses remained flat YoY while declining 13.4% QoQ to INR3bn. Cost to income eased 2,078bp YoY/996bp QoQ to 49.5%. 27 branches added during Q1 (two-thirds pertain to gold loans). 150–200 branches to be rolled out in FY26, mainly across the southern region. Impairment cost shot up 75.6% YoY/3.4x QoQ to INR815mn. Credit cost was impacted by INR220mn provisioning (Stage 2) in MSME and housing, and one INR160mn construction finance account slipping into NPA, for which INR80mn provision was created. APAT came in at INR1.75bn (+1.3x YoY/-1.6% QoQ). Management guided for an AUM CAGR of 30% over two–three years, FY26 RoE at 13.5–14%, improving to 16–17% in FY27E, driven by stronger fee income and operating leverage with the RoA expected to reach ~4%.

Asset quality to remain under check

Stage 3 GNPA stood at 1.7%, (-48bp YoY/+ 14bp QoQ). MSME/Housing GNPA improved 70bp/10bp YoY, but rose 30bp/10bp QoQ. Construction finance witnessed GNPA deterioration of 20bp YoY/30bp QoQ. Management guided that GNPA/NNPA shall stay below 2%/1.2%.

Financials

Year to March (INR mn)	Q1FY26	Q1FY25	% Change	Q4FY25	% Change
NII	4,156	3,004	38.4	3,812	9.0
Pre-provisioning Profits	3,115	1,452	114.5	2,540	22.6
Reported Profits	1,749.0	757.2	131.0	1,777.4	(1.6)
Diluted EPS (INR)	1.8	0.9	98.4	2.1	(15.5)

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Net interest income	13,320	17,914	22,625	26,100
Non interest income	6,453	9,477	11,613	14,321
Fee and forex income	3,279	4,714	6,198	8,143
Other income	2,532	4,025	4,566	5,202
Investment profits	642	738	849	976
Net revenues	19,772	27,390	34,238	40,421
Operating expense	12,431	14,223	16,368	19,045
Employee exp.	7,430	8,395	9,487	10,910
Other opex	5,001	5,828	6,881	8,135
Preprovision profit	7,341	13,167	17,870	21,376
Provisions	1,008	1,228	1,488	1,738
PBT	6,333	11,939	16,382	19,638
Taxes	1,548	2,985	4,096	4,910
PAT	4,785	8,954	12,287	14,729
Extraordinaries	0	0	0	0
Reported PAT	4,785	8,954	12,287	14,729
Diluted EPS (INR)	5.8	9.3	12.8	15.3
DPS (INR)	0.2	0.3	0.4	0.6

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Yield on advances	16.5	16.8	16.9	17.0
Yield on investments	12.0	12.0	12.0	12.0
Yield on assets	7.4	7.4	7.6	7.4
Cost of funds	9.8	9.4	9.0	9.0
Cost of deposits	0	0	0	0
Net interest margins	8.4	8.8	9.1	9.0
Spread	6.7	7.4	7.9	8.0
Cost-income	62.9	51.9	47.8	47.1
Tax rate	24.4	25.0	25.0	25.0

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted PE (x)	32.2	20.0	14.6	12.2
Price/BV (x)	3.6	2.5	2.1	1.8
Dividend yield (%)	0.1	0.1	0.2	0.3

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Equity capital	825	962	962	962
Reserves	42,216	70,765	82,683	96,823
Net worth	43,041	71,727	83,645	97,784
Deposits	0	0	0	0
Borrowings	155,768	194,710	233,652	280,383
Other liabilities	9,504	10,361	4,239	4,280
Total	208,313	276,798	321,536	382,446
Assets				
Loans	182,515	226,843	269,036	310,154
Investments	1,604	1,765	1,941	2,038
Cash & equi.	15,312	39,171	40,387	59,302
Fixed assets	3,445	3,789	4,168	4,377
Other assets	4,590	4,298	4,978	5,448
Total	208,313	276,798	321,536	382,446
BV/share (INR)	52.2	74.6	87.0	101.7
Capital adequacy (%)	nm	nm	nm	nm

