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Q3FY22 Earnings Presentation

12th February 2022

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Business Performance

Executive Summary : Key Highlights



Highest ever Cons. PAT of Rs649mn (32% YoY, 24% QoQ) in Q3FY22, surpassing previous high of Q2FY21, consolidated RoE 14.1%, RoA 4.2%.



Strong business momentum sustained; total disbursements Rs9,064mn (2.7x YoY and 55% QoQ); AUM growth at 42% YoY; Co-lending arrangement activated, company to foray into gold loans.



Strong and well-funded balance sheet, cost of funds stable at 8.2%; well positioned for a medium-term growth trajectory of +22-27% CAGR FY22-FY27E.



Gross Stage 3 ratio improved to 3% (-27bps QoQ); restructured assets declined to 4% of AUM (-42bps QoQ); collection efficiency improving.



Added 11 new branches, branch count at 110, group staff count at 2,852.

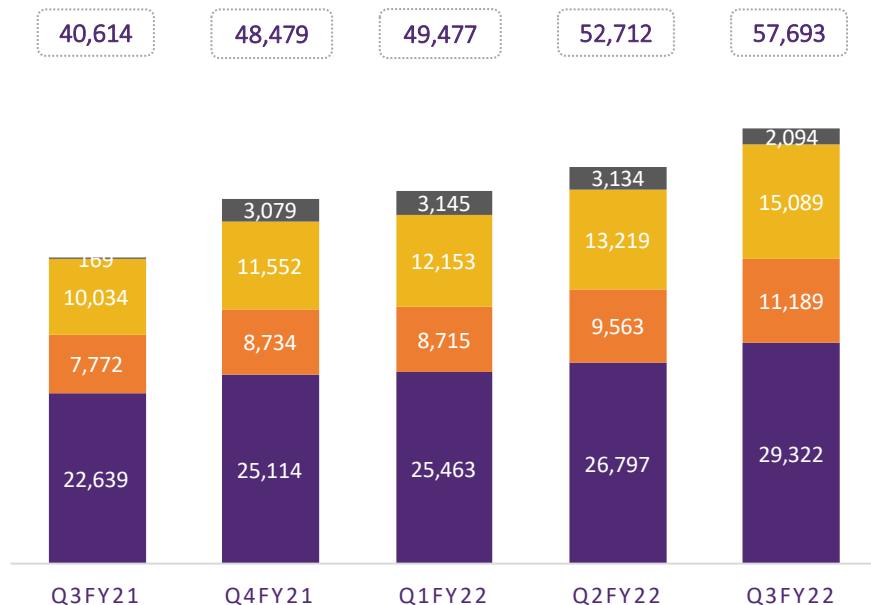


Way forward: Steady opening up in most geographies of operations after third and short-lived Covid19 wave; on path to deliver +20% AUM growth in FY22E.

Business Update : Balanced Momentum In AUM Growth

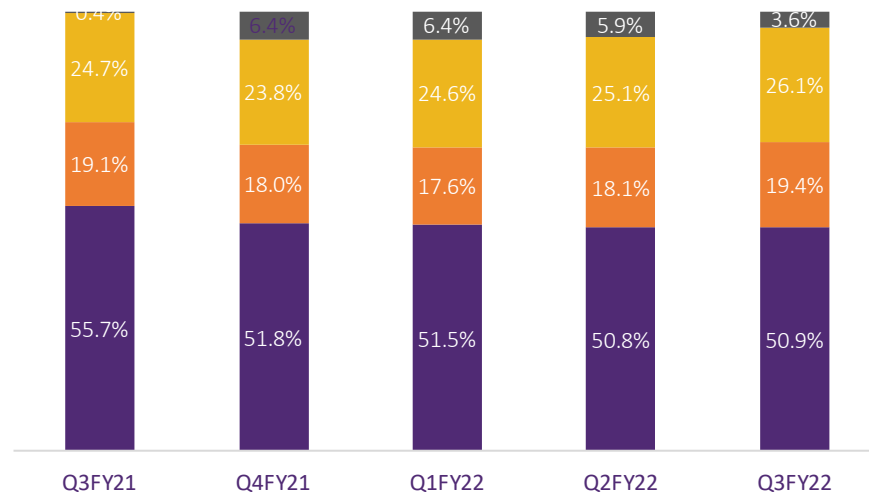
AUM Segmental Break Up (INR Mn)

■ MSME ■ CF ■ HF ■ IRL



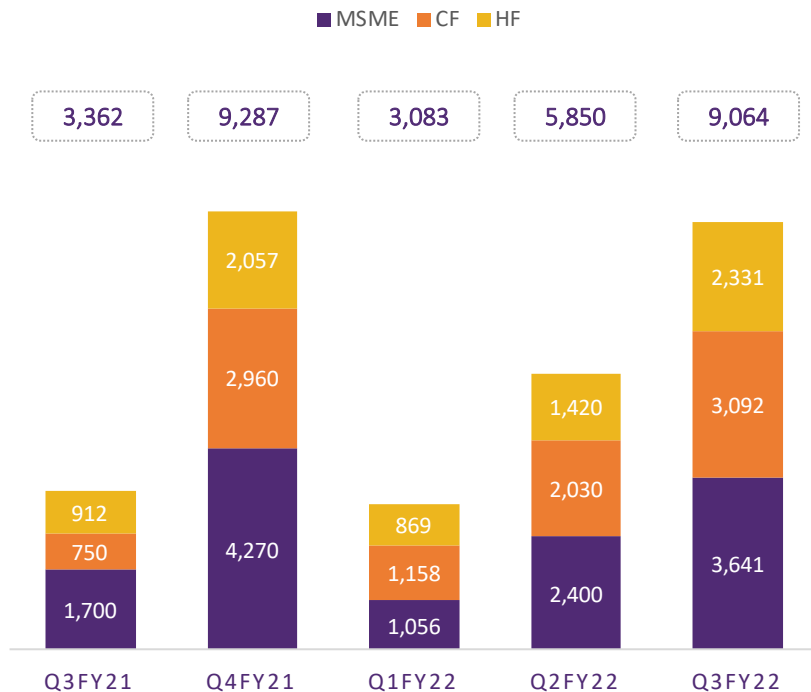
Composition of AUM (%)

■ MSME ■ CF ■ HF ■ IRL

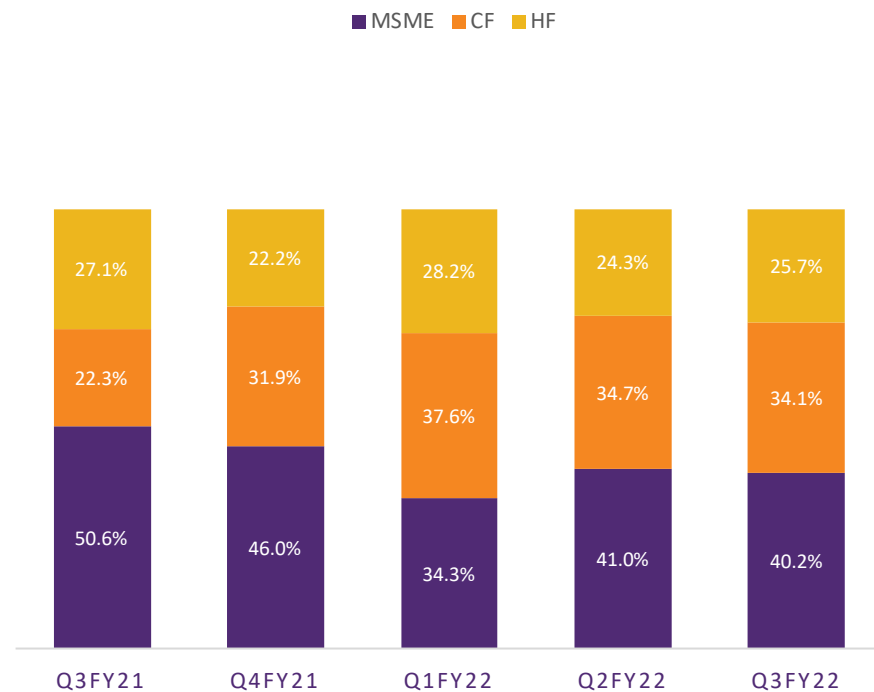


Disbursals : Strong Momentum Continues

Segmental Disbursals (INR Mn)

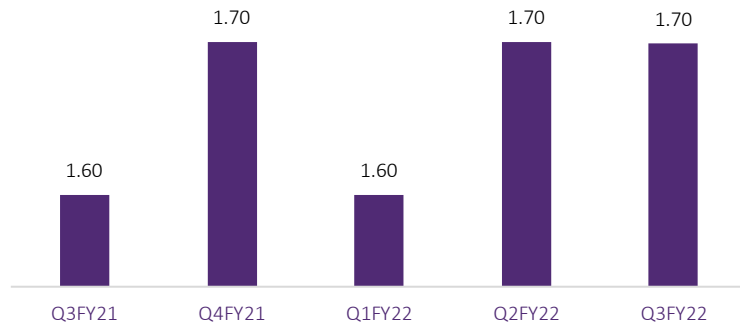


Composition of Segmental Disbursals (%)

