



Pick of the Week

Capri Global Capital Ltd.

June 30, 2025



Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
BFSI – NBFC	Rs 170	Buy in Rs 167-173 band & add on dips in Rs 152-158 band	Rs 187	Rs 203	2-3 quarters

HDFC Scrip Code	CAPGLOEQNR
BSE Code	531595
NSE Code	CGCL
Bloomberg	CGCL IN
CMP Jun 27, 2025	170.2
Equity Capital (Rs Cr)	96.2
Face Value (Rs)	1
Equity Share O/S (Cr)	96.2
Market Cap (Rs Cr)	16367
Adj. Book Value (Rs)	63.8
Avg. 52 Wk Volumes	31,94,200
52 Week High	231.4
52 Week Low	150.5

Share holding Pattern % (Mar 2025)	
Promoters	60.0
Institutions	26.5
Non Institutions	13.5
Total	100.0



* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst

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Our Take:

CGCL stands out as a well-capitalised, retail-focused NBFC with multiple high-potential growth vectors — gold loans, housing, MSME, co-lending tie-ups, and fee-based income streams (insurance, car-loan distribution). Margins are expanding, asset quality remains solid, and the regulatory outlook is favourable in underpenetrated customer segments, backed by a digital approach and operational excellence, continues to yield tangible results.

Alongside its lending business, CGCL has also seen, substantial progress in non-interest income streams, which together contributed more than 27% to net income for FY25, led by insurance distribution and car loan origination. These asset-light income streams enhance capital efficiency and provide high ROE upside while enabling deeper customer engagement. Investment in technology has started to yield results, leading to higher operational efficiencies that deliver faster turnaround times and deeper customer insights.

CGCL is targeting an AUM of Rs 30,000cr by FY27, backed by strong expansion in housing, gold, and MSME lending, alongside continued co-lending partnerships and technological investments. The recent capital raise, the first QIP by the company in the last decade, has strengthened its balance sheet, providing it with growth capital.

Valuation & Recommendation:

We have built in advances growth of 26% CAGR over FY25-FY27. Increasing operational efficiencies and controlled credit costs are expected to drive 46% CAGR in PAT. We expect RoA/RoE to expand from 2.7%/11.8% in FY25 to 3.6%/13.7% in FY27. We feel that investors can buy the stock in the band of Rs 167-173 and add on dips in the Rs 152-158 band (1.9x FY27E ABV) for a base case fair value of Rs 187 (2.3x FY27E ABV) and bull case fair value of Rs 203 (2.5x FY27E ABV) over the next 2-3 quarters.

Financial Summary:

Particulars (Rs cr)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY24	FY25	FY26E	FY27E
Net Interest Income	381	255	49.4	345	10.4	987	1332	1781	2296
PPoP	254	110	131.8	189	34.3	457	734	1087	1502
APAT	178	83	115.2	128	38.8	279	479	722	1029
Diluted EPS (Rs)	2.2	1.0	115.2	1.6	38.8	3.4	5.8	7.5	10.7
P/E (x)						50.2	29.3	22.7	15.9
P/ABV (x)						3.8	3.4	2.4	2.1
RoAA (%)						2.1	2.7	3.1	3.6

Q4Y25 Result Update

CGCL reported strong performance for Q4FY25 led by a sharp surge in AUM. NII increased by 49.4% YoY to Rs 381cr as overall AUM grew by an impressive 46% YoY, reaching Rs 22,857cr. Strong momentum was seen in gold loans (+130%) and housing loans (+24%). Yields expanded significantly to 17.3% (+170/60 bps YoY/QoQ) as the company focused on scaling up high-margin business, while cost of funds increased by 30/10bps YoY/QoQ resulting in NIM of 8.8% (8.1/8.7% YoY/QoQ). PAT increased 115% YoY to Rs 178cr

Disbursements recorded a hefty 41% YoY increase, totalling Rs 8,389 Cr, while active accounts crossed the 720,000 mark—underlining sustained granular and diversified growth. Fee-based income also scaled up meaningfully with Q4 fee & commission revenue at Rs 102cr, growing 48% YoY. The upfront investment made in physical infrastructure over the last 3 years has started to yield results with cost-income ratio coming in at 57.7% against 73.1% in Q4FY24.