Balance Sheet Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Credit growth	36.0	24.3	18.6	15.3
Deposit growth	0	0	0	0
EA growth	39.3	34.3	16.3	19.3
SLR ratio	0	0	0	0
C-D ratio	0	0	0	0
Low-cost deposits	0	0	0	0
Gross NPA ratio	1.5	1.6	1.6	1.6
Net NPA ratio	0.8	0.8	0.8	0.8

ROA Decomposition (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Nil/Assets	7.4	7.4	7.6	7.4
Other inc./Assets	0	0	0	0
Inv. profits/Assets	0	0	0	0
Net revenues/assets	11.0	11.3	11.4	11.5
Opex/Assets	(6.9)	(5.9)	(5.5)	(5.4)
Provisions/Assets	(0.6)	(0.5)	(0.5)	(0.5)
Taxes/Assets	(0.9)	(1.2)	(1.4)	(1.4)
Total costs/Assets	(8.3)	(7.6)	(7.3)	(7.3)
RoA	2.7	3.7	4.1	4.2
Equity/Assets	4.4	4.2	3.9	3.9
RoAE	11.8	15.6	15.8	16.2

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	71.2	60.6	37.2	19.9
RoAE	11.8	15.6	15.8	16.2
Net NPA ratio	0.8	0.8	0.8	0.8
Payout ratio (%)	3.0	3.0	3.0	4.0

Exhibit 1: PAT up 1.3x YoY while declining 1.6% QoQ

Particulars (INR mn)	Q1FY25	Q4FY25	Q1FY26	YoY (%/bp)	QoQ (%/bp)
Interest income	5,724	7,393	8,096	41.4	9.5
Finance costs	2,720	3,581	3,940	44.8	10.0
Net interest income	3,004	3,812	4,156	38.4	9.0
Fee and commission income	747	1,024	843	12.7	(17.7)
Net gain on fair value changes	181	183	61	(66.4)	(66.8)
Net gain on derecognition of financial instruments under amortised cost category	402	553	725	80.1	31.0
Sale of services	-	-	37	NM	NM
Other income	125	428	289	130.6	(32.5)
Total income	4,460	5,999	6,111	37.0	1.9
Fees and commission expense	367	375	294	(20.0)	(21.7)
Employee benefits expenses	1,751	2,166	1,827	4.4	(15.7)
Depreciation and amortization	227	285	247	9.0	(13.4)
Other expenses	664	633	628	(5.4)	(0.8)
Total operating expenses	3,008	3,460	2,996	(0.4)	(13.4)
Pre-provision operating profit (PPoP)	1,452	2,540	3,115	114.5	22.6
Impairment on financial instruments	464	185	815	75.6	341.3
Profit before tax	988	2,355	2,300	132.8	(2.3)
Total tax expense	231	578	551	138.7	(4.6)
Net profit	757	1,777	1,749	131.0	(1.6)

Source: Company, Nuvama Research

Exhibit 2: GNPA improves 48bp YoY while deteriorating 14bp QoQ

Particulars (INR mn)	Q1FY25	Q4FY25	Q1FY26	YoY (%/bp)	QoQ (%/bp)
Loan outstanding (Gross)					
Stage 1 & 2	143,558	184,917	197,346	37.5	6.7
Stage 3	3,152	2,867	3,355	6.4	17.0
ECL Provision					
Stage 1 & 2	1,441	1,481	1,848	28.2	24.8
Stage 3	1,432	1,197	1,375	(4.0)	14.9
ECL Provision (%)					
Stage 1 & 2	1.0	0.8	0.9	(7)bp	14bp
Stage 3	45.4	41.8	41.0	(445)bp	(77)bp
Loan outstanding (Net)					
Stage 1 & 2	142,117	183,436	195,498	37.6	6.6
Stage 3	1,720	1,670	1,980	15.1	18.6
NPA (%)					
Stage 3 GNPA %	2.1	1.5	1.7	(48)bp	14bp
Stage 3 NNPA %	1.2	0.9	1.0	(20)bp	10bp

