July 2025

Initiating Coverage

Capri Global Capital

Productivity Gains to Boost Profitability

Vaibhav Sharma
vaibhavr.sharma@nuvama.com

CAPRI GLOBAL CAPITAL

INITIATING COVERAGE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	181
12 month price target (INR)	210
52 Week High/Low	232/151
Market cap (INR bn/USD bn)	174/2.0
Free float (%)	40.0
Avg. daily value traded (INR mn)	1,147.0

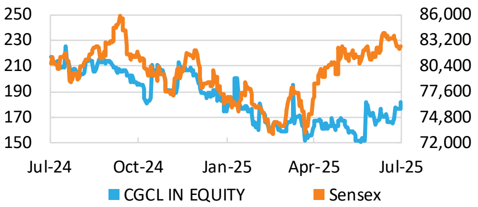
SHAREHOLDING PATTERN

(%)	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	13,320	17,381	21,626	25,064
PPoP	7,341	12,131	16,256	19,623
Adjusted profit	4,785	8,191	11,103	13,442
Diluted EPS (INR)	5.8	8.5	11.5	14.0
EPS growth (%)	71.2	46.9	35.5	21.1
RoAE (%)	11.8	14.4	14.5	15.2
P/E (x)	31.0	21.1	15.6	12.9
P/ABV (x)	3.5	2.4	2.1	1.8
Dividend yield (%)	0.1	0.1	0.2	0.3

PRICE PERFORMANCE



Productivity gains to boost profitability

Capri Global (CGCL) is a diversified NBFC operating across loan segments and geographies, which mitigates concentration risk and helps maintain portfolio stability. Its asset-light and fee-based car loan and insurance distribution businesses lend capital efficiency and RoA a kicker. Tactically, with 90% of borrowings on floating rates, the recent cut in repo rate shall reduce cost of funds, ratcheting up NIM.

As operating leverage from branch expansion (FY22–25) plays out along with NIM expansion, scaling up of fee income and controlled credit costs, we expect CGCL to deliver a 28.1% EPS CAGR over FY26–28E, driving a 46bp RoA improvement to 3.8%. Initiate at 'BUY' with a TP of INR210 valuing the company at FY27E/28E P/BV of 2.5x/2.1x.

Diversified across products, geographies and customers

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. CGCL has partnered with 11 co-lenders under the co-lending model, wherein it retains 20% of loan exposure, ensuring capital conservation. We reckon the company's AUM shall compound at 18.1% to INR389.1bn over FY26–28E—driven by high-yielding segments such as gold and construction finance. 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.

Mix change and borrowing cost reduction to drive NIM expansion

Structurally, we reckon the AUM mix shall move towards higher-yielding gold and construction finance—likely pushing up yields. Tactically, CGCL shall benefit in a lower interest rate environment since 90% of its borrowings are on floating rates—pushing borrowing costs down. NIM would expand 22bp to 8.8% over FY26–28E.

Productivity to spur 46bp RoA expansion to 3.8% over FY26–28E

CGCL added 994 branches over FY22–25, taking the tally to 1,111, of which 803 are dedicated to gold loans. As branch productivity picks up, RoA is projected to increase to 3.8% (+46bp) over FY26–28E.

Integrating technology to facilitate seamless loan journey

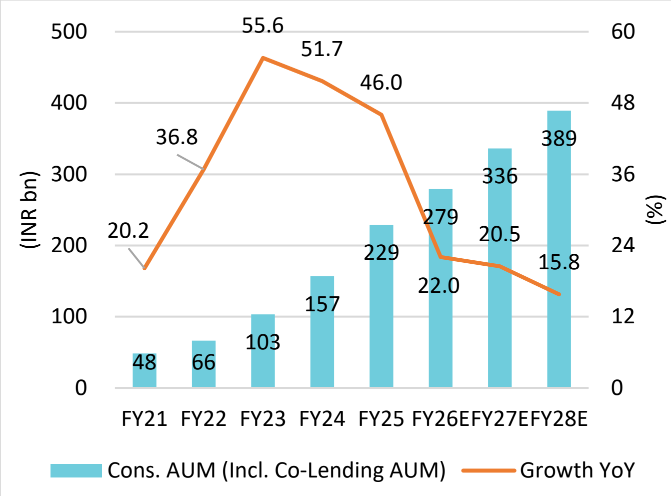
CGCL has a dedicated tech hub with 150+ professionals including 25 data scientists. It leverages in-house developed applications to collect digital documents, monitor delinquency trends across geographies and track collection agents in real time.

Key risks: Economic slowdown, concentration in borrowing book, intense competition, changes in applicable regulations and volatility in gold prices.

Vaibhav Sharma
Vaibhavr.sharma@nuvama.com

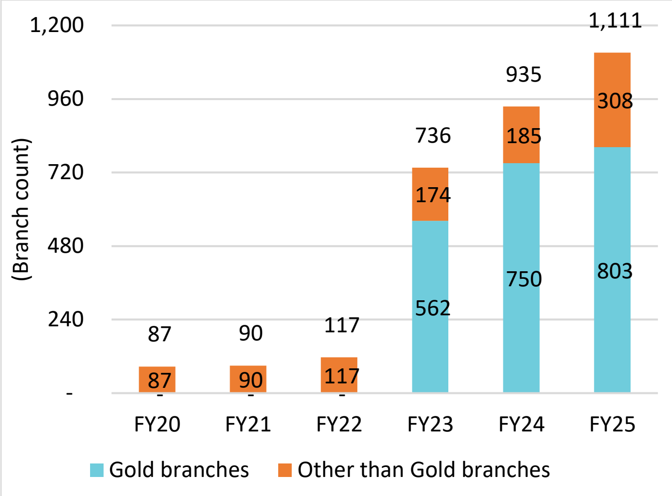
The Story in Charts

Exhibit 1: Breakneck AUM growth: 41.5% CAGR over FY20–25



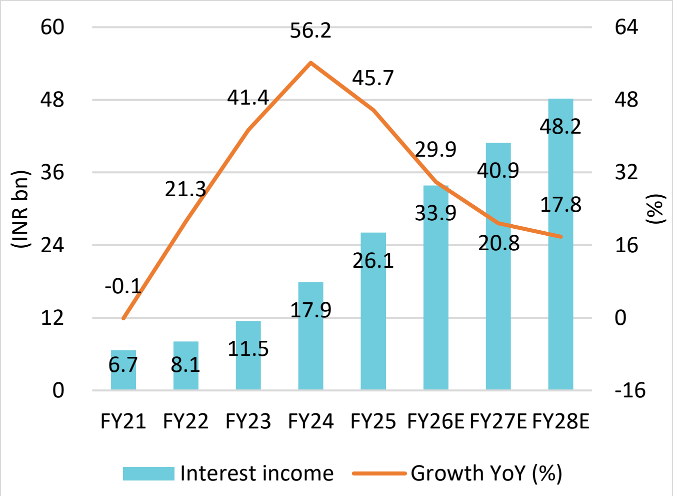
Source: Company, Nuvama Research

Exhibit 2: Branch count up more than 10x in five years



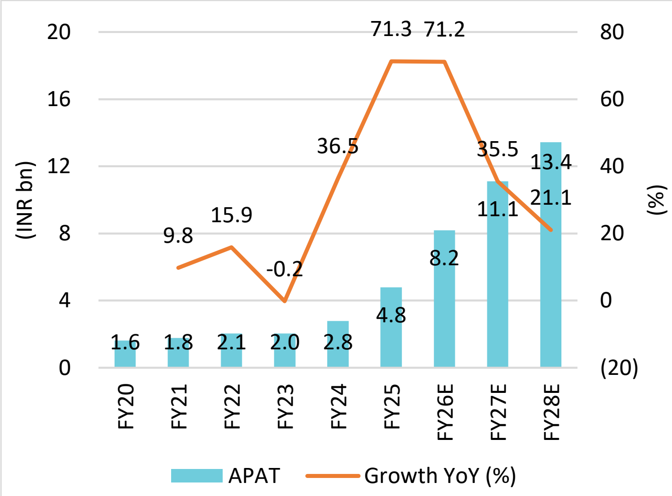
Source: Company, Nuvama Research

Exhibit 3: Interest income to compound at 19.3% (FY26–28E)



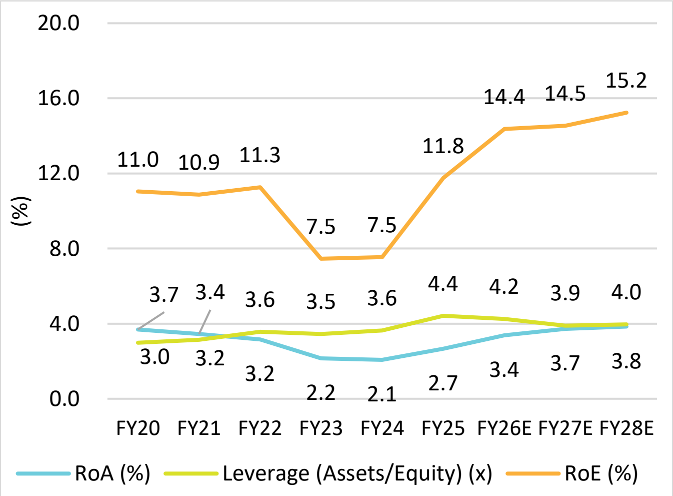
Source: Company, Nuvama Research

Exhibit 4: PAT to outshine: CAGR of 28.1% over FY26–28E



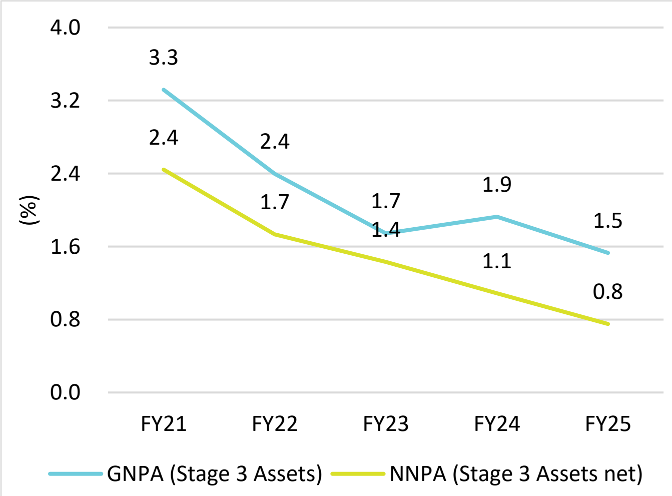
Source: Company, Nuvama Research

Exhibit 5: Productivity gains to augment RoA



Source: Company, Nuvama Research

Exhibit 6: Asset quality improving steadily



Source: Company, Nuvama Research

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Net interest income	13,320	17,381	21,626	25,064
Non interest income	6,453	9,321	11,576	14,280
Fee and forex income	3,279	4,651	6,161	8,102
Other income	2,532	3,932	4,566	5,202
Investment profits	642	738	849	976
Net revenues	19,772	26,702	33,202	39,344
Operating expense	12,431	14,571	16,946	19,721
Employee exp.	7,430	8,544	9,826	11,300
Other opex	5,001	6,027	7,121	8,422
Preprovision profit	7,341	12,131	16,256	19,623
Provisions	1,008	1,209	1,452	1,701
PBT	6,333	10,922	14,804	17,922
Taxes	1,548	2,730	3,701	4,481
PAT	4,785	8,191	11,103	13,442
Extraordinaries	0	0	0	0
Reported PAT	4,785	8,191	11,103	13,442
Diluted EPS (INR)	5.8	8.5	11.5	14.0
DPS (INR)	0.2	0.3	0.3	0.6