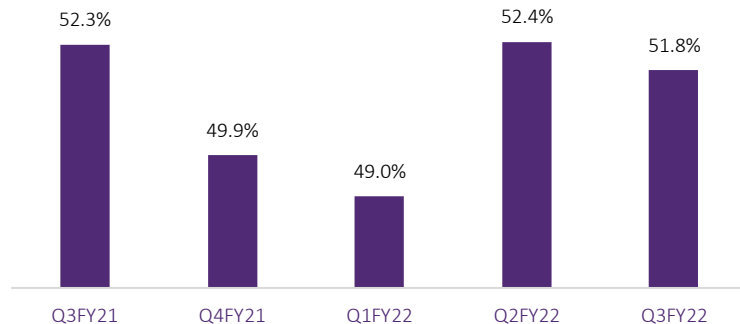


MSME Business Update

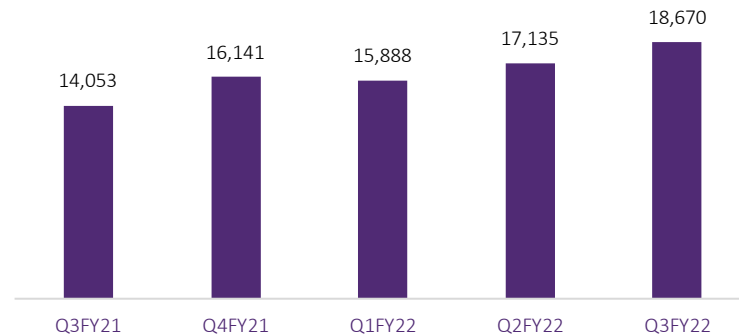
Average Ticket Size (INR Mn)



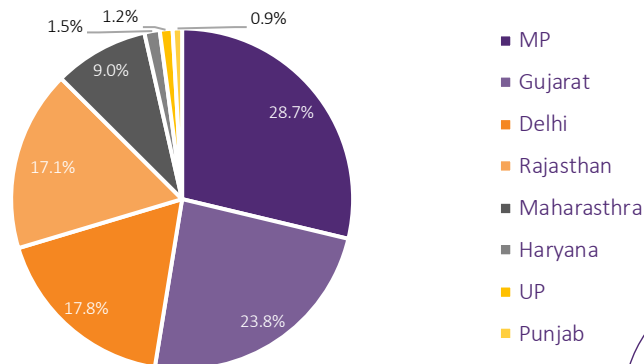
Loan to Value (%) (Incremental Disbursals)



Live Accounts

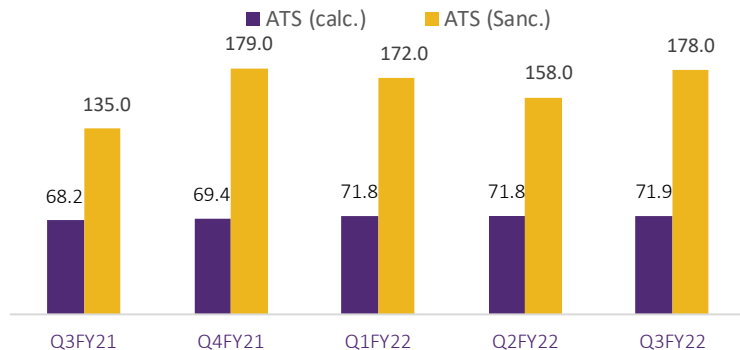


Geographical Distribution (Value-Wise)

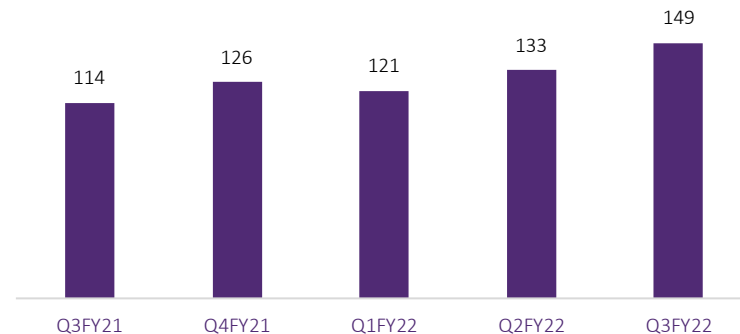


Construction Finance Business Update

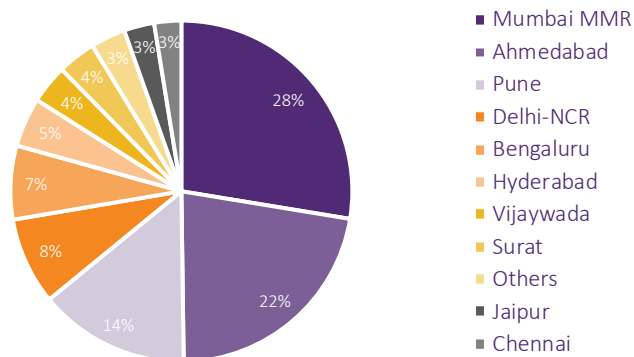
Average Ticket Size (INR Mn)



No. of Projects

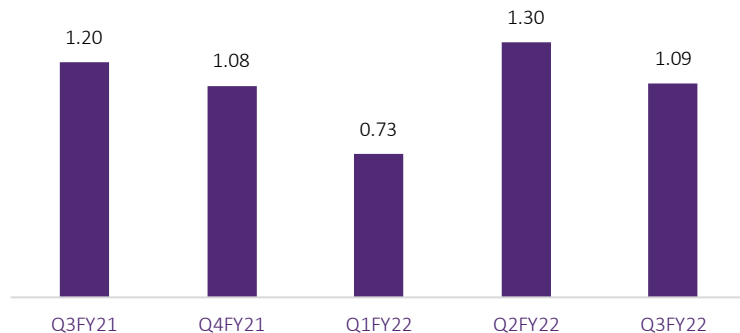


Geographical Distribution (Value-Wise)

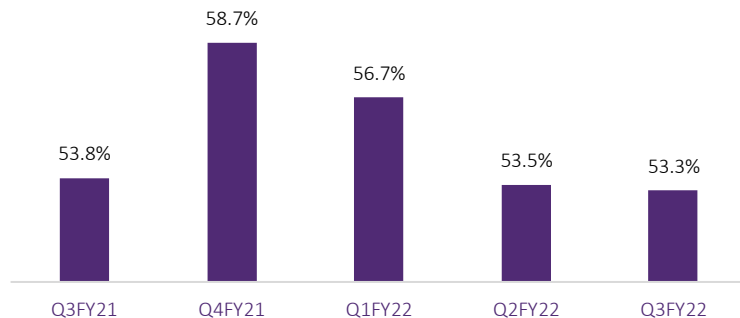


Housing Finance Business Update

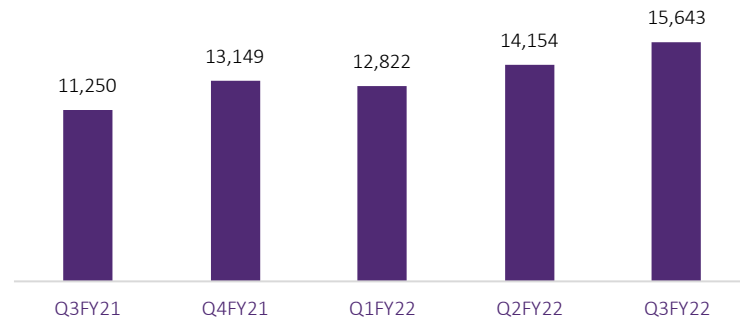
Average Ticket Size (INR Mn) (Incremental Disbursals)



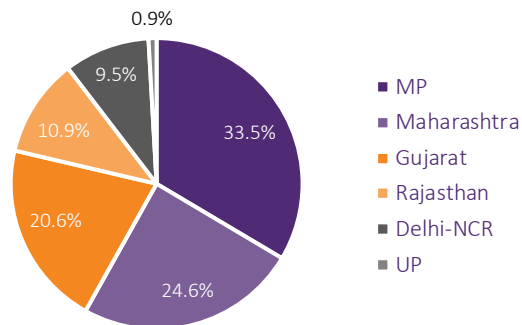
Loan to Value (%) (Incremental Disbursals)



Live Accounts



Geographical Distribution (Value-Wise)