Source: Company, Nuvama Research

Exhibit 3: NIM improves slightly at 9bp YoY/3bp QoQ

Particulars	Q1FY25	Q4FY25	Q1FY26	YoY (%/bp)	QoQ (%/bp)
Yield on average loans (%)	16.6	17.0	17.1	55bp	13bp
Cost of funds (%)	9.8	9.7	10.0	22bp	33bp
NIM (%)	8.7	8.8	8.8	9bp	3bp
Spread (%)	6.8	7.4	7.1	33bp	(20)bp

Source: Company, Nuvama Research

Exhibit 4: SCB borrowings' share declines 509bp YoY to 78.8%

Borrowing mix (%)	Q1FY25	Q4FY25	Q1FY26	YoY (%/bp)	QoQ (%/bp)
SCB Borrowings	83.9	78.8	78.8	(509)bp	1bp
NHB Refinance	6.3	5.6	5.5	(76)bp	(14)bp
SIDBI/NABARD Refinance	4.4	12.3	11.4	699bp	(90)bp
NCDs/CPs	5.4	3.3	4.3	(114)bp	103bp
Total	100	100	100	-	-

Source: Company, Nuvama Research

Exhibit 5: Gold loan share rises 585bp YoY/160bp QoQ to 36.8%

INR mn	Q1FY25	Q4FY25	Q1FY26	YoY (%/bp)	QoQ (%/bp)
Business wise AUM					
MSME Loans	48,013	52,784	54,779	14.1	3.8
Gold Loans	54,001	80,423	91,049	68.6	13.2
Housing Finance	41,555	52,016	54,903	32.1	5.6
CF	28,082	41,329	45,206	61.0	9.4
Others	2,928	2,022	1,600	(45.4)	(20.9)
Total	174,579	228,574	247,537	41.8	8.3
Business wise AUM share (%)					
MSME Loans	27.5	23.1	22.1	(537)bp	(96)bp
Gold Loans	30.9	35.2	36.8	585bp	160bp
Housing Finance	23.8	22.8	22.2	(162)bp	(58)bp
CF	16.1	18.1	18.3	218bp	18bp
Others	1.7	0.9	0.6	(103)bp	(24)bp
Total	100	100	100	-	-
Co-lending AUM					
MSME	9,347	10,025	10,315	10.4	2.9
Gold loan	15,706	24,810	28,942	84.3	16.7
Housing finance	3,548	5,963	7,547	112.7	26.6
Total	28,601	40,798	46,804	63.6	14.7
Co-lending AUM share (%)					
MSME	32.7	24.6	22.0	(1,064)bp	(253)bp
Gold loan	54.9	60.8	61.8	692bp	102bp
Housing finance	12.4	14.6	16.1	372bp	151bp
Total	100	100	100	-	-

Source: Company, Nuvama Research

Exhibit 6: MSME segment's GNPA improves 70bp YoY while declining 40bp QoQ to 4.3%

MSME	Q1FY25	Q4FY25	Q1FY26	YoY (%/bp)	QoQ (%/bp)
ATS (on disburseals) (INR mn)	1.9	2.4	2.2	15.8	(8.3)
LTV (%)	54.0	56.0	55.0	100bp	(100)bp
Yields (%)	15.7	15.5	15.7	-	20bp
GNPA (%)	5.0	3.9	4.3	(70)bp	40bp
NNPA (%)	2.9	2.0	2.4	(50)bp	40bp

Source: Company, Nuvama Research

Exhibit 7: Gold loan segment's yield increases 80bp YoY while declining 140bp QoQ to 20.7%

Gold loan	Q1FY25	Q4FY25	Q1FY26	YoY (%/bp)	QoQ (%/bp)
ATS (on portfolio) (INR mn)	0.1	0.1	0.1	29.0	7.8
LTV (%)	71.9	72.4	71.7	(20)bp	(70)bp
Yields (%)	19.9	22.1	20.7	80bp	(140)bp
GNPA (%)	0.6	0.8	0.7	10bp	(10)bp
NNPA (%)	0.5	0.7	0.6	10bp	(10)bp

