



Capri Global Capital Limited

Press Release : Q3 FY24 Results

28th January 2024

AUM

INR 133,621 Mn

54.4% YoY / 8.1% QoQ

Disbursements

INR 37,688 Mn

91.0% YoY / 6.9% QoQ

Gross Stage 3

2.1%

PCR 34.7% / Restr. Ass. 1.3%

Consolidated PAT

INR 680 Mn

81.7% YoY / 4.2% QoQ

Business and PAT Momentum Continues; C/I Ratio Softening

CONSOLIDATED FINANCIALS	Q3FY24	Q3FY23	Y-o-Y	Q2FY24	Q-o-Q
AUM	133,621	86,545	54.4%	123,585	8.1%
MSME (incl. co-lending)	47,676	38,477	23.9%	46,580	2.4%
Gold Loans (incl. co-lending)	23,936	7,152	234.7%	20,241	18.3%
Construction Finance	22,710	16,778	35.4%	20,573	10.4%
Affordable Housing (incl. co-lending)	34,903	22,793	53.1%	32,017	9.0%
Indirect Lending (incl. Digital Lending)	4,395	1,344	227.0%	4,174	5.3%
Disbursement	37,688	19,734	91.0%	35,267	6.9%
Total Income	3,499	2,382	46.9%	3,296	6.1%
PAT	680	374	81.7%	652	4.2%
Spreads	6.4%	6.3%	13 bps	6.6%	-23 bps
Cost-to-income	63.0%	69.5%	-651 bps	66.9%	-392 bps
RoA	2.0%	1.7%	32 bps	2.1%	-10 bps
RoE	7.3%	7.3%	2 bps	7.1%	18 bps
EPS (Basic) (FV Rs2) (not annualised)	3.3	2.1	55.1%	3.2	4.4%
Book Value Per Share (Rs)	179.0	115.1	55.5%	176.0	1.7%
Gross Stage 3	2.1%	2.3%	-22 bps	1.9%	17 bps
PCR (including aggregate ECL prov.)	95.6%	91.4%	422 bps	94.6%	106 bps
PCR (on Stage-3)	34.7%	29.1%	555 bps	32.2%	243 bps

Consolidated Key Performance Highlights for Q3 FY24

Goa, January 28th, 2024: The Board of Directors of Capri Global Capital Ltd. (CGCL), a non-deposit taking and systemically important NBFC (NBFC-ND-SI) on Saturday, January 27th, 2024 announced the reviewed financial results for the quarter ended December 31, 2023. The Board of Directors also took some important decisions on corporate governance and shareholder value creation. Key takeaways:

Corporate Governance

Expansion of the Company Board

CGCL inducted Mr. L V Prabhakar, Mr. Shishir Priyadarshi, and Ms. Nupur Mukherjee as additional independent directors on its Board of Directors. The appointment is subject to shareholder approval. This induction takes the strength of independent directors to 9 in a Board comprising 10 directors including the MD & CEO. Capri Global shall immensely benefit from the new Board members' rich and diverse experience in banking and finance, technology, and ESG. A brief profile of the new Board members is attached on page 4 of this release.

Stock split and bonus issue

The Board of Directors also approved a stock split from Rs2/- face value to Re1/- face value. The stock split will increase the fully paid-up equity of CGCL from Rs206.23mn pre-split to Rs412.46mn post-split. The authorized share capital will be increased from Rs360mn to Rs720mn to accommodate the increase in paid-up equity capital. The Company's stock had last split in Nov'16 from Rs10/- face value to Rs2/- face value.

The Board of Directors also approved a bonus issue in the ratio 1:1, that is, one bonus share for every one fully paid-up equity share held by the shareholders. The Company shall utilize Rs412.46mn from the balance in the securities premium account for bonus issuance. CGCL had Rs18,834mn in the securities premium account as on March 31, 2023.

Both these decisions shall enhance free float liquidity of CGCL and aid in shareholder value creation. The Company shall be seeking shareholder approval for same.

