

CMP: INR 184

Rating: BUY

Target Price: 254

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)	17,795
52w H/L (INR)	232/ 151
Avg Yearly Vol (in 000')	3737

Shareholding Pattern %

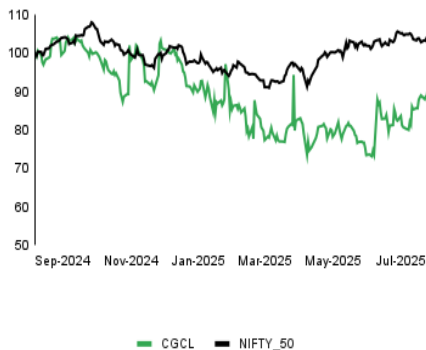
(As on June, 2025)

Promoters	59.95
Public & Others	40.05

Stock Performance (%)

	1m	6m	12m
Capri Global Capital Ltd	12.1	6.1	-10.4
Nifty	-4.2	3.6	0.4

CGCL Vs Nifty



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Capri Global Capital (CGCL) reported a strong PAT of INR 1.7bn, supported by robust AUM growth of 42% YoY / 8.3% QoQ, driven primarily by Gold Loans (+69% YoY / +13.2% QoQ) and Construction Finance (+61% YoY / +9.4% QoQ). Housing Finance also grew healthily at 36% YoY / 5.5% QoQ, while MSME growth remained muted at 12.1% YoY / 3.8% QoQ due to macroeconomic challenges in select regions. The result was further aided by higher fee income contribution and improved operating efficiency, including a one-off wage provision reversal, underscoring improving scalability and focus on high-growth segments.

INVESTMENT RATIONALE

- Strong Operational Performance:** CGCL demonstrated a strong operational performance in 1QFY26, with consolidated AUM rising 42% YoY to INR 247.54 billion, driven primarily by robust retail growth—gold loans surged 69% and housing loans increased 32% YoY. Disbursements rose 51% YoY to INR 84.58 billion, supported by a diversified customer base exceeding 550,000. Profitability saw a sharp increase with a PAT of INR 1.75 billion, up 131% YoY, fueled by margin expansion, operating leverage, and balanced growth across segments. Return metrics remained healthy with annualized RoAE at 13.0% and RoAA at 3.2%. Net Interest Income expanded 38% YoY to INR 4.16 billion, backed by strong retail loan growth and improved net interest margins, while blended yields and spreads on advances stood at 16.9% and 7.2%, reflecting solid pricing power and portfolio optimization.
- Fee Income Gaining Traction:** CGCL continued to strengthen its non-interest income streams in 1QFY26, with non-interest income rising 53% YoY to INR 16.6 billion, accounting for 28.5% of net total income for the quarter. This growth was driven by robust increases in co-lending fee income and insurance distribution. The car loan distribution business maintained strong momentum, with originations reaching INR 26.51 billion, up 19% YoY, supported by a rapidly expanding network and partnerships with 12 banks and financial institutions, creating a highly scalable platform. In insurance distribution, CGCL generated net fee income of INR 2.8 billion and anticipates this segment will contribute significantly to overall fee income in the future, leveraging relationships with 18 insurance companies and increasing penetration in its retail customer base.
- Improvement in Productivity:** CGCL demonstrated significant improvement in operating efficiency in 1QFY26, with the cost-to-income ratio improving sharply to 46%, down from 55% in 4QFY25 and 65% in 1QFY25. This enhanced efficiency was driven by better productivity and digital enablement initiatives. As a result, PPOP surged 115% YoY to INR 3.11 billion, highlighting the strong benefits of operating leverage and disciplined execution.

OUTLOOK:

Capri Global is witnessing significant growth momentum in its underpenetrated segments. The company's diversified and secured lending model provides a solid foundation for delivering sustainable and profitable growth. Margin expansion is being supported by a rising share of high-yield products, alongside steady growth in fee-based income. Additionally, Capri Global's continued investments in technology are driving cost efficiencies, further enhancing its profitability. 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. 90% of their borrowings is floating and is expected to be completely repriced by the end of FY26, which further help improve their borrowing cost. Company has further developed multiple lines of fee income, which include insurance premiums, car loan origination and co-lending opportunities. These factors collectively position the company well to deliver robust and consistent returns in the medium to long term. We give a BUY rating with a target price of INR 254, valuing the stock at 3x FY28E BV. We believe the multiple is justified, considering the company's improving return profile, scalable model, and multiengine growth strategy.

Financial Summary

Y/E Mar (Rs Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
NII	635.2	986.9	1332.0	1933.1	2572.8	3276.4
PAT	203.7	279.4	478.6	846.7	1313.0	1684.5
Networth	3370.5	3836.6	4304.1	5150.8	6463.8	8148.3
EPS (Rs)	2.5	3.4	5.8	8.8	13.7	17.5
P/E (x)	74.5	54.3	31.7	20.9	13.5	10.5
P/BV	4.5	4.0	3.5	3.4	2.7	2.2
RoA (%)	3.2%	2.5%	2.3%	2.7%	3.6%	4.5%
RoE (%)	11.3%	7.7%	7.8%	11.8%	17.9%	22.6%