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Equity capital	825	962	962	962
Reserves	42,216	70,025	80,795	93,699
Net worth	43,041	70,986	81,756	94,660
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	276,058	319,648	379,322
Assets				
Loans	182,515	220,498	263,553	303,458
Investments	1,604	1,765	1,941	2,038
Cash & equi.	15,312	44,776	43,982	62,874
Fixed assets	3,445	3,789	4,168	4,377
Other assets	4,590	4,298	4,978	5,448
Total	208,313	276,058	319,648	379,322
BV/share (INR)	52.2	73.8	85.0	98.4
Capital adequacy (%)	nm	nm	nm	nm

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	7.2	7.3	7.2
Cost of funds	9.8	9.4	9.0	9.0
Cost of deposits	0	0	0	0
Net interest margins	8.4	8.6	8.9	8.8
Spread	6.7	7.4	7.9	8.0
Cost-income	62.9	54.6	51.0	50.1
Tax rate	24.4	25.0	25.0	25.0

Balance Sheet Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Credit growth	36.0	20.8	19.5	15.1
Deposit growth	0	0	0	0
EA growth	39.3	33.9	15.9	19.0
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

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted PE (x)	31.0	21.1	15.6	12.9
Price/BV (x)	3.5	2.4	2.1	1.8
Dividend yield (%)	0.1	0.1	0.2	0.3

Source: Company and Nuvama estimates

RoA Decomposition (%)

Year to March	FY25A	FY26E	FY27E	FY28E
NII/Assets	7.4	7.2	7.3	7.2
Other inc./Assets	0	0	0	0
Inv. profits/Assets	0	0	0	0
Net revenues/assets	11.0	11.0	11.1	11.3
Opex/Assets	(6.9)	(6.0)	(5.7)	(5.6)
Provisions/Assets	(0.6)	(0.5)	(0.5)	(0.5)
Taxes/Assets	(0.9)	(1.1)	(1.2)	(1.3)
Total costs/Assets	(8.3)	(7.6)	(7.4)	(7.4)
RoA	2.7	3.4	3.7	3.8
Equity/Assets	22.6	23.5	25.6	25.2
RoAE	11.8	14.4	14.5	15.2

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	71.2	46.9	35.5	21.1
RoAE	11.8	14.4	14.5	15.2
Net NPA ratio	0.8	0.8	0.8	0.8
Payout ratio (%)	3.0	3.0	3.0	4.0

Investment Rationale

Retail-centric growth facilitated by portfolio diversification

- Diversified portfolio across multiple loan segments and fee based segments—car loan and insurance distribution products
- Beefing up co-lending partnerships with leading banks to spur scalable growth and optimise capital efficiency.
- Focus on improving branch-level productivity to enhance profitability and support margin expansion
- Continued integration of technology across the customer loan journey to slash turnaround time and buttress underwriting quality

Well-diversified portfolio

CGCL is a diversified NBFC with AUM spanning gold loans, MSME loans, housing finance, construction finance and other loans. In addition to its core lending business, the company has also forayed into car loan and insurance distribution.

Gold loans (35.2% of AUM, FY25): CGCL entered the gold loan segment in Aug-22 and has scaled it up rapidly, with the portfolio now contributing 35.2% to overall AUM as of FY25. Gold loans are short-tenure (up to one year), high-yield (19.9%) secured loans, focused on the retail segment with an average ticket size of ~INR100,000. The company has expanded its gold loan branch network to 803 (added 241 since FY22). Key markets include Rajasthan, Gujarat, Uttar Pradesh, Haryana and Madhya Pradesh, which together account for 80% of the gold loan AUM. The asset quality remains healthy with GNPA/NNPA at 0.8%/0.7% in Q4FY25 (versus 0.9%/0.8% in Q4FY24).

MSME loans (23.1% of AUM, FY25): CGCL commenced its MSME lending business in FY13, targeting small business owners such as provision store operators, retail traders, handicraft manufacturers and service providers in sectors such as education, transport and healthcare. These are high-yielding loans (15.4%), but come with relatively higher credit risk, though backed by collateral. The ATS is ~INR1.3mn, with loan tenures extending up to 15 years. The portfolio is geographically concentrated in Rajasthan, Madhya Pradesh and Gujarat, which together account for 85% of the MSME AUM. CGCL has also diversified the product suite by launching M-LAP in Q1FY25 and solar loans in Q2FY25. Asset quality pressures persist with GNPA/NNPA at 3.9%/2.0% in Q4FY25 (versus 3.9%/2.1% in Q4FY24).

Housing finance (22.8% of AUM, FY25): CGCL forayed into the housing finance segment in FY17, targeting Tier 2 and Tier 3 cities with a focus on middle to lower-middle income customers. Through its subsidiary CGCL Global Housing Finance Limited (CGHFL), it offers loans for affordable home purchases, construction and renovation. These are long-tenure loans (up to 25 years), secured by a mortgage on the property with relatively lower yields of 12.7%. The business is concentrated in Madhya Pradesh, Rajasthan, Delhi and Gujarat, which together account for 82% of the housing loan AUM. Asset quality remains stable, with GNPA/NNPA at 1.4%/0.9% in Q4FY25 (versus 1.3%/0.8% in Q4FY24).

Construction finance (18.1% of AUM, FY25): CGCL entered the construction finance segment in FY11, catering primarily to small and mid-sized real estate developers. These loans are high-ticket in nature with an ATS of INR146.5mn and are typically disbursed in a lumpy manner. The portfolio offers attractive yields of 17.5%. The business is largely concentrated in Maharashtra, Gujarat, Telangana, and Karnataka, which together contribute 75% of the segment's AUM as of FY25. Asset quality has improved significantly, with GNPA/NNPA at 0.2%/0.1% in Q4FY25 (down from 1.0%/0.2% in Q4FY24).

Distribution businesses

Car loan distribution: CGCL has established partnerships with leading banks and financial institutions—including SBI, HDFC Bank, Tata Capital and Mahindra Finance—to distribute new car loans through its pan-India network of 813 branches (as of FY25). This business model is fee-based with a low-risk profile. In FY25, total loan origination was INR105.5bn, (FY22–25 CAGR of 83.7%). The ATS is ~INR1mn with a net fee yield of ~1%.

Insurance distribution

CGCL has collaborated with 18 insurance companies to offer a range of insurance products across health, life (credit life cover and term plan) and general segments (motor and property cover). As of FY25, total premium generated through its distribution platform was INR1.3bn. The company is well positioned to cross-sell these products to its large customer base. This asset-light, fee-based business enhances capital efficiency, buttresses higher RoE and shores up customer engagement across its lending ecosystem.

The company's AUM is well diversified geographically, with no single state contributing more than 25% to the overall portfolio as of FY25, thereby mitigating state-specific risk.

Exhibit 7: Well-diversified loan book

Business segment	FY25 AUM (INR bn)	AUM as a % of total AUM	Branches: FY25	Target borrower	Portfolio ATS (INR mn)	Yield: FY25 (%)	Nature of interest	Average loan tenure	Nature of collateral	LTV (%)/ Asset cover (x)
Gold loans	80.4	35.2	803	Small business owners, salaried individuals, women entrepreneurs and small and marginal farmers	0.1	19.9	Fixed rate	Upto 1 year	Hypothecation of gold ornaments(18- to 22-carat gold) with a maximum LTV of 75%	64.7
MSME (including Micro Lap and Solar loans)	52.8	23.1		Self employed non-professional (SENP) and underserved e.g. provision stores, retail outlets, and manufacturing workshops	1.3	15.4	Fixed/ floating	Up to 15 years	Business loan against residential, commercial, or industrial properties	51.7
Housing finance	52.1	22.8	308	Underserved – SENP and formal salaried customers.	1.4	12.7	Fixed/ floating	Up to 25 years	First and exclusive charge on mortgage property	57.3
Construction Finance	41.3	18.1		Small and mid-sized real estate developers in Metro and Tier 1 cities	146.6	17.5	Floating rate	Less than 7 years	Construction-linked loans to small and mid-sized real estate developers.	1.5x
Others	2.0	0.9		Indirect lending, small business loans and employee loans	-	-	-	-	-	-
Total	**228.6**	**100**	**1,111**			**16.5**				**-**

Source: Company, Nuvama Research

Exhibit 8: Car loan distribution diversified across 31 states

Business	Net fee income (INR mn)*	Loan origination (INR bn)*	Partners bank & financial institutions	ATS (mn)	No. of location
Car loan distribution	963.1	105.5	12	1.05	814 across 31 states & UTs

Source: Company, Nuvama Research

** For FY25*

Exhibit 9: Diversifies into insurance distribution

Type of Insurance co.	Total Premium (FY25) (INR bn)	No. of partners	Type of products offered
Life Insurance	1.3	9	Life insurance , credit life cover, term plan
General Insurance		5	Property cover , private cars and 2 Wheeler
Health Insurance		4	Retail & Group Health, Hospi Daily Cash, Critical Illness, Personal Accident, EMI Protect

Source: Company, Nuvama Research

Co-lending AUM at 17.8% of total AUM

Looking ahead, co-lending partnerships across gold loans, MSME and affordable housing segments with leading banks are likely to serve as a key growth driver for CGCL. As on FY25, the company has co-lending partnerships with 11 lenders. Under a typical arrangement, CGCL retains 20% of the loan exposure while the co-lending partners retain the balance. This model provides an additional source of funding, supports capital conservation and enhances RoE. As on FY25, the co-lending portfolio accounts for 17.8% of total AUM.

On the operational side, CGCL is building strong execution capability, particularly in collections, by automating processes through data science-driven tools and training its 525-plus collection personnel to leverage them effectively. Moreover, CGCL has made significant investments in technology, establishing a dedicated tech centre staffed with 150-plus professionals, including 25 data scientists.

Exhibit 10: CGCL logs robust AUM CAGR of 41.5% over FY20–25

AUM (INR bn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR FY20-25	CAGR FY22-25	CAGR FY26-28E
MSME	20	25	33	44	50	53	64	76	87	20.9	16.9	10.6
Gold loans	-	-	-	11	35	80	99	119	139	NM	NM	12.0
Housing loans	9	12	17	27	42	52	64	75	86	42.1	43.9	10.5
Construction finance	10	9	13	18	26	41	50	64	75	33.9	48.3	14.3
Indirect lending	1	3	3	3	3	2	2	2	3	9.6	(13.5)	6.6
Total	**40**	**48**	**66**	**103**	**157**	**229**	**279**	**336**	**389**	**41.5**	**51.0**	**11.7**

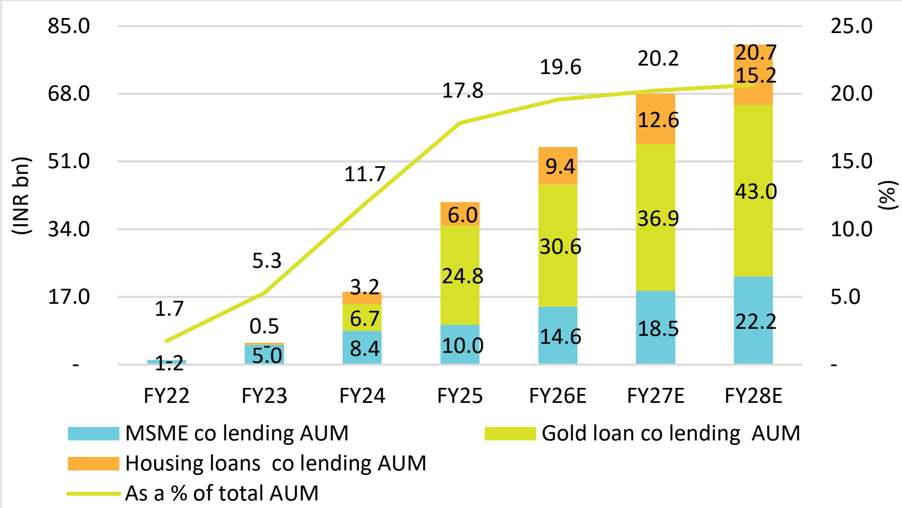
Source: Company, Nuvama Research

Exhibit 11: Gold loans comprise largest portion of portfolio at 35.2% in FY25

AUM share (%)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
MSME	50.7	51.8	49.9	42.2	32.1	23.1	22.9	22.5	22.2
Gold loans	-	-	-	10.9	22.3	35.2	35.4	35.4	35.7
Housing loans	22.3	23.8	26.3	25.8	26.9	22.8	22.8	22.3	22.1
Construction finance	23.8	18.0	19.1	17.7	16.7	18.1	18.0	19.1	19.3
Indirect lending	3.2	6.4	4.7	3.3	2.0	0.9	0.8	0.7	0.7
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