Business and Earnings Performance

AUM Growth - Retail Momentum Driven by Gold and Housing

CGCL maintained AUM momentum with the consolidated AUM including co-lending AUM increasing 54% YoY and 8% QoQ to touch Rs133,621mn. Retail growth momentum during the quarter was driven Gold (15% QoQ) and Housing (8% QoQ). Co-lending AUM stood at Rs11,948mn comprising 9% of consolidated AUM compared to 8% in Q2FY24 and 5% in Q3FY23. CGCL has continued to build upon its co-lending partnerships in all three products with strong prospects building up in Gold Loan co-lending. The overall AUM growth was granular with live customer relationships increasing by 195K YoY to touch 300K.

Softening Cost-Income Ratio Offsets Spread Compression

As planned, CGCL paused the aggressive branch expansion post-Q2FY24 and right-sized headcount in some verticals leading to the onset of anticipated softening course of its cost ratios. The cost-income ratio declined 392bps QoQ to ~63% in Q3FY24. In absolute terms, the operating expenses were unchanged QoQ at Rs2,200mn. This has offset the negative impact of 23bps QoQ spread compression with operating profit increasing by a robust 19% QoQ and 78% YoY to Rs1,296mn. CGCL expects to benefit from a further softening of its cost-ratios and spread stabilization going ahead.

Share of Non-Interest Income Rebounds; New Initiatives In Offing

Non-interest income rebounded with its share hitting 30% in net income compared to 25% in H1FY24. The growth was driven by car loan fees and fees from lending businesses with a small one-off contributed by treasury. CGCL's car loan origination subsidiary became operational during the

quarter and has begun accruing income. During the quarter, CGCL received a composite license from insurance regulator IRDAI allowing it to distribute life, non-life, and health insurance policies. This shall be an important source of fee income in the future and the Company is looking to generate at least Rs200mn in net fee income from insurance distribution in FY25E.

Asset Quality: Focused Improvement in Provision Coverage Ratio

As guided by the Company management earlier, CGCL is improving the provision cover on its Stage-3 loans. The PCR on Stage-3 loans enhanced to 34.7% in Q3FY24 from 32.3% in Q2FY24 and 29.1% in Q3FY23. Gross Stage 3 ratio at 2.1% was higher 18bps QoQ but lower 22bps YoY.

Founder & Managing Director Mr. Rajesh Sharma Commented:

"Q3FY24 was eventful as we maintained growth momentum while navigating a tough spread environment, launched new businesses, while improving our cost-ratios. Our proactive provisioning, while somewhat impacting profitability in short term, is continuing to strengthen our balance sheet. Our business execution has moved well and as planned. The loss in Gold Loan business has more than halved in Q3 over Q2. It is now moving towards break-even in Q4. As we move ahead with same vigour, we expect steady improvement to continue in our core earnings and in profitability. We thus remain committed to delivering 15%+ RoE over medium term."

Brief Profile of New Board Members

- 1) Mr. L V Prabhakar: Mr. Prabhakar has a rich experience in banking and finance having held senior management positions in public sector banks, AMCs, insurance companies, and management institutions. 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 Insurance and PNB Housing Finance. He is M.Sc. (Agri) and CAIIB.

Mr. Prabhakar has been appointed for a period of 5 years.

- 2) Mr. Shishir Priyadarshi: Mr. Priyadarshi has a rich and versatile experience of over 4 decades in various national and global institutions. As an IAS officer of UP cadre, 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 WTO. Mr. Priyadarshi has a distinguished academic record being a topper and gold medalist in post-graduation that includes MA (Economics) from University of Reading, UK, M.Sc (Nuclear Physics), DU.

Mr. Priyadarshi has been appointed for a period of 3 years.

- 3) Ms. Nupur Mukherjee: Ms. Mukherjee brings a deep understanding of data driven solutions, cloud and AI technologies crucial in delivering automation and generating cost efficiencies. She has been associated with some of the top Indian technology companies in the past and is currently serving as Director of various technology companies. She has also held the position of Global Managing Director at Standard Chartered Bank and Barclays in India, SE Asia, China, and Europe, where she was responsible for a host of critical technology practices. Ms. Mukherjee holds various degrees and certifications in the field of ESG, technology (PMP), and data science.

Ms. Mukherjee has been appointed for a period of 3 years.

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