- MP
- Maharashtra
- Gujarat
- Rajasthan
- Delhi-NCR
- UP

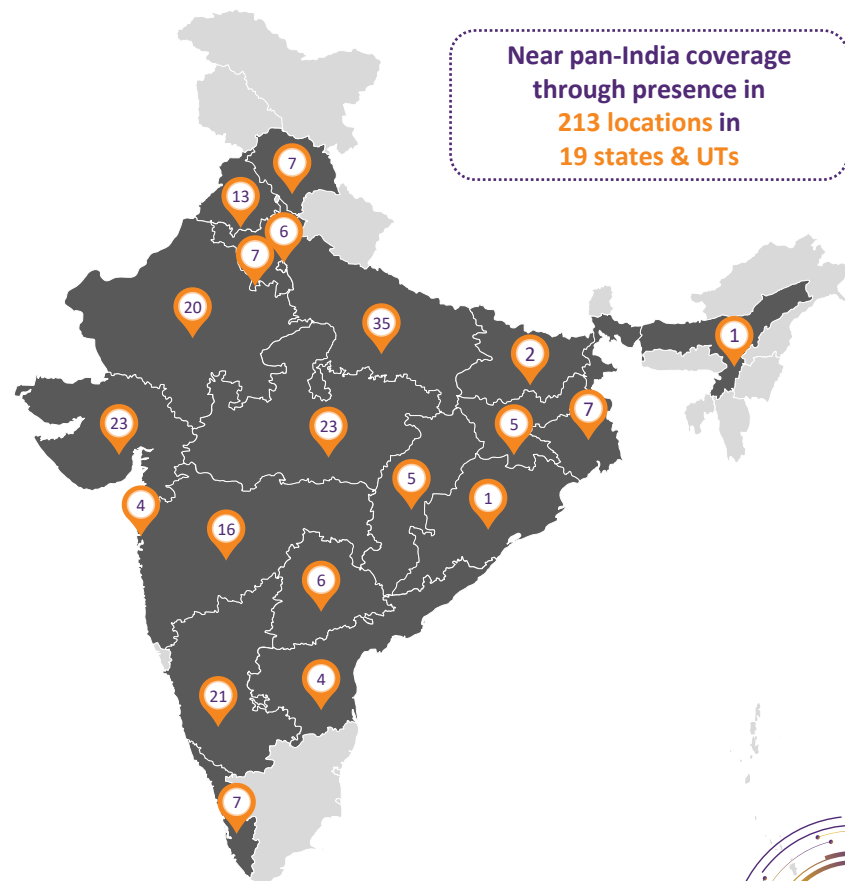
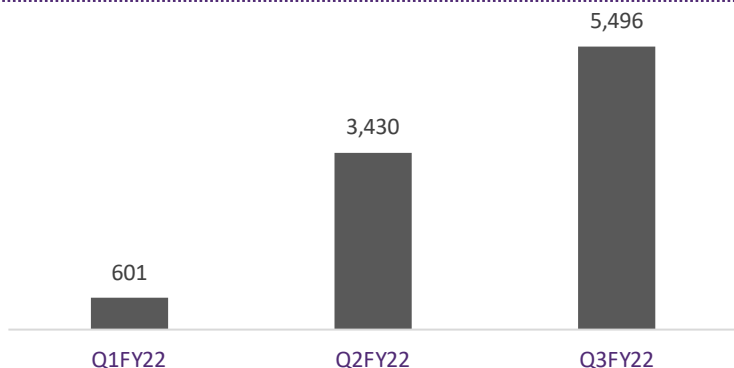
Salaried	46%
Self-employed	54%

Car Loan Distribution: Robust Fee Potential

New Distribution Tie-ups, Footprint Expansion Continues

- Tied up with HDFC Bank and Bank of Baroda during Q3FY22 for new car loan distribution taking total tie-ups to 5 including existing ones with IOB, YES, and UNIONBANK.
- Footprint has been further expanded to 213 locations in Q3FY22 from 186 locations in Q2FY22. Team size of 400+ as of Q3FY22.
- Business has broken even.

Robust Distribution Volume (INR Mn)

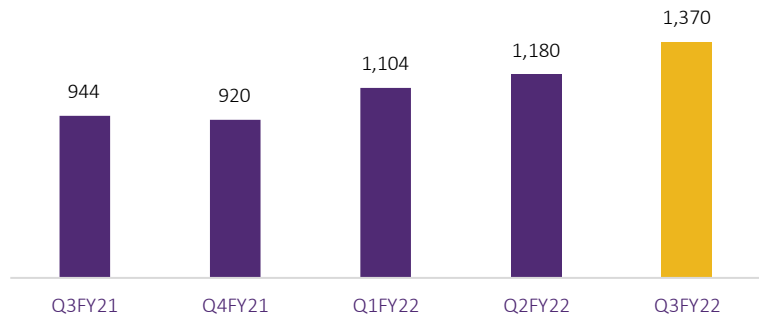




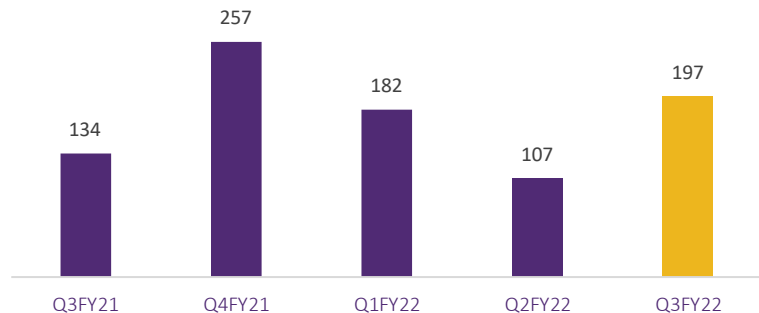
Earnings Performance

Performance Matrix : Core Earnings Performance Remained Robust

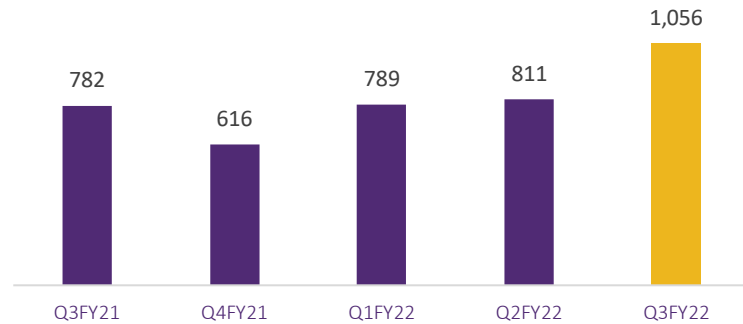
NII (INR Mn)



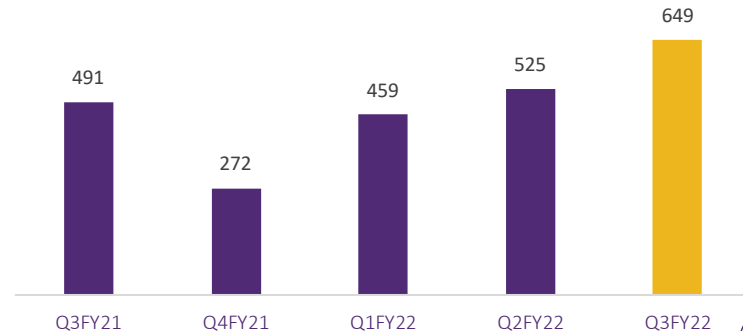
Credit Costs (INR Mn)



Operating Profit (INR Mn)

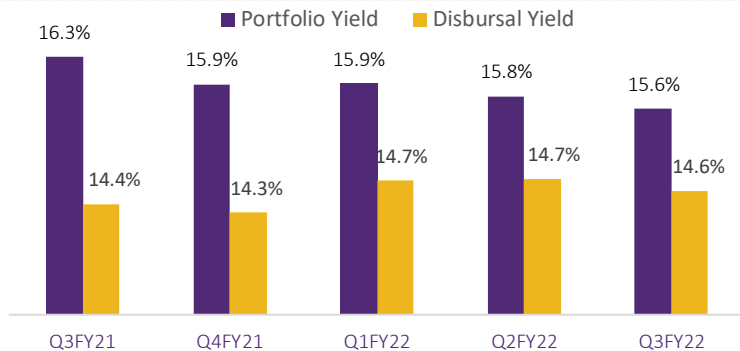


PAT (INR Mn)