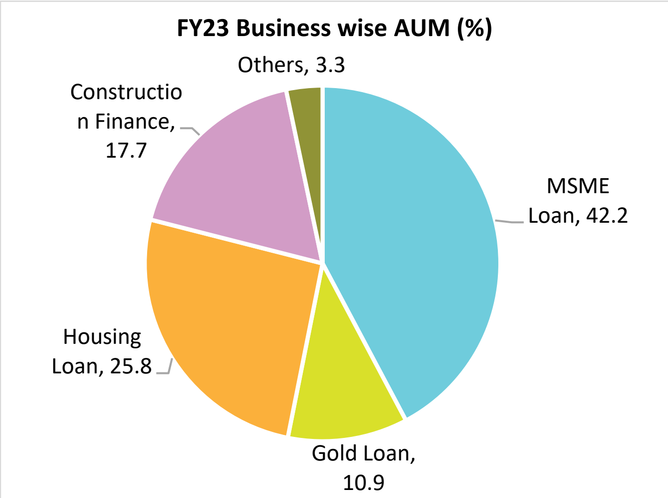
Source: Company, Nuvama Research

Exhibit 12: Co-lending AUM increases to 17.8% of total AUM as on FY25



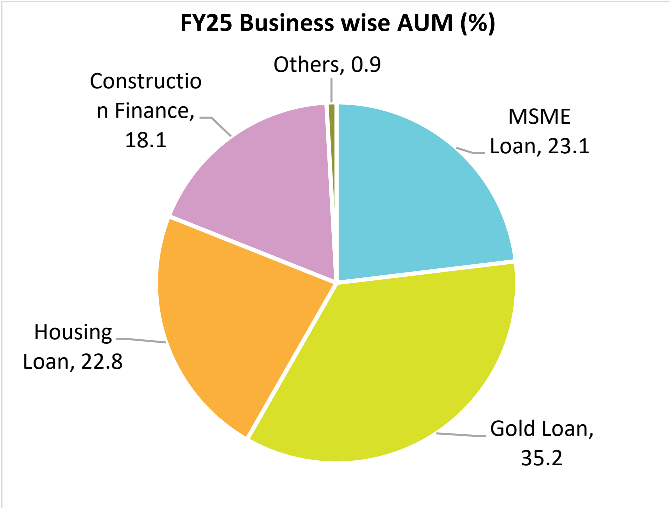
Source: Company, Nuvama Research

Exhibit 13: MSME loans comprise highest share as on FY23



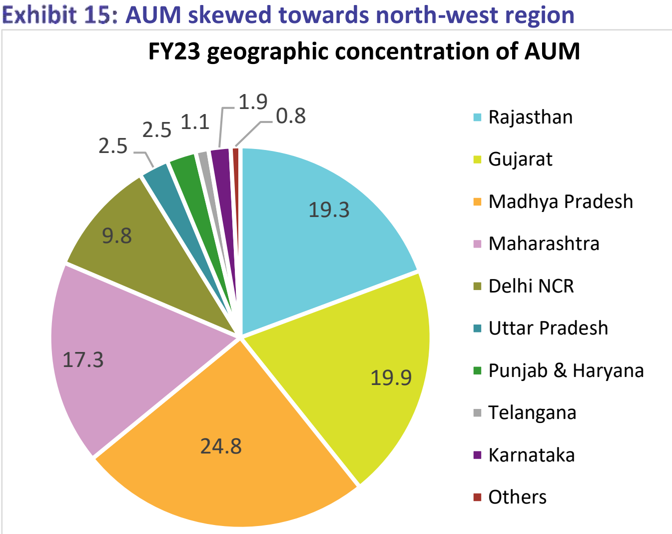
Source: Company, Nuvama Research

Exhibit 14: Loan book remains well diversified



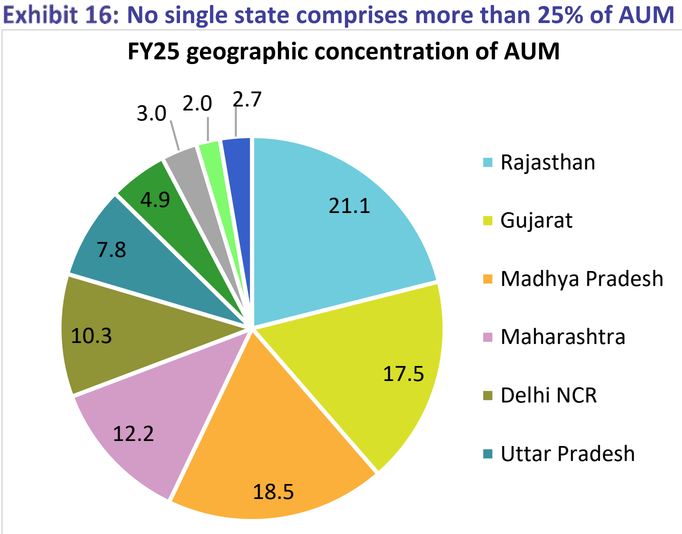
Source: Company, Nuvama Research

Exhibit 15: AUM skewed towards north-west region



Source: Company, Nuvama Research

Exhibit 16: No single state comprises more than 25% of AUM



Source: Company, Nuvama Research

Expertise and operational capabilities by segment

MSME and housing loans

CGCL has a strong understanding of sector-specific needs, especially for SENP customers with assessed income. The company uses a hybrid-sourcing model (in-house + business partners) to balance growth and costs. The hub-and-spoke branch model allows deeper market penetration while end-to-end tech-enabled processing ensures fast and efficient loan approvals. AI-backed collection systems further strengthen recoveries and operational control.

To ensure risk mitigation, fraud detection and prevention along with better asset quality, the company follows a comprehensive credit assessment approach for MSME and housing loans, which is listed below.

Exhibit 17: Multiple credit assessment tools to ensure asset quality

Comprehensive credit assessment approach	
Credit Bureau checks	Geo tagging residence and business property
Dedupe and negative list verification	Standardised income assessment templates
Reverse penny drop validation	Customer risk profiling
OCR-based bank statement analysis	Risk-based pricing
Account aggregator integration	Credit appraisal memorandum summary and TAT monitoring

Source: Company, Nuvama Research

Gold loan

The loan process is 100% paperless, with end-to-end digital coverage from valuation to disbursal. Branches feature AI-powered security and the company delivers a fast TAT (less than 30 minutes) through a relationship manager-led approach. A high repeat customer rate of 54.6% reflects trust in its service. In just 2.5 years, CGCL has achieved significant scale in gold loans, reaching an average AUM of INR100.2mn per branch.

CGCL follows an end-to-end digital process for underwriting gold loans through its proprietary loan origination system *Swarnim*. This platform enables seamless digital processing, disbursal and collection of gold loans. Key features include:

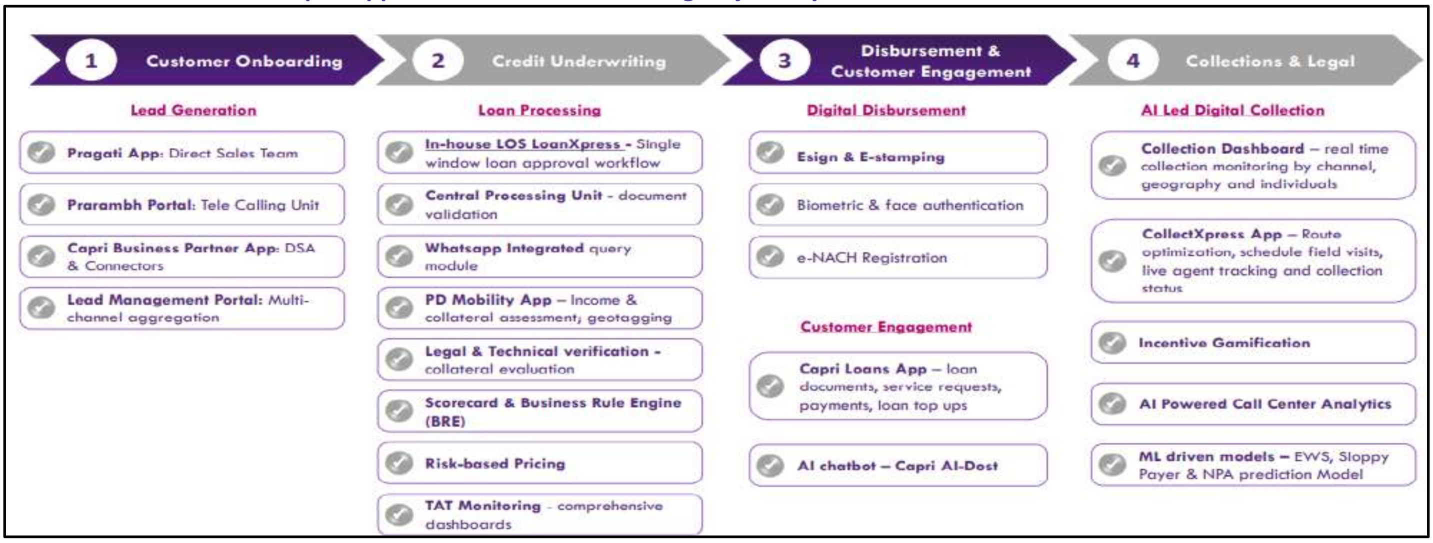
- 100% digital journey enabling faster loan approvals.
- No cash disbursement (for amounts more than INR20k).
- OTP-based E-Sign to simplify documentation and reduce on-boarding time.
- Disbursal TAT of ~30 minutes for improved customer satisfaction.
- Dedicated relationship manager for smooth and faster customer onboarding process.
- Transparent process through live CCTV recording of gold evaluation by certified gold valuers.
- Maker checker approach to loan approval.
- UPI-based disbursement up to INR100,000 instantly into accounts.
- Collection dashboard to track payment, tenure expiry and overdue account.
- Bank account disbursement through reverse penny drop validation.

Construction finance

With over a decade of experience, CGCL possesses deep market knowledge and ensures fast turnaround times in construction finance. Its disbursals are based on completion of construction. A dedicated 37-member monitoring team helps maintain strong asset quality and control.

Technology-enabled customer journey at CGCL

Exhibit 18: In-house developed applications for end-to-end digital journey



Source: Company

CGCL has structured its digital lending journey into five core stages—customer onboarding, credit evaluation, collateral evaluation, collections and customer engagement.

Customer onboarding

The company uses its in-house loan origination system (LOS) to manage end-to-end onboarding digitally. CGCL's *Pragati* mobile app allows direct sales executives to collect customer documents electronically while enabling a smooth application login process. The upfront filtering rate is 6%.

Credit evaluation

Credit underwriting is powered by a proprietary in-house scorecard and automated workflows. The company has an integrated query module for customers to upload additional documents securely via WhatsApp links. CGCL follows a standardised credit questionnaire to harmonise underwriting practices. The digital process enhances precision, reduces manual effort and significantly improves turnaround time (TAT). In FY25, the company processed more than 81,000 loan applications.

Collateral evaluation

For MSME and housing loans, CGCL evaluates the pledged property through a custom-built technical app. This tool includes features such as access to historical transaction data for trends in property values, delinquency trends in the area and local insights through its broker network—ensuring informed lending decisions.