Source: Company, Nuvama Research

Exhibit 8: Housing finance's GNPA improves 10bp YoY to 1.5%

Housing finance	Q1FY25	Q4FY25	Q1FY26	YoY (%/bp)	QoQ (%/bp)
ATS (on disburseals) (INR mn)	1.8	2.2	2.0	13.6	(9.9)
LTV (%)	56.7	56.4	56.7	-	30bp
Yields (%)	12.7	13.1	13.1	40bp	-
GNPA (%)	1.6	1.4	1.5	(10)bp	10bp
NNPA (%)	0.9	0.9	0.9	-	-

Source: Company, Nuvama Research

Exhibit 9: Construction finance segment's GNPA rises 20bp YoY/30bp QoQ to 0.5%

Construction finance	Q1FY25	Q4FY25	Q1FY26	YoY (%/bp)	QoQ (%/bp)
ATS sanction (on disburseals) (INR mn)	261.9	376.2	413.9	58.0	10.0
Yields (%)	17.2	17.3	17.3	10bp	-
GNPA (%)	0.3	0.2	0.5	20bp	30bp
NNPA (%)	-	0.1	0.3	30bp	20bp

Source: Company, Nuvama Research

Exhibit 10: Changes in estimates

	Earlier			Revised			Change (%)		
(INR mn)	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Interest income	33,853	40,902	48,196	34,386	41,902	49,231	1.6	2.4	2.1
NII	17,381	21,626	25,064	17,914	22,625	26,100	3.1	4.6	4.1
PPoP	12,131	16,256	19,623	13,167	17,870	21,376	8.5	9.9	8.9
PAT	8,191	11,103	13,442	8,954	12,287	14,729	9.3	10.7	9.6
EPS (INR)	8	11	14	9.3	12.7	15.2	9.3	10.7	9.6
BVPS (INR)	73	85	98	74.1	86.5	101.1	1.0	2.3	3.3
Target Price (INR)	210			220			4.8%		
Rating	BUY			BUY					

Source: Company, Nuvama Research

Q1FY26 conference call highlights

Guidance

AUM

AUM guidance remains strong at a 30% CAGR over 2–3 years. In housing finance, demand remains resilient driven by urbanization, income formalisation and housing upgrades, further supported by the PMAY subsidy.

RoA and RoE

FY26 RoE guidance is 13.5–14%, improving to 16–17% in FY27E driven by stronger fee income and operating leverage, with RoA expected to reach ~4%.

Product mix

By segment, gold loans will form 37–40% of AUM, MSME and housing 20–22% each, and construction finance 17–18% for FY26E/27E.

Credit cost

During Q1, the company benefited from a one-time INR150mn reversal of provision, lowering the reported cost-to-income ratio to 46.5%. Adjusted for this, it would have been 49%. Credit costs were elevated due to INR240mn Stage 1 provisioning, INR220mn provisioning in MSME and housing (Stage 2), and one INR160mn construction finance account slipping into NPA, for which an INR80mn provision was created. However, a write-back of INR70mn from past recoveries partly offset this. Management highlighted that Q1 typically sees higher credit costs, which are expected to moderate from Q2. FY26 credit cost is expected to remain below 70bp.

GNPA/NNPA

GNPA/NNPA is guided to stay below 2%/1.2%. The company has 520 employees in collections. The MSME segment remains fully collateralised with 55% LTV and 97% collection efficiency. Resolution of old NPAs will be a key focus and is being pursued through property sales.

Branch expansion

Expansion of 150–200 branches is planned in FY26E, mainly across Tamil Nadu, Andhra Pradesh, Karnataka, Telangana and Odisha. Without this expansion, cost-to-income would have been 46–47%; with it, the FY26 guidance stands at ~50%, supporting a 3.5%+ RoA.

Co-lending AUM and new subsidiaries incorporation

Co-lending AUM is expected to comprise 18–20% of total AUM with fee income in the range of 25–30% for FY26. Two new entities have been incorporated—one for investment banking in debt capital markets and another for sales and distribution of the debt placement at the institutional level. These will be low-capital ventures, with a ten-member team to be expanded gradually.