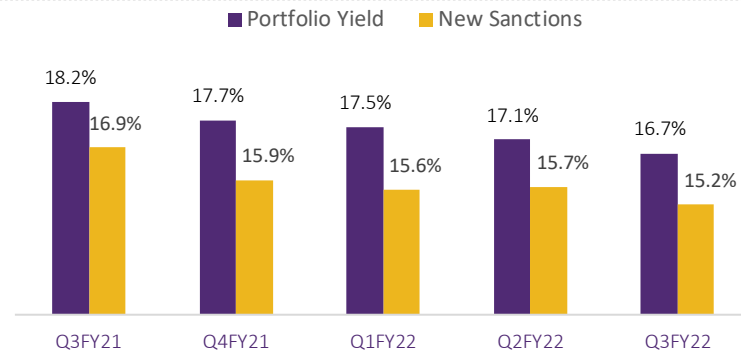


Key Ratios : Segmental Yields Showing Softening Trend

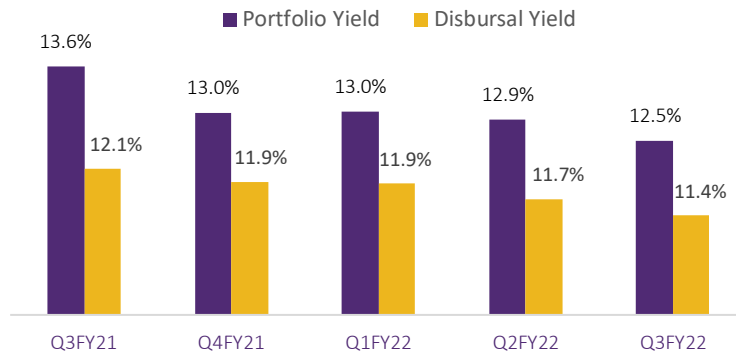
MSME



Construction Finance

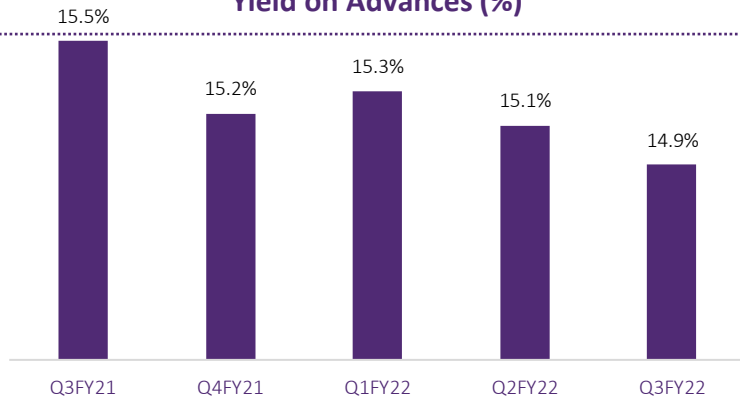


Housing Finance

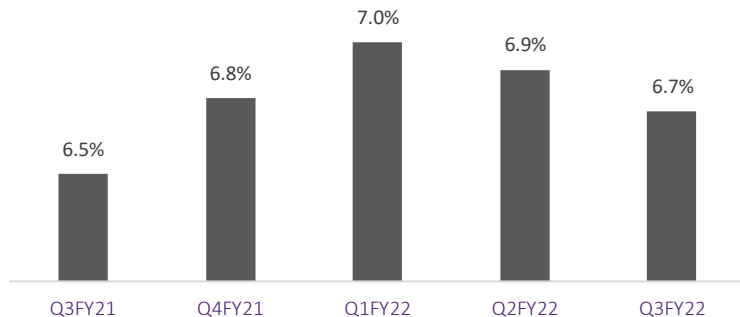


Key Ratios : Spreads Healthy

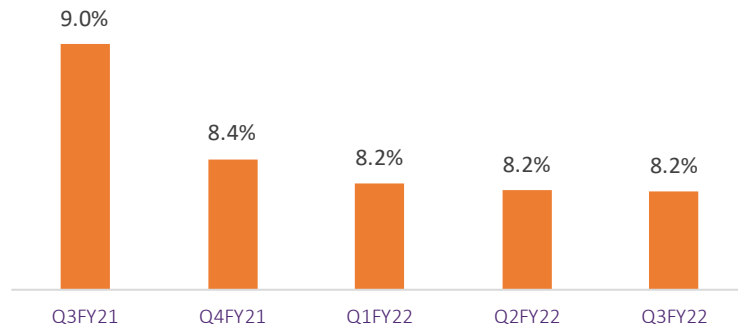
Yield on Advances (%)



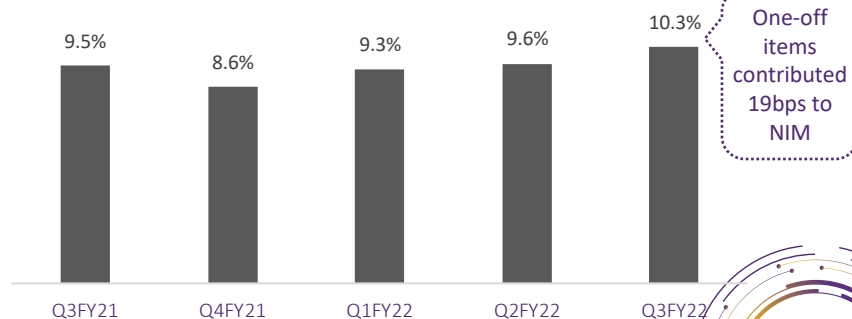
Spreads (%)



Cost of Funds (%)



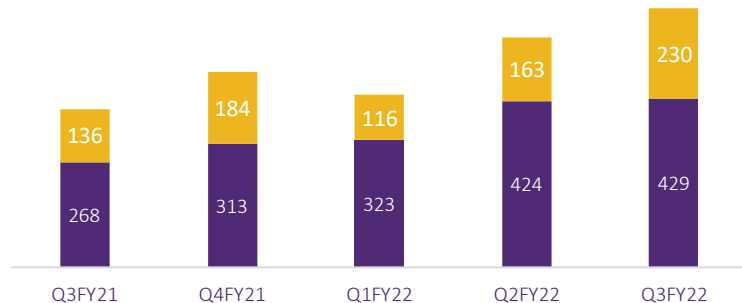
Net Interest Margin (%)



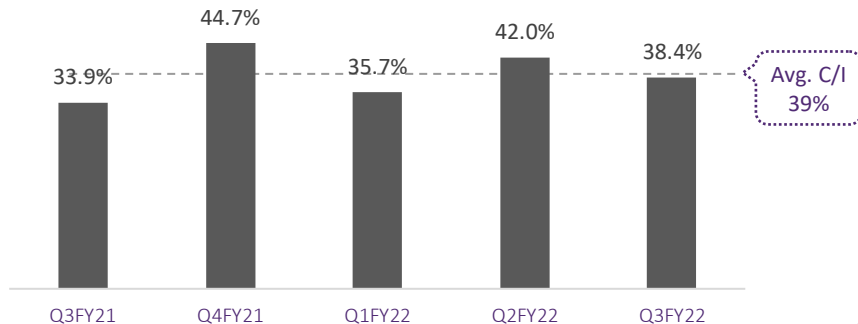
Operating Expenses : Stable Cost Ratios

Operating Expenses (INR Mn)

■ Employee Cost ■ Other Opex

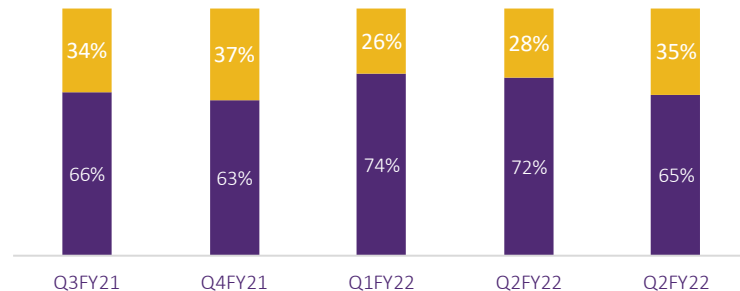


Cost-Income (%)

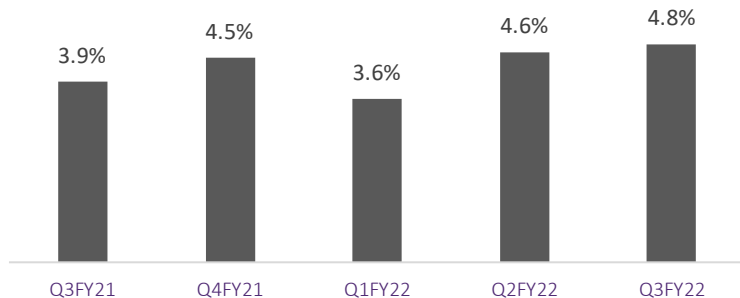


Operating Expenses Composition (%)

■ Employee Cost ■ Other Opex

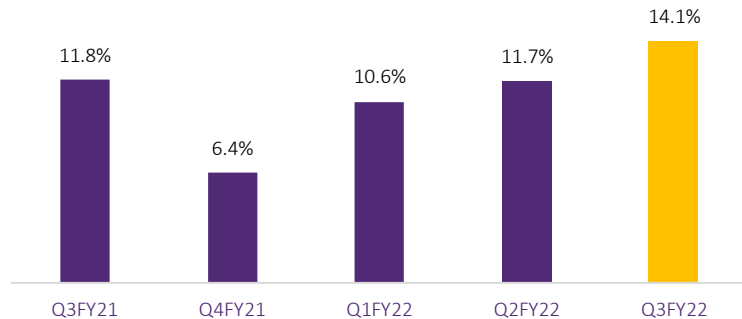


Cost / AAUM (%) (annualized)