Collections

Recognising collections as a critical function, CGCL uses a three-pronged approach:

- Chatbot-based reminders
- Dedicated tele-calling unit
- Field collection agents

A state-of-the-art dashboard provides real-time visibility to field collections while facilitating portfolio monitoring across DPD, channel and geographical dimensions. This allows actual collections to be compared with targets and provides live updates on agent location and collection status for better supervision.

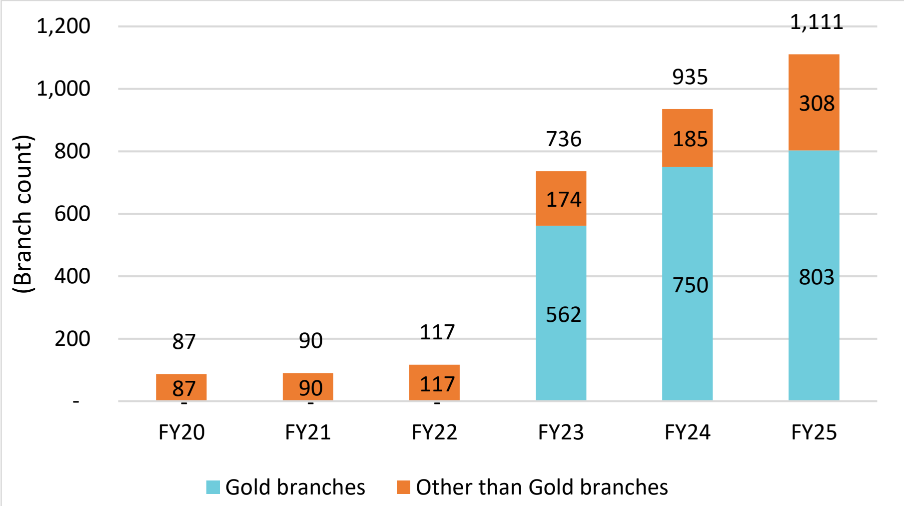
Customer engagement

CGCL ensures ongoing customer interaction through multiple digital touchpoints—customer app, WhatsApp chatbot and tele-caller support. Furthermore, the company's AI-powered assistant, CapriGlobal.ai, enables customers to get instant answers to their queries, enhancing service quality.

Higher productivity per branch to enhance profitability

Between FY22 and FY25, the company made substantial upfront investments by expanding its branch network by 994 to 1,111 and increasing its workforce by 8,208 to reach 11,410 employees. While this led to elevated initial costs, these investments are now beginning to yield results.

Exhibit 19: Gold branch network—scales up swiftly since launch

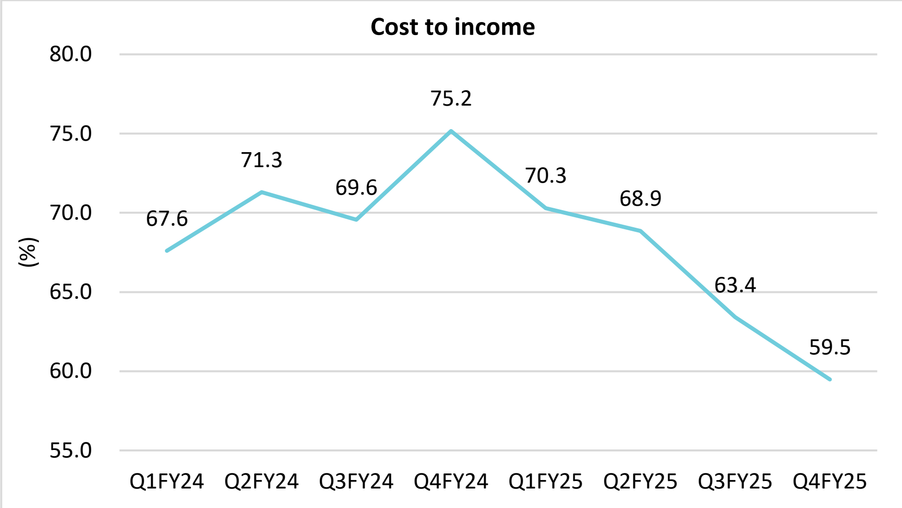


Source: Company, Nuvama Research

Given operating leverage is starting to play out and branch-level productivity is picking up, profitability has reported a marked increase:

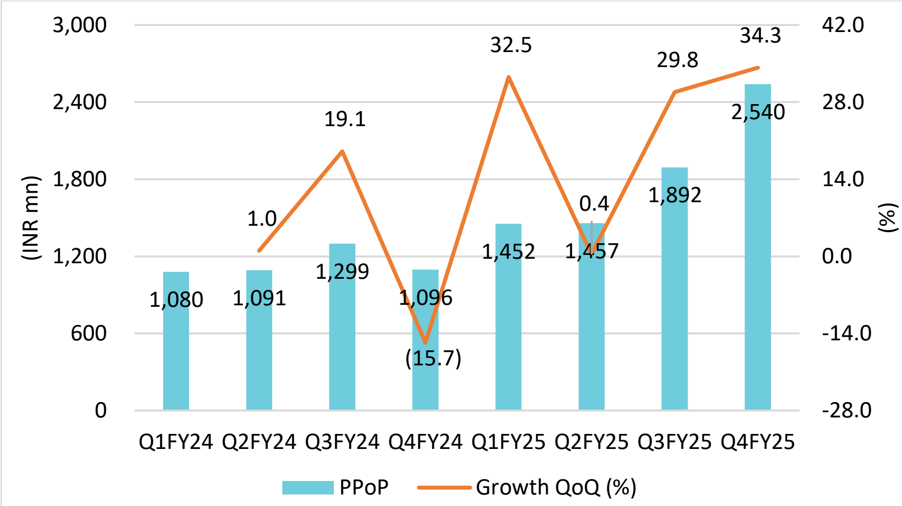
- Cost-to-income ratio improved 1,568bp YoY to 59.5% in Q4FY25.
- PPoP soared 131.8% YoY to INR2.54bn while PAT surged 115.2% YoY to INR1.78bn in Q4FY25.
- Annualised RoA/RoE picked up by 128bp/816bp YoY to 3.6%/16.9% in Q4FY25.

Exhibit 20: Cost to income decreases to 59.5% (-1,568bp YoY) as on Q4FY25



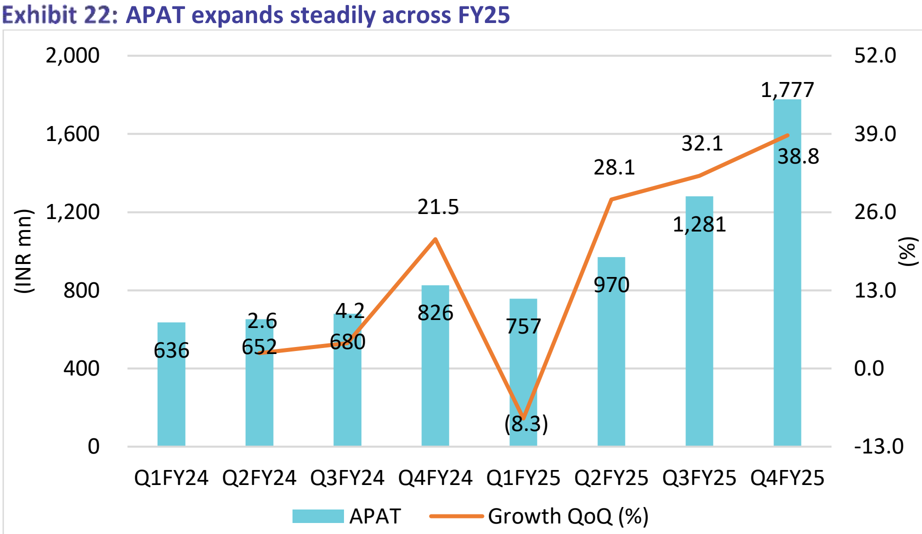
Source: Company, Nuvama Research

Exhibit 21: PPoP up 1.3x YoY to INR2.5bn as on Q4FY25



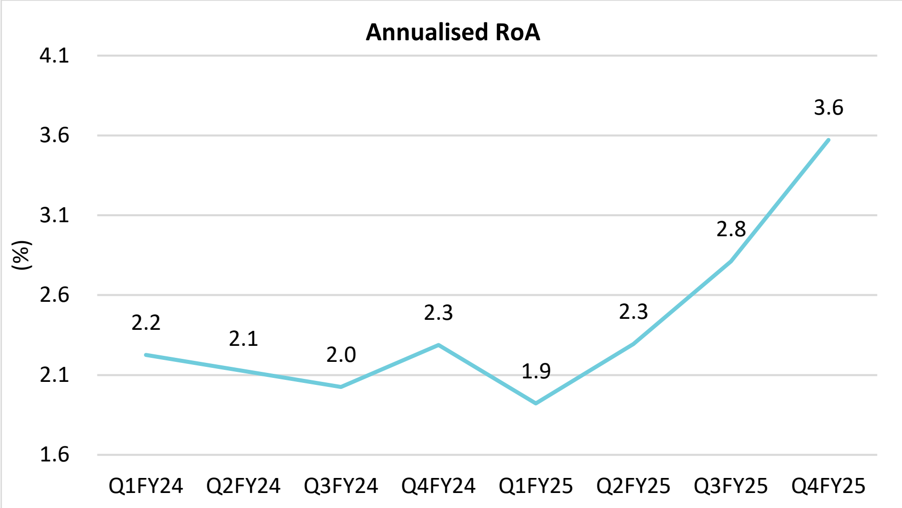
Source: Company, Nuvama Research

Exhibit 22: APAT expands steadily across FY25



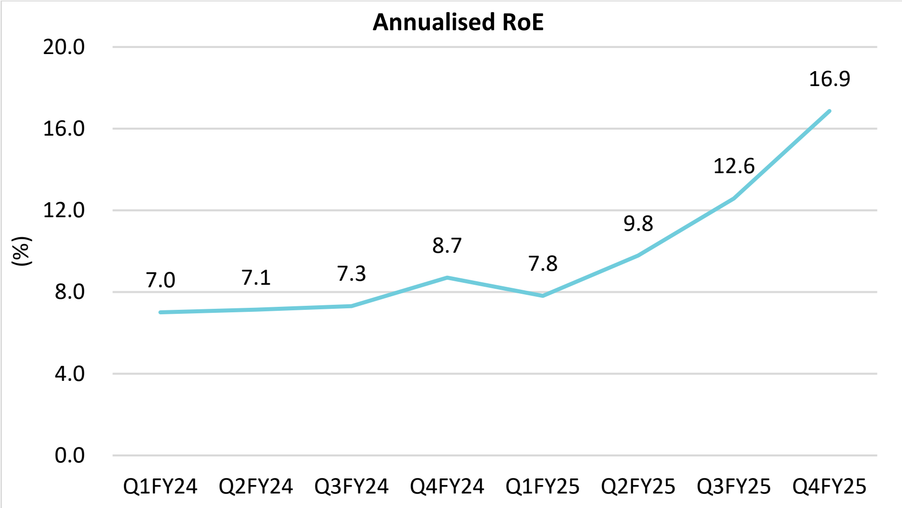
Source: Company, Nuvama Research

Exhibit 23: Operating leverage drives RoA (annualised) to 3.6% as of FY25



Source: Company, Nuvama Research

Exhibit 24: RoA expansion powers improvement in RoE

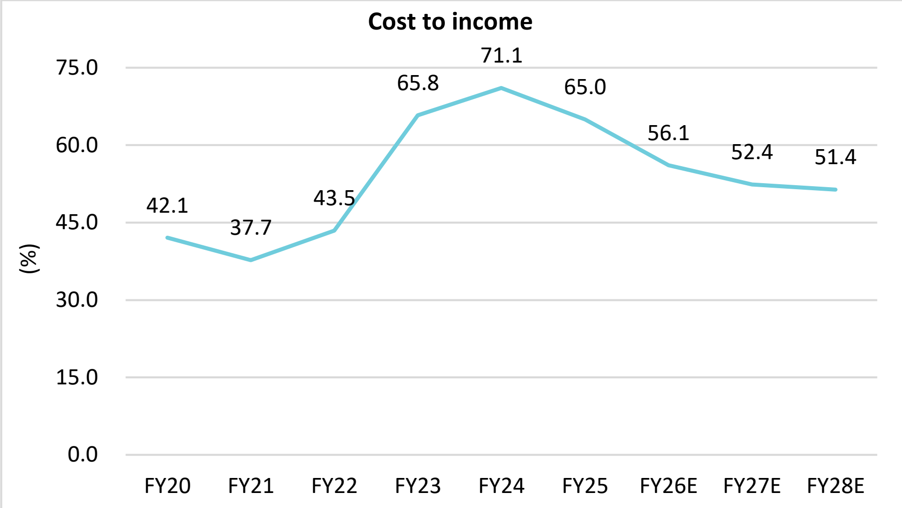


Source: Company, Nuvama Research

Looking ahead to FY26–28, a sustained improvement in productivity is likely to result in a stronger financial performance.

