



TM

Capri Global Capital Ltd.

05 December 2024

Diversified retail focused NBFC; geared for profitable growth

INITIATING COVERAGE

Sector: NBFCs Rating: BUY

CMP: Rs 207 Target Price: Rs 250

Stock Info

Sensex/Nifty	81,613/ 24,646
Bloomberg	CGCL IN
Equity shares	825mn
52-wk High/Low	Rs 289/178
Face value	Rs 1
M-Cap	Rs 171bn/ USD 2.0bn
3-m Avg volume	USD 2.0mn

Financial Snapshot (Rs mn)

Y/E March	FY25E	FY26E	FY27E
NII	13,668	18,364	21,993
PPP	6,925	11,458	15,443
PAT	4,200	6,812	9,121
EPS (Rs)	5.1	8.3	11.1
EPS Gr. (%)	50.3	62.2	33.9
BV/Sh (Rs)	51	77	88

Ratios

NIM (%)	8.1	8.2	8.0
C/I ratio (%)	62.6	55.6	50.7
RoA (%)	2.3	2.9	3.2
RoE (%)	10.4	12.8	13.4
Payout (%)	5.0	5.0	5.0

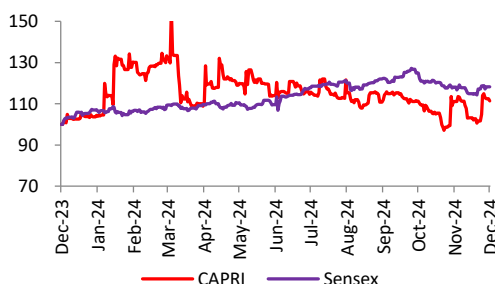
Valuations

P/E (x)	40.7	25.1	18.7
P/BV (x)	4.0	2.7	2.4
Div. Yield (%)	0.1	0.2	0.2

Shareholding pattern (%)

	Mar-24	Jun-24	Sep-24
Promoter	69.9	69.9	69.9
FII	0.9	1.0	1.1
DII	14.2	14.1	14.6
Others	15.1	15.0	14.5

Stock Performance (1-year)



Capri Global Capital Ltd (CGCL IN) is a well-diversified retail focused NBFC with presence in Gold, MSME, and Housing loan segments. The company is well positioned, given the huge opportunity to grow in these segments. The company has a digital first approach and leverages robust technologies like data science, machine learning (ML) and artificial intelligence to enhance its customer experience, streamline business operations and increase profitability. The AUM (as of Sept'24 it is at Rs 193bn) has grown strongly at 31% CAGR over FY19-24, primarily aided by housing segment (39% AUM CAGR), MSME segment (21% AUM CAGR) and gold (6x growth in last 1.5 Yrs). The company has maintained its asset quality, with stage 3 assets at ~2% (avg over FY19-FY24). Management guided for GS3 asset ratio of < 1.5% by Mar'25 (1.6% in Q2FY25). Margins are likely to stay healthy going ahead, led by rising share of high yielding products and range bound cost of borrowings. Management expects its profitability and return ratios to improve over FY25-27 aided by 1) robust business growth across products, 2) focus on high-yielding loan segment, 3) higher fee income and ability to cross sell to existing customers and 4) steady asset quality. Management has guided 30%+ growth in AUM over FY24-FY27E, which should translate into 31%/48% CAGR in NII/ PAT with RoA/RoE of 3.2%/ 13.4%, by FY27E. At CMP the stock trades at 2.4x FY27E BV (factoring in likely Rs 15bn capital raise in FY26). We initiate coverage on CGCL with a BUY rating and target price of Rs 250, valuing it at 2.85x FY27E BV.

Diversified retail focused NBFC with tech / data science enabled processes

CGCL is a retail focused NBFC with key focus on gold finance, which contributes ~34% of its overall AUM in 2QFY25, followed by the MSME (25%), housing (~22%), and construction finance (~17%). The AUM (at Rs 193bn as of Sept'24) has grown at 31% CAGR over FY19-24, primarily aided by housing segment (39% AUM CAGR), MSME segment (21% AUM CAGR) and gold (6x growth in last 1.5 yrs). **Management expects the gold, housing and CF segments to drive the growth, with overall AUM estimated to grow at 30% CAGR over FY24-27.** The company has best in class tech stack and analytical platforms, which is visible from its robust technological prowess and various initiatives they have taken over last couple of years. **The company aims to optimize costs and processes by reducing the processing expenses per file, b) using risk-based pricing, via data science driven credit underwriting, c) improving the portfolio quality through various scorecards, BRE (business rule engine) and digital collateral valuation, and d) using dashboards and live monitoring tools to detect early delinquency signals.** Tech / data science will play important role in reducing cost/income ratio, driving improvement in employee productivity and turnaround time (TAT). As most investment costs (branch expansion + technology led) are front ended, management expects the CI ratio to improve to ~50% (from 64% in Q2FY25) by 27, driving ~100bps improvement in RoA.

Focus on high-yield segment to keep NIMs strong

In 2QFY23, the company forayed into **gold loan financing**, which is a high yield business (~19% yield) compared to other products (**MSME: ~16%, construction finance: ~17%, and housing finance: 12-13%**). As the **proportion of gold business in overall AUM has also been increasing (4QFY23: 11%, 4QFY24:22% and 2QFY25: 34%), management expects overall NIMs to remain healthy.** CGCL's borrowing profile is largely dominated by banks, which constitute ~90% of its total borrowings,

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followed by refinance from NHB (5%), SIDBI (3%) and NCDs (2%). The company has no exposure to short-term money markets. Management aims to maintain spreads at ~7%, as the cost of funds likely to have peaked out.

Superior execution in key business segments

The company has demonstrated superior execution in the past two years in high growth potential segments like car loan distribution, co-lending and gold loan segments. The car loan distribution business started in Jan'21 and in less than four years, CGCL has become one of the largest non-dealer distribution player in this segment. The originations have increased by ~2x and the presence has increased by ~2.5x in the last 2 years. Co-lending model started in Nov'21 (for MSME, Gold and Housing segments) along with partnership with 2 banks, has now been increased to 9 banks. The share of co-lending in total AUM has also increased substantially to ~18% from 3% in the past two years. Co-lending is a highly RoE accretive business as it optimizes capital requirements without taking additional risk on the balance sheet. Similarly, the Gold loan segment has witnessed significant scale up with 6x growth in last 1.5 years. This indicates CGCL's ability to expand effectively in high growth potential business segments. However, given the rapid expansion in recent years, the vintage of gold loan portfolio is limited and hence monitorable.

Higher non-interest income to aid profitability and return ratios

CGCL has diverse income streams via its asset light businesses e.g. car loan and insurance distribution, co-lending, and cross selling. It does co-lending to MSME, affordable housing and gold loan segments with 9 partnered banks. As of Sept'24, co-lending AUM stood at Rs 35.2bn comprised 18.3% of CGCL's total AUM and generated fee income of Rs 405mn (2QFY25) from co-lending which is ~40% of non-interest income. CGCL distributes life, general, and health insurance products to its existing MSME/Housing/Gold Loan customers via tie up with 18 insurance companies. The management aims to generate Rs >400mn in net fee income from insurance distribution in FY25 (Rs 250mn in H1FY25) and Rs 1bn by FY27. The company also offers car loan distribution in an alliance with 9 banks and 3 NBFCs. The loan originations stood at Rs 25.6bn as of Sept'24 while the volumes stood at 23,892. During 2QFY25, the company generated net fee income of Rs 182mn in car loan distribution (18% of non-interest income). Hence, these asset light income streams are expected to aid higher non-interest income resulting in enhanced earnings and return ratios. Management has guided for 2.5-3% RoE accretion by enhancing fee income businesses.

Asset quality broadly steady

The company has an in-house income assessment process to assess customers' repayment capacities. The sales incentives are linked with the performance of loans which ensures better collections and lower delinquencies. While overall, the asset quality has been maintained, with stage 3 assets at ~2% (avg over FY19-FY24), GS3 in MSME segment are slightly higher at 3.5% (though showing improvement in recent quarter). **Management is confident of bringing down overall GNPA's below 1.5% by Mar'25.** Total restructured assets stood at Rs 1,280mn as of Sep'24 (0.6% of AUM). **Strong underwriting practices, in-house operations and data analytics-driven collection mechanisms, coupled with a secure loan book have primarily driven its superior asset quality.**

Valuation

Management expects 30%+ growth in AUM over FY24-FY27E, which along with higher non-interest income, improved operating efficiency and stable credit cost should translate into 31%/48% CAGR in NII/ PAT with RoA/RoE of 3.2%/ 13.4%, by FY27E. At CMP the stock trades at 2.4x FY27E BV (factoring in likely Rs 15bn capital raise in FY26). We initiate coverage on CGCL with a BUY rating and target price of Rs 250, valuing it at 2.85x FY27E BV.

Exhibit 1: Peer comparison

NBFCs	CMP (Rs)	Mcap (Rs bn)	RoA (%)				RoE (%)				BV (Rs)				P/BV (x)			
			FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
Capri Global	207	171	2.1	2.3	2.9	3.2	7.5	10.4	12.8	13.4	47	51	77	88	4.5	4.1	2.7	2.4
IIFL Finance	436	185	3.4	2.8	3.2	3.2	17.7	14.7	16.5	17.4	282	305	350	406	1.5	1.4	1.2	1.1
SME Financiers																		
UGRO	241	22	2.3	3.2	4.0	4.6	9.9	12.7	12.4	11.7	102	140	236	343	2.4	1.7	1.0	0.7
SBFC*	87	94	3.7	3.9	4.1	4.0	10.5	9.5	9.6	10.0	26	28	31	34	3.4	3.1	2.8	2.6
Gold Finance																		
Manappuram Finance	167	141	5.1	4.5	5.0	4.7	20.7	17.9	19.5	17.2	137	154	182	209	1.2	1.1	0.9	0.8
Muthoot Finance	1,940	779	5.1	5.4	5.4	5.4	17.9	19.5	19.8	20.0	605	702	816	950	3.2	2.8	2.4	2.0
Housing Finance																		
Aptus	322	161	7.6	7.4	7.2	7.0	17.2	19.2	20.7	21.9	76	86	101	119	4.3	3.7	3.2	2.7
Homefirst	1,059	94	3.8	3.4	3.2	3.2	15.5	16.6	17.7	18.9	240	278	326	387	4.4	3.8	3.2	2.7
Aavas	1,664	132	3.3	3.4	3.4	3.4	13.9	15.4	16.4	17.1	477	548	635	741	3.5	3.0	2.6	2.2
India Shelter*	657	71	4.9	5.3	5.3	5.1	14.0	14.5	16.7	17.9	215	248	294	352	3.1	2.6	2.2	1.9
Canfin	839	112	2.2	2.2	2.2	2.3	18.8	18.7	18.4	18.4	326	386	455	536	2.6	2.2	1.8	1.6
Aadhar Housing Finance*	435	187	4.2	4.2	4.2	4.2	18.4	16.4	15.8	16.3	104	149	174	205	4.2	2.9	2.5	2.1

Source: Company, Systematix Institutional Research Note: *Not under coverage; used Bloomberg estimates

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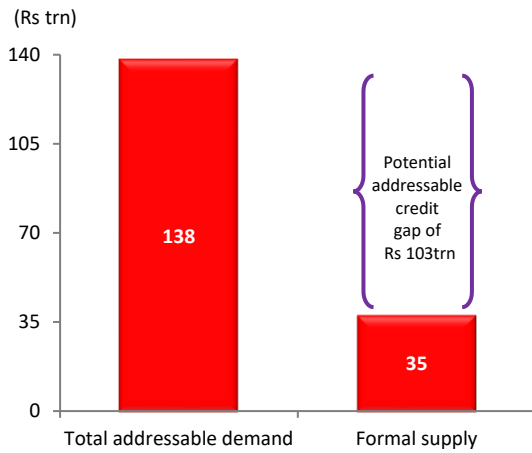
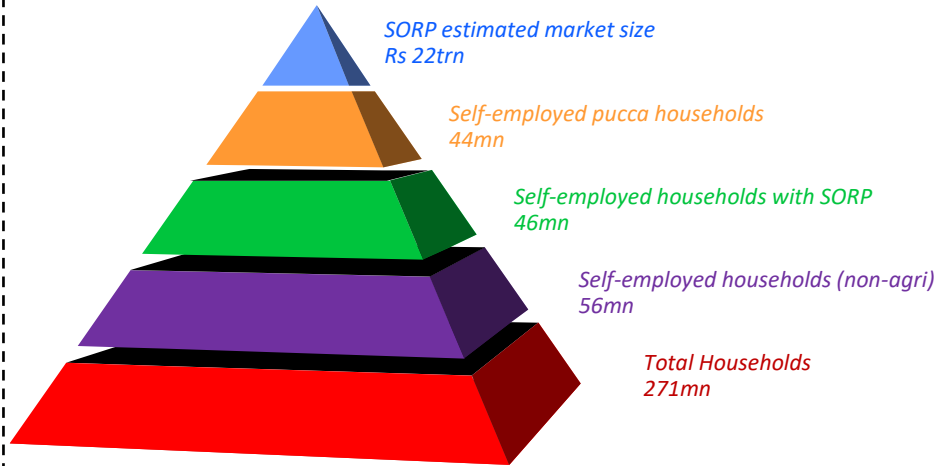
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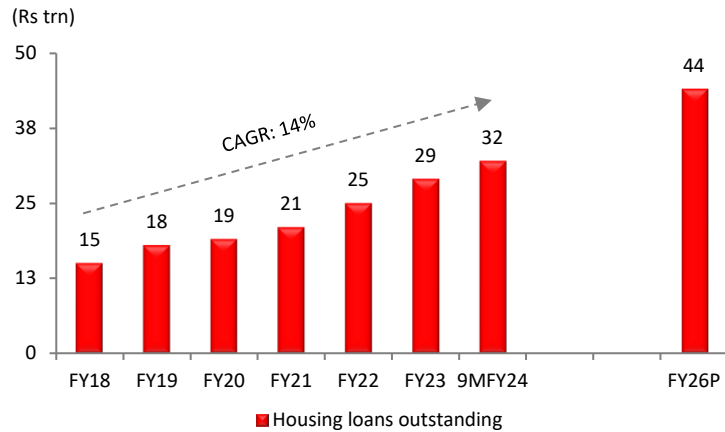
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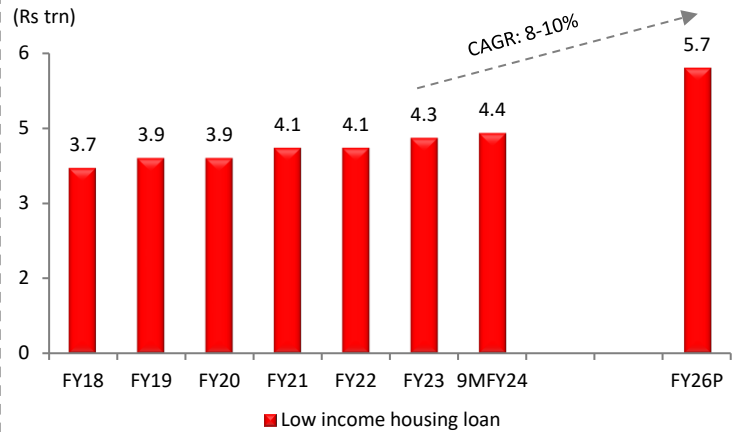
Story in Charts

Exhibit 2: Credit gap of Rs 103trn in MSME sector

Exhibit 3: SORP as collateral forms huge potential for secured MSME loans


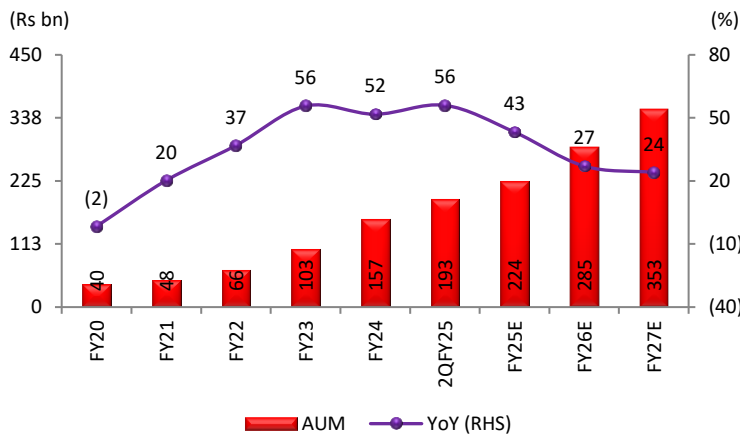
Source: Company, Systematix Institutional Research, Northern Arc RHP; Fivestar Business Finance RHP, Note: SORP – self occupied residential property * FY21 data

Exhibit 4: Size of India's housing loan industry


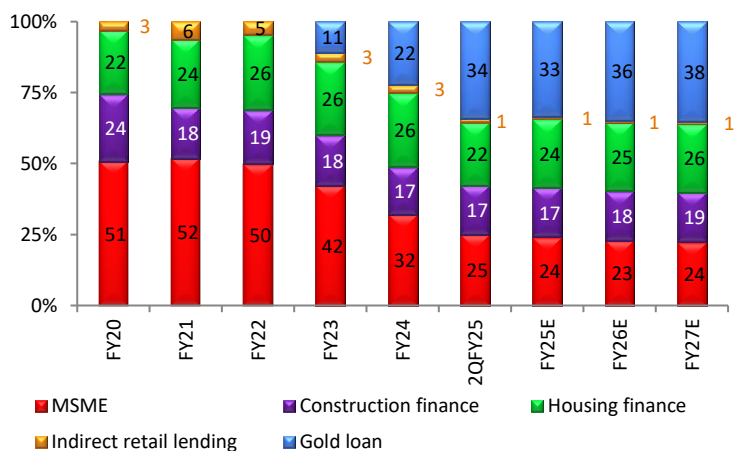
Source: Company, Systematix Institutional Research