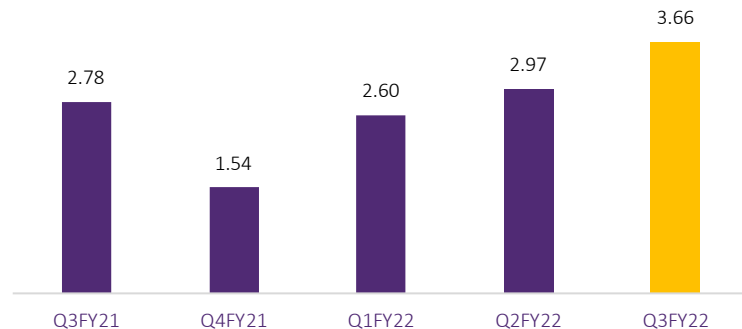


Key Ratios : Profitable Growth

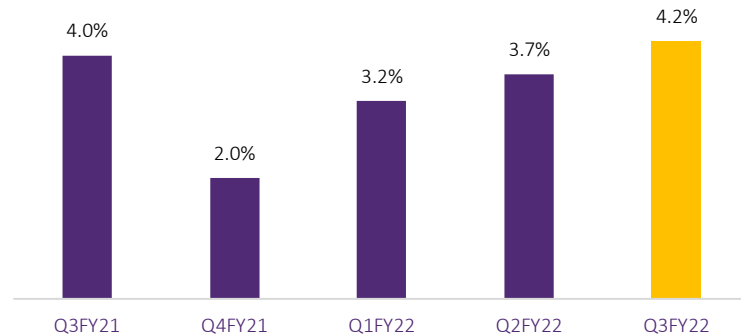
Annualized Return on Equity (%)



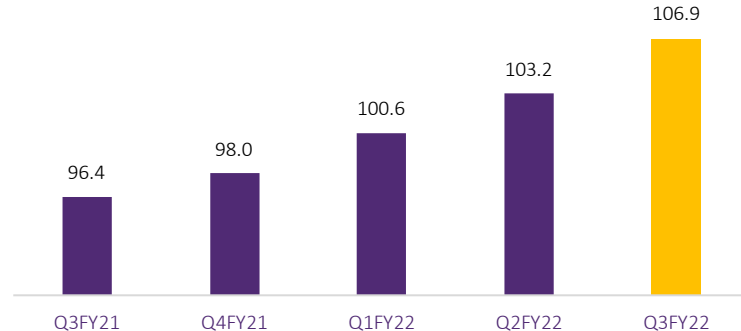
EPS (Diluted) (INR) (Not Annualized)



Annualized Return on Assets (%)



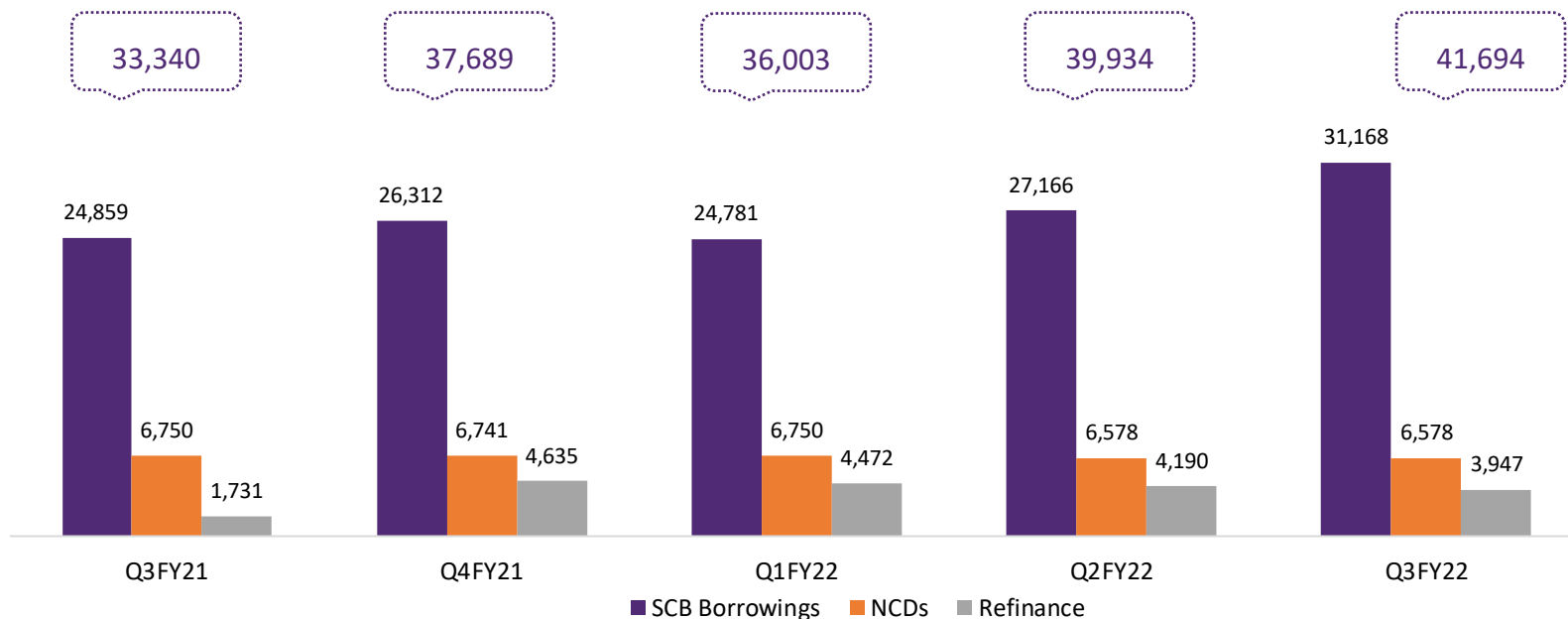
Book Value Per Share (INR)





Liabilities & Liquidity Position Update

Liability Mix : Steady Diversification In Borrowings



- Nil exposure to short-term money market instruments.
- CGCL's prudence in having higher share of long-term borrowings resulted in positive ALM across buckets on cumulative basis

Liquidity Position : Continue to Maintain Adequate Buffer

Particulars (INR Mn)	CGCL (Standalone)	CGHFL	Consolidated
Limits Sanctioned	42,368	21,713	64,081
Limits Availed	35,838	17,713	53,551
Un-Drawn	6,530	4,000	10,530
Repaid	7,741	3,924	11,665
Outstanding	28,097	13,789	41,886
Total no. of relationship maintained	17	12	
Limits Sanctioned in FY22	8,600	3,000	11,600

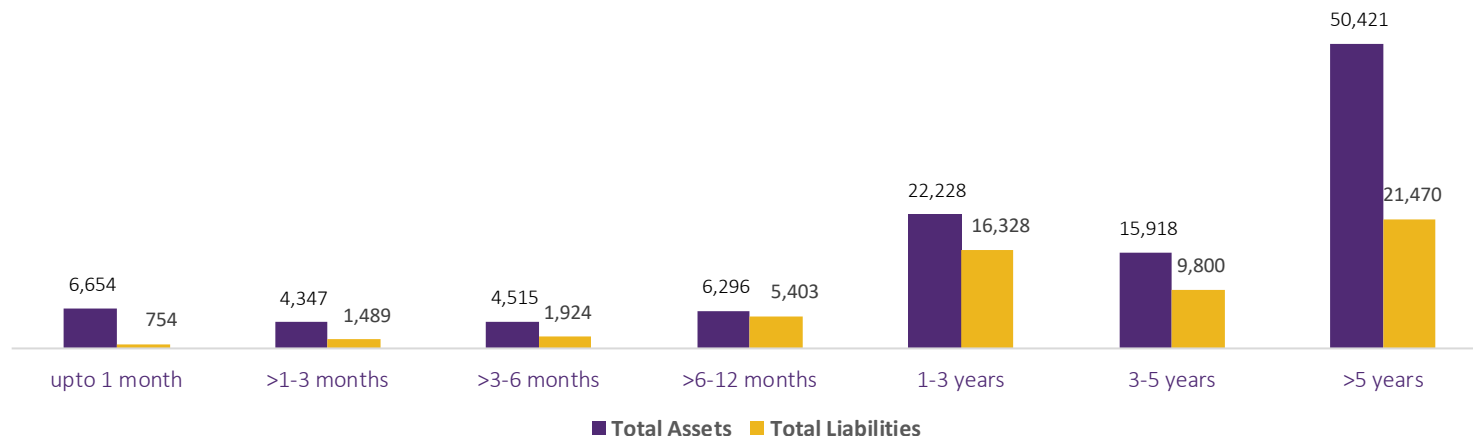
- CGCL has active borrowing relationship with 17 Financial Institutions across PSU, Private Sector Banks, Foreign Banks, Mutual funds, Life Insurance companies and Public sector Financial Institutions.
- The company shall be looking to further diversify its source of funds.