CGCL's asset quality showed improvement: NNPA was trimmed to 0.9%, down from 1.1% YoY, boosting confidence in credit underwriting. Credit costs remained under control at 0.4%, supported by the secured nature of the portfolio and measured approach to risk.

The board also proposed a final dividend of Rs 0.20 per share and approved increasing borrowing limits to Rs 25,000cr (up from Rs 15,000cr), signalling readiness to support future growth.

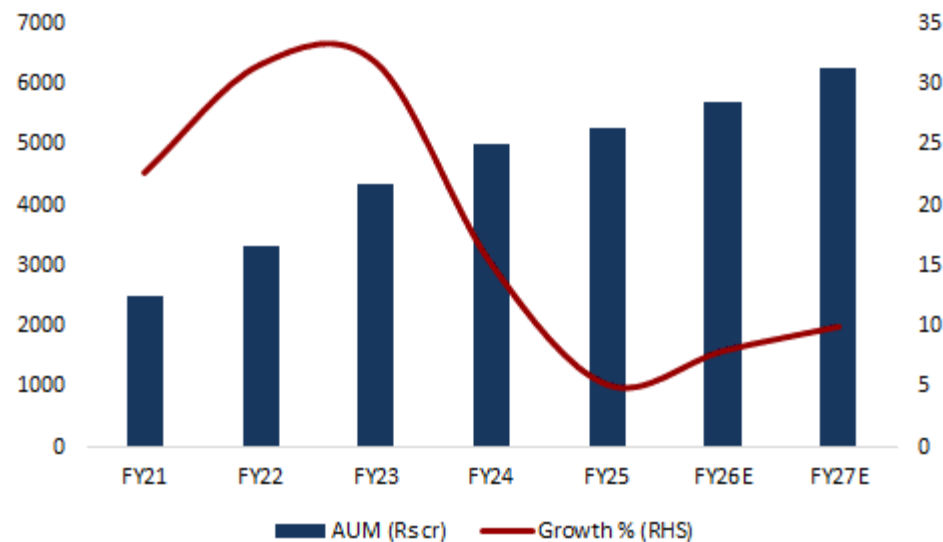
Key Triggers

Significant lending opportunity in MSME

The Micro, Small and Medium Enterprises (MSME) sector in India presents a significant lending opportunity due to a credit gap. According to the CRISIL Report, in Fiscal 2024, the estimated MSME credit demand in India was approximately Rs 138 trillion, with only 25% of this demand being met through formal financing channels. In FY2024 alone, MSME credit expanded by 22%, driven by a surge in demand for loans. However, the first half of FY2025 witnessed a slowdown in credit growth to the sector, owing to broader market conditions and regulatory concerns regarding overleveraging and asset quality.

Moreover, MSMEs were responsible for 45.7% of the country's exports in FY2024, underlining their importance in bolstering economic growth and global trade engagement. With NBFCs and housing finance companies establishing a growing presence in the MSME loan sector, there is a significant opportunity to grow its MSME lending portfolio in India.