Exhibit 5: Housing finance market of loans up to Rs 1.5mn


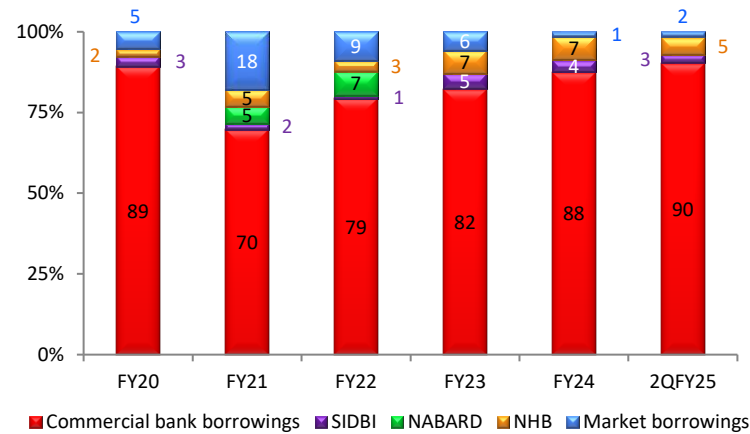
Source: Company, Systematix Institutional Research

Exhibit 6: 31% CAGR in AUM over FY25-FY27E


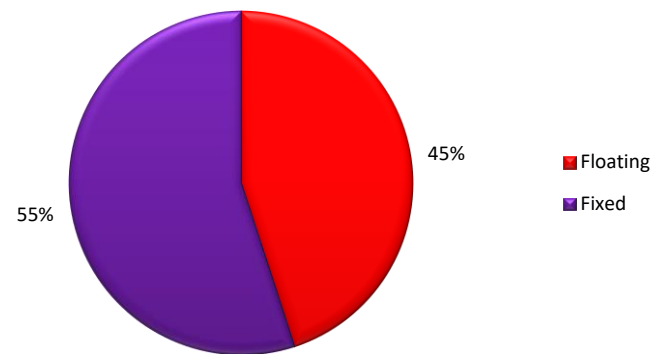
Source: Company, Systematix Institutional Research

Exhibit 7: Share of high yield gold segment increasing


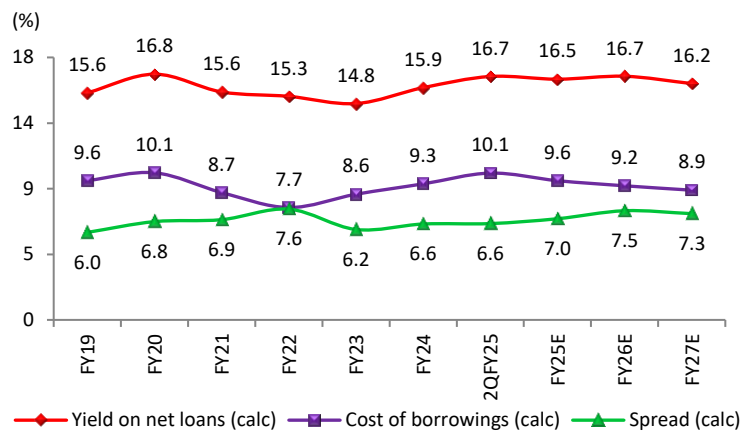
Source: Company, Systematix Institutional Research

Exhibit 8: Borrowing mix skewed towards bank loans

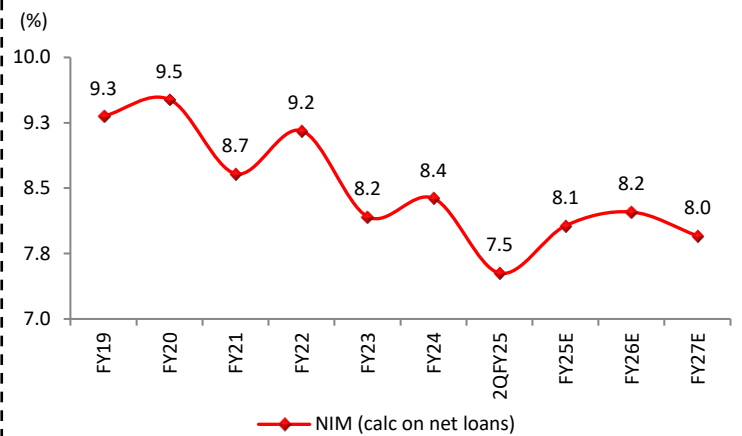
Source: Company, Systematix Institutional Research

Exhibit 9: Floating: Fixed loan mix

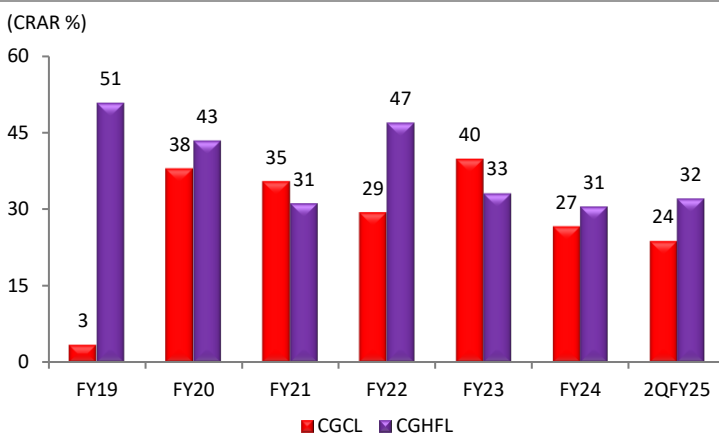
Source: Company, Systematix Institutional Research

Exhibit 10: Spread hovering in the range of 6-7%...

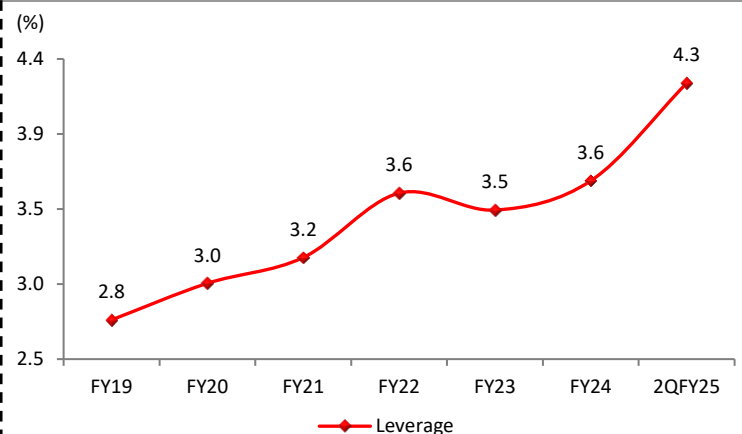
Source: Company, Systematix Institutional Research

Exhibit 11: ...NIMs should remain healthy

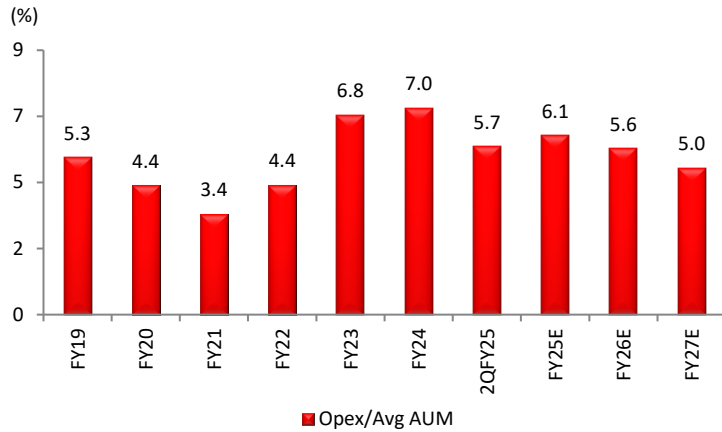
Source: Company, Systematix Institutional Research

Exhibit 12: Well-capitalized for growth

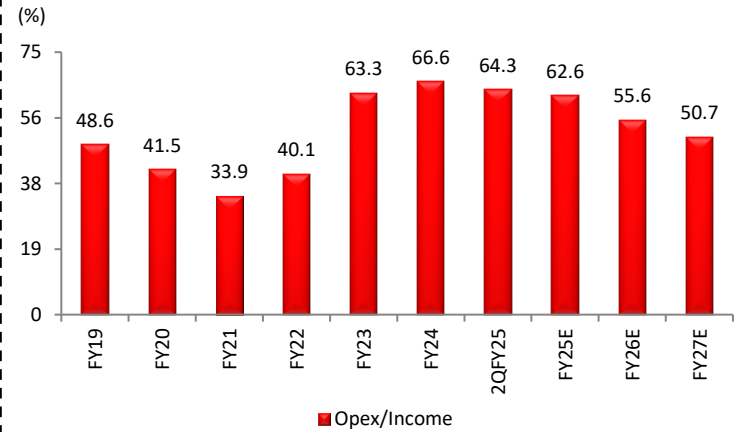
Source: Company, Systematix Institutional Research

Exhibit 13: Low leverage provides ample room for growth

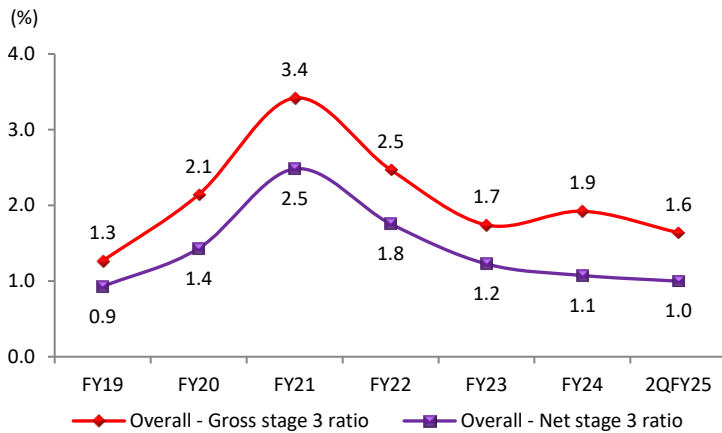
Source: Company, Systematix Institutional Research

Exhibit 14: Opex/ Avg AUM to improve from FY25 onwards...

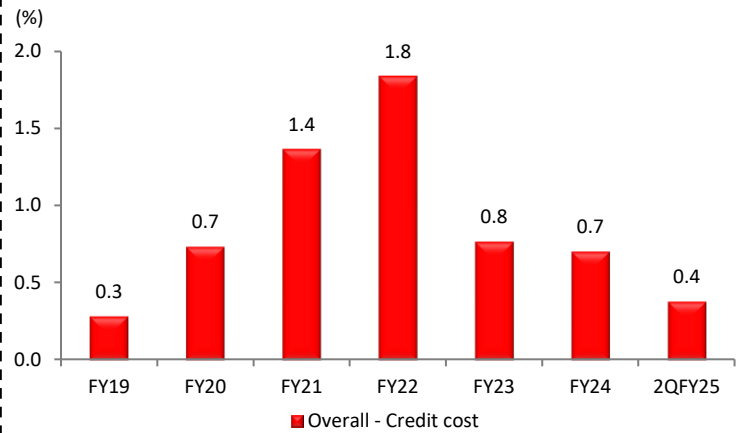
Source: Company, Systematix Institutional Research

Exhibit 15: ...coupled with C/I ratio

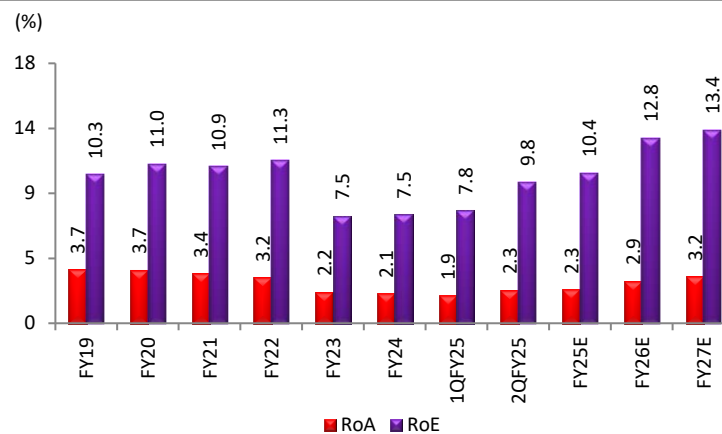
Source: Company, Systematix Institutional Research; Note: taken net income for calc

Exhibit 16: GS3 asset ratio range bound

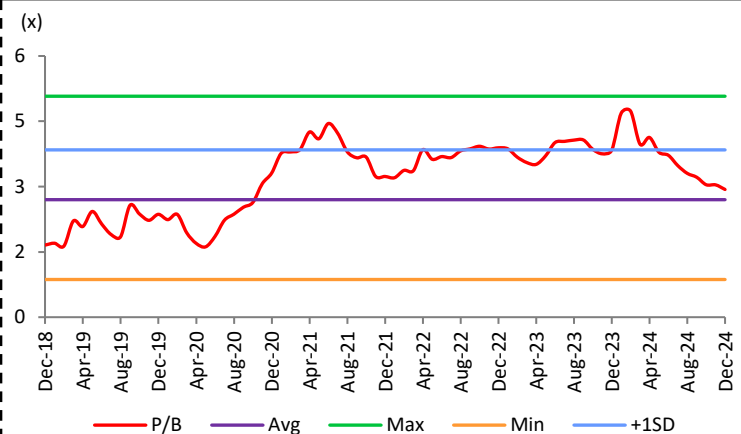
Source: Company, Systematix Institutional Research

Exhibit 17: Credit cost/average AUM

Source: Company, Systematix Institutional Research

Exhibit 18: RoA/RoE

Source: Company, Systematix Institutional Research

Exhibit 19: One year forward P/BV

Source: Company, Systematix Institutional Research

Industry overview

Huge untapped opportunity in MSME, gold and the housing segments

MSME segment – India has ~70mn MSME enterprises, with an estimated addressable credit demand of ~Rs 138trn, of which, ~25% (Rs 35trn) is met through formal financing, leaving an addressable credit gap of ~Rs 103trn. The sheer size of this gap offers huge growth opportunity in MSME financing. CRISIL estimates the industry level portfolio of secured MSME loans with ticket size of Rs 0.5-3.0mn to expand at 18%-20% CAGR over FY23-FY26E (from Rs 2.5trn in FY23 to Rs 4.2trn in FY26E), aided by a) increasing lender focus, b) penetration in existing and new geographies, and c) continued government support.

Exhibit 20: Credit gap of Rs 103trn in MSME sector

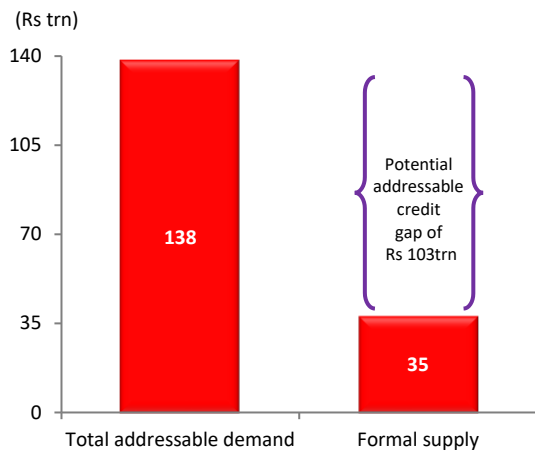
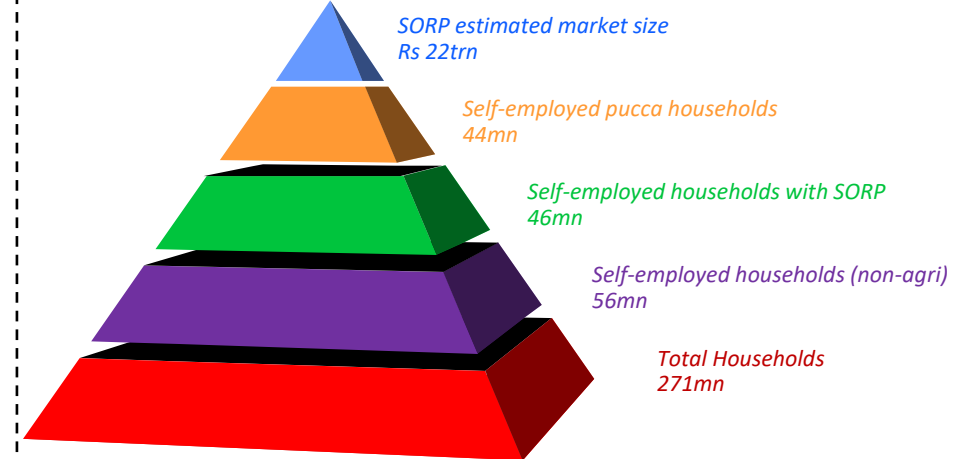


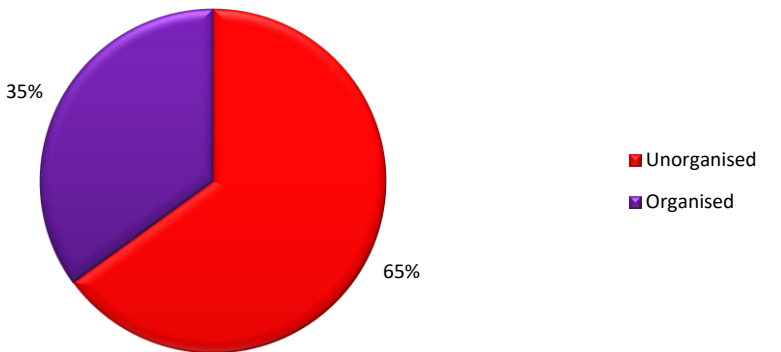
Exhibit 21: SORP as collateral forms huge potential for secured MSME loans



Source: Northern Arc RHP; Fivestar Business Finance RHP, Note: SORP – self occupied residential property * FY21 data

Gold loan – India is one of the biggest gold-loan markets in the world, with Indian households owning more than 28,000 metric tonnes of gold (~14% share). This translates into potential Rs ~75trn market opportunity at prevailing gold prices vs mere ~Rs 7trn tapped by the organized market. This spells huge potential for companies like CGCL. While heightened competition from banks/ fintechs could continue to impact the near-term growth of gold-loan NBFCs, we see ample opportunity for all players (banks, NBFCs and fintechs) to co-exist and expand over the long term.