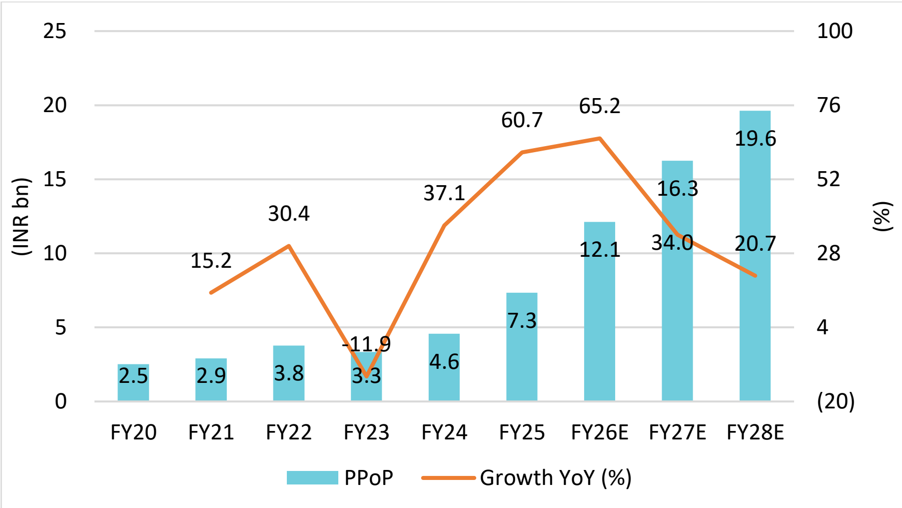
- Cost-to-income ratio is projected to improve to 51.4%, a gain of 472bp over FY26–28E.
- PPoP/APAT are likely to expand at a CAGR of 27.2%/28.1%, reaching INR19.6bn/INR13.4bn by FY28.
- RoA/RoE are forecast to increase 129bp/392bp, reaching 3.9%/15.7%.

Exhibit 25: Cost to income to improve to 51.4% (-472bp over FY26–28E)



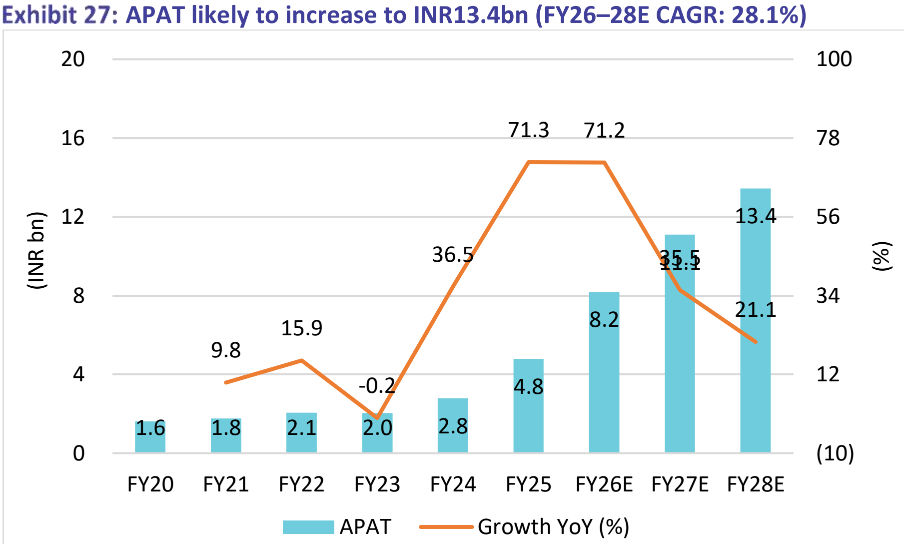
Source: Company, Nuvama Research

Exhibit 26: PPoP likely to log a CAGR of 27.2% over FY26–28E



Source: Company, Nuvama Research

Exhibit 27: APAT likely to increase to INR13.4bn (FY26–28E CAGR: 28.1%)



Source: Company, Nuvama Research

Valuations

- Initiating coverage on CGCL at 'BUY' and TP of INR210 based on the residual income valuation methodology**,** implying FY27E/28E P/BV of 2.5x/2.1x
- Diversified business mix to help deliver strong AUM and earnings growth with average RoA of ~3.8% and RoE of 15.2% by FY28E underpinned by improving productivity, operating leverage and disciplined risk management

We value CGCL at FY27E/28E P/BV of 2.5x/2.1x; initiate at 'BUY'

We are assigning a target P/BV of 2.5x/2.1x for FY27E/28E, based on residual income model. Our TP of INR210 implies an upside potential of 16.7% from the current market price.

We estimate CGCL shall deliver strong earnings over FY26–28E, with an AUM CAGR of 18.1%, EPS CAGR of 28.1% and average RoA of ~3.8% as on FY28E.

Valuation inputs and assumptions

We derive the valuation multiple based on following factors:

- Cost of equity (CoE): 11.8%
- RoE over FY29E–30E: 18%/19%
- RoE over FY31E–33E: 20%
- RoE over FY34E–36E: 18%
- Terminal RoE: 18%
- Risk free rate: 6.3%
- Beta: 1x

Strong earnings momentum with balanced risk profile

CGCL is currently trading at 3.5x FY25 P/BV. We believe valuations are justified and likely to sustain, supported by improving return ratios (RoA and RoE), a diversified and granular loan portfolio, a robust AUM/earnings growth trajectory and prudent risk management with GNPA/NNPA under control.

Given a well-capitalised balance sheet and a scalable business model, CGCL is well positioned to capitalise on India's growing credit demand.

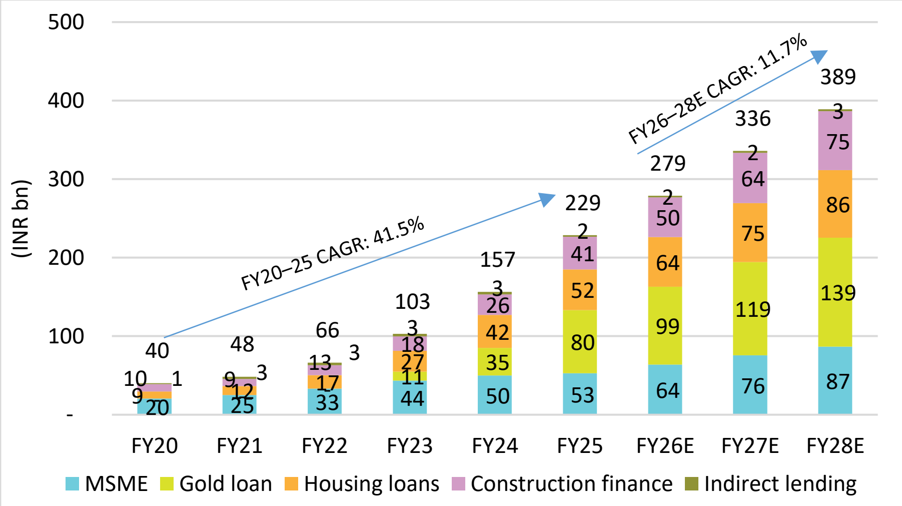
Financial Outlook

- AUM growth to continue aided by branch productivity and co-lending partnerships
- Operating leverage likely to enhance cost efficiency
- Borrowing mix to diversify further
- Pickup in RoA to power RoE expansion

Enhanced branch efficiency and expanding co-lending to boost AUM

We expect AUM to grow at an 11.7% CAGR over FY26–28E led by enhanced branch-level productivity, network expansion and improving co-lending partnerships.

Exhibit 28: AUM likely to expand at CAGR of 11.7% over FY26–28E

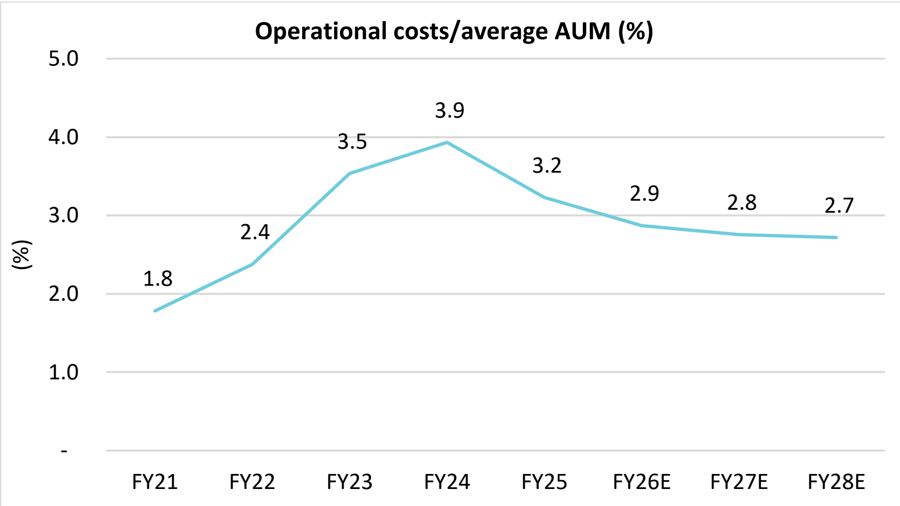


Source: Company, Nuvama Research

Operating leverage anticipated to play out

Opex to average AUM is projected to decrease from 3.2% in FY25 to 2.8% in FY27E and further to 2.7% in FY28E supported by higher employee productivity and operational efficiencies emanating from past infrastructure investments.

Exhibit 29: Operational efficiency to lower costs by 15bp over FY26–28E



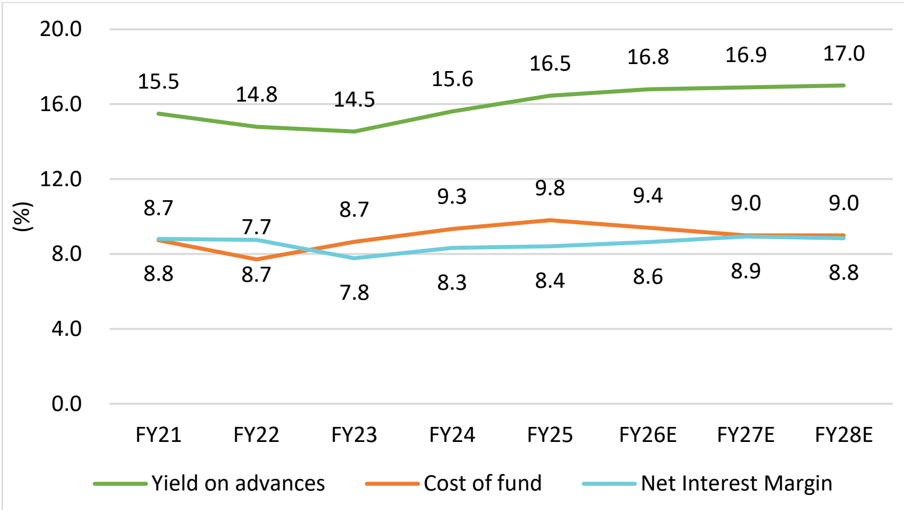
Source: Company, Nuvama Research

NIM likely to expand to 8.8%

Loan yields increased to 16.5% in FY25 from 14.5% in FY23 supported by the company's entry into the gold loan segment, which commands higher yields than other loan products. This was partially offset by a rise in cost of funds to 9.8% in FY25 from 8.7% in FY23, following the RBI's 250bp repo rate hike during FY23 and elevated rates thereafter. As a result, the NIM improved slightly to 8.4% in FY25 from 7.8% in FY23. Over FY26–28E, we reckon yields shall improve slightly to ~17%, whereas cost of funds shall come down to ~9% as the company diversifies its borrowing mix and the impact of repo rate cuts flows in, yielding an NIM of 8.8%.