MSME AUM growth



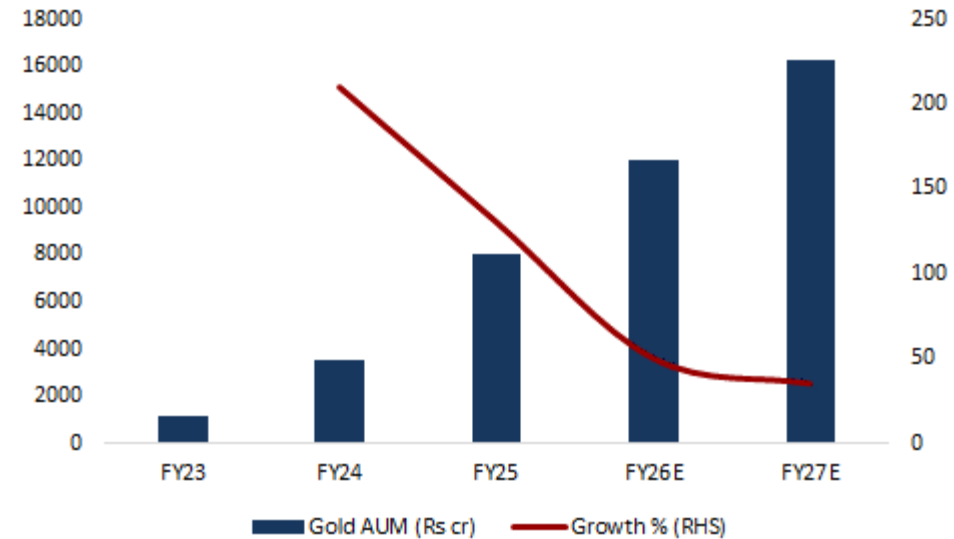
Source: Company, HDFCsec

Gold loans witnesses sharp pick up

Gold maintains a distinct and revered status as a symbol of financial prosperity within a majority of Indian households since it is considered to be a tangible marker of social prestige for many. Instead, they turn to the practice of leveraging their gold jewellery as collateral in exchange for short term credit through gold loans. With the increasing prices of gold, the gold loan market has witnessed a sharp uptick in the past couple of years. In FY 2024, the organised gold loan market demonstrated substantial growth, reaching a valuation of INR 7.1 lakh crore. It is expected to reach around INR 14.19 lakh crore by FY 2029 at a five-year CAGR of 14.85%. NBFCs accounted for 21% of the gold loan financing market as of March 2024 and their share is expected to grow at a rate of 17% to 18%.

CGCL launched its gold loan business in Aug'22 with 108 branches, and within a period of three years, it has expanded its operations to 803 branches across 10 states and union territories. Its gold loan AUM has increased rapidly to Rs 8042cr at the end of FY25, accounting for a 35% share. Gold loan being a short tenure product, yields are the highest at 19.9% for FY25. Gold loan being a secured product, its rising prices provides additional headroom for lending and is likely to lead to yield expansion for the company. 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.

Gold loan business scaled up rapidly

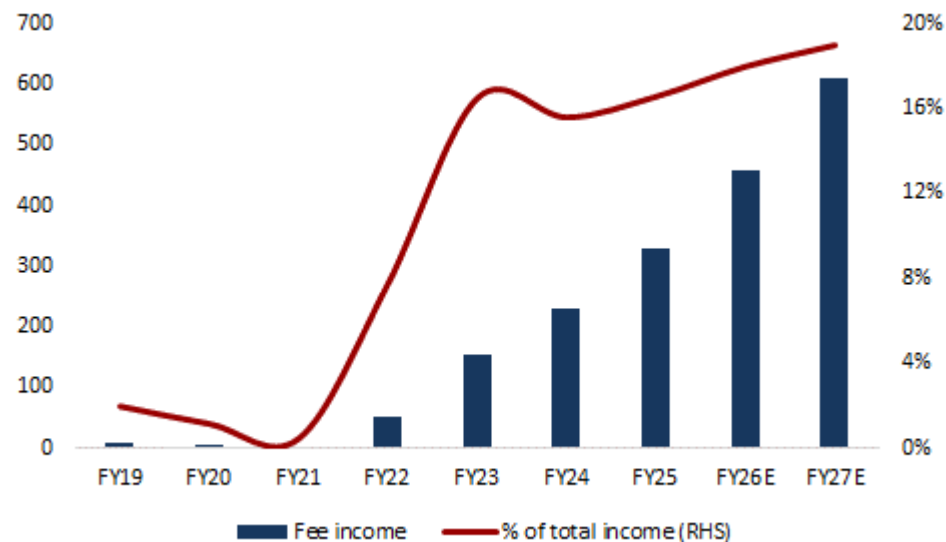


Source: Company, HDFCsec

Leverage customer base to drive fee income and cross-selling

CGCL has developed co-lending partnerships with 11 partner banks, for MSME, housing and gold loans segments. Through the co-lending model, the Company retain 20%-30% of loans on its balance sheet, while co-lending partners retain the balance. This aids in diversifying the funding sources, managing our liabilities, conserving capital and boosting RoE. In FY25 CGCL generated Rs 165cr through earning spread on its co-lending loans. Additionally, CGCL sells customized insurance solutions to small businesses and individuals with high financial vulnerability. Its considerable customer database provides significant potential for cross-selling opportunities. The Company has partnered with 18 insurance companies and generated net fee income of Rs 72cr in FY25.