Exhibit 22: Mix of unorganized and organized gold loan players

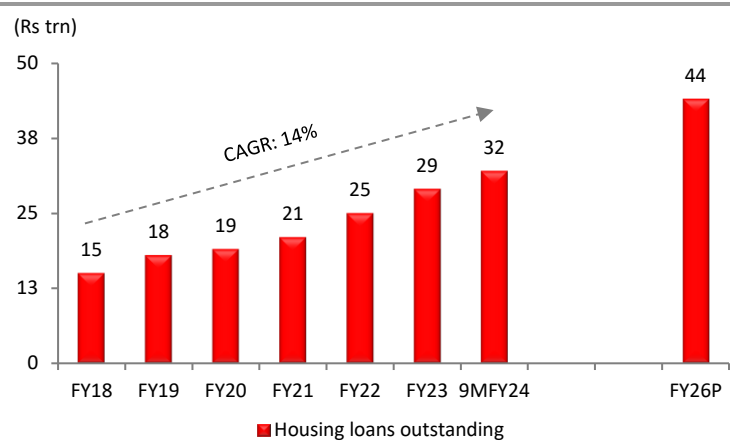


Source: Company, Systematix Institutional Research

Housing finance – The Indian housing finance market grew at healthy ~14% CAGR over FY18-FY23, led by higher disposable incomes, healthy demand from smaller cities, attractive interest rates and government impetus on housing. Despite the healthy pace of growth, mortgage penetration (mortgage to GDP ratio) in India remains sub optimal at ~12%, presenting huge growth opportunities for banks and housing finance companies (HFCs). During FY18-FY23, growth in the low-income housing (<Rs 1.5mn) segment was subdued at ~3% (CAGR), compared to the 14% growth seen in overall housing loans. We attribute this primarily to slowdown in economic activity, funding challenges due to NBFC crisis and the pandemic.

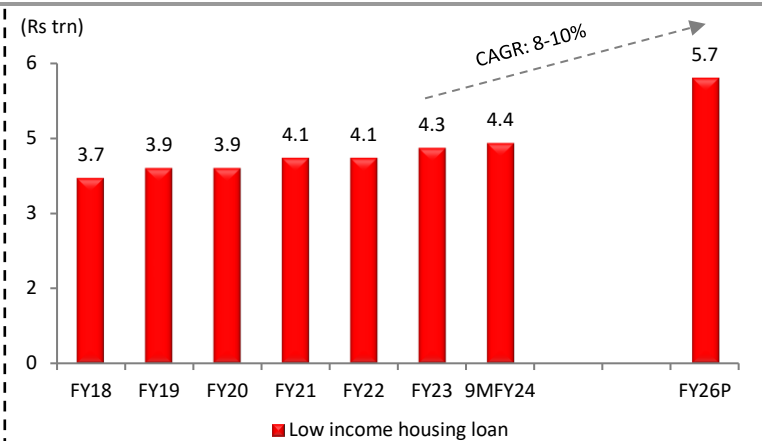
Further, the increasing hybrid work model and working from home led to an increase in demand for bigger residential homes (large ticket size). Hence, the affordable housing segment saw subdued sales, while high-end and midsegment housing gained maximum in the last couple of years. CRISIL expects a strong rebound in growth of the low-income segment to be driven by 1) economic recovery post pandemic and employers’ push to employees to return to office for work, 2) government’s focus on housing and incentives, 3) rising demand for affordable homes, as consumers increasingly work out of Tier 3/4 cities. Further, this segment is expected to see a gradual pick up to Rs 5.4-Rs 5.7trn by FY26, at 8-10% CAGR during FY23-FY26P (as per CRISIL).

Exhibit 23: Size of India’s housing loan industry



Source: Aadhar RHP, company, Systematix Institutional Research

Exhibit 24: Housing finance market of loans up to Rs 1.5mn



Source: Aadhar RHP, company, Systematix Institutional Research

Investment rationale

Diversified retail lender with focus on high growth segments

CGCL mainly focuses on the gold finance segment, which contributes ~34% to its overall AUM of Rs 193bn in 2QFY25, followed by MSME (25%), housing (22%) and construction finance (17%). The company has also ventured into the micro-LAP segment, which focuses on small ticket secured loans to self-employed customers and has gone live with 70 branches. As of Sept'24 the micro-LAP AUM stood at Rs 300mn and management expect it to reach Rs 600mn by Mar'25. Management expects the gold, housing and CF segments to drive the growth, with overall AUM estimated to grow at 30% CAGR over FY24-27.

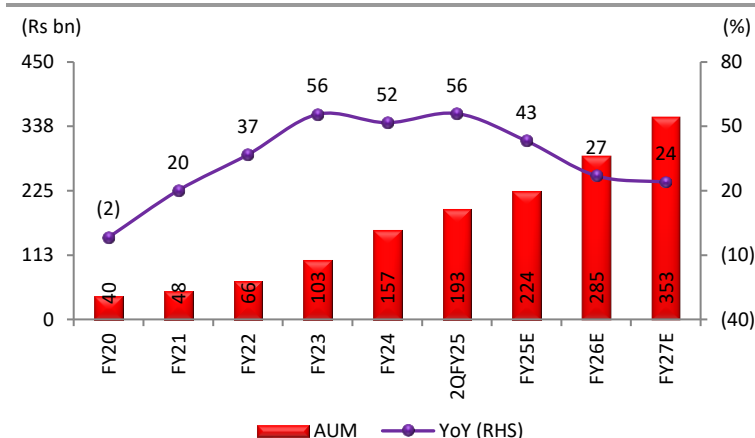
Recently, the company has also ventured into rooftop solar financing under MSME loans, in partnership with Credit Fair (a renewable energy fintech). The product is expected to have a tenure of 5-6 years and would be initially rolled out in Rajasthan, Madhya Pradesh, and Gujarat. Management aims to build a Rs 10bn loan book in the rooftop solar finance segment in the coming years.

Exhibit 25: Overview of loan products

Particulars	MSME loans	Housing loans	Gold loans	Construction finance loans	Car loan distribution
Product portfolio	Business loans to MSMEs against residential or commercial or industrial property.	Loans extended towards purchasing residential units, construction and extension, home renovation, plot purchase and home equity loans	Loan against gold jewelry	Construction-linked loans to small and mid-sized real estate developers	Origination of new car loans for leading commercial banks for fee consideration
Ticket size	Rs 0.2mn – Rs 20mn	Rs 0.2mn – Rs 15mn	Rs 3k – Rs 3mn	Rs 20mn – Rs 600mn	Presence: Pan-India, through 788 feet-on street locations
Tenor of loans	Up to 15 years	Up to 25 years	Up to 1 year	Less than 7 years	Fee: Net fee income of 1.1% on originated loans (FY24)
Security	First and exclusive charge on collateral property having a clean and marketable title	First and exclusive charge / mortgage over property having a clear and marketable title	Hypothecation of gold ornaments (18 to 22 carat gold) with maximum 75% LTV	Exclusive lending with escrow mechanism, minimum 1.5x of loan outstanding	Partner banks: SBI, HDFC Bank, Yes Bank, Bank of Baroda, Bank of India, Indian Bank, IOB, Punjab and Sind Bank, Union Bank of India, and HDB Financial Services
Average LTV ratio (4QFY24)	~53%	~52.7%	~71%	Asset cover: 1.5x of the amount of loan outstanding	-

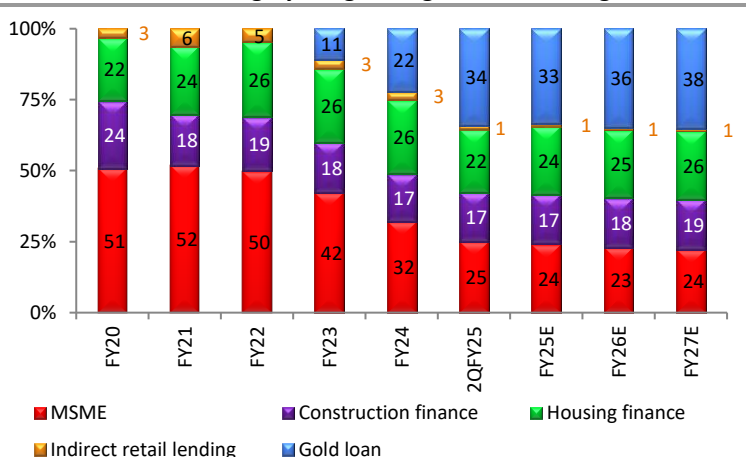
Source: Company, Systematix Institutional Research

Exhibit 26: 31% CAGR in AUM over FY24-FY27E



Source: Company, Systematix Institutional Research

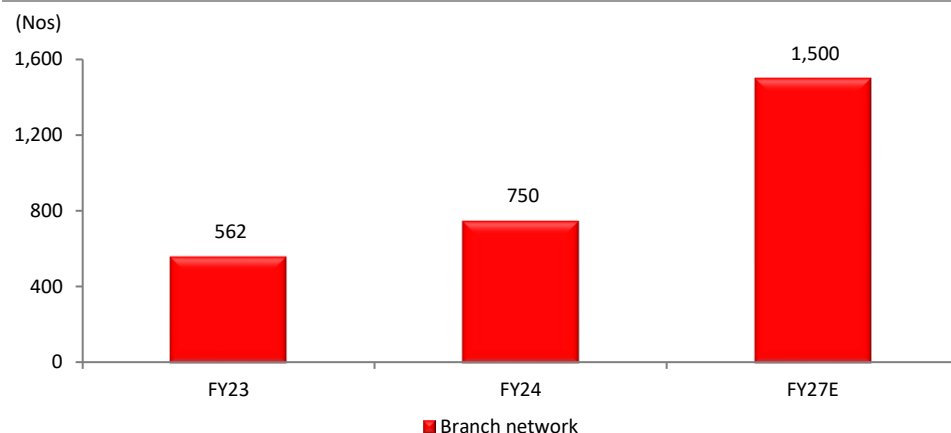
Exhibit 27: Share of high yield gold segment increasing



Source: Company, Systematix Institutional Research

a) Gold loan segment will continue to grow strong

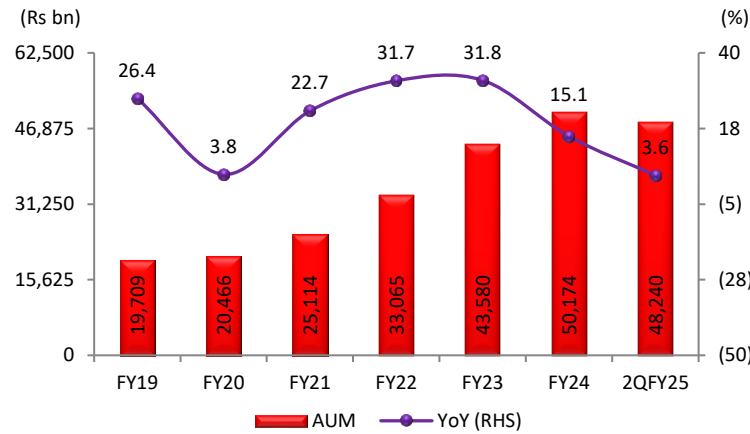
CGCL strategically entered the gold loan business in 2QFY23 and opened 108 branches on the first day itself. The branches started scaling up with AUM per branch reaching Rs 87mn and profitable at the operating level. As of 2QFY25, its gold loan book stood at Rs ~66bn, comprising ~34% of total AUM. The company primarily focuses on customers with average ticket size of around Rs 0.1mn (starting from mere Rs 3k) and generates 18-20% yields. Management sees huge growth potential in this segment and plans to expand its gold loan branch network to 1,500 by FY27, enabling 30%+ YoY growth.

Exhibit 28: Extensive rollout of gold loan branches in the coming years

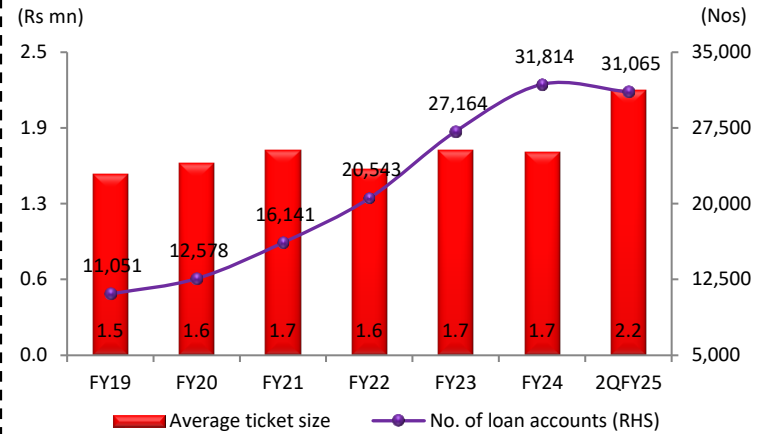
Source: Company, Systematix Institutional Research

b) MSME loans - One of the key business segments

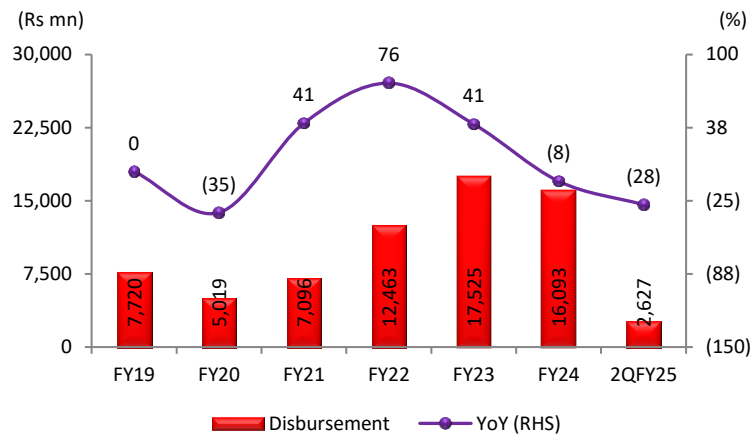
CGCL caters to first-generation business owners, independent non-professionals and underprivileged women borrowers in sectors like small manufacturing units, traders, retail outlets, restaurants and other businesses in tier II and III cities. The company has also created an exclusive sub-segment within MSME to cater to EWS and LIG with micro-LAP products, providing small loans to meet their immediate needs. MSME constitutes 25% of total loan book (including co-lending arrangement). The company's MSME book expanded at a healthy 21% CAGR over FY19-24 and is focused on low ticket size MSME loans of Rs 1.9mn (with tenor of up to 15 years). As of 30 Sept 2024, the company had 31,065 active MSME live accounts with LTV of 54.3% (2QFY25). Recently, the company launched micro-LAP and Solar financing which will be the part of MSME segment going forward. As of Sept'24 the micro-LAP AUM stood at Rs 300mn and management expect it to reach Rs 600mn by Mar'25.