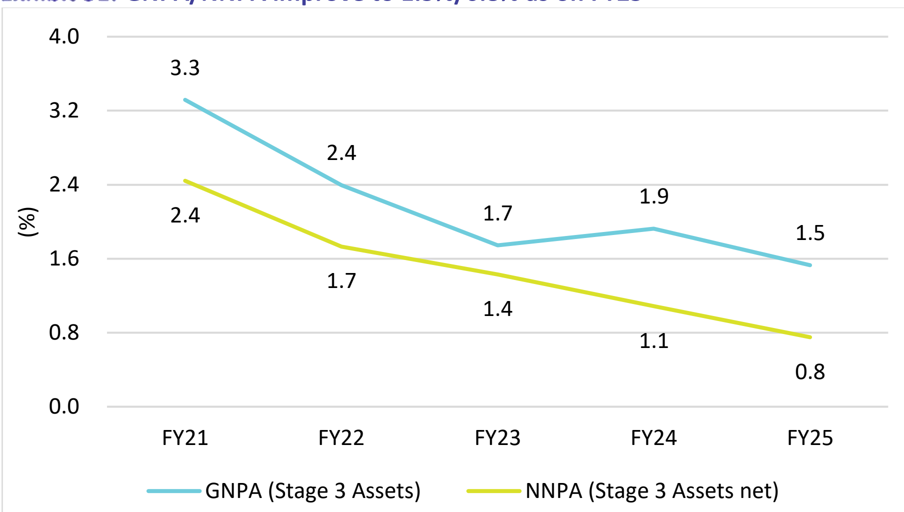
Credit costs remained stable at ~0.7% over FY23–25. Asset quality improved with GNPA declining from 1.7% to 1.5% and NNPA improving from 1.4% to 0.9% as on FY25. We forecast credit costs shall remain around 0.6% over the forecast period with GNPA likely to stay in the range of 1.5–1.6%.

Exhibit 30: NIM to remain stable at 8.8% over FY26E–28E



Source: Company, Nuvama Research

Exhibit 31: GNPA/NNPA improve to 1.5%/0.8% as on FY25



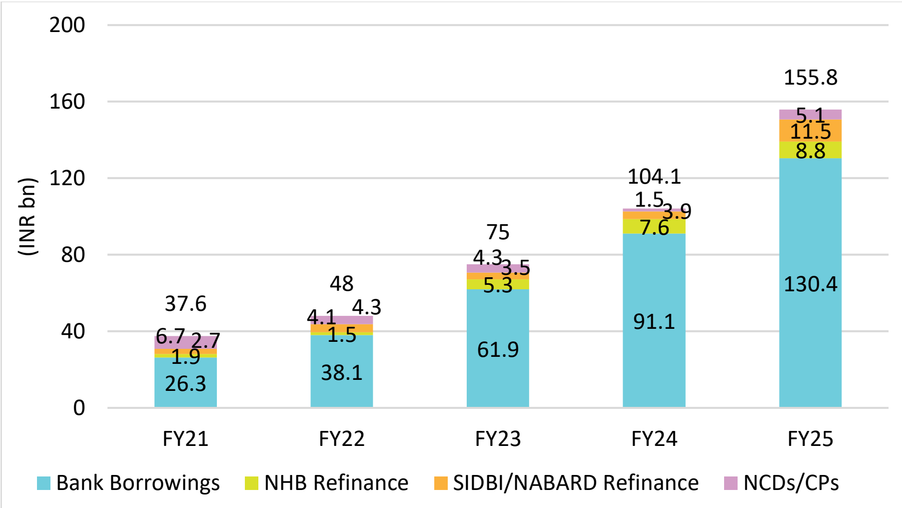
Source: Company, Nuvama Research

Liability mix to diversify further

The company's funding profile remains bank-heavy, with scheduled commercial banks (SCBs) contributing 83.7% of total borrowings. This provides access to relatively low-cost funding. Refinance from SIDBI/NABARD (7.4%) and the National Housing Bank (5.6%) further supports stability. Meanwhile, the share of market borrowings (comprising NCDs and CPs) is 3.3%. Management expect to diversify into NCDs, ECBs and other avenues.

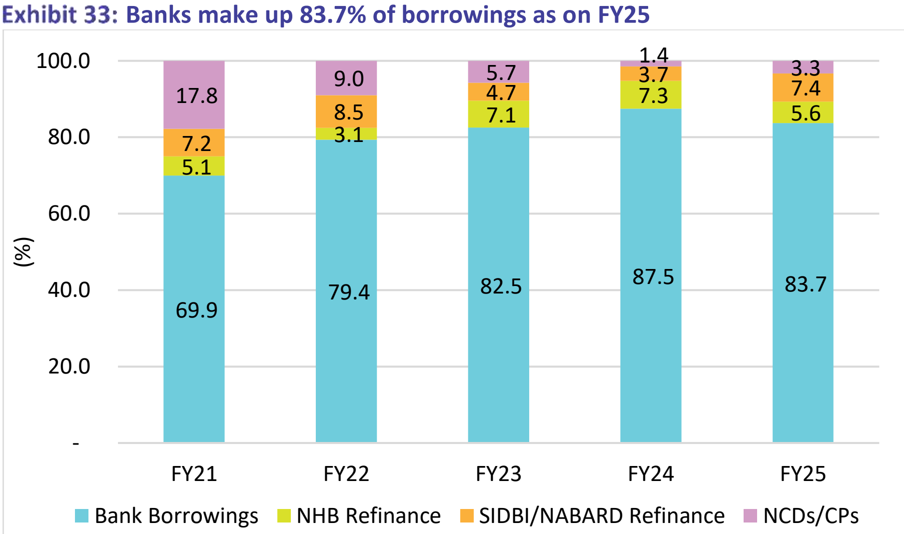
CAR was strong at 22.8% as on Q4FY25. QIP of INR20bn in Q1FY26 is likely to bolster growth further. The QIP attracted significant participation from prominent investors, including foreign and domestic long-only funds, mutual funds and insurance companies.

Exhibit 32: Borrowings surge at a CAGR of 42.7% over FY21–25



Source: Company, Nuvama Research

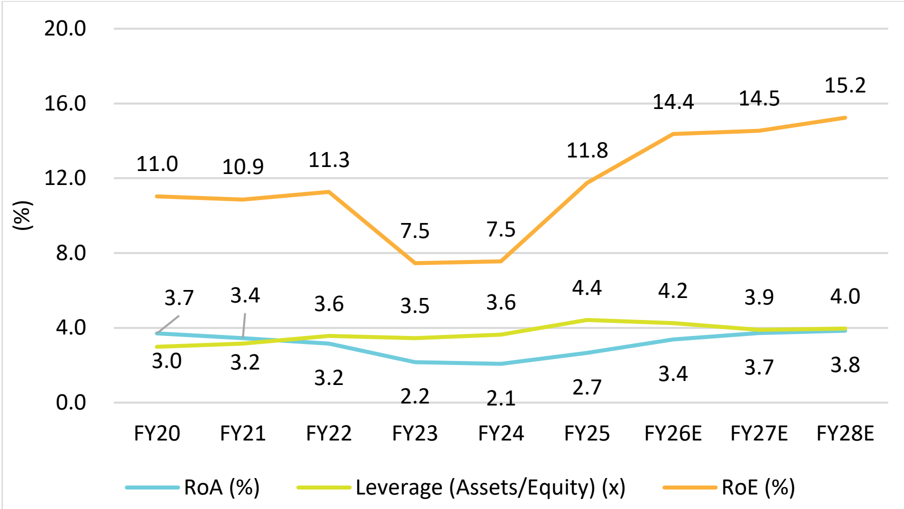
Exhibit 33: Banks make up 83.7% of borrowings as on FY25



Source: Company, Nuvama Research

Improvement in RoA to drive RoE expansion

Exhibit 34: RoE to increase 87bp over FY26–28E driven by improvement in RoA



Source: Company, Nuvama Research

Key Risks

Economic slowdown

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.

Concentration in borrowing book

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.

Intense competition

The company faces competition from unorganised moneylenders, small finance banks along with existing and new NBFCs entering the lending segments in which it operates. This can affect CGCL's yields and growth. However, CGCL has differentiated itself by achieving better turnaround times, strong underwriting and enhanced efficiency driven by process automation.

Changes to applicable regulations

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.

Volatility in gold prices

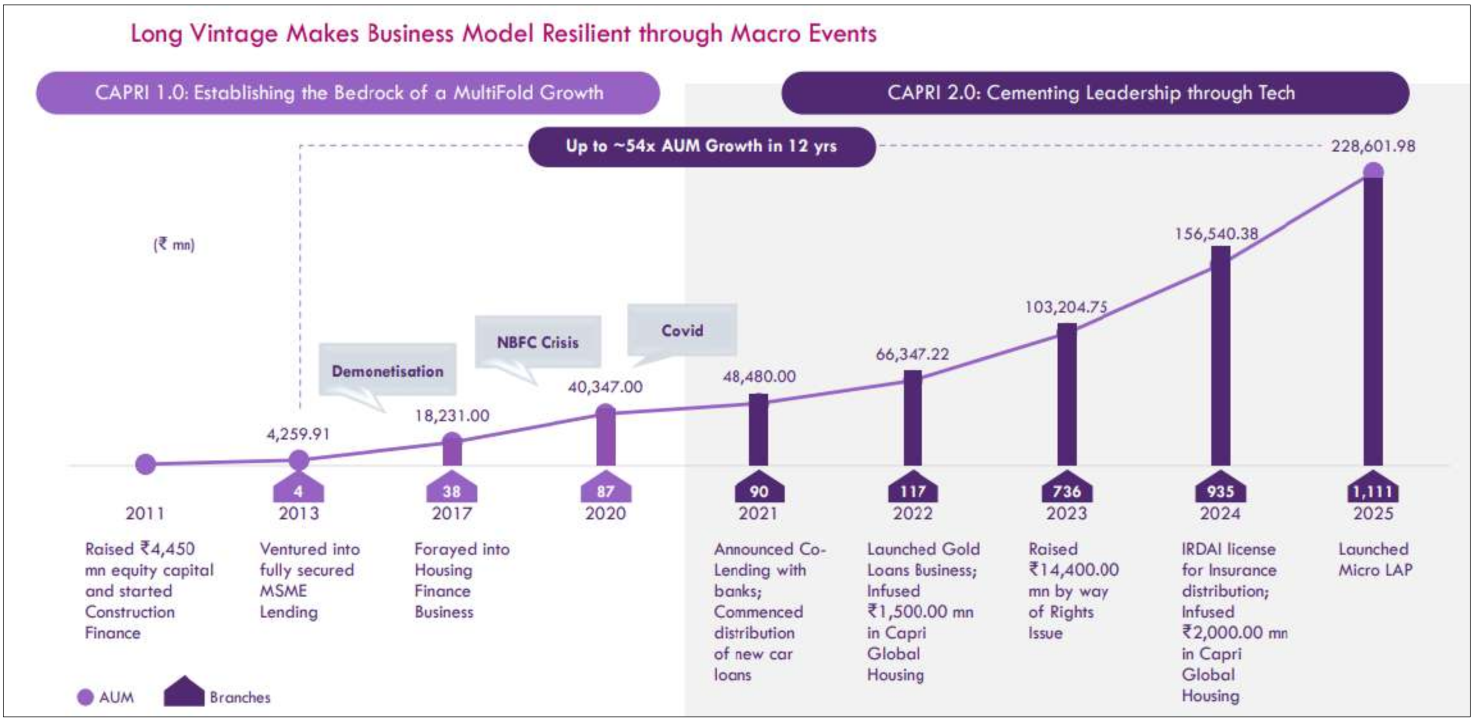
As on FY25, the gold loan portfolio accounts for 35.2% of AUM. Significant volatility or a sharp decrease in gold prices could reduce collateral value, increasing the loan-to-value (LTV) ratio and potentially requiring the company to seek additional collateral or loan repayments from borrowers.