Co-lending and insurance partnerships driving higher profitability



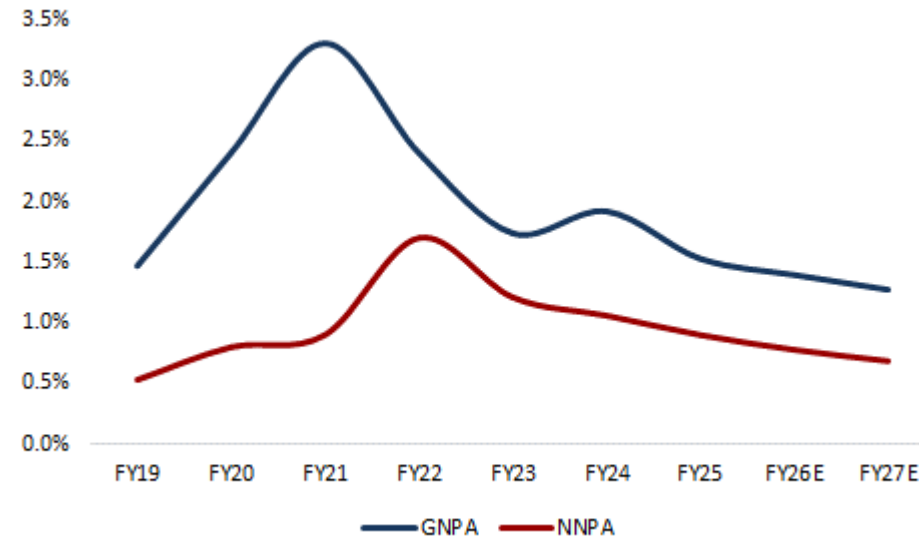
Source: Company, HDFCsec

Prudent underwriting process to contain stress

CGCL employs detailed underwriting practices to ensure superior asset quality and effective risk management. It has developed an in-house business rule engine (BRE) to categorise customers into appropriate risk segments using multiple parameters. Further, they employ a comprehensive risk-based pricing model, which is based on the customer's risk profile and collateral quality, provides recommendations on yield and fees. Its gold loan branches are generally staffed with two gold valuers who have prior experience in gold valuation. In construction finance, it has a dedicated team responsible for monitoring exposure until loans are fully repaid. These measures, as well as the use of technology in credit underwriting, have helped CGCL to reduce credit costs and maintain relatively low NPAs.

Asset quality improved in FY25 with GNPA/NNPA contracting 39/16 bps to 1.5%/0.9%. Credit costs stood at 0.6% vs 0.7% in FY24 despite the company taking one-time technical write-off in two accounts during Q1FY25. As of FY25 99.88% of its AUM was secured by collateral, thereby containing losses due to NPAs.

Controlled credit costs leading to improved asset quality



Source: Company, HDFCsec

Recent capital raise provides room for lending and improves capitalisation levels

CGCL has recently raised Rs 2000cr through a QIP in Jun'25 at a price of Rs 146.5 per share. The fundraise involved the issuance of approximately 13.65 crore equity shares. The issue witnessed an overwhelming response led by a diverse pool of institutional investors, including foreign and domestic long-only funds, mutual funds and insurance companies, notably Quant Mutual Fund, 3P Investment, BlackRock, Think Investments, Allspring Global Investments, ICICI Prudential Life Insurance, HDFC Life Insurance, ICICI Lombard General Insurance, SBI General Insurance, HDFC Ergo General Insurance, TATA AIF, MK Ventures Capital and many other long-only investors. This has provided the company with growth capital for the near term as it looks to increase disbursements and AUM growth.

Experienced management & strong leadership

Capri Group is promoted by Mr. Rajesh Sharma, with an experience of around three decades in financial services sector. CGCL has a board comprising of six members with an experience of more than three to four decades in the banking, financial services, public administration sectors. CGCL has been focusing on strengthening its board and leadership team. However, due to a relatively higher churn in its leadership team in the recent past, coupled with the fresh onboarding of senior executives for multiple new roles created within the organisation.

Risks & Concerns

Regulatory norms

Stricter lending norms for gold loans or MSME loans could hamper overall loan growth

Fall in gold prices

Gold loans account for ~35% of the AUM and growing at a fast rate. Correction in gold prices could lead to slowdown in gold loan AUM growth.

High competitive industry

Many NBFCs are focusing on gold/MSME loans which have been the key growth drivers for the company. Due to the higher competition NIMs could be impacted.