Exhibit 29: 21% CAGR in the MSME segment over FY19-FY24

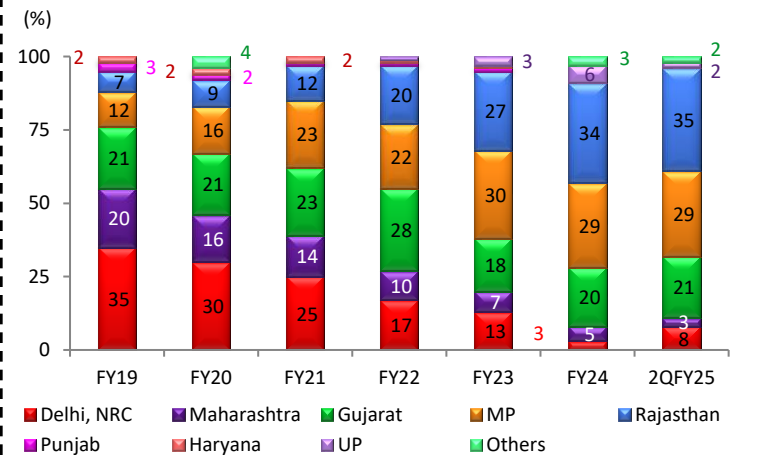
Source: Company, Systematix Institutional Research

Exhibit 30: Average ticket size largely steady

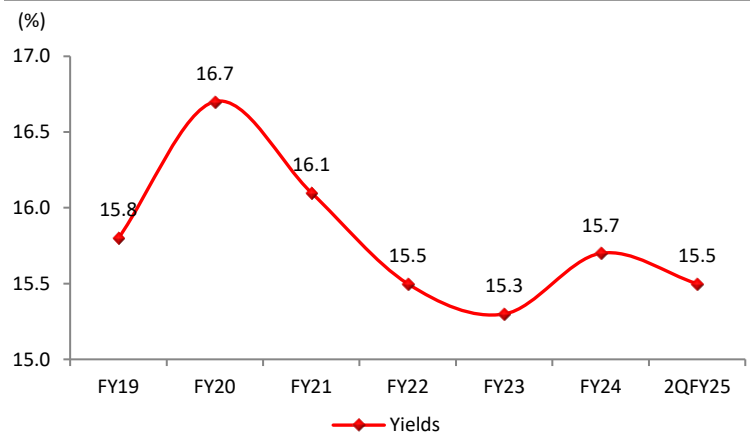
Source: Company, Systematix Institutional Research

Exhibit 31: MSME disbursement growth sluggish

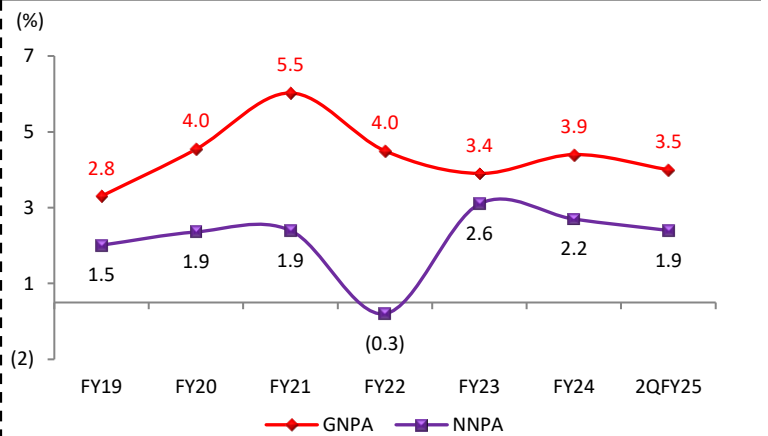
Source: Company, Systematix Institutional Research

Exhibit 32: MSME AUM geographical mix

Source: Company, Systematix Institutional Research

Exhibit 33: MSME yields are broadly rangebound

Source: Company, Systematix Institutional Research

Exhibit 34: GNPA in MSME portfolio is rising

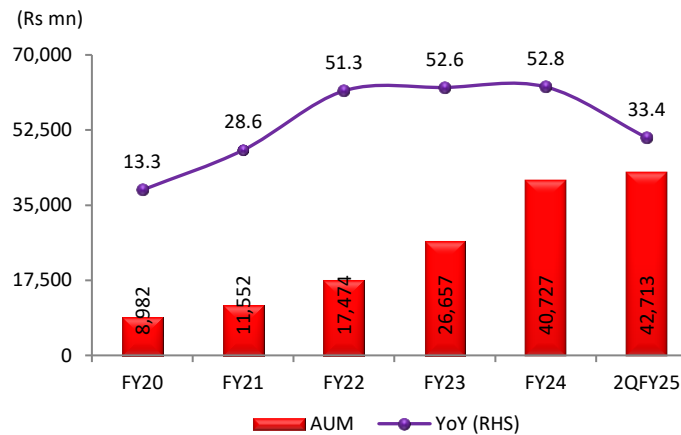
Source: Company, Systematix Institutional Research

c) Housing finance – growing at a healthy pace

Housing finance is CGCL's third-largest portfolio segment (22% of AUM) after gold and MSME. The company ventured into the housing segment in 2017 through its 100% subsidiary, Capri Global Housing Finance Limited (CGHFL). CGCL's housing portfolio has shown a remarkable 39% CAGR over FY19-24. The company primarily gives housing loans for (i) purchase of residential units, (ii) construction, extension and home renovation, (iii) purchase of land, and (iv) home equity loans and focus on tier II & III cities, which are less saturated markets (gradually shifting from urban centric to semi urban and rural areas).

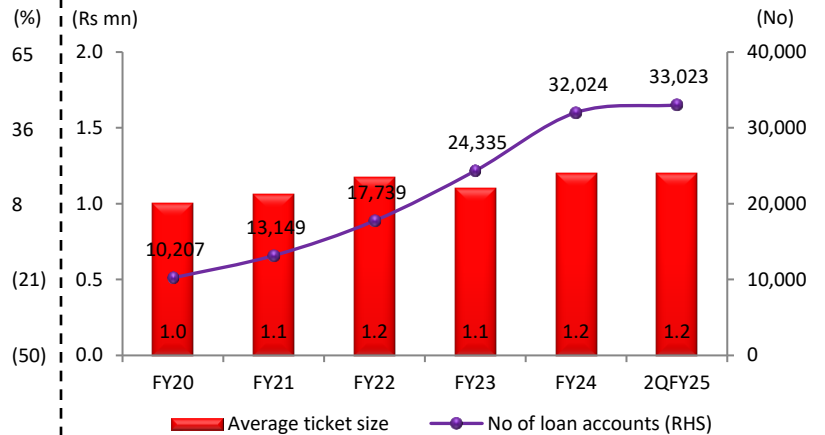
The housing segment had an average ticket size of Rs 2.0mn (on incremental disbursements), as of 2QFY25. The average LTV on disbursal remained conservative at ~55%. Management believes an under-penetrated mortgage market, rising urbanization, coupled with surging housing demand have caused the mortgage market to expand, which would continue to support growth for the company. Management is confident of growing the affordable housing segment at 40% in the near term, led by initiatives taken on the tech front, faster turnaround time, deeper penetration into existing markets and branch expansion.

Exhibit 35: 39% CAGR in housing AUM over FY19-24



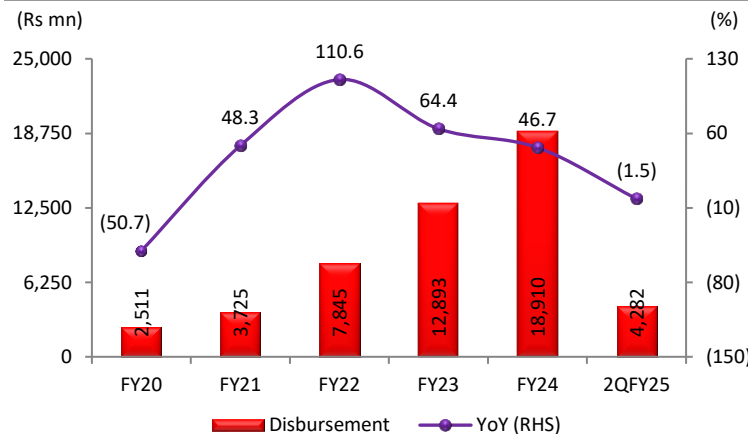
Source: Company, Systematix Institutional Research

Exhibit 36: Average ticket size stable at Rs 1.1mn over FY20-24



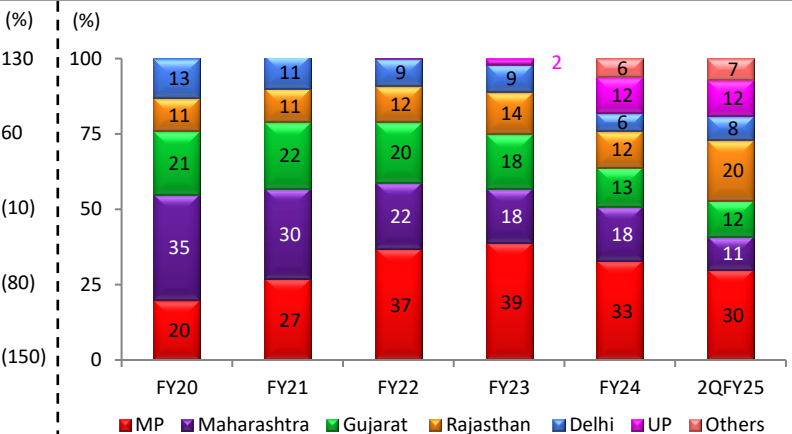
Source: Company, Systematix Institutional Research; ATS is at portfolio level

Exhibit 37: Slight moderation in disbursement growth

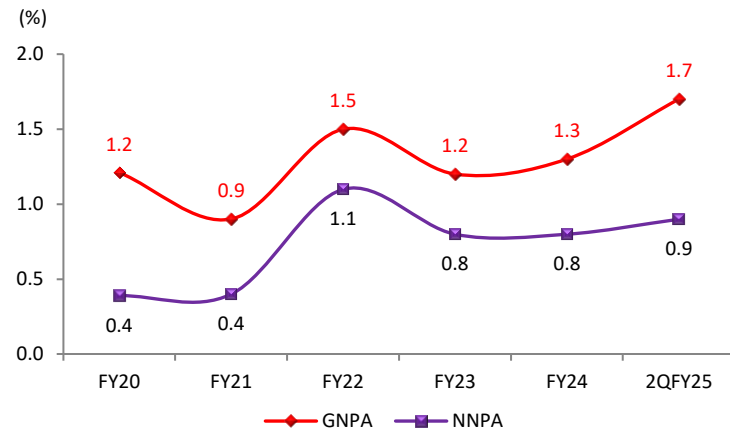


Source: Company, Systematix Institutional Research

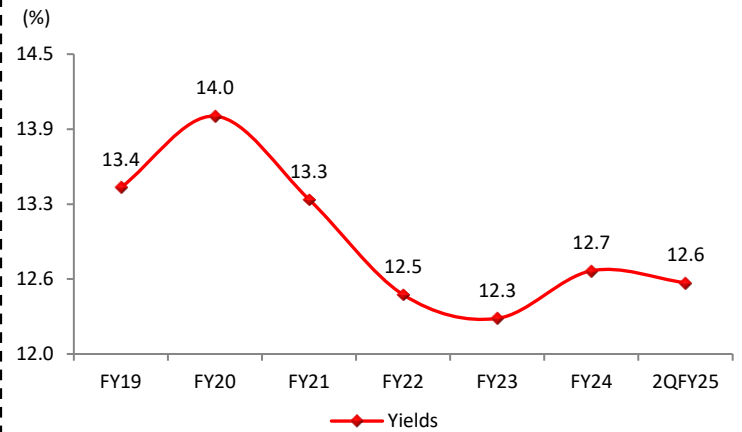
Exhibit 38: Geographical split in housing finance segment



Source: Company, Systematix Institutional Research

Exhibit 39: GNPA in the housing segment steady

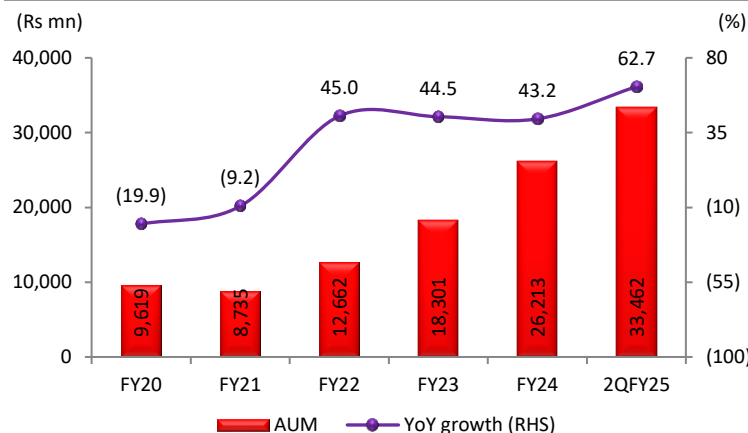
Source: Company, Systematix Institutional Research

Exhibit 40: Housing segment yields stable

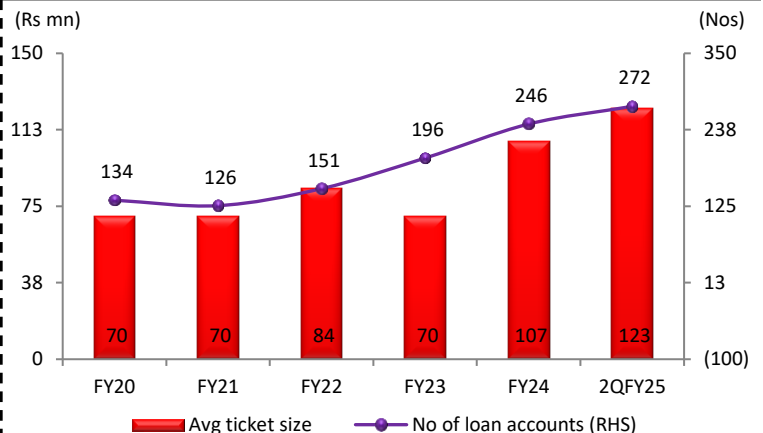
Source: Company, Systematix Institutional Research

d) Construction finance (CF): one of the high yield products

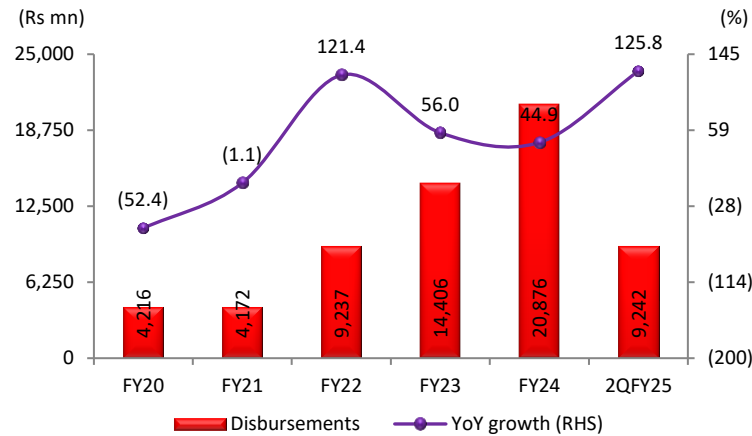
CGCL provides construction-linked loans to small and mid-sized real estate developers, mainly in tier II & III cities. It is a relatively niche sector, in which the company has developed deep expertise, given that it has been extending construction finance loans since it began lending operations in FY11. Its total loan book stood at Rs 33.4bn (~17% of total AUM) as of 30 Sept 2024, with an average ticket size of Rs 244.5mn (during sanction). Management expects the CF book share to remain below 20%. Close to 50% of the business (in value terms) comes from Ahmedabad and Mumbai MMR, followed by other key geographies like Bengaluru, Hyderabad, Delhi NCR, Pune and Gandhinagar. This segment is one of the high yielding and low opex segments for CGCL, with an average yield of ~17% (yields are 170-460bps higher than other products). This segment currently has close to nil net NPAs (NNPA in CF & Indirect Lending was ~0.2% in FY24), which is credible, considering the stress faced by the sector in the past.

Exhibit 41: CF AUM growth remains strong...

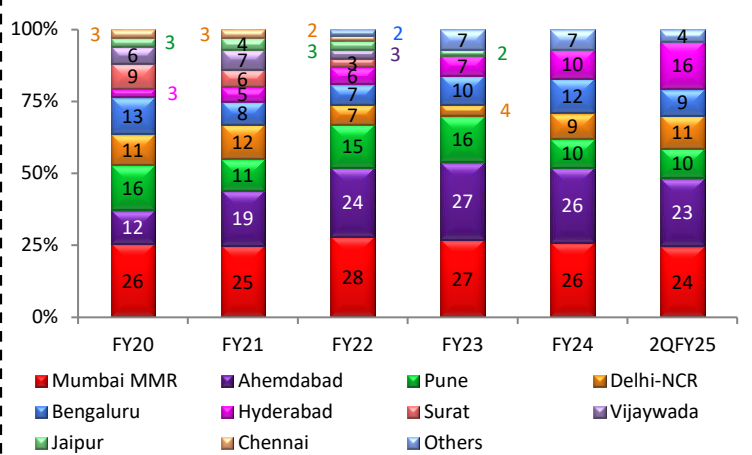
Source: Company, Systematix Institutional Research

Exhibit 42: ...aided by higher loan accounts

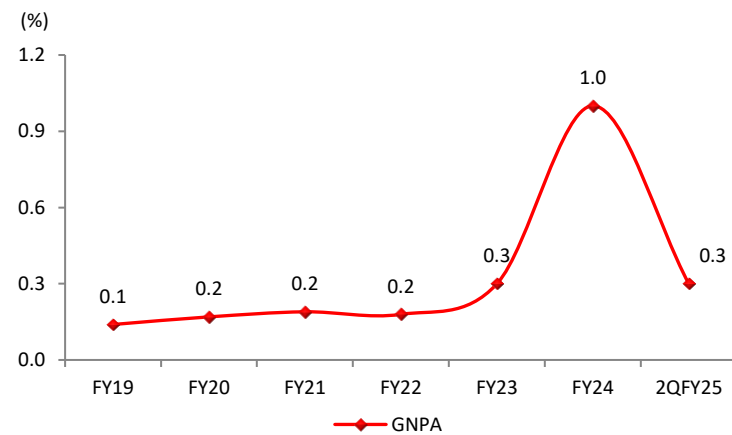
Source: Company, Systematix Institutional Research

Exhibit 43: CF disbursements growing at healthy levels

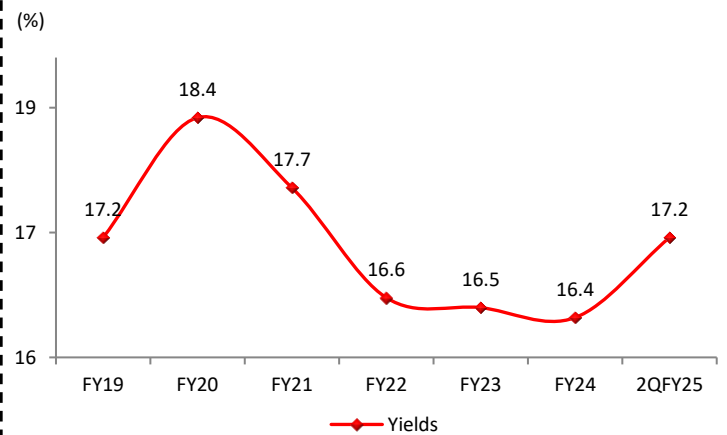
Source: Company, Systematix Institutional Research