Liquidity Position : Repayment of High-Cost Loans

Particulars (INR Mn)	CGCL (Standalone)	CGHFL	Consolidated
Dues during FY2021-22 (exc. Prepayments made in FY22)	6,483	2,369	8,852
Payment made as per schedule (A)	1,305	448	1,753
Prepayments made for the year (B)	2,768	1,362	4,130
Total repayments/prepayments (A+B)	4,073	1,810	5,883
Balance Payment for FY2021-22	2,410	559	2,969
Additional prepayments beyond FY2021-22 (C)	0	63	63
Total Repayments / Prepayments (A+B+C)	4,073	1,873	5,946

Asset-Liability Split : Maturity Buckets Are Well Balanced*

Asset-Liability Mix (INR Mn) - Ensuring Optimally Matched Balance Sheet



Particulars (INR Mn)	Ending	up to 1 month	>1-3 months	>3-6 months	>6-12 months	1-3 years	3-5 years	>5 years
Cumulative Inflow - Outflow	Mar'21	5,900	8,758	11,349	12,241	18,141	24,259	53,210

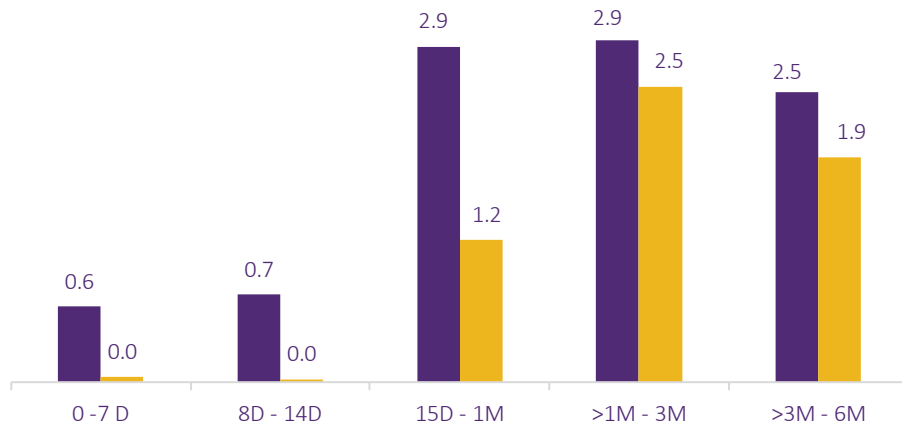
Have consistently remained cautious about short-term asset & liability mismatches by ensuring optimally matched Balance Sheets

* Consolidated; as of FY21

Asset-Liability Position : Well-Balanced for Short Term*

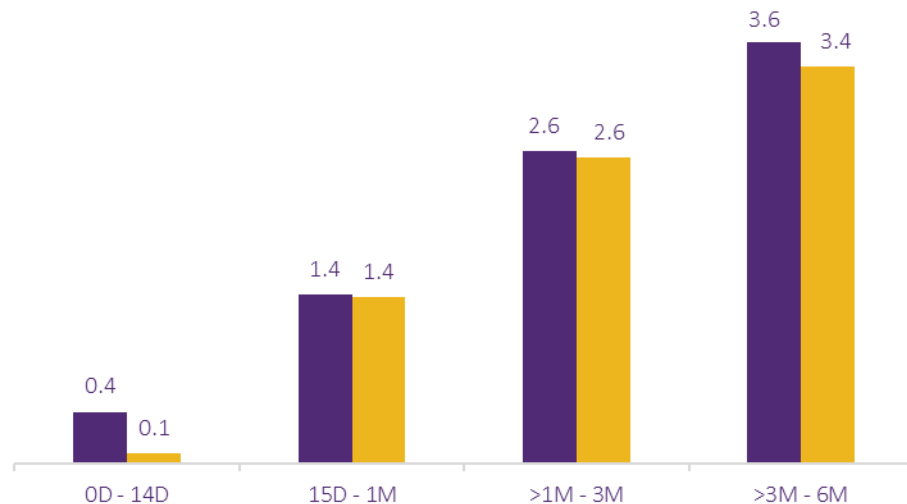
ALM Position : CGCL (Standalone)

■ Inflows ■ Outflows




ALM Position : CGHFL

■ Inflows ■ Outflows



For CGCL, the available Liquid Funds in the start was INR 4,120 Mn while for CGHFL it was INR 1,100 Mn including Bank, MF and short-term deployments

* Jan-Jun'22



Asset Quality and Collection Efficiency

Asset Quality : Consolidated Stage Analysis As per IND-AS

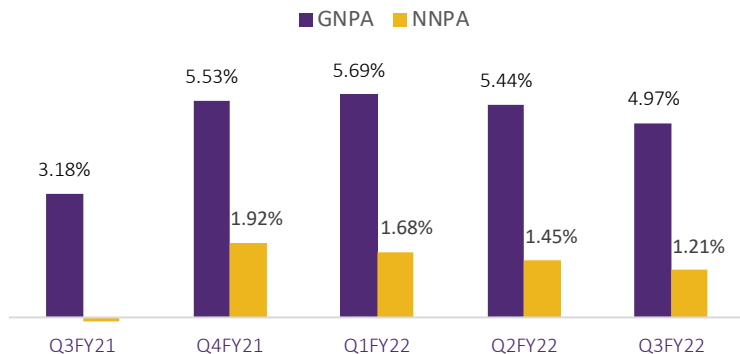
INR Mn except stated

ECL Analysis As Per IndAS	Q3FY22	Q2FY22	Q1FY22	Q4FY21	Q3FY21
Stage 1 & 2 - Gross	55,988	51,006	46,870	39,515	40,711
Stage 1 & 2 - ECL Provisions	944	823	730	603	320
Stage 1 & 2 - Net	55,044	50,183	46,140	38,912	40,391
Stage 1 & 2 - ECL Provisions %	1.69%	1.72%	1.56%	1.53%	0.79%
Stage 3 – Gross	1,724	1,715	1,613	825	902
Stage 3 – ECL Provisions	515	487	450	345	532
Stage 3 – Net (net of aggregate ECL prov.)	1,208	1,228	1,163	480	370
Stage 3 – ECL Provisions %	29.9%	28.4%	27.8%	41.8%	59.0%
Total ECL Provisions	1,459	1,310	1,180	948	852
Stage 3 % – Gross NPA	2.99%	3.25%	3.45%	3.32%	2.03%
Stage 3 % – Net NPA	0.47%	0.61%	0.81%	0.91%	Negative
Provision Coverage Ratio %	84.6%	81.9%	76.4%	73.1%	114.9%
Restructured Assets	2,287	2,312	2,038	1,843	1,100
Restructured Assets (%)	4.0%	4.4%	4.2%	4.6%	2.6%
Prov. on Restr. Assets	295	295	252	230	110
Prov. on Restr. Assets (%)	12.9%	12.8%	12.3%	12.5%	10.0%

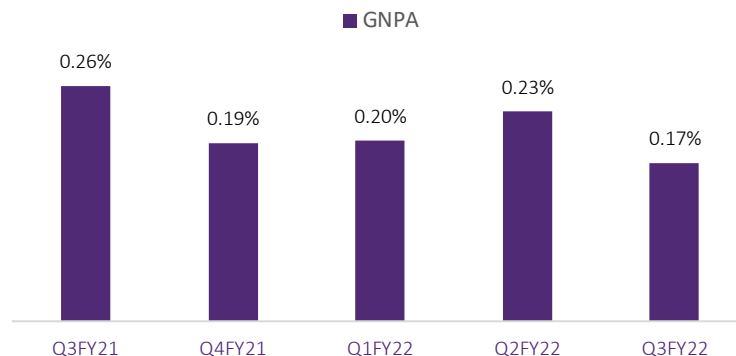
- Std. restructured assets: MSME Rs 2,094mn (7.1% of MSME AUM), Housing Rs 135mn (0.9% of Housing AUM), CF & IRL – NIL
- Standard restructured assets 3.9% of AUM in Q3FY22.

