

November 6, 2025

The Secretary
BSE Limited
Pheeroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001
Scrip Code: 531595

The Secretary
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No- 'C' Block, G Block
Bandra-Kurla Complex, Bandra (East)
Mumbai – 400 051
Scrip Code: CGCL

Sub: Transcript of the earnings conference call for the second quarter and half year ended September 30, 2025 – Regulation 30 and 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

Dear Sir /Madam,

In terms of Regulations 30 and 46 read with clause 15 of Para A of Part A of Schedule III of the SEBI Listing Regulations and further to our letter dated October 22, 2025, October 24, 2025 and October 30, 2025 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), please find enclosed herewith the transcript of Earnings Conference Call for the second quarter and half year ended September 30, 2025, held on Friday, October 31, 2025, which concluded at 1:00 p.m.(IST).

Further, please note that this intimation is also available on the website of the Company.

The above is for your information and dissemination to all the stakeholders.

Thanking you,

Yours faithfully,
for **Capri Global Capital Limited**

A handwritten signature in blue ink, appearing to read "Bhatt" with a flourish.

Yashesh Bhatt
Company Secretary & Compliance Officer
Membership No.: ACS 20491

Encl.: As above



Capri Global Capital Limited

(CIN: L65921MH1994PLC173469)

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Capri Global Capital Limited

Q2FY26 Earnings Conference Call

October 31, 2025

MANAGEMENT

MR. RAJESH SHARMA – MANAGING DIRECTOR

MR. MONU RATRA, CEO

MR. KISHORE LODHA, CFO

MR. SANJEEV SRIVASTAVA, CRO

MS, DIVYA, DIRECTOR BUSINESS STRATEGY

MR. AJAY MANGLUNIA, EXECUTIVE DIRECTOR FIXED INCOME MARKETS

MR. HARDIK DOSHI – HEAD, CORPORATE FINANCE & INVESTOR RELATIONS

Indian Numbering System Legend

₹ 10 Lakhs	= ₹ 1Mn
₹ 1 Crore	= ₹ 10Mn
₹ 100 Crores	= ₹ 1Bn
₹ 1 Lakh Crore	= ₹ 1Tn

Moderator:

Ladies and gentlemen, good day, and welcome to Capri Global Capital Limited Q2 FY '26 Earnings Conference Call hosted by Go India Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Hardik Doshi from Capri Global Capital Limited. Thank you, and over to you, sir.

Hardik Doshi:

Good afternoon, everyone, and welcome to Q2 FY '26 Earnings Call for Capri Global Capital Limited. This is Hardik Doshi, Head, Corporate Finance and Investor Relations. Before we begin, as a brief disclaimer, the discussion on today's call regarding Capri Global Capital Limited's earnings performance can be based on judgments derived from the declared results and information on business opportunities available to the company at this time.

The company's performance is subject to risks, uncertainties, and assumptions that could cause results to differ materially in the future. Given these uncertainties and other factors, participants on today's call may observe caution while interpreting the results. The full disclaimer is available on Slide 63 of the earnings presentation. Participants are requested to kindly take note of the same.

Let me now introduce the management team on today's call. With us today on the call, we have Mr. Rajesh Sharma, Managing Director and Promoter of the company; Mr. Monu Ratra, Chief Executive Officer; Mr. Kishore Lodha, Chief Financial Officer; Mr. Sanjeev Srivastava, Chief Risk Officer; Ms. Divya Sutar, Director Business Strategy; Mr. Ajay Manglunia, Executive Director, Fixed Income Markets.

I would now request our Managing Director, Mr. Rajesh Sharma, to present his opening remarks on the results. Over to you, sir.

Rajesh Sharma:

Good afternoon, everyone. I hope you all are doing well and had a joyful Diwali celebrations. We announced our unaudited financial results for the second quarter of FY 2026 on 29th October. I trust you have had the opportunity to go through our earnings presentation, which is also available on our website.

Before I move on to the financial and operational highlights, I would like to touch upon the key developments during the quarter. We strengthened our leadership team by the appointment of Mr. Monu Ratra as CEO of the company. Mr. Ratra brings over 2 decades of experience in the

financial services and mortgage finance and having held leadership roles across leading banking and financial institutions.

We successfully completed our maiden public issuance of secured rated listed redeemable non-convertible debentures for INR400 crores. The issue received an overwhelming response, being oversubscribed across all investor categories, institutional, non-institutional, high net worth individuals, and retail investors.

The strong subscription reflects the trust and confidence investors place in our business model, governance standard, and long-term growth outlook. This successful issuance not only broadens our investor base, but also enhances our access to debt capital market, paving the way for larger issuance and further diversification of our borrowing profile in the future.

Coming to our business and earnings performance during the quarter. If we talk about business performance, we began FY '26 with a strong momentum across all our lending businesses and sustained that trajectory through the second quarter. As of September 30, 2025, our consolidated AUM stood at INR27,040 crores, reflecting a robust 40% year-on-year growth and 9% quarter-on-quarter growth. This performance was underpinned by broad-based expansion across segments.

Gold loan grew an impressive 58% year-on-year, while housing loans rose 37% year-on-year. Our co-lending AUM also surged 61% year-on-year to INR5,677 crores, now accounting for almost 21% of total AUM, up from 18.9% in Q1 FY '26, highlighting our strategic focus on capital-efficient growth.

Disbursements for the quarter rose 64% year-on-year to INR8,952 crores, supported by a widening distribution network and growing customer base. Our growth remains granular, diversified, and retail linked. With our customer base now exceeding 5.9 lakhs, we are reaffirming the scalability and resilience of the business model.