Exhibit 44: Geographical breakup of CF AUM

Source: Company, Systematix Institutional Research

Exhibit 45: GNPA in construction finance normalized

Source: Company, Systematix Institutional Research

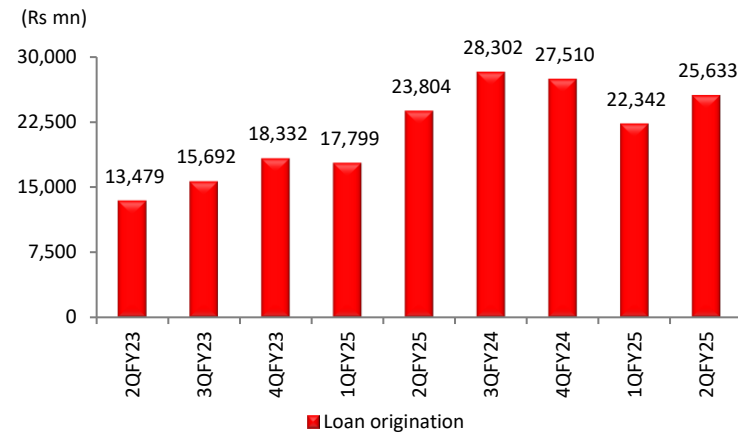
Exhibit 46: Yields at healthy levels

Source: Company, Systematix Institutional Research

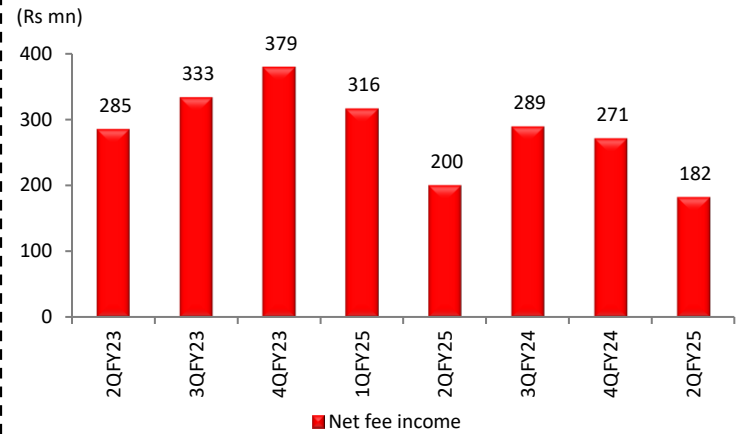
e) Car loan distribution: Volumes to expand at 20-30% YoY

CGCL commenced its car loan distribution business in Jan'21 and has tie-up with 9 leading commercial banks (State Bank of India, HDFC Bank, Bank of India, Bank of Baroda, Indian Overseas Bank, Yes Bank, Indian Bank, Union Bank and Punjab & Sind Bank) to distribute their new car loan products. The company has also tied up with HDB Financial Services, Mahindra & Mahindra Finance and TATA Capital. CGCL has Capri Car loans leads app for business sourcing which enables 100% paperless new car loan file login with the partners and easily captures customer details and loan requirements. Through its 788 pan-India location and foot on street presence, it has generated loan origination volumes of 23,892 in 2QFY25. Management expects to achieve 20-30% YoY volume growth by expanding its footprint in the south (tier III and IV towns) by leveraging digital marketing strategies.

As per CRISIL India's car penetration is ~26 cars per 1,000 people (vs 183 for China, 594 for the US, 384 for Korea, 280 for Mexico and 276 for Brazil). This provides significant headroom for growth in car sales, especially given the expected increase in disposable incomes, faster economic growth and a younger population.

Exhibit 47: Healthy growth in car loan distribution volumes...

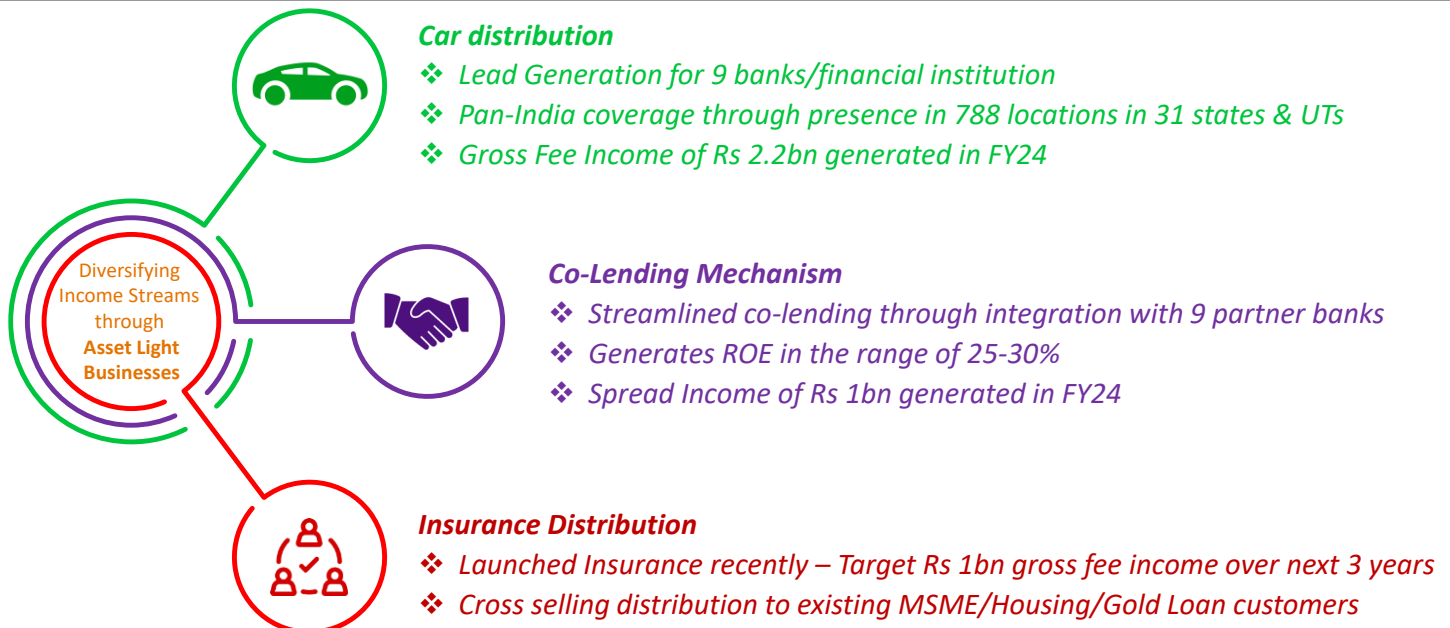
Source: Company, Systematix Institutional Research

Exhibit 48: ...drive healthy net fee income (car distribution)

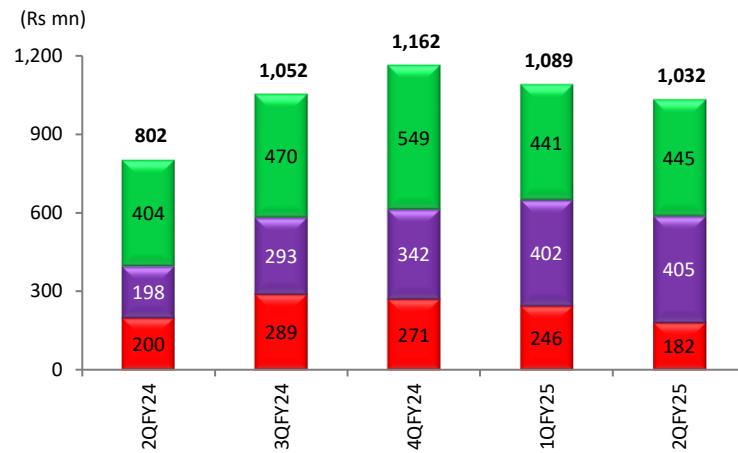
Source: Company, Systematix Institutional Research

Higher non-interest income to aid profitability and return ratios

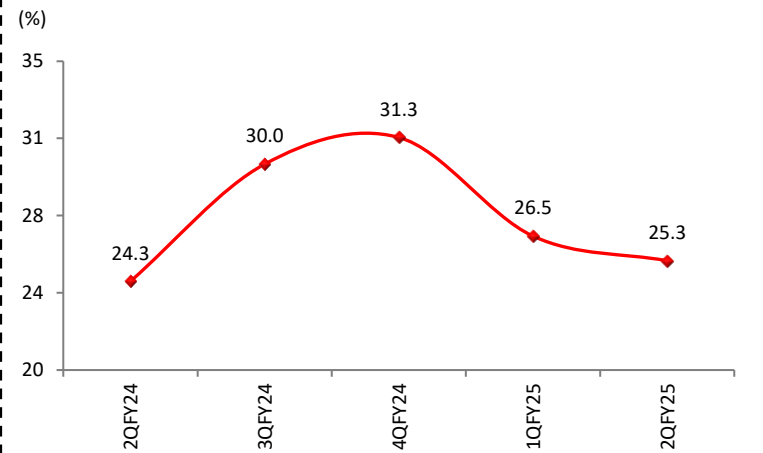
CGCL have diverse income streams via its asset light businesses e.g. distribution, co-lending, and cross selling. It does co-lending to MSME, affordable housing and gold loan segments with 9 partnered banks. As of Sept'24, co-lending AUM stood at Rs 35.2bn comprised 18.3% of CGCL's total AUM and generates fee income of Rs 405mn (2QFY25) from co-lending which is ~40% of non-interest income. CGCL cross sell life, general, and health insurance products to its existing MSME/Housing/Gold Loan customers via tie up with 18 insurance companies. The management aims to generate Rs >400mn in net fee income from insurance distribution in FY25 (Rs 250mn in H1FY25) and Rs 1bn over FY25-FY27. The company also does car loan distribution in an alliance with 9 banks and 3 NBFCs. The loan originations stood at Rs 25.6bn as of Sept'24 while the volumes stood at 23,892. During 2QFY25, the company generated net fee income of Rs 182mn in car loan distribution (18% of non-interest income). Hence, these asset light income streams are expected to aid higher non-interest income resulting in enhanced earnings and return ratios. Management guided for 2.5-3% RoE accretion by enhancing fee income businesses.

Exhibit 49: Asset light income streams: One of the key RoA/RoE drivers.

Source: Company, Systematix Institutional Research

Exhibit 50: Net Non-interest income breakup

Source: Company, Systematix Institutional Research

Exhibit 51: Non-Interest Income / Net Income

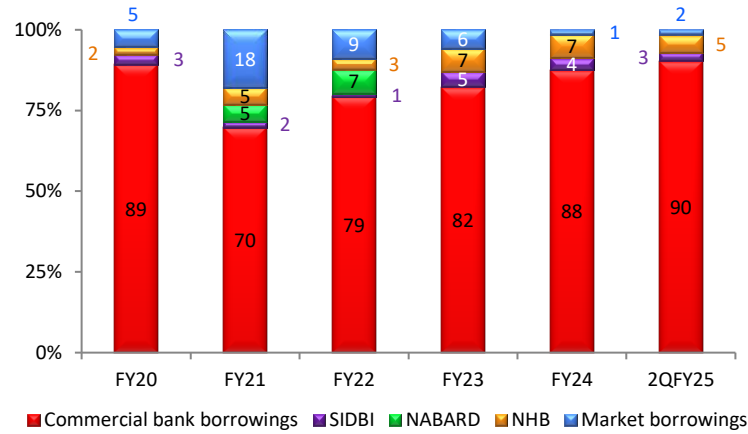
Source: Company, Systematix Institutional Research

CGCL also does co-lending to MSME, affordable housing and gold loan segments with 9 partner banks. The company retains 20-30% of the co-originated loans on its balance sheet, while the co-lending partners (CLPs) retain the balance. Co-lending is RoE accretive business as it optimize capital requirement without taking additional risk on the balance sheet. As of Sept'24, co-lending AUM at Rs 35.2bn comprised 18.3% of CGCL's total AUM. The company has further strengthened its partnerships with banks, which resulted in a significant increase in the acceptance ratio of loans with partner banks vs a year ago.

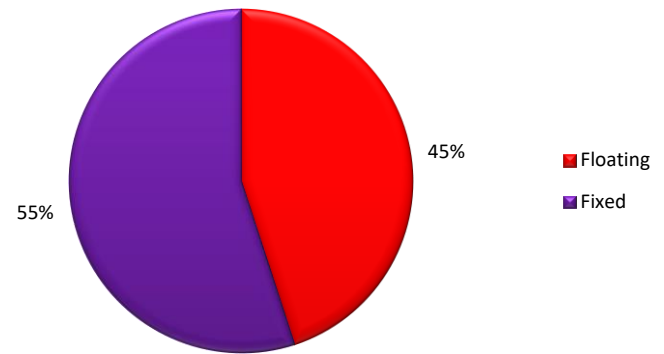
CGCL received a composite insurance distribution license from IRDAI in Dec'23, enabling the company to distribute life, general, and health insurance products to its customers (it has tied up with 18 insurance companies). Management aims to generate Rs >400mn in net fee income from insurance distribution in FY25 and Rs 1bn gross fee income from insurance distribution over FY25-FY27.

Borrowing skewed towards bank borrowings; focus on high yield segment to keep NIMs healthy

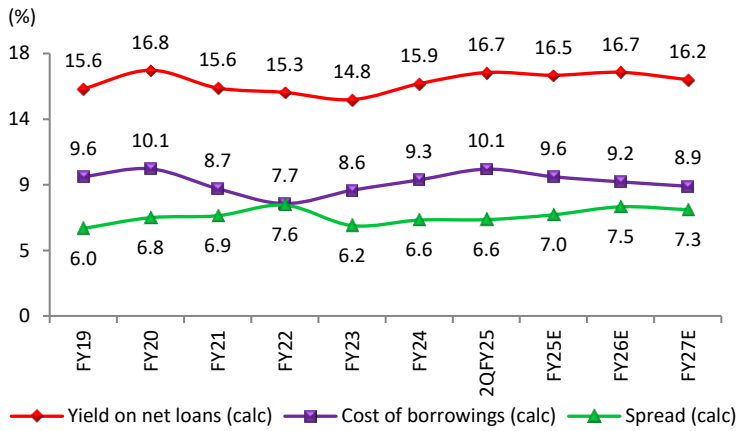
CGCL's borrowing profile is largely dominated by banks, which constitute ~90% of its total borrowings, followed by refinance from NHB (5%), SIDBI (3%) and NCDs (2%). The company has no exposure to short-term money markets. Its borrowing mix has been largely steady in the last couple of years. The company's cost of borrowings stood at ~9% (average) over FY20-FY24. Management aims to maintain spreads at ~7%, as the cost of funds likely to have peaked out.