QIP completion

The company successfully completed INR20bn QIP in Q1FY26 to scale up core lending segments and enhance technology capabilities, including investments in generative AI and data science.

NCDs raised and borrowing cost

The company raised INR1.5bn in NCDs at 9–9.25% and received the board approval for an INR10bn public NCD issue. Management expects borrowing costs to decline by 40–50bp by end-FY26E, with MCLR resets and a larger share of NCDs/CPs over the next 12 months reducing incremental costs by 25–30bp.

Company Description

Capri Global Capital Limited (CGCL) is a diversified NBFC. The company started lending operations in 2011 and now has a loan book spread across MSMEs, affordable housing, gold loans, and construction finance across North and West India. Recently, CGCL also started micro-LAP and solar finance under the MSME segment.

The company also generates fee-based income by distributing car loans and insurance products. As on FY25, its AUM was INR228.6bn and number of employees was 11,410. The distribution network comprises 1,111 branches across 19 states and union territories.

It has two wholly-owned subsidiaries: Capri Global Housing Finance Limited (CGHFL) for affordable housing finance business and Capri Loans Car Platform Private Limited, which is engaged in the business of car loan origination for leading commercial banks for a fee consideration.

Investment Theme

CGCL has a well-diversified lending portfolio across MSME loans (23.1% of FY25 AUM), gold loans(35.2%), housing finance (22.8%) and construction finance (18.1%). It has a largely retail and granular book with an ATS of INR1.3/0.1/1.4mn for MSME/gold/ housing loans; top-three states made up 57.1% of FY25 AUM across 19 states/UTs.

The large customer base (total customers: 546k-plus in FY25) provides opportunities for cross-selling distribution products; CGCL has partnered with 12 lenders for car loan distribution and 18 insurers across health, life (credit life cover and term plan) and general segments (motor and property cover). Scaling up these asset-light and fee-based businesses shall give a leg-up to capital efficiency and RoA/RoE. Further, CGCL added 994 branches over FY22–25, taking the tally to 1,111, of which 803 are dedicated to gold loans. RoA shall improve as branch productivity picks up.

Key Risks

- The company primarily caters to borrowers who are self-employed and engaged in small businesses and trading activities. The cash flows of these borrowers are dependent on the overall economic activity in the region. Any economic downturn could affect CGCL's business
- CGCL relies heavily on banks as a primary source of borrowings, resulting in limited diversification of funding sources. Banks comprise ~86% of borrowings as on FY25.
- The company faces competition from unorganised moneylenders, small finance banks along with existing and new NBFCs entering the lending segments in which it operates
- CGCL operates in a highly regulated industry. Any adverse change in the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure provisioning and NPAs can have a negative impact on the financial performance of the company.
- As on FY25, the gold loan portfolio accounts for 35.2% of AUM. Significant volatility or a sharp decrease in gold prices could reduce collateral value, increasing the loanto-value (LTV) ratio and potentially requiring the company to seek additional collateral or loan repayments from borrowers.

Additional Data

Management

MD & CEO	Rajesh Sharma
CFO	Kishore Kumar Lodha
CRO	Sanjeev Srivastava
Auditor	MSKA & Associates

Holdings – Top 10*

	% Holding		% Holding
LIC	7.89	Samrudhi Nultit	1.29
Quant Money Man	5.96	Societe General	1.12
Gainful Inv & A	3.29	3P India Equity	1.06
SBI Life Insura	2.53	Vanguard Group	0.67
Roopam Multitra	2.10	Norges bank	0.15

*Latest public data

Recent Company Research

Date	Title	Price	Reco
17-Jul-25	Productivity gains to boost profitability; <i>Initiating Coverage</i>	183	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
04-Aug-25	LIC Housing Finance	Weak growth; higher credit cost; <i>Result Update</i>
01-Aug-25	Cholamandalam	Q1FY26 – Sharp rise in credit cost; <i>Result Update</i>
25-Jul-25	Shriram Finance	Credit cost lower; MSME not a concern; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	202
Hold	<15% and >-5%	66
Reduce	<-5%	36

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