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.

The company 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.

Exhibit 35: Journey of CGCL



Source: Company, Nuvama Research

Exhibit 36: Jun-25 shareholding pattern

Category	Shareholding pattern (%)
Promoters	60
FII	4.7
DII	21.9
Public	13.5
Total	**100**

Source: Company, Nuvama Research

Exhibit 37: Top ten institutional shareholders as on July 15, 2025

Top 10 Shareholders	Shareholding (%)
LIC	7.89
Gainful Inv. & Adv Pvt Ltd	3.71
Quant Money Managers Ltd.	3.01
SBI Life Insurance Co. Ltd	2.97
Roopam Multitrade Pvt. Ltd.	2.51
Samvrudhi Multitrade Pvt. Ltd.	1.29
Societe Generale ODI	1.21
Gladiolus Property Investments	1.09
3P India Equity Fund	1.06
Vanguard group	0.67

Source: Company, Nuvama Research

Management Overview

Mr Rajesh Sharma, MD & CEO

Mr Rajesh Sharma is a chartered accountant (CA) with over 25 years of experience in capital markets and financial advisory services. He has deep expertise in corporate finance, debt markets, investment banking, merchant banking and asset financing.

Mr Partha Chakraborti, CFO

Mr Partha Chakraborty is a CA and a cost and works accountant (CWA). He has extensive experience in financial strategy, risk management, regulatory compliance and capital allocation. Prior to joining CGCL in Oct-23, he held leadership roles at RR Kabel and Hafele India.

Mr Ravish Gupta, Business Head—Gold Loans

Mr Ravish Gupta has over 23 years of experience in banking and financial services. Prior to joining CGCL in Dec-21, he held leadership roles at IIFL as Zonal Head – Gold Loans, GE Money as Branch Manager and HDFC Bank as Sales Manager.

Mr Abhishek Sinha, Chief Business Officer—MSME

Mr Abhishek Sinha has over 25 years of extensive experience in the financial services industry. Before joining CGCL in Apr-25, he held senior roles at Bajaj Housing as Senior Business Head, Tata Capital as National Sales Manager–Personal Loans and Tata Motors as State Head–Car Loans. He has also been associated with Bajaj Finance and ICICI Bank.

Mr Munish Jain, Business Head—Home Loans

Mr Munish Jain has over 21 years of experience in the financial services industry. Prior to joining CGCL in Jan-19, he held leadership roles at Shriram Housing as Zonal Head, GE Money as Area Sales Manager and DHFL as Sales Head–Mortgages.

Mr Vijay Kumar Gattani, Director–Credit–CF

Mr Vijay Gattani has over 20 years of experience in the financial industry. Prior to joining CGCL in Sep-15, he held key roles at ICICI Home Finance as Head – Risk, Policy and Operations and at Goldman Sachs as an Analyst.

Mr Sanjeev Srivastava, CRO

Mr Sanjeev Srivastava has over 25 years of experience in the financial services industry. Before joining CGCL in Aug-23, he served as Chief Risk Officer at IIFL Finance, Head of Credit Risk – Secured MSME Loans at Karvy Financials and Area Credit Manager at ICICI Bank.

Mr Abhishek Yadav, Chief Compliance Officer

Mr Abhishek Yadav has 24 years of extensive experience in compliance and secretarial functions. Prior to joining CGCL in Dec-24, he held senior positions including Head of Compliance at ANZ Bank, Head of Regulatory Compliance at L&T Finance, Senior Vice President – Compliance at Yes Bank, Assistant Vice President at Axis Bank, and Senior Manager – Compliance at Kotak Mahindra Bank.

Exhibit 38: Board of Directors

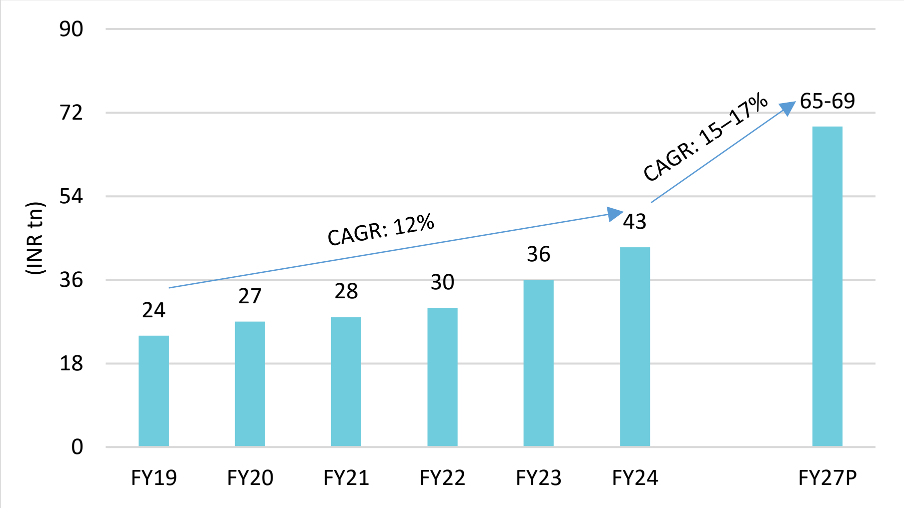
Name	Designation	Experience
Mr Lingam Venkata Prabhakar	Chairman & Independent Director	Mr Prabhakar has rich experience across banking, asset management and insurance. He served as MD & CEO of Canara Bank, Chairman of Canara Robeco AMC and had key roles at PNB, PNB MetLife Insurance and PNB Housing Finance.
Mr Rajesh Sharma	Promoter & Managing Director	Mr Sharma has over 25 years of experience in capital markets and financial advisory services.
Mr Ajit Mohan Sharan	Independent Director	Mr Sharan, IAS (Batch 1979), served as Principal Secretary in the Power, Finance, Technical Education, and Urban Development departments and Joint Secretary in the Department of Banking and Insurance, contributing to insurance sector reforms. He is an Independent Director on the Board of Dabur India .
Mr Desh Raj Dogra	Independent Director	With 40 years of experience in finance and credit administration, Mr Dogra, a Certified Associate of the Indian Institute of Bankers, retired as CEO & MD of CARE in Aug-16. He currently serves as an Independent Director on the boards of S Chand, Asirvad Micro Finance, M Power Micro Finance, IFB Industries and Axiscades Technologies.
Ms Nupur Mukherjee	Independent Director	Ms Mukherjee has extensive expertise in data-driven solutions, cloud and AI technologies. She has had leadership roles as Global Managing Director at Standard Chartered and Barclays across India, Southeast Asia, China and Europe and currently serves as Director of multiple technology companies.
Mr Shishir Priyadarshi	Independent Director	Mr Priyadarshi, an ex-IAS officer from the UP cadre, has over 40 years of diverse experience in national and global institutions. He was the first Indian civil servant to serve as a Director at the World Trade Organization (WTO).
Mr Subramanian Ranganathan	Independent Director	Mr Ranganathan has nearly 40 years of experience in finance and management, including roles as Financial Controller and Company Secretary at Citicorp Finance India and Senior Vice President – Finance/Country Controller at Citibank NA.

Source: Company, Nuvama Research

Industry Outlook

Over FY19–24, NBFC credit grew at a CAGR of 12% and it is likely to grow at a CAGR of 15–17% over FY24–27E. CRISIL MI&A believes NBFCs shall continue to play a key role in India's credit market due to their strength in last-mile delivery and focus on underserved segments. They are gaining market share by offering flexible loans, targeting niche customers, expanding into deeper geographies, using technology to speed up processes and ensuring a faster turnaround time.

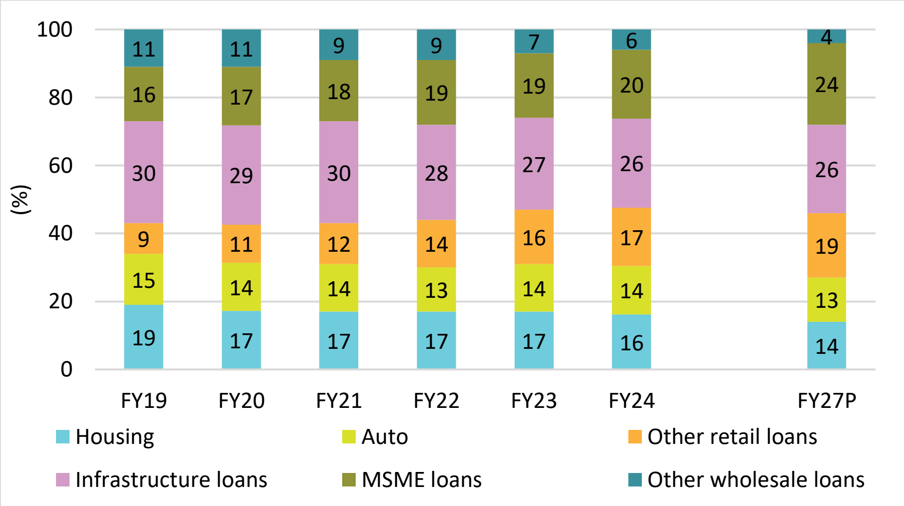
Exhibit 39: NBFC credit to grow at 15–17% over FY24–27



Source: Company, Nuvama Research

MSME lending has grown over the past three years, with NBFCs shifting their focus to unsecured business loans amid rising bank competition. However retail loan growth may moderate as lenders become cautious due to rising stress in unsecured segments such as microfinance and personal loans led by customer overleveraging.