Exhibit 52: Borrowing mix skewed towards bank loans

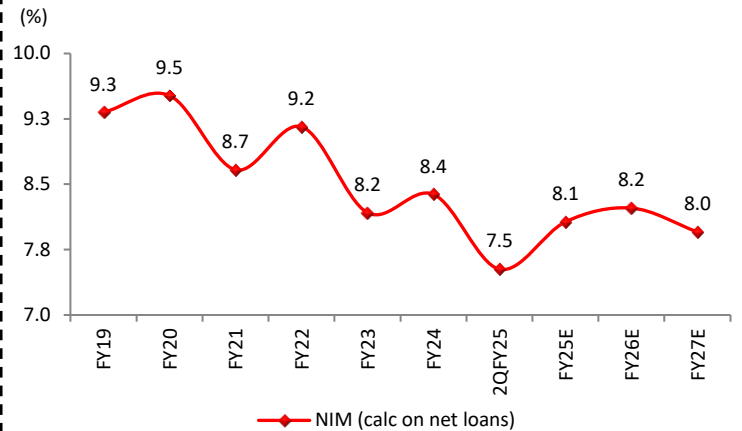
Source: Company, Systematix Institutional Research

Exhibit 53: Floating: Fixed loan mix

Source: Company, Systematix Institutional Research

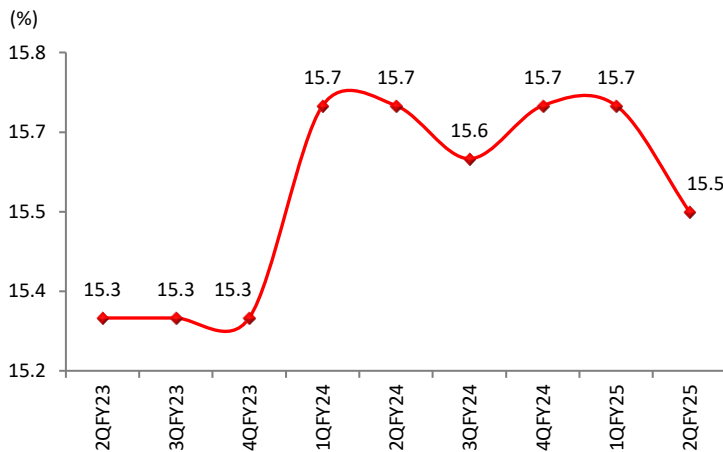
Exhibit 54: Spread hovering in the range of 6-7%

Source: Company, Systematix Institutional Research

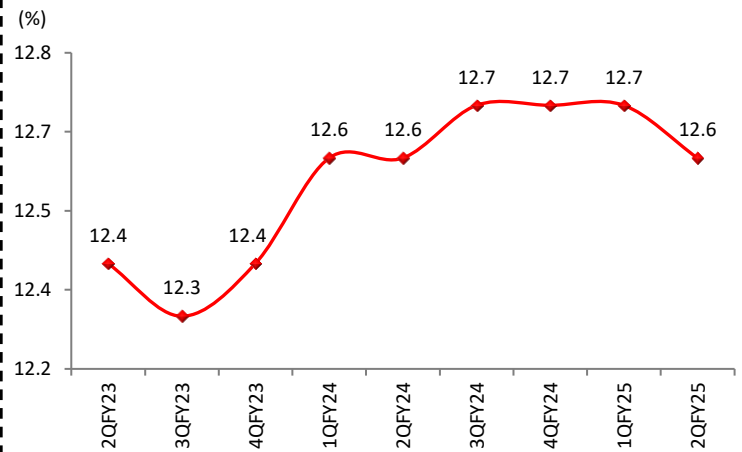
Exhibit 55: ...NIMs should remain healthy

Source: Company, Systematix Institutional Research

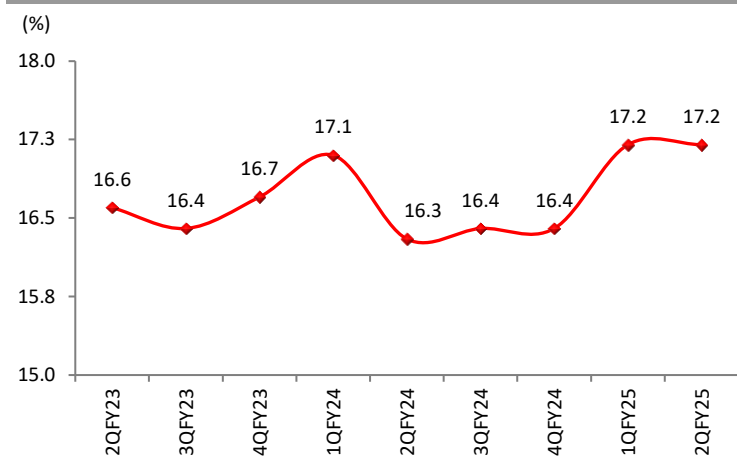
The company forayed into gold loan financing in 2QFY23, which is a high yield business (at ~19% yields) compared to other products (MSME: ~16%, CF: ~17%, housing finance: 12-13%). The proportion of gold business in overall AUM too has been increasing (34% in 2QFY25 vs 22% in 4QFY24 and 11% in 4QFY23). Thus, management expects overall NIMs to remain healthy.

Exhibit 56: MSME segment yield trend

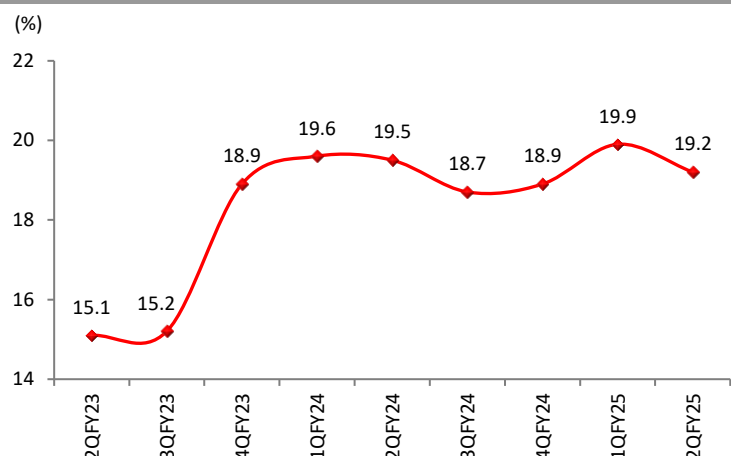
Source: Company, Systematix Institutional Research

Exhibit 57: Housing finance segment yield trend

Source: Company, Systematix Institutional Research

Exhibit 58: Construction finance yield trend

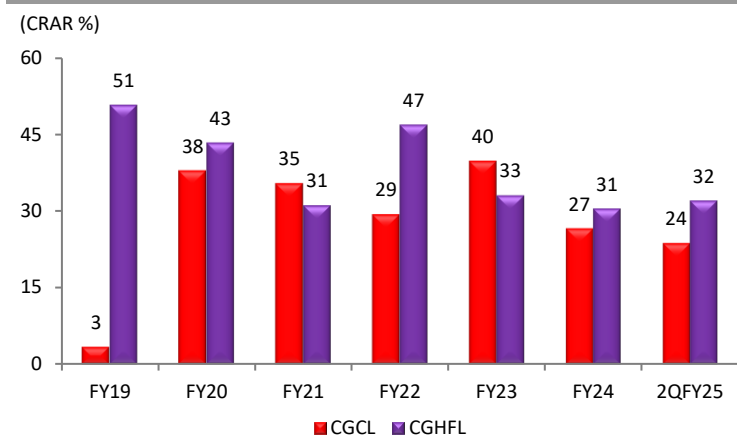
Source: Company, Systematix Institutional Research

Exhibit 59: Gold loan segment yield trend

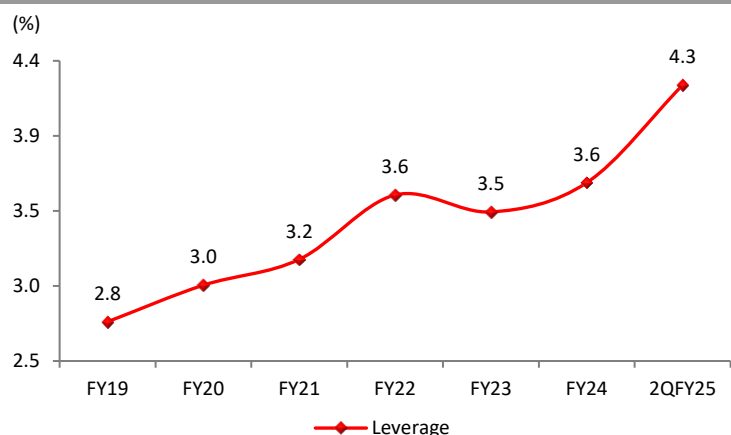
Source: Company, Systematix Institutional Research

Fund raising to strengthen balance sheet

The company has a healthy capital adequacy of ~25% compared to the statutory minimum requirement of 15%, leading to leverage of just 3.6x. Further capital raise of Rs 15-20bn could augment its capital base. CGCL's diversified sources of borrowing, conservative approach to Asset Liability Maturity (ALM) and high capital adequacy ratios should support its growth and profitability in future.

Exhibit 60: Well-capitalized for growth

Source: Company, Systematix Institutional Research

Exhibit 61: Low leverage provides ample room for growth

Source: Company, Systematix Institutional Research

Tech/data science enabled processes to drive operating efficiency

Technology has been a key focus area for CGCL, visible from its robust technological prowess. CGCL has taken several tech and data science initiatives in the past couple of years, such as sales app for onboarding customers, in-house-developed loan origination system (LOS), customer app and collection module, along with Oracle's FLEXCUBE loan management system (LMS), which have improved operational efficiency and customer service. Its customer app enables easy access to all relevant documents, self-service repayment, and top-up loans, based on eligibility, within 60 seconds. For FY25, Management expects to disburse ~Rs 10bn via its Capri Business Partner app. Following aggressive branch expansion over the last 2 years, the company is now focusing on improving efficiency and productivity. CGCL aims to optimize cost and processes by reducing processing expenses per file, b) risk-based pricing via data science driven credit underwriting, c) improving its portfolio quality through various scorecard and digital collateral valuations, and d) using dashboards

and live monitoring tools to detect early delinquency signals e) improve employee productivity.

During 2QFY25 also CGCL has taken several initiatives on artificial intelligence front such as AI-driven Data Genie, capriglobal.ai with its AI-Dost chatbot for 24/7 engagement with customers, HireRight AI, for optimization in RM-level hiring, AI-driven call centers (in-house voice to text conversion system) aids in cost optimizing.

Exhibit 62: Key highlights of tech stack and analytics platform

➤

Dedicated **on-roll team**, committed to delivering **exceptional solutions and driving results**

➤

Efficiently designed system architecture that offers a **customizable and scalable platform**

➤

End to end developed in-house – **low infrastructure cost on running basis**

➤

Agility to implement **regulatory changes** and **robust reporting standards** –**Empowering Compliance**

➤

Fully integrated workflow and digital loan journey – 100% paperless, geared towards **faster TAT and higher cost efficiency**

➤

Build to sustain peak performance

➤

Developed in collaboration with industry-leading technology experts to ensure cutting-edge solutions and innovative design

➤

Adherence to **highest information security standards** – Encryption of sensitive customer data

Source: Company, Systematix Institutional Research

Exhibit 63: End-to-end digital journey

Acquisition

E-KYC > Pragati-Sales app
25% ▲ Sales productivity
50% ▲ TAT

Through Capri business partners

9,000+ Leads
Rs 7bn+ Disbursed amount

Whatsapp Chatbot, Capri Grahak app, E-sign

100% Digital loan documents

Process

For LoanXpress
25% ▲ FTR

Cost optimisation for file Logins

50% ▼ Credit processing cost
Rs 4K ▼ Per file login cost

Co-Lending model conversion

~7% → ~85% Conversion for MSME
~99% for Gold

Collections

State of the art tele-calling centre
~35% → ~65% FY22-23 FY23-24
Collection resolution improvement

Feet-on-street optimisation

12% Annual savings on collections human resources cost

Total cases resolved by tele-calling centre

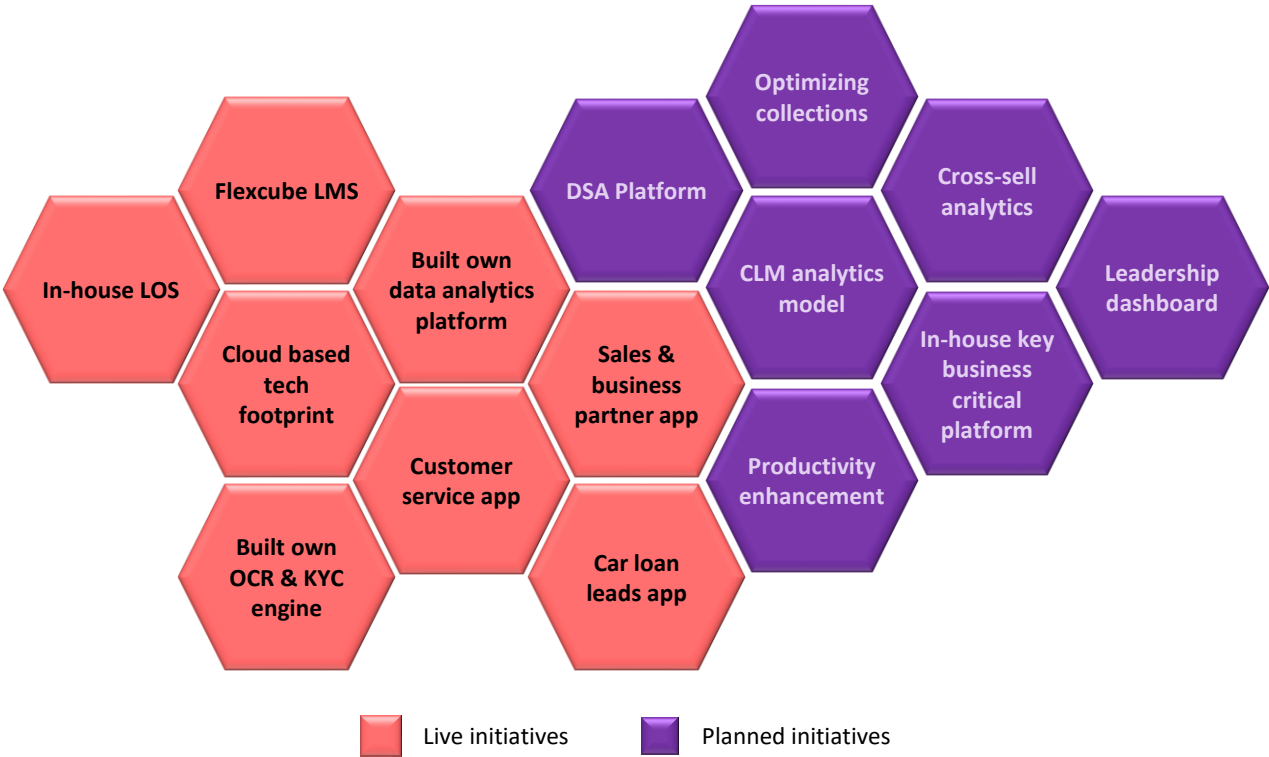
1,600 → 3,200 FY22-23 FY23-24

Source: Company, Systematix Institutional Research

Systematix Research is also available on Bloomberg SSSL <Go>, Thomson & Reuters

Systematix Shares and Stocks (India) Limited 20

Exhibit 64: Some recent initiatives by CGCL on tech and digital front.

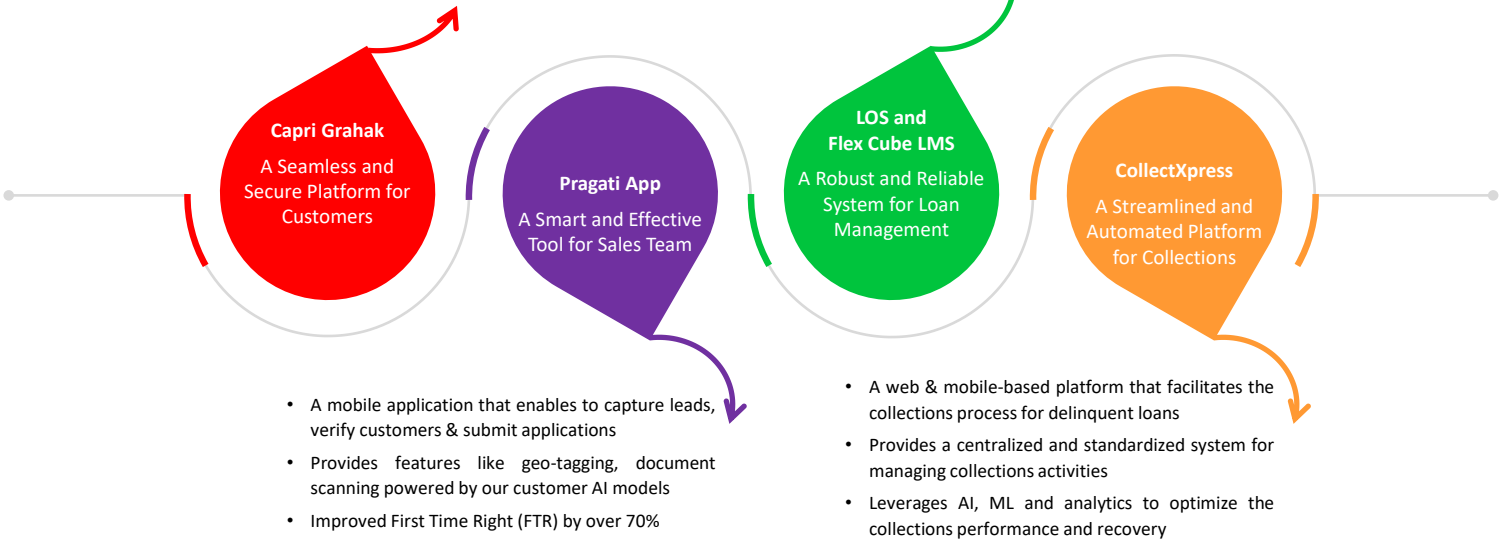


Source: Company, Systematix Institutional Research

Exhibit 65: Apps / platforms / tools

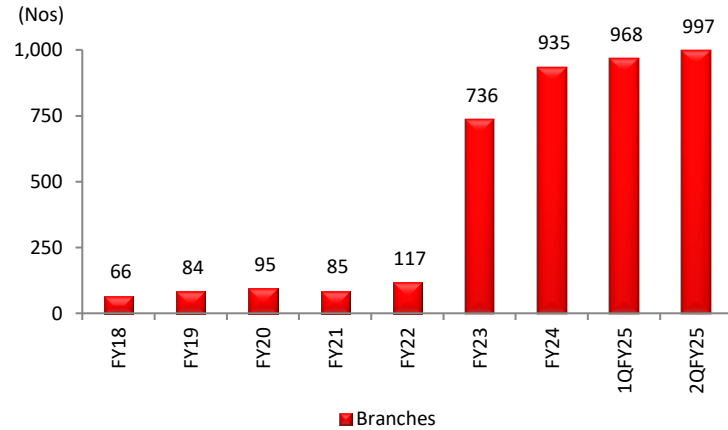
- Android application that allows customers to track status, make payments and access statements
- Reduced TAT, errors and costs involved in the loan application and disbursal process
- Collected over Rs 100Cr with 40K Daily Active Users, contributing 12% of all service requests in last 6 months

- Core system that handle the end-to-end loan lifecycle from origination to closure
- Provides integrated solution for loan processing, underwriting, disbursal, accounting and reporting
- Enhanced the speed, accuracy and compliance of the loan management process

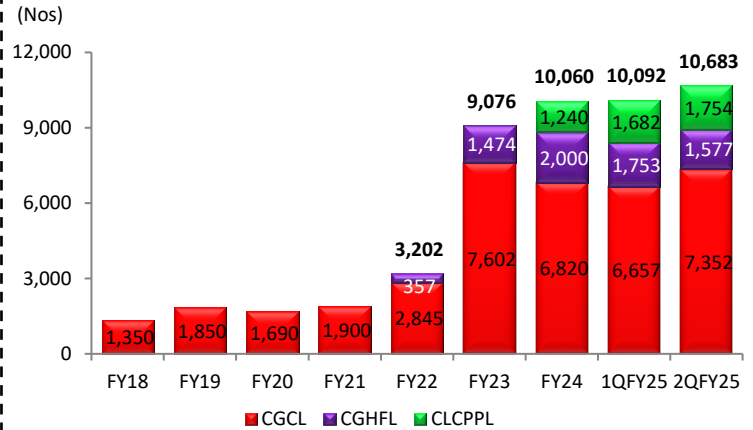


Source: Company, Systematix Institutional Research

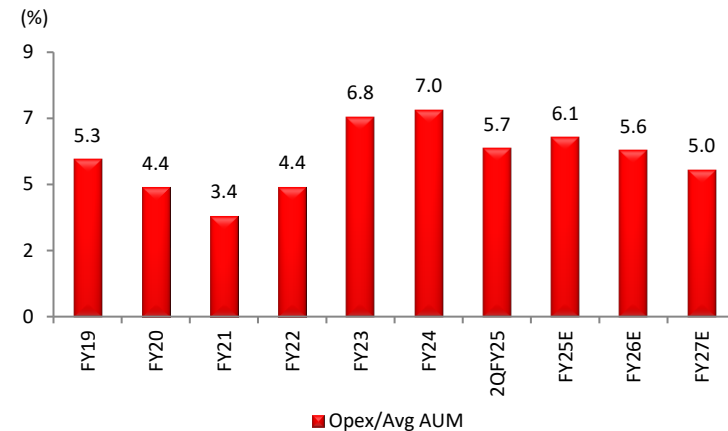
As a strategic call the company has built an in-house tech team of more than 150 members. CGCL spent Rs ~1.1bn on tech and data science in the last couple of years, which explains the elevated CI ratio. As most investment costs (branch expansion + technology led) are front ended, management expects the CI ratio to improve to ~50% (from 64% in Q2FY25) by 27, driving ~100bps improvement in RoA.