Deterioration in asset quality

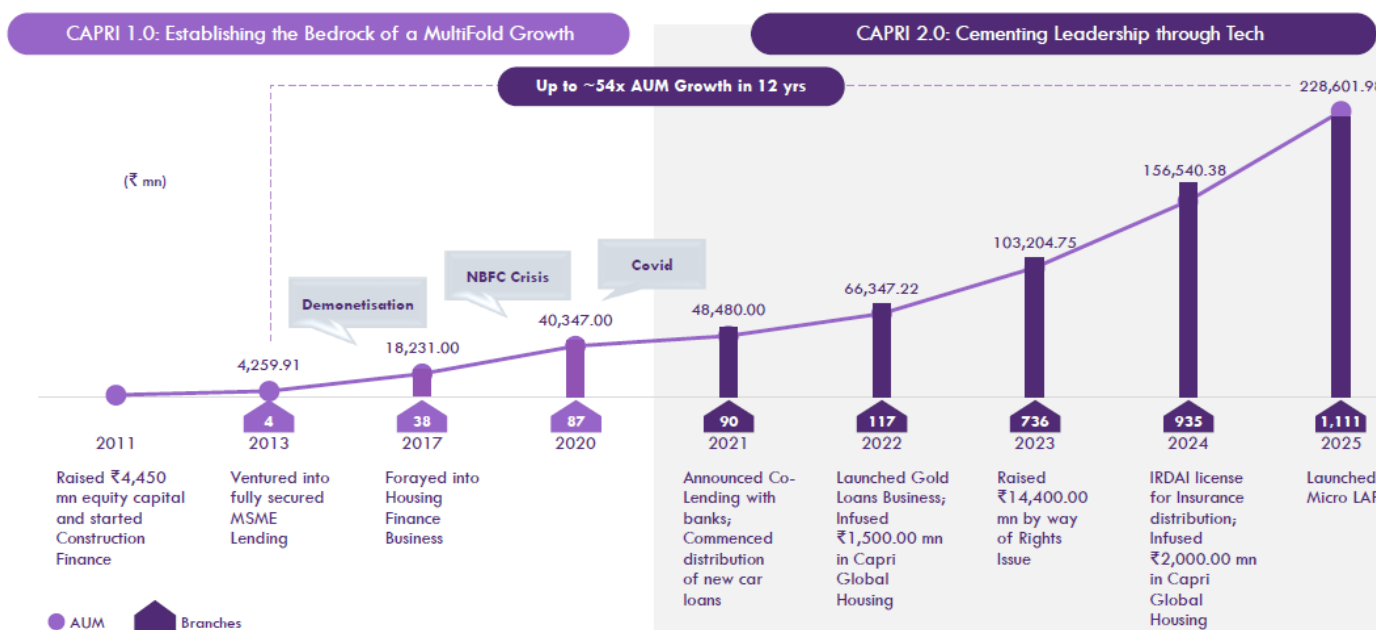
Any deterioration in asset quality due to prolonged economic slowdown can result in higher provisioning requirements leading to lower profitability.

Company Background

Originally incorporated as Daiwa Securities Ltd in November '1994, CGCL is a well-diversified retail-focused NBFC committed to bridging the credit gap for unbanked and underserved customers across northern and Western India. The Company began its lending business in 2011 and the current name was changed to in July 2013. CGCL offers a wide range of secured and collateralised loans through four primary lending segments, comprising MSME loans (23% of AUM), housing loans (23%), gold loans (35%) and construction finance (18%). It also distributes third-party new car loans and has recently received the corporate agency license for the distribution of third-party insurance products as well.

As of FY25 CGCL had 1,111 branches, including 803 gold loan branches, 205 MSME, housing finance and construction finance branches, 84 Micro LAP branches and 19 car loan origination branches with presence across 31 states and union territories in India. In addition, we have also established dedicated technology centres in Gurugram, Bengaluru, and Noida, focused on developing in-house technology and data science capabilities. AUM stood at Rs 22860cr.