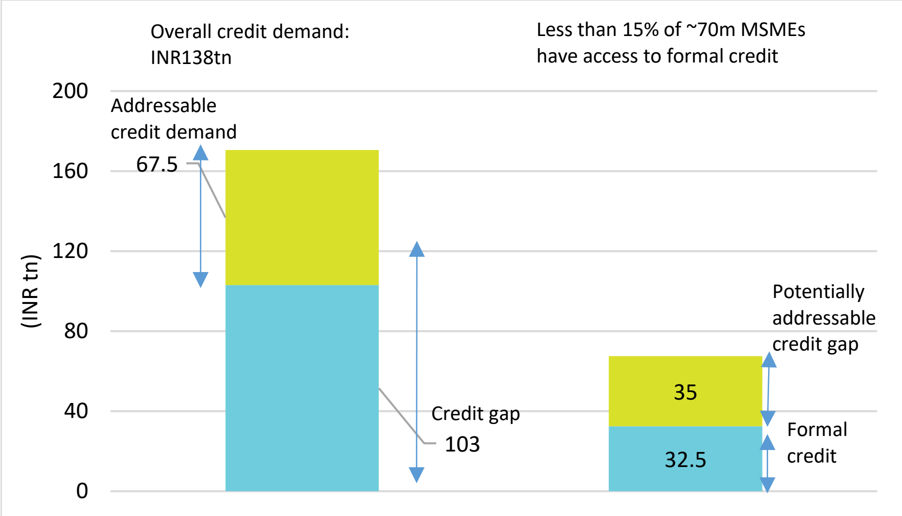
Exhibit 40: MSME loans to expand to 24% of NBFC credit by FY27



Source: Company, Nuvama Research

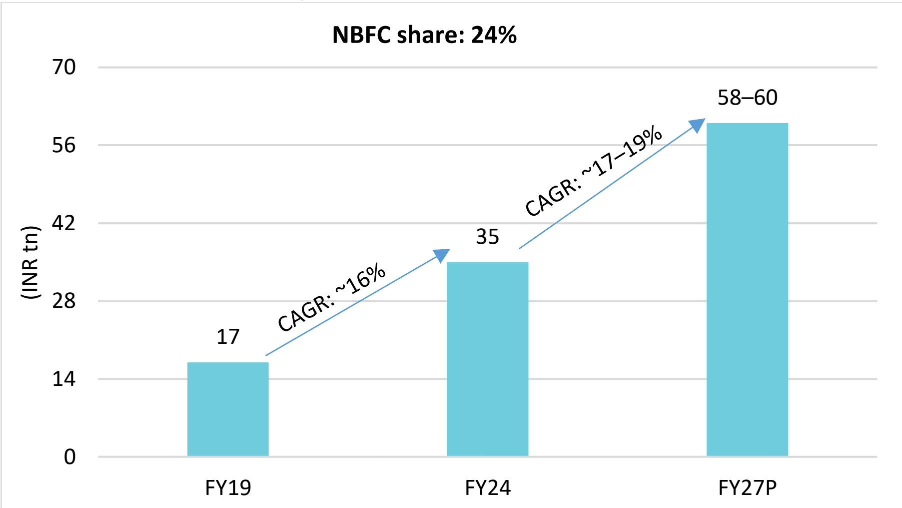
As on FY24, MSME credit demand in India was ~INR138tn, with a credit gap of INR103tn. The formal MSME lending market (banks, NBFCs and SFBs) stood at ~INR35tn. By FY27, the market is likely to reach INR58–60tn driven by the large credit gap, faster access to credit, rising competition and strong government support.

Exhibit 41: MSME loans remain underpenetrated with huge credit gap



Source: RBI, CRISIL Reports, Company, Nuvama Research

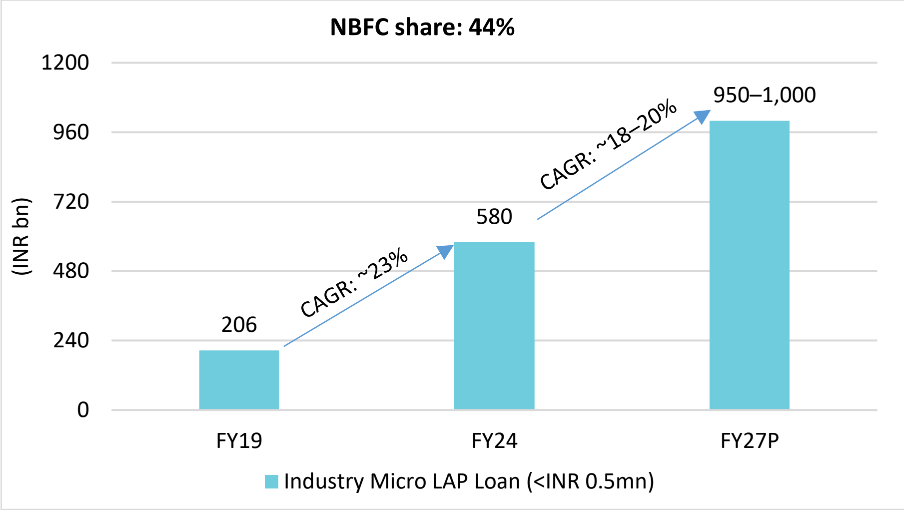
Exhibit 42: MSME loans to grow at ~17–19% over FY24–27P



Source: CRISIL Reports, Company, Nuvama Research

Secured MSME loans under INR0.5mn are projected to grow at an 18–20% CAGR over FY24–27E. This growth is supported by increased focus of lenders on this segment, improved availability of borrower data for better risk assessment, wider use of technology for faster processing, entry of new lenders and ongoing government initiatives to boost MSME credit access.

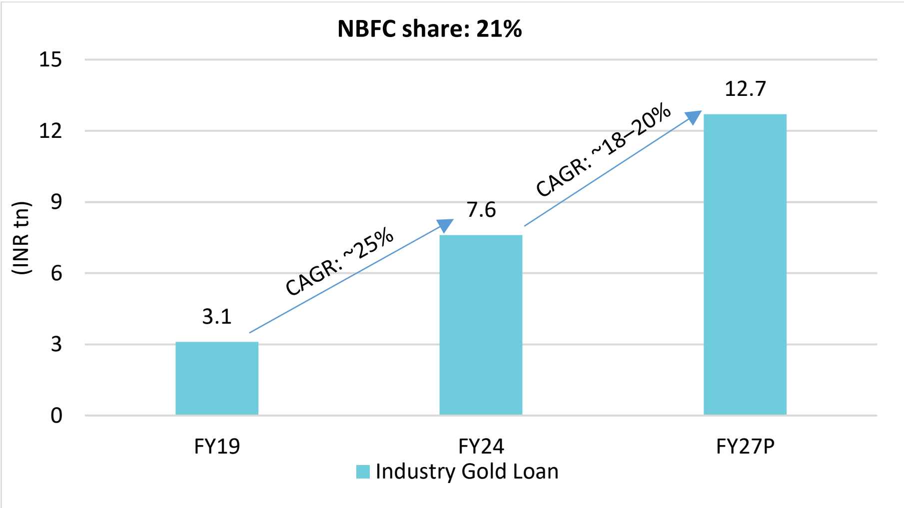
Exhibit 43: Data insights and digitisation to ramp up micro LAP growth



Source: CRISIL Reports, Company, Nuvama Research

Gold loans are likely to grow at over 18% during FY24–27, driven by rising gold prices amid global uncertainties, inflation and currency fluctuations. This makes gold loans attractive for both borrowers seeking quick credit and lenders due to the secured nature of the product. Growing rural demand, faster processing and lower default risk further support this growth outlook.

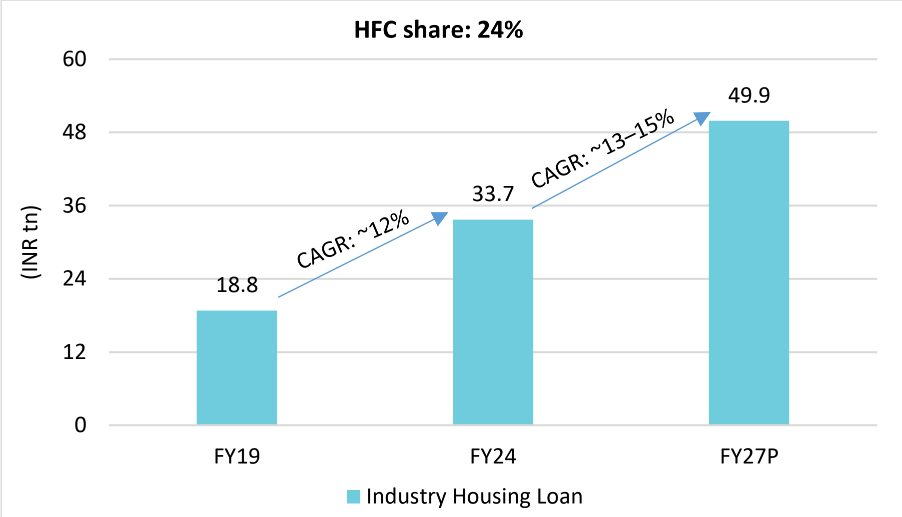
Exhibit 44: Rising gold prices and secured loans to boost demand



Source: CRISIL Reports, Company, Nuvama Research

Housing loans are likely to grow over 13% during FY24–27 driven by strong demand in the affordable housing segment. Government focus on Housing for All, interest subsidies, rising urbanisation and increasing incomes are supporting this growth. Affordable housing remains key to meeting the needs of the middle class and economically weaker sections.

Exhibit 45: Housing loan to grow at ~13–15% over FY24–27P



Source: CRISIL Reports, Company, Nuvama Research

Additional Data

Management

MD & CEO	Rajesh Sharma
CFO	Partha Chakraborti
CRO	Sanjeev Srivastava

Holdings – Top 10*

	% Holding		% Holding
LIC	7.89	Samrudhi Nultit	1.29
Gainful Inv & A	3.71	Societe General	1.21
Quant Money Man	3.01	Gladiolus Prope	1.09
SBI Life Insurance	2.97	3P India Equity	1.06
Roopam Multitra	2.51	Vanguard Group	0.67

**Latest public data*

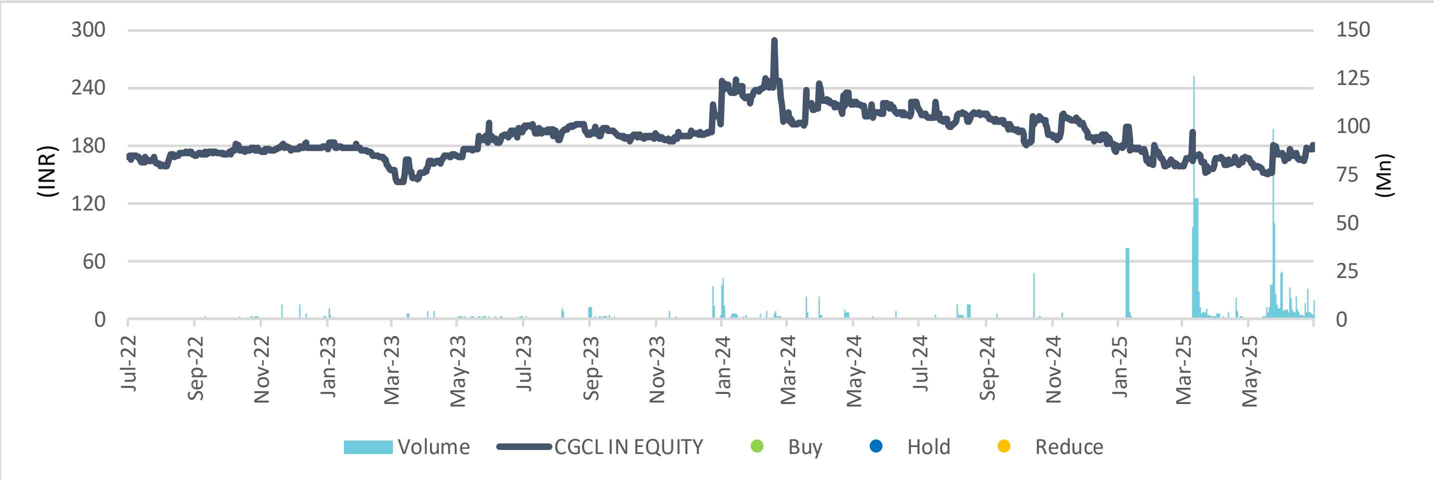
Recent Company Research

Date	Title	Price	Reco

Recent Sector Research

Date	Name of Co./Sector	Title
31-May-25	Spandana Sphoorty	Loss in FY25; recovery from H2FY6E; *Result Update*
16-May-25	LIC Housing Finance	Strong quarter but NIM pressure looms; *Result Update*
14-May-25	Muthoot Finance	Q4FY25 – Strong growth and RoA; *Result Update*

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%	203
Hold	<15% and >-5%	64
Reduce	<-5%	36

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Abneesh Roy
Head of Research Committee
Abneesh.Roy@nuvama.com

ABNEESH KUMAR ROY

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Nuvama Institutional Equities, Inspire BKC, G Block, 8th Floor, Bandra Kurla Complex, Mumbai 400 051
Tel: +91 22 6620 3030. Email: research@nuvama.com