Exhibit 66: Substantial branch expansion...

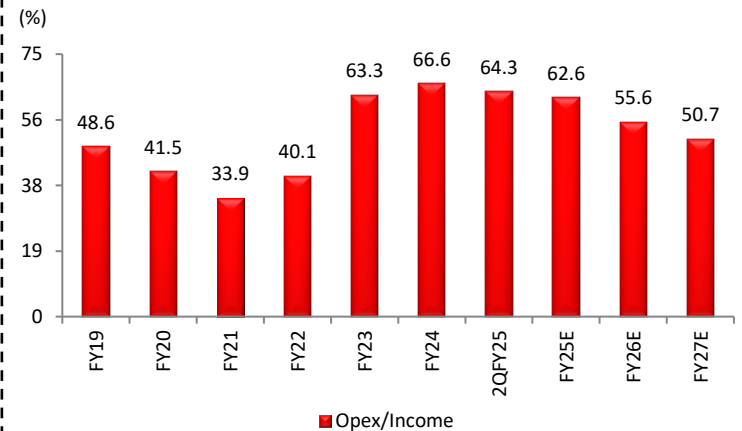
Source: Company, Systematix Institutional Research

Exhibit 67: ... resulted in commensurate increase in employee base

Source: Company, Systematix Institutional Research; CGHFL – Capri Global Housing Finance Ltd, CLCPPL – Capri Loans Car Platforms Pvt Ltd.

Exhibit 68: Opex/ Avg AUM to improve hereon...

Source: Company, Systematix Institutional Research

Exhibit 69: ...coupled with C/I ratio

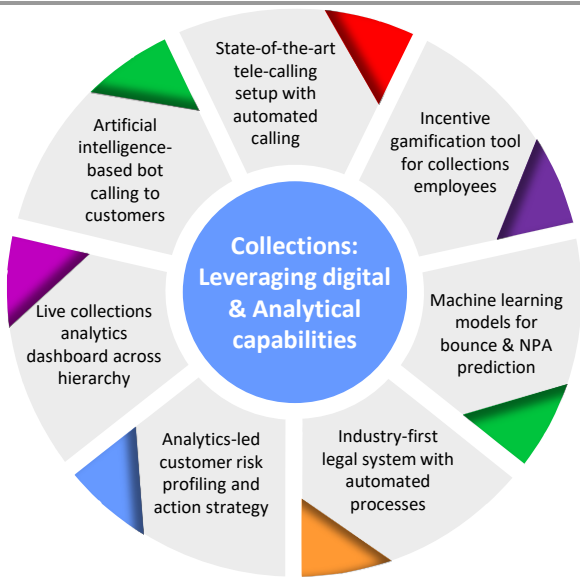
Source: Company, Systematix Institutional Research; Note: taken net income for calc

Asset quality on a stable wicket

The company has an in-house income assessment process to assess customers' repayment capacities. The sales team is also responsible for collections (after 1 year), this structure ensures better management of collections and lowers delinquencies. CGCL's wholesale lending includes construction finance and indirect lending (lending to other NBFCs and fintechs), which is relatively riskier, even though the company has been able to retain its asset quality and maintain the same with stage 3 assets at ~2% (average over FY19-FY24). However, recently it has seen a spike in the overall GNPA, mainly in the MSME and construction finance segments. The significant drop in construction finance GS3 asset ratio was mainly due to one-time technical write-off in two accounts during 1QFY25. However, management expects to recover the written off amount from these accounts in line with their past track record of recoveries. Management is confident of maintaining overall GNPA's below 1.5% by Mar'25. Total restructured assets stood at Rs 1,128mn as of Sept'24 (0.7% of AUM).

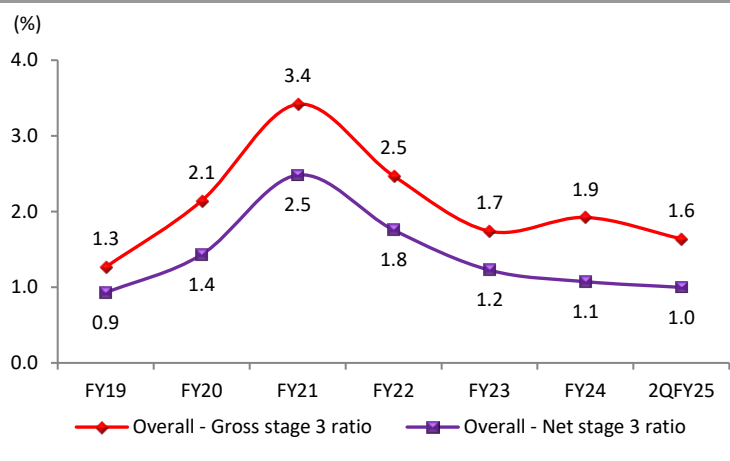
Strong underwriting practices, in-house operations and data analytics-driven collection mechanisms along with a secure loan book are key factors that drive its industry-leading asset quality performance.

Exhibit 70: Collect Xpress platform integrates AI and ML tools for better recovery



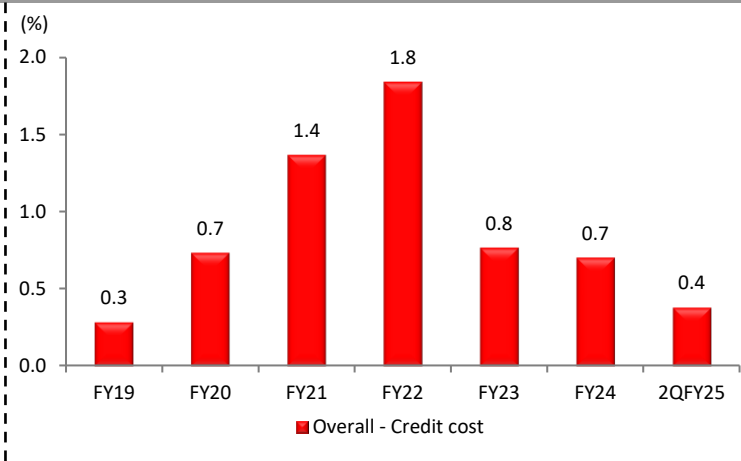
Source: Company, Systematix Institutional Research

Exhibit 71: GS3 asset ratio range bound

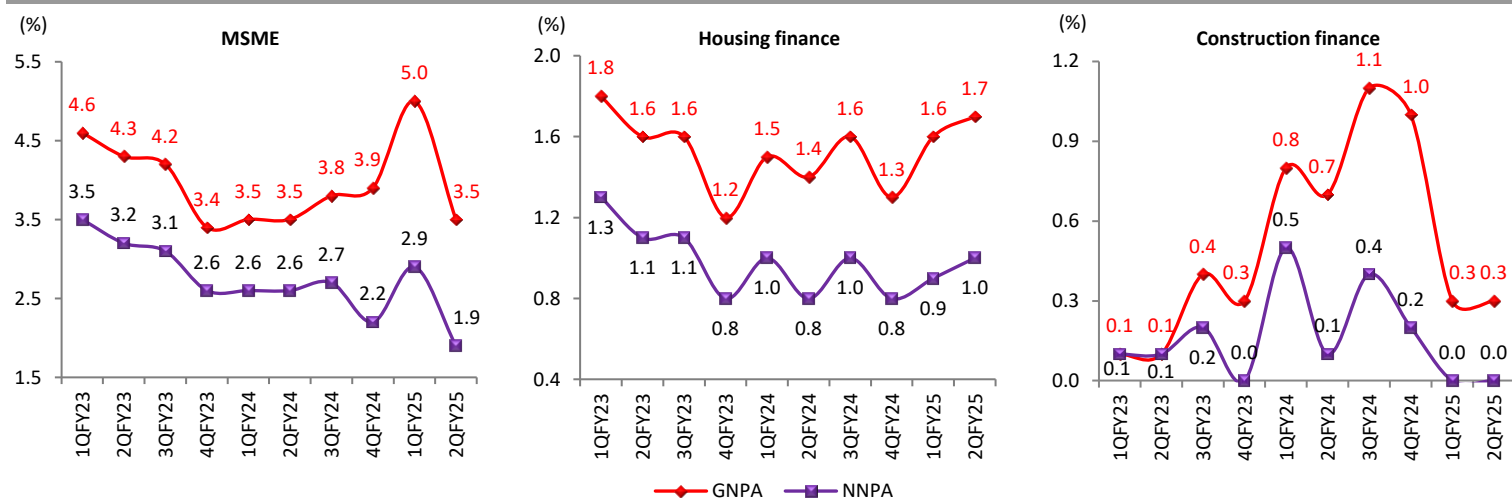


Source: Company, Systematix Institutional Research

Exhibit 72: Credit cost/average AUM



Source: Company, Systematix Institutional Research

Exhibit 73: Asset quality trend

Source: Company, Systematix Institutional Research

Exhibit 74: ECL analysis as per IndAS

(Rs mn)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Stage 3 (%) - Gross NPA	2.4	2.7	2.4	2.3	1.7	1.9	1.9	2.1	1.9	1.6
ECL Provisions										
Stage 1 & 2 - ECL Provisions (%)	2.1	1.9	1.7	1.5	1.3	1.3	1.3	1.4	1.0	1.0
Stage 3 - ECL Provisions (%)	30.5	27.6	28.6	29.1	30.9	27.8	32.8	35.6	45.3	40.1
Stage 3 (%) - Net NPA	-0.4	2.0	1.7	1.7	1.2	1.4	1.3	1.4	1.1	1.0
PCR (%) (incl. aggregate ECL Prov.)	115.3	96.2	98.3	91.4	101.1	92.6	98.9	101.7	96.8	97.6
Restructured Assets (%)	3.3	3.0	2.6	2.1	1.6	1.5	1.4	1.3	1.0	0.7
Prov. On Restr. Assets (%)	22.0	20.8	21.2	22.0	20.7	21.5	23.7	29.2	28.4	27.0

Source: Company, Systematix Institutional Research

Experienced and stable senior leadership team

With over 25 years of experience, MD (founder and promoter), Mr. Rajesh Sharma is at the helm at CGCL. He has diverse experience in the domain of corporate finance, investment banking, merchant banking and asset financing. CGCL is supervised largely by independent directors, who have significant experience in the financial sector, data science or served in administrative services in various capacities. In addition, the key management team also comes with extensive lending experience. Most of the senior team members have vintage with CGCL of more than 5+ years which boosts confidence in the management. In the past couple of years CGCL has added new senior members for multiple new roles (Gold business, Car origination, technology & data science etc.).

Exhibit 75: Brief Management Profile

Name	Designation	Profile
Mr. L V Prabhakar	Chairman & Independent Director	Mr. Prabhakar served as MD & CEO of Canara Bank, Chairman of Canara ROBECO AMC, Executive Director of Punjab National Bank, and Director of PNB MetLife Life Insurance, PNB Housing Finance, and Everest Bank Ltd., Nepal. He was also Chair of the IBA Standing Committee on Payment Systems and Banking Technology. He has done M.Sc. (Agri), CAIIB.
Mr. Rajesh Sharma	MD & Founder	Mr. Sharma has over 25 years of experience in Capital Markets and Financial Advisory Services. He is a CA by qualification. He has rich experience in corporate finance, investment banking, merchant banking, and asset financing, with expertise in financial products innovation, designing investment strategies for clients and financial risk management.
Mr. Ranganathan Subramanian	Independent Director	Mr. Subramanian has over 4 decades of experience in finance and management. He is a CA, CS, CWA, and LLB (General Law).
Ms. Nupur Mukherjee	Independent Director	She has held the position of Global Managing Director at Standard Chartered Bank and Barclays in India, southeast (SE) Asia, China, and Europe, where she was responsible for a host of critical technology practices. She holds a B. Com (Hons.) degree and has number of certifications in the field of data science, and cloud computing.
Mr. Ajit Sharan	Independent Director	He has diverse experience of working in varied aspects of public administration from law and order to agriculture and rural development, promotion and development of MSMEs, public distribution of essential commodities, urban development and technical education. He has over 4 decades of experience as an IAS (Indian Administrative Service) officer.
Mr. Desh Raj Dogra	Independent Director	Mr. Dogra has four decades of experience in the financial sector and in credit administration. He retired as the Chief Executive Officer and Managing Director at Credit Analysis and Research Limited (CARE) in August 2016. He joined CARE as Deputy General Manager in 1993 and was one of the first employees of CARE. By qualification, he has an MBA (Finance) and CAIIB and holds a master's degree in agriculture.
Mr. Shishir Priyadarshi	Independent Director	As an IAS officer, he served in the administrative services for over two decades. In his long and illustrious career, he also had the distinction of becoming the first Indian civil servant to serve as Director of world trade organization. He dealt with economic, finance, industries, and infrastructure ministries during his stint with government of India.
Ms. Divya	Director – Business Strategy	She is a seasoned professional with 23 years of experience. She joined CGCL in 2012 and under her able leadership during the last 11 years, the organization has added multiple new lines of retail businesses such as MSME loans and gold loans. She is a Harvard Business School Alumni and has completed a General Management program; besides she also holds BE and master's degrees from University of San Francisco.
Mr. Partha Chakraborti	Chief Financial Officer	He is a seasoned professional with two decades of experience. His most recent role was that of a Regional Chief Finance Officer at Flex P. Films (Egypt) S.A.E. He also held leadership positions in financial management at organizations such as R R Kabel, Hafele India, IFB Industries, and Shaw Wallace. He is CA and ICWA and has also done Advanced Management Program from The Wharton Business School.
Mr. Sanjeev Srivastava	Chief Risk Officer	He has more than two decades of experience in the financial services industry. During his tenure, he implemented multiple strategic plans to mitigate the company risks and built enterprise risk management practices across organizations. He is CA by qualification.
Mr. Satish Shimpi	Chief Compliance Officer	He has vast experience in the banking and non-banking sectors. He has held several leadership positions at IndusInd Bank, Bandhan Bank, and Bajaj Finance. He has exposure in retail banking, branch banking, operations, foreign exchange -trade finance, compliance, gold banking, etc. He holds B.com, CAIIB, Program on Leading & Managing (IIM-Calcutta) and few other certificates

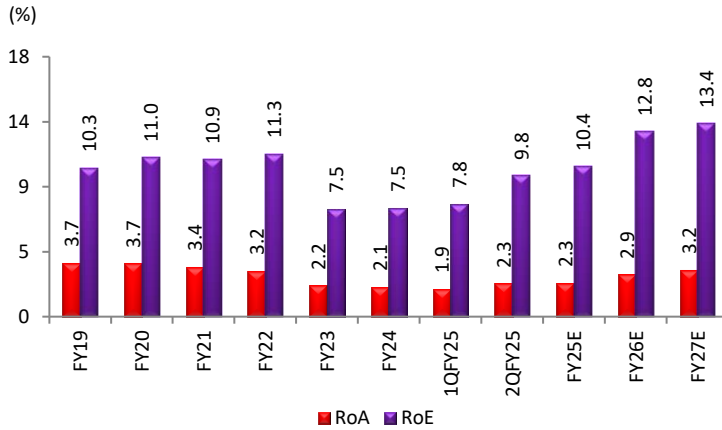
Name	Designation	Profile
Mr. Vivek Jain	Chief Human Resources Officer	He is a distinguished leader in the human resources (HR) realm, having over 25 years of industry expertise and a visionary outlook on managing talent, with a rich background spanning diverse sectors such as Pharma, ITES, and Banking. He is a gold medalist in PGPIIM from International Management Institute.
Mr. Tarun Aggarwal	Group Chief Technology Officer	He has over 2 decades of experience in Generative AI, Big Data Analytics, Cloud Computing, DevOps, Infrastructure, Platform Engineering, and Quality Assurance. Before joining CGCL, he was SVP of Engineering at Paytm, where he led the Platform Engineering vertical for Paytm's ecosystem. He has a Post Graduate Diploma in Business Management from IMT Ghaziabad and B. Tech in Computer Science.
Mr. Varun Malhotra	Chief Technology Officer	He has over 17 years of work experience. Prior to joining CGCL, he was associated with Aakash BYJU's Education Services Ltd as VP Engineering, where he was heading the engineering vertical for all in-house products for faster and sustainable growth. He has Bachelors in Electronics and Telecommunications Engineering and an M. Tech in Data Science Engineering.
Mr. Piyush Dangaich	Chief Data Science & Analytics Officer	He has more than one decade of experience in the corporate world. Prior to joining CGCL, he was associated with BRIDGEi2i Analytics Solutions (Accenture) as Director - Product Management. He holds a Bachelor of Technology from IIT.
Mr. Amar Rajpurohit	Chief Business Officer – MSME	Prior to CGCL, he worked with AU Financiers India Ltd., where he was responsible for launching the SME and home loan businesses. In the past, he has been part of organizations like Gruh Finance Ltd., Dewan Housing Finance Ltd. etc. He holds BA and LLB degrees.
Mr. Ravish Gupta	Business Head – Gold Loans	He has more than two decades of work experience. Prior to joining CGCL, he was associated with India Infoline Finance Ltd. He holds a bachelor's degree in Computer Application and Leadership Program (MDP) from IIM Kolkata and IIM Bangalore.
Mr. Munish Jain	Business Head – Housing Loans	He has more than two decades of work experience. Prior to joining CGCL, he was associated with Shriram Housing, GE Money Housing Finance and DHFL. He has been with CGCL for more than five years.
Mr. Vijay Gattani	Director (Credit) – Construction Finance	He has over 13 years of experience in Real Estate Investment, Risk and Portfolio Management, Investment Banking. Before Capri he was associated with ICICI Group in multiple assignments.
Mr. Vijay Surana	Head – Treasury	He is CA by profession and has more than 13 years of experience in financial markets. In the past, he was associated with Axis Bank.
Mr. Prasanna Singh	Group Collections Head	He has over two decades of experience in financial services. Earlier he was associated with PNB Housing, ARC Ltd, ICICI Bank etc.