Segmental NPAs : Asset Quality Is Stabilizing

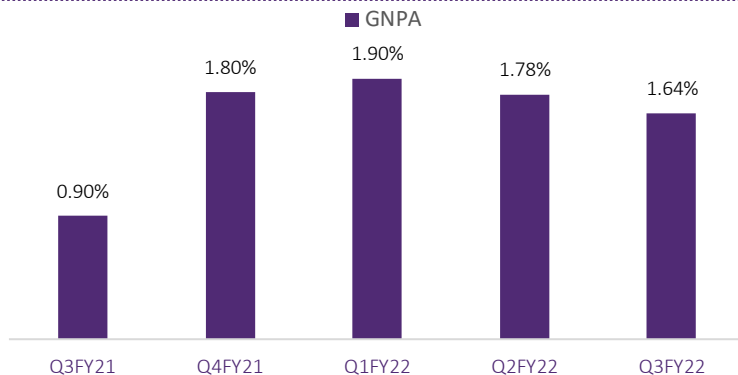
MSME (Net NPAs negative in Q3FY21)



Construction Finance (Net NPAs negative in trailing 12M)

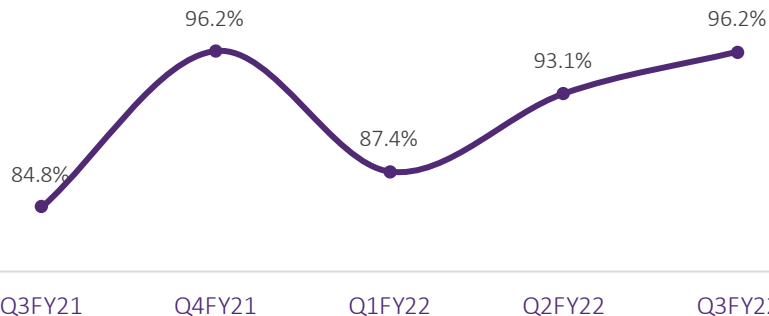


Housing Finance (Net NPAs negative in trailing 12M)



Collection Efficiency : **Steady Improvement**

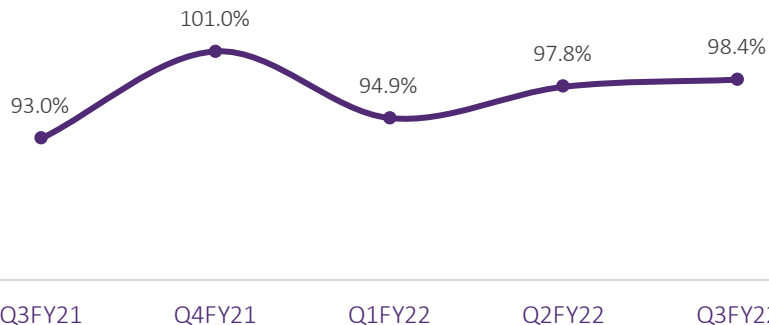
MSME Collection Efficiency (by POS)



MSME: Normalising fast

- MSME portfolio collection efficiency has continued to improve after the second lockdown in Q1FY22.
- This is also reflected in the Stage 2 assets, which have shown stable to declining (improving) trend.

Housing Finance Collection Efficiency (by POS)



Housing Finance: Steady Improvement

- Collection efficiency in Affordable Housing continues to improve.

Note:

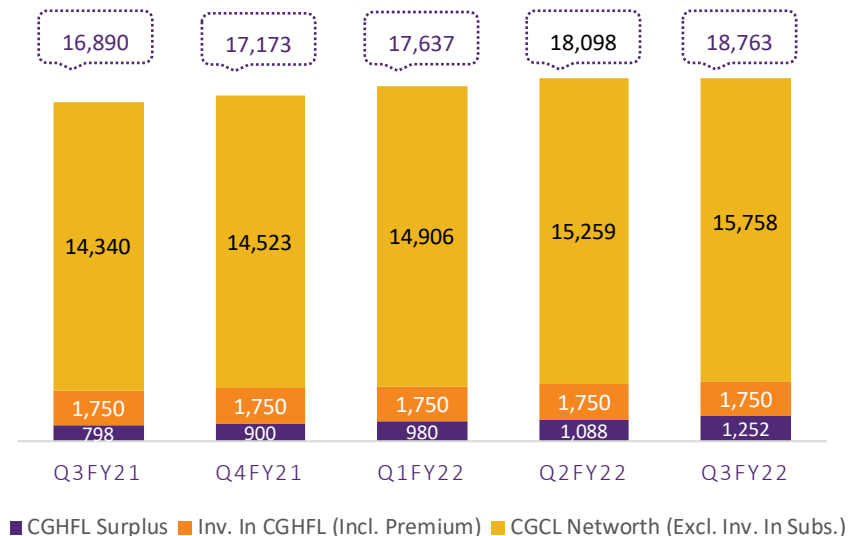
- In-line with the reporting methodology being followed widely, we have shifted from reporting collection efficiency based on POS previously to one based on billing presently. Past data has been suitably adjusted.
- Collection Efficiency = $\frac{\text{Total Collections} - \text{Foreclosures}}{\text{Total Billings for the Period}} \times 100$



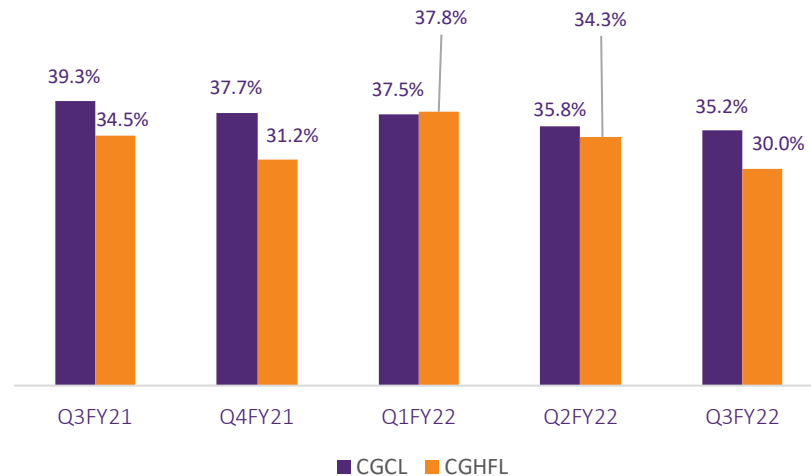
Capital Adequacy

Well Capitalized Balance Sheet: Aid to Expansion

Consolidated Network (INR Mn)



Capital Adequacy (%)



Adequate cash position on balance sheet

+

Strong capital adequacy to support future growth

+

Undrawn credit lines of INR 10.5 Bn including the unutilized CC limit

=

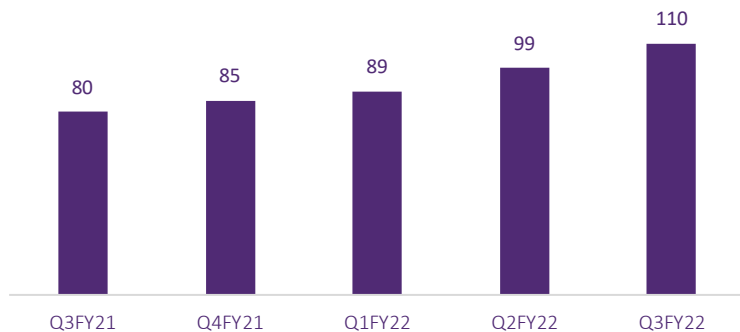
Comfortable liquidity position to protect against liquidity crunch & support future growth



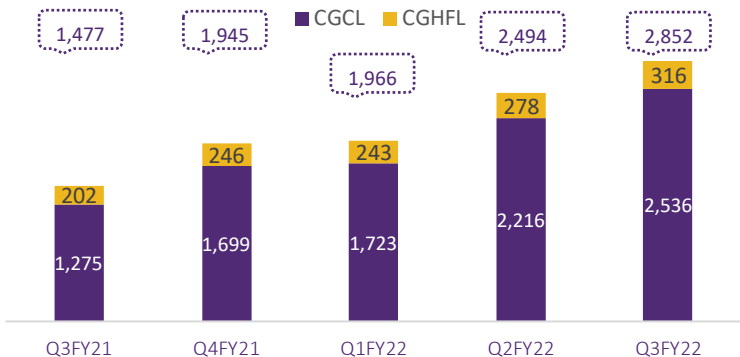
Network and Financials

Network: Presence In Major Growth Centres

Branch Expansion Continues



Headcount Addition To Support Branch Expansion



Strong Network Expansion Over Medium Term

- Swift branch roll-out continued during Q3FY22. Added 11 branches during the quarter taking total branch additions to 25 branches YTD.
- Branch network includes 5 exclusive branches dedicated to car loan distribution business, one each at Chandigarh, Lucknow, Kolkata, Surat, and Bengaluru.
- Target of doubling the Urban Retail branch presence over medium term.
- Gold loan business shall open exclusive branches with a target of reaching 1,500 locations over next five years.
- Hiring is keeping pace with the business requirements.