Growth trajectory of CGCL



Source: Company, HDFCsec

Financials

Income Statement

(Rs cr)	FY23	FY24	FY25	FY26E	FY27E
Interest Income	1168	1823	2606	3393	4196
Interest Expenses	533	836	1274	1612	1900
Net Interest Income	635	987	1332	1781	2296
Non interest income	298	491	645	770	912
Operating Income	933	1478	1977	2551	3209
Operating Expenses	599	1021	1243	1464	1706
PPoP	333	457	734	1087	1502
Prov & Cont	65	91	101	125	130
Profit Before Tax	268	366	633	962	1372
Tax	64	86	155	241	343
PAT	205	279	479	722	1029

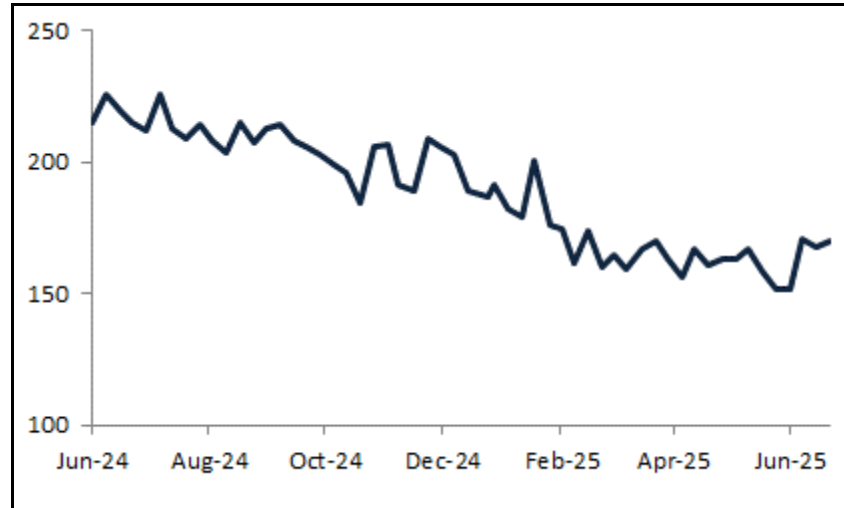
Balance Sheet

(Rs cr)	FY23	FY24	FY25	FY26E	FY27E
Share Capital	41	82	83	96	96
Reserves & Surplus	3524	3754	4222	6911	7920
Shareholder funds	3565	3837	4304	7007	8017
Borrowings	7511	10407	15577	18000	22426
Other Liab & Prov.	725	906	950	1115	1379
SOURCES OF FUNDS	11801	15150	20831	26122	31821
Fixed Assets	308	369	344	314	281
Investment	216	216	160	234	288
Cash & Bank Balance	1510	675	1531	1520	1725
Advances	9581	13536	18252	23377	28751
Other Assets	186	354	544	678	776
TOTAL ASSETS	11801	15150	20831	26122	31821

Ratio Analysis

Particulars	FY23	FY24	FY25	FY26E	FY27E
Return Ratios (%)					
Yield on adv	14.6	15.8	16.4	16.3	16.1
Cost of funds	8.7	9.3	9.8	9.6	9.4
NIM	7.9	8.5	8.4	8.6	8.8
RoAE	7.5	7.5	11.8	12.8	13.7
RoAA	2.2	2.1	2.7	3.1	3.6
Asset Quality Ratios (%)					
GNPA	1.7	1.9	1.5	1.4	1.3
NNPA	1.2	1.1	0.9	0.8	0.7
Growth Ratios (%)					
Advances	48.3	41.3	34.8	28.1	23.0
Borrowings	56.2	38.6	49.7	15.6	24.6
NII	24.9	55.4	35.0	33.7	28.9
PPoP	-11.9	37.1	60.6	48.1	38.2
PAT	-0.2	36.5	71.3	50.9	42.6
Valuation Ratios					
EPS (Rs)	5.0	3.4	5.8	7.5	10.7
P/E (x)	34.2	50.2	29.3	22.6	15.9
Adj. BVPS (Rs)	83.6	44.7	50.1	71.0	81.3
P/ABV (x)	2.0	3.8	3.4	2.4	2.1
Dividend per share (Rs)	0.5	0.2	0.0	0.2	0.2
Dividend Yield (%)	0.3	0.1	0.0	0.1	0.1
Other Ratios					
Cost-Income	64.3	69.1	62.9	57.4	53.2
Leverage	2.7	3.5	4.2	3.3	3.6

Price chart



HDFC Sec Prime Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. These stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicity of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

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