Source: Company, Systematix Institutional Research

Valuation

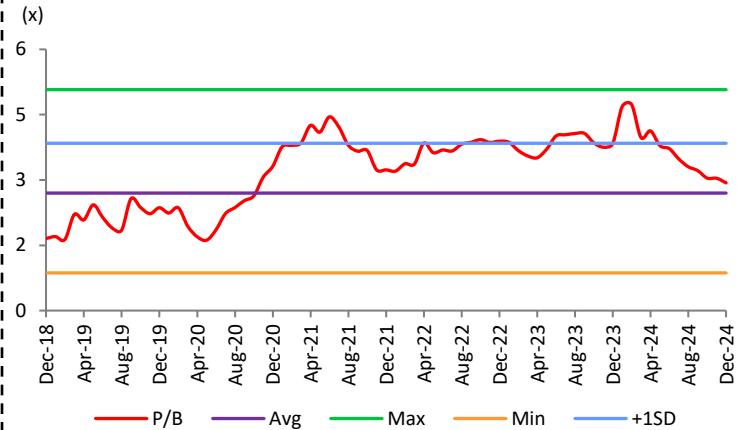
Management expects 30%+ growth in AUM over FY24-FY27E, which along with higher non-interest income, improved operating efficiency and stable credit cost should translate into 31%/48% CAGR in NII/ PAT with RoA/RoE of 3.2%/ 13.4%, by FY27E. At CMP the stock trades at 2.4x FY27E BV (factoring in likely Rs 15bn capital raise in FY26). We initiate coverage on CGCL with a BUY rating and target price of Rs 250, valuing it at 2.85x FY27E BV.

Exhibit 76: RoA/RoE



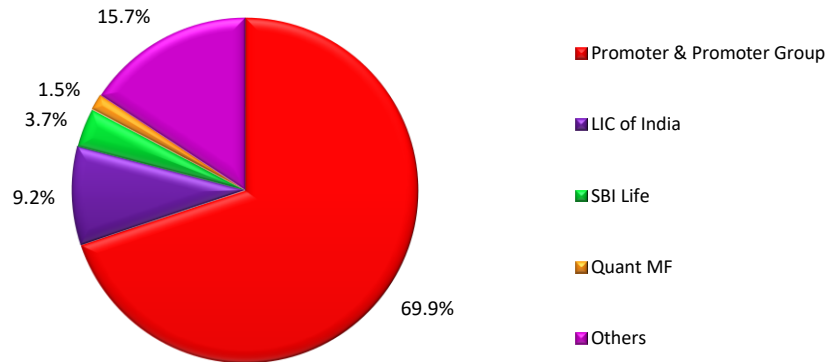
Source: Company, Systematix Institutional Research

Exhibit 77: One year forward P/BV



Source: Company, Systematix Institutional Research

Exhibit 78: Promoter holding and other key shareholders as of Sept'24



Source: Company, Systematix Institutional Research

Exhibit 79: Peer comparison

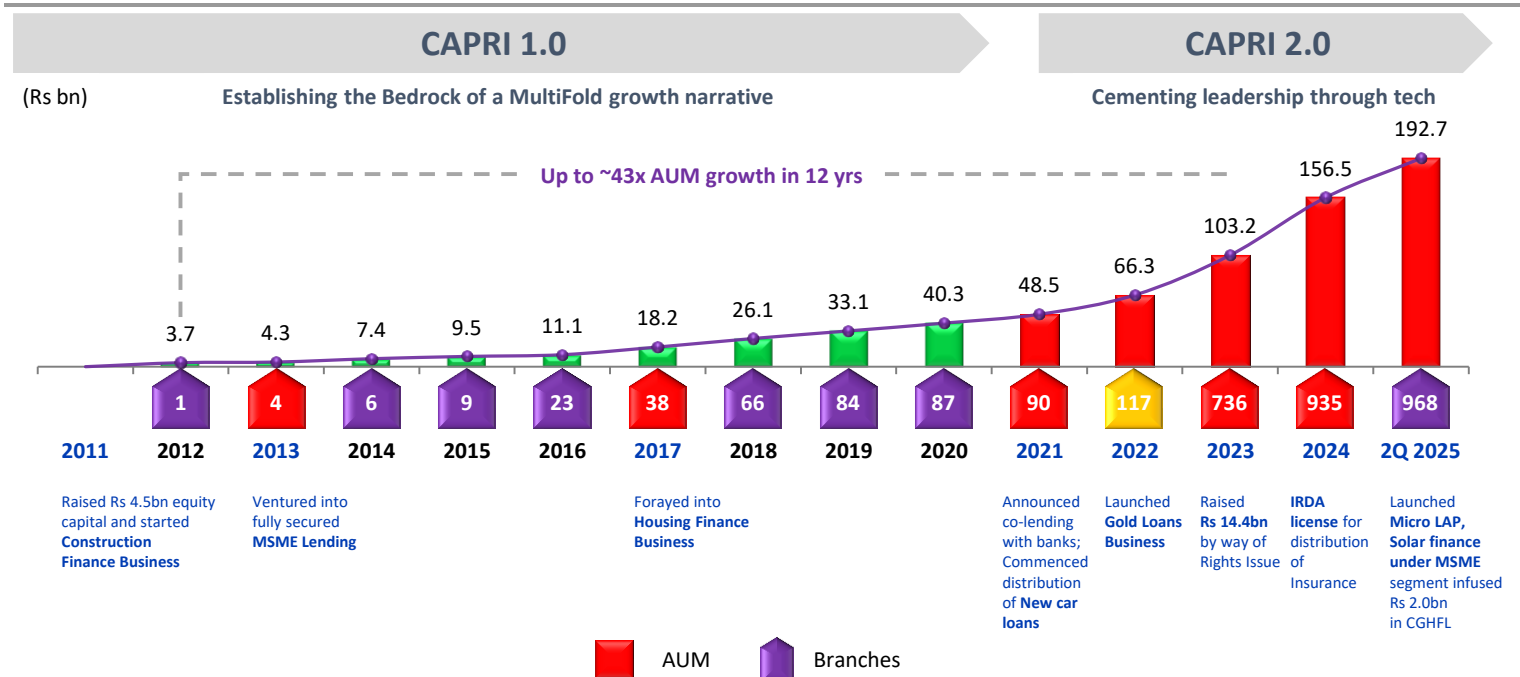
NBFCs	CMP (Rs)	Mcap (Rs bn)	RoA (%)				RoE (%)				BV (Rs)				P/BV (x)			
			FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
Capri Global	207	171	2.1	2.3	2.9	3.2	7.5	10.4	12.8	13.4	47	51	77	88	4.5	4.1	2.7	2.4
IIFL Finance	436	185	3.4	2.8	3.2	3.2	17.7	14.7	16.5	17.4	282	305	350	406	1.5	1.4	1.2	1.1
SME Financiers																		
UGRO	241	22	2.3	3.2	4.0	4.6	9.9	12.7	12.4	11.7	102	140	236	343	2.4	1.7	1.0	0.7
SBFC*	87	94	3.7	3.9	4.1	4.0	10.5	9.5	9.6	10.0	26	28	31	34	3.4	3.1	2.8	2.6
Gold Finance																		
Manappuram Finance	167	141	5.1	4.5	5.0	4.7	20.7	17.9	19.5	17.2	137	154	182	209	1.2	1.1	0.9	0.8
Muthoot Finance	1,940	779	5.1	5.4	5.4	5.4	17.9	19.5	19.8	20.0	605	702	816	950	3.2	2.8	2.4	2.0
Housing Finance																		
Aptus	322	161	7.6	7.4	7.2	7.0	17.2	19.2	20.7	21.9	76	86	101	119	4.3	3.7	3.2	2.7
Homefirst	1,059	94	3.8	3.4	3.2	3.2	15.5	16.6	17.7	18.9	240	278	326	387	4.4	3.8	3.2	2.7
Aavas	1,664	132	3.3	3.4	3.4	3.4	13.9	15.4	16.4	17.1	477	548	635	741	3.5	3.0	2.6	2.2
India Shelter*	657	71	4.9	5.3	5.3	5.1	14.0	14.5	16.7	17.9	215	248	294	352	3.1	2.6	2.2	1.9
Canfin	839	112	2.2	2.2	2.2	2.3	18.8	18.7	18.4	18.4	326	386	455	536	2.6	2.2	1.8	1.6
Aadhar Housing Finance*	435	187	4.2	4.2	4.2	4.2	18.4	16.4	15.8	16.3	104	149	174	205	4.2	2.9	2.5	2.1

Source: Company, Systematix Institutional Research Note: *Not under coverage; used Bloomberg estimates

Company background

Capri Global Capital Ltd (CGCL) is a tech enabled prominent systemically important non-deposit taking NBFC. It has a pan India presence, with 750 gold loan branches and 218 non-gold branches. The company caters self-employed non-professionals and first-time borrowers that lack access to formal credit channels. CGCL has leveraged its comprehensive digital transformation journey to enhance operational efficiency and effectively reach underserved markets. The company offers a wide range of loans through five lending verticals: (1) Gold loans (34% of total AUM), (2) MSME loans (25% of total AUM), (3) housing loans (22% of total AUM) (4) construction finance loans (17% of total AUM) and 5) Insurance Distribution. Moreover, the company is also engaged in third-party new car loan origination. It operates a housing loan business via its wholly owned subsidiary, Capri CGHFL and car loan origination via its wholly owned subsidiary, Capri Loans Cars Platforms Pvt Ltd. CGCL's total AUM stood at Rs 193bn (2QFY25) with a total customer base of > 5 lakh.

Exhibit 80: CGCL - Milestones



Source: Company, Systematix Institutional Research

Key risks

- Stricter regulatory norms in gold loan segment could dampen overall growth
- Competitive intensity could slow down business growth and impact NIMs
- Internal or external factors could impact the co-lending model
- Higher-than-expected stress could impact business performance

FINANCIALS

Profit & Loss Statement

YE: Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Net interest income	6,371	9,869	13,668	18,364	21,993
Other income	2,719	3,821	4,846	7,461	9,350
Net Income	9,090	13,689	18,514	25,825	31,343
Operating expenses	5,756	9,120	11,590	14,367	15,900
Preprovision profit	3,334	4,569	6,925	11,458	15,443
Provisions	651	913	1,428	2,544	3,507
Profit before tax	2,683	3,656	5,497	8,914	11,936
Tax	636	862	1,296	2,102	2,815
Tax rate	23.7	23.6	23.6	23.6	23.6
Reported Profit after tax	2,047	2,794	4,200	6,812	9,121

Source: Company, Systematix Institutional Research

Balance Sheet

YE: Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Equity	412	825	825	900	900
Reserves	35,242	37,541	41,531	62,927	71,592
Net worth	35,655	38,366	42,356	63,827	72,492
Borrowings	75,113	104,069	158,136	182,161	225,000
Others	7,245	9,062	7,487	8,741	10,364
Total liabilities	118,013	151,497	207,979	254,729	307,856
Cash	15,100	6,746	9,661	11,387	13,061
Investments	2,155	2,162	3,096	3,933	4,876
Loans	94,816	134,212	183,226	224,175	271,028
Others	2,859	4,690	6,716	8,529	10,576
Total assets	118,013	151,497	207,979	254,729	307,856

Source: Company, Systematix Institutional Research

Dupont (as % of Average Assets)

YE: Mar	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	12.3	13.5	14.6	14.7	14.3
Interest Expense	5.6	6.2	7.0	6.8	6.4
Net Interest Income	6.7	7.3	7.6	7.9	7.8
Other income total	2.9	2.8	2.7	3.2	3.3
Net Income total	9.6	10.2	10.3	11.2	11.1
Operating expenses total	6.1	6.8	6.4	6.2	5.7
Preprovision profit	3.5	3.4	3.9	5.0	5.5
Provisions	0.7	0.7	0.8	1.1	1.2
Profit before tax and exce. items	2.8	2.7	3.1	3.9	4.2
Profit before tax	2.8	2.7	3.1	3.9	4.2
Tax total	0.7	0.6	0.7	0.9	1.0
Profit after tax	2.2	2.1	2.3	2.9	3.2

Source: Company, Systematix Institutional Research

Key Ratios

YE: Mar	FY23	FY24	FY25E	FY26E	FY27E
Yield on portfolio	14.8	15.9	16.5	16.7	16.2
cost of borrowings	8.6	9.3	9.6	9.2	8.9
Interest Spread	6.2	6.6	7.0	7.5	7.3
NIM (on AUM)	8.2	8.4	8.1	8.2	8.0
Cost/ Income (%)	63.3	66.6	62.6	55.6	50.7
Credit cost (%)	0.7	0.7	0.8	1.1	1.2
RoA(%)	2.2	2.1	2.3	2.9	3.2
RoE(%)	7.5	7.5	10.4	12.8	13.4
Leverage (x)	3.5	3.6	4.5	4.4	4.1
Tier I (%)	39.3	26.1	21.7	29.1	27.9
CAR (%)	39.9	26.6	22.0	29.4	28.2
Gross NPA (%)	1.7	1.9	1.5	1.6	1.6
Net NPA (%)	1.2	1.1	0.9	1.0	1.0
Provision coverage (%)	30.9	45.2	40.0	40.0	40.0

Source: Company, Systematix Institutional Research

Growth

YE: Mar (%)	FY23	FY24	FY25E	FY26E	FY27E
Net interest income	25.2	54.9	38.5	34.4	19.8
Net Income total	43.9	50.6	35.2	39.5	21.4
Preprovision profit	-11.9	37.1	51.6	65.5	34.8
Profit before tax	-1.6	36.3	50.3	62.2	33.9
Profit after tax	-0.2	36.5	50.3	62.2	33.9
Loan	51.2	41.5	36.5	22.3	20.9
Disbursement	78.4	109.4	40.0	27.0	24.0
AUM	55.6	51.7	43.2	27.0	24.0

Source: Company, Systematix Institutional Research

Valuation ratios

YE: Mar	FY23	FY24	FY25E	FY26E	FY27E
FDEPS (Rs)	2.5	3.4	5.1	8.3	11.1
PER (x)	83.8	61.4	40.8	25.2	18.8
Book value (Rs)	43.2	46.5	51.3	77.4	87.9
P/BV (Rs)	4.8	4.5	4.1	2.7	2.4
Adjusted book value (Rs)	41.8	44.7	49.3	74.7	84.7
P/ABV (Rs)	5.0	4.6	4.2	2.8	2.5
P/PPP (x)	51.5	37.6	24.8	15.0	11.1
Dividend yield (%)	0.1	0.1	0.1	0.2	0.2

Source: Company, Systematix Institutional Research

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I. ANALYST CERTIFICATION

I, **Pravin Mule, Pradeep Agrawal, Yash Mehta**; hereby certify that (1) views expressed in this research report accurately reflect my/our personal views about any or all of the subject securities or issuers referred to in this research report, (2) no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report by **Systematix Shares and Stocks (India) Limited (SSSIL)** or its group/associate companies, (3) reasonable care is taken to achieve and maintain independence and objectivity in making any recommendations.

Disclosure of Interest Statement	Update
Analyst holding in the stock	No
Served as an officer, director or employee	No

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