Q1FY26 - Quarterly Performance

P&L (INR Crore)	Q1FY26	Q1FY25	Q4FY25	YoY	QoQ
Interest Earned	809.50	572.45	739.27	41%	10%
Interest Expended	394.00	271.50	358.11	45%	10%
NII	415.50	300.94	381.16	38%	9%
Other Income	166.10	108.89	181.27	53%	-8%
Net Income	581.60	409.84	562.42	42%	3%
Opex	270.20	264.60	308.44	2%	-12%
PPOP	311.40	145.24	253.99	114%	23%
Provisions	81.49	46.43	18.47	75%	341%
PBT	229.91	98.80	235.52	133%	-2%
Tax	55.10	23.08	57.78	139%	-5%
PAT	174.81	75.72	177.74	131%	-2%
Asset Quality					
GNPA (%)	1.70%	2.10%	1.50%	-40bps	20bps
NNPA (%)	1.00%	1.20%	0.90%	-20bps	10bps
Balance Sheet					
AUM	24,754	17,459	22,860	42%	8%
Borrowings	15,979	11,862	15,577	35%	3%
Spreads					
Yield	16.9%	16.3%	16.8%	60bps	10bps
Cost of Borrowings	9.7%	9.4%	9.4%	30bps	30bps
NIM	8.9%	8.9%	8.9%	0bps	0bps

Source: Arianth Research, Company Filings

Q1FY26 Concall Highlights

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.
- 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 50% levels (v/s 59.9% in FY25).
- Cost of funds projected to come down to 8.9% in FY26 (9.5% in FY25).

Highlights

- CGCL reported a robust 1QFY26 performance with PAT at INR 1.75 bn, up 131% YoY, led by strong margin expansion, operating leverage, and broad-based growth across segments
- NII Growth: Net Interest Income rose 38% YoY to INR 4.16 bn, supported by healthy traction in the retail loan book and sustained improvement in NIMs.
- Yields and Spreads: Blended yields and spreads stood at 16.9% and 7.2%, respectively, underscoring the company's strong pricing power and optimized asset mix.
- Non-Interest Income: Up 53% YoY to INR 1.66 bn, contributing 28.5% of total income, aided by strong growth in co-lending fees and insurance distribution.
- Car Loan Originations: Continued momentum with disbursements of INR 26.51 bn (+19% YoY).
- Insurance Distribution: Fee income from insurance at INR 0.28 bn in the quarter.
- Cost Efficiency: Cost-to-income ratio improved meaningfully to 46% (vs 55% in 4QFY25 and 65% in 1QFY25), reflecting strong operating leverage.
- Asset Quality: GNPA at 1.7% (+3 bps QoQ / -48 bps YoY); NNPA at 1.0% (-19 bps YoY). PCR on Stage 3 assets remains strong at 41%.
- Management is aiming to enter southern region, where they believe demand for housing and gold loan is high.

Key Financials

P&L (Rs Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest income	1168.2	1822.8	2605.6	3536.5	4607.9	5832.7
Interest expense	533.0	835.9	1273.6	1603.4	2035.1	2556.3
NII	635.2	986.9	1332.0	1933.1	2572.8	3276.4
Non-interest income	297.7	491.4	645.3	723.8	868.2	1034.8
Net revenues	932.9	1478.3	1977.2	2656.9	3441.1	4311.2
Operating expenses	575.1	912.0	1098.7	1308.7	1466.9	1849.7
Commission expenses	25.8	109.4	144.4	126.9	135.7	131.3
PPOP	332.0	456.9	734.1	1221.3	1838.5	2330.2
Provisions	64.7	91.3	100.8	100.8	100.8	100.8
PBT	267.3	365.6	633.3	1120.5	1737.7	2229.4
Tax	63.6	86.2	154.8	273.8	424.7	544.8
PAT	203.7	279.4	478.6	846.7	1313.0	1684.5

Balance sheet	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Equity	3370.5	3836.6	4304.1	5150.8	6463.8	8148.3
Borrowings	5388.4	10406.9	15576.8	20054.3	25169.5	31637.8
Other liability	539.5	906.7	950.4	834.0	915.6	900.0
Total liabilities	9298.4	15150.2	20831.3	26039.1	32548.9	40686.2
Fixed assets & Other assets	545.6	838.1	888.2	755.9	826.1	823.4
Investments	360.0	216.2	160.4	245.5	207.4	204.5
Loans	6934.7	13421.2	18251.5	24226.8	31252.5	39065.7
Cash	1458.1	674.6	1531.2	810.9	263.0	592.7
Total assets	9298.4	15150.2	20831.3	26039.1	32548.9	40686.2

Source: Arian Research, Company Filings

Ratios	FY23	FY24	FY25	FY26E	FY27E	FY28E
Growth (%)						
NII		55%	35%	45%	33%	27%
PPOP		38%	61%	66%	51%	27%
PAT		37%	71%	77%	55%	28%
Advances		94%	36%	33%	29%	25%
Spread (%)						
Yield on Funds	14.8%	17.3%	17.6%	16.3%	16.5%	16.5%
Cost of Funds	7.7%	10.5%	10.6%	9.8%	9.0%	9.0%
Spread	7.1%	6.9%	7.0%	6.5%	7.5%	7.5%
NIM	8.4%	8.0%	8.7%	8.5%	8.9%	8.9%
Asset quality (%)						
Gross NPAs	2.4%	1.7%	1.9%	1.5%	1.1%	1.0%
Net NPAs	1.7%	1.2%	1.1%	0.9%	0.7%	0.6%
Provisions	30.9%	45.2%	41.7%	41.7%	41.7%	41.7%
Return ratios (%)						
RoE	11.3%	7.7%	7.8%	11.8%	17.9%	22.6%
RoA	3.2%	2.5%	2.3%	2.7%	3.6%	4.5%
Per share (Rs)						
EPS	2.5	3.4	5.8	8.8	13.7	17.5
BV	40.9	46.5	52.2	53.6	67.2	84.7
Valuation (x)						
P/E	74	54	32	21	13	11
P/BV	4.5	4.0	3.5	3.4	2.7	2.2

Source: Arian Research, Company Filings

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Stock Rating Scale**Absolute Return**

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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