CGCL Cons. Inc. Statement : Quarterly Comparison

Particulars (INR Mn)	Q3FY22	Q3FY21	Y-o-Y (%)	Q2FY22	Q-o-Q (%)
Interest earned	2,192	1,673	31.0%	1,980	10.7%
Interest expended	821	729	12.7%	799	2.8%
Net interest income	1,370	944	45.1%	1,180	16.1%
Non-interest income	346	242	42.8%	217	59.1%
Core operating income	289	235	23.0%	159	81.9%
Other income	57	7		58	
Total income	1,716	1,187	44.6%	1,398	22.8%
Operating expenses	659	404	63.1%	587	12.3%
Employee cost	429	268	60.3%	424	1.3%
Other operating expenses	230	136	68.5%	163	40.7%
Operating profit	1,057	782	35.1%	811	30.4%
Total provisions	197	132		107	
ECL provisions	153	113		92	
Write-offs	44	19		15	
Profit before tax	861	650	32.4%	704	22.2%
Tax	212	159		180	
Implied tax rate	24.6%	24.4%		25.5%	
Profit after tax	649	491	32.0%	525	23.7%
EPS (diluted) (Rs.)	3.66	2.78		2.97	

CGCL Consolidated Balance Sheet : Quarterly Comparison*

Particulars (INR Mn)	Q3FY22	Q3FY21	Y-o-Y (%)	Q2FY22	Q-o-Q (%)
Paid-up equity	351	350	0.3%	351	0.1%
Reserves and surplus	18,412	16,540	11.3%	17,747	3.7%
Networth	18,763	16,890	11.1%	18,098	3.7%
Bank borrowings and refinance	35,115	26,590	32.1%	31,356	12.0%
NCDs	6,578	6,750	-2.5%	6,578	0.0%
Other liabilities and provisions	3,722	1,340	177.8%	2,840	31.0%
Total shareholders' equity and liabilities	64,179	51,570	24.4%	58,873	9.0%
Cash and bank balances	1,104	720	53.4%	1,367	-19.2%
Investments	5,857	11,000	-46.8%	5,702	2.7%
Assets under financing activities	55,623	38,990	42.7%	50,735	9.6%
Other assets	1,595	860	85.4%	1,069	49.2%
Total assets	64,179	51,570	24.4%	58,873	9.0%

* Q3FY22 and Q3FY21 balance sheets were not subject to audit review.

CGHFL Income Statement : Quarterly Comparison

Particulars (INR Mn)	Q3FY22	Q3FY21	Y-o-Y (%)	Q2FY22	Q-o-Q (%)
Interest earned	521	348	49.7%	437	19.3%
Interest expended	243	203	19.8%	228	6.4%
Net interest income	279	146	91.3%	209	33.5%
Non-interest income	72	83	-12.9%	64	13.1%
Core operating income	34	33	2.9%	21	59.4%
Other income	38	50	-23.3%	43	-10.0%
Total income	351	229	53.5%	273	28.7%
Operating expenses	124	91	36.0%	93	33.6%
Employee cost	64	49	30.0%	53	21.2%
Other operating expenses	60	42	43.0%	40	49.9%
Operating profit	227	138	65.1%	180	26.2%
Total provisions	21	23		42	
ECL provisions	16	22		42	
Write-offs	5	1		0	
Profit before tax	206	114	80.5%	138	49.6%
Tax	42	21		28	
Implied tax rate	20.5%	18.4%		20.2%	
Profit after tax	164	93	75.8%	110	49.0%
EPS (diluted) (Rs.)	2.70	1.54		1.81	

CGHFL Balance Sheet : Quarterly Comparison*

Particulars (INR Mn)	Q3FY22	Q3FY21	Y-o-Y (%)	Q2FY22	Q-o-Q (%)
Paid-up equity	607	607	0.0%	607	0.0%
Reserves and surplus	2,395	1,941	23.4%	2,231	7.3%
Networth	3,002	2,360	27.2%	2,730	10.0%
Borrowings	13,718	9,729	41.0%	12,202	12.4%
Other liabilities and provisions	1,085	372	191.5%	325	234.0%
Total shareholders' equity and liabilities	17,805	12,461	42.9%	15,257	16.7%
Cash and bank balances	462	129	258.3%	68	575.6%
Investments	2,482	2,472	0.4%	1,924	29.0%
Assets under financing activities	14,621	9,717	50.5%	12,768	14.5%
Other financial assets	26	19	38.9%	310	-91.5%
Other non-financial assets	213	124	71.9%	186	14.8%
Total assets	17,805	12,461	42.9%	15,257	16.7%

* Q3FY22 and Q3FY21 balance sheets were not subject to audit review.



Way Forward In FY22...

Way Forward : FY22E and Beyond



AUM growth in 9MFY22 is 19% and we are well poised to comfortably exceed our full year growth target of +20% YoY. Addition of gold loans to product bouquet enhances our growth outlook; we are well poised to deliver a 22-27% CAGR FY22E-FY27E in AUM growth.



After some elevated stress in H1FY22 due to restructuring, we are witnessing a stabilization in asset quality. We remain optimistic the overall business environment shall continue to improve and support improvement in asset quality.



9MFY22 annualized credit cost of 124bps is nearer to our exit credit cost guidance of 120bps for Q4FY22. Our P&L has exhibited core earnings strength and we are well positioned to absorb higher credit cost if need be.



In addition to the doubling of branch network for our existing products, we are targeting a network of 1,500 branches for our gold loan business over next five years.





Leadership

Board of Directors & Strong Corporate Governance



Rajesh Sharma, Managing Director
Founder & Promoter with over 2.5 decades of experience, Chartered Accountant



Ajit Sharan, Independent Director
IAS - Batch 1979 with over 3 decades of experience in varied aspects of public administration



Beni Prasad Rauka, Independent Director
Group CFO- Advanced Enzyme Technologies; over 2.5+ decades of experience, CA & CS



Bhagyam Ramani, Independent Director
Ex- GM and Director of General Insurance Corporation; 3+ decades of experience, MA (Economics Hons.)



Desh Raj Dogra, Independent Director
EX- CEO and MD of CARE ratings with over 4 decades of experience



Mukesh Kacker, Independent Director
EX- IAS Officer, Jt. Secy (GOI) with over 3 decades of experience, MA(Public Policy), MA (Political Science)

Corporate Governance Philosophy

- Good Board Practices
- Control Environment
- Transparent Disclosure
- Well-defined shareholder right
- Board Commitment
- Employee Empowerment
- Equitable treatment to all the stakeholders

Stable Leadership Team

MSME/Housing Finance



Amar Rajpurohit (Business Head – MSME & Home Loan) Ex-AU Financiers, Gruh Finance, DHFL with over 17 years of work experience, B.A., LLB
Vintage with CGCL: 3.5 years



Prasanna Kumar Singh (Group Collections Head) More than two decades of experience with various BFSI institutions; LLB, MBA
Vintage with CGCL: 10 months



Bhavesh Prajapati (Head – Credit, Risk & Policy) Ex-Aadhar Housing Finance, IDFC Ltd, DHFL with over 20 years of experience; MBA- ICFAI
Vintage with CGCL: 3.5 years



Hemant Dave (Head - Operations) Ex - Kotak Mahindra Bank, A. F. Ferguson with over 23 years of experience, CA;
Vintage with CGCL: 8.5 years



Bhupinder Singh (Head – Legal Litigation) More than a decade experience with various NBFCs in providing legal advice
Vintage with CGCL: 2.5 years

Construction Finance



Surender Kumar Sangar (Head – CF) Ex-MD – Tourism Finance Corporation of India and GM Union Bank of India with over 40 years of experience, BCom, CAIIB
Vintage with CGCL: 6 years



Bhaskarla Kesav Kumar (Associate Director – Monitoring) Ex AGM and Unit Head of Corporate Relationships with SBI
Vintage with CGCL: 7 years



Vijay Kumar Gattani (Senior Vice President – Credit) Ex-ICICI Bank, Head of Credit & Policy- ICICI HFC with over 15 years of experience, CA
Vintage with CGCL: 6.5 years.

Technology



Rahul Agarwal (Chief Technology Officer) Ex-Policy Bazaar, Lava International, IndiaHomes.com with over 17 years of experience, M. Tech (IIT-D)
Vintage with CGCL: 7 months

Corporate Functions



Ashok Agarwal (Associate Director – Accounts, Legal & Compliance) Previously practicing CA with over 26 years of experience, CA and CS
Vintage with CGCL: 14 years



Suresh Gattani (Associate Director Finance) Ex-Aditya Birla, two decades plus experience in accounts, finance, taxation and corporate planning
Vintage with CGCL 15.5 years



Vinay Surana (Head – Treasury) Ex-Founding Member, Axis Bank debt syndication with over 15 years of experience, CA
Vintage with CGCL: 13.5 years.



Yashesh Bhatt (VP - Compliance & Secretarial, CS) Previously associated with L&T Fin. Serv., Tata Hsg, M&M, RIL; 15 years of work exp; CS, LLB, MFM-JBIMS
Vintage with CGCL: 4 months



Thank you

For further information, please get in touch with:

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