In our gold loan business, we achieved a significant milestone this quarter with the gold loan AUM crossing INR10,000 crores, and over 10 lakh customers serviced since inception. Gold loan AUM grew by 58% year-on-year to INR10,406 crores, reinforcing our strong position in this high-yield secured lending segment.

During the quarter, we added 21 new gold loan branches, further expanding our presence in Madhya Pradesh, Gujarat, Uttar Pradesh, and marking our new entry into Bihar. Branch productivity continued to strengthen during this quarter. Average AUM per branch increased to INR12.4 crores, supported by improved employee productivity with AUM per employee rising from INR1.4 crores in Q2 FY '25 to INR2.1 crores in Q2 FY '26. As of September 2025, 762

branches are operating above the breakeven threshold of INR5 crore AUM per branch, underscoring enhanced operating leverage across the network.

With a fully digitized loan journey offering TAT of less than 30 minutes, AI-enabled security systems, and stronger customer stickiness, evidenced by 55% plus repeat borrowers, the gold loan business remains a key growth engine, driving profitable and scalable expansion for the company.

Our MSME AUM grew to INR5,602 crores, up by 18% year-on-year. During the quarter, we further expanded our MSME presence in Uttar Pradesh and the addition of 13 new branches. We are also broadening our reach through MSME Prime, a focused offering designed to cater to low-risk self-employed customers in urban markets of Maharashtra NCR.

Within MSME, our Micro LAP business continues to gain strong traction with AUM rising to INR543 crores. This vertical enable us to serve emerging self-employed borrowers with smaller ticket size requirements. The Micro LAP business is now present across 137 locations, following 43 net branch additions during the quarter, expanding our footprint in Andhra Pradesh, Telangana, and marking our entry into Tamil Nadu and Karnataka. Our immediate focus is on enhancing sales productivity and operational efficiency across these new branches before undertaking further expansion. We see significant long-term potential in MSME segment. And with the recent network additions, we expect growth momentum to accelerate in the coming quarters.

Housing AUM stood at INR5,972 crores, building a year-on-year growth of 37%. We continue to see resilient demand across the affordable housing segment, where rising income levels and lower interest rate regime are driving demand for housing loans.

We also announced our foray into Southern India Housing Finance with the opening of 4 new branches in Telangana to deepen our presence in this high-quality affordable housing market. This expansion marks an important milestone, positioning Capri as a national player in the housing finance space. This strategic expansion will further enhance portfolio granularity, strengthen asset quality, and support healthy yield expansion over time.

Our construction finance AUM grew 48% year-on-year to INR4,969 crores, now funding over 286 active residential projects with an average sanction ticket of size of INR51 crores and outstanding portfolio ticket size of INR17 crores, reflecting a very granular ticket size in construction finance too. The book remains well diversified by geography and granularity, reflecting our focus on working with midsize and small developers in metro and Tier 1 cities. We continue to emphasize disciplined underwriting through rigorous due diligence and escrow-based cash flow management, ensuring a risk-first approach.

Our total branch network expanded to 1,224 locations in Q2 FY '26 with a net addition of 86 branches during this quarter, while our employee base increased marginally to 12,197, up by 6% quarter-on-quarter.

During the quarter, we also entered several new geographies, further strengthening our ambitions of building a pan-India footprint. This expansion not only enhances our customer reach and brand visibility across newer territory, but also lays the foundation for the next phase of growth as we continue to deepen presence in existing high potential states and selectively enter underpenetrated regions.

Let me now provide an update on core earnings. Our yield and spreads on net advances remained healthy in the quarter at 16.5% and 6.9%, respectively, reflecting a 50 basis point improvement year-on-year. The increase in yields was broad-based, driven by expansion across all key retail products, that is MSME, gold loans, and affordable housing loans.

Our net interest income for Q2 FY '26 stood at INR480 crores, representing a strong 57% increase year-on-year and 15% quarter-on-quarter. This robust performance was supported by continued loan book expansion, improved pricing, and enhanced margin efficiency. We continue to strengthen our non-interest income streams in Q2 FY '26, reinforcing our strategy of building a diversified and resilient earnings profile.

Non-interest income grew 97% year-on-year and 22% quarter-on-quarter to INR203 crores, contributing 29.8% of our net total income for the quarter. This strong increase was largely driven by growth in commission on insurance distribution and co-lending fee income.

In our insurance distribution business, we generated a net fee income of INR28 crores during the quarter. We further broadened our product offering with the inclusion of products such as Capri Jewel product, a jewelry insurance product and group personal accident cover for customer groups. With the launch of our digital distribution platform, Capri Care, we aim to enhance insurance penetration across our growing retail customer base.

Over time, we expect insurance to evolve into a meaningful contributor to our overall fee income. Meanwhile, our co-lending income stood at INR81 crores, reflecting continued strength in the segment, driven by higher disbursal volumes and deeper engagements with partner banks.

Our car loan distribution business maintained its steady momentum with originations of INR2,830 crores in Q2 FY '26, up 14% year-on-year. With a growing footprint and deep relationship across 13 partner banks and financial institutions, we have built a scalable platform with the pan-India network in this segment with the potential to monetize further through distribution of other products.

On the expense front, our operating expense increased 29% year-on-year and 25% quarter-on-quarter. The year-on-year increase was primarily driven by increase in our employee base, while the sequential rise reflected salary increments, bonus, and incentive payout during the quarter, and the impact of one-off benefit of INR15 crores in the previous quarter.

Adjusting for this, the quarter-on-quarter increase would have been around 18%. Our continued focus on operational efficiency is clearly visible, with our cost-to-income ratio improving significantly to 49% in Q2 FY '26 compared with 64% in Q2 FY '25. This sharp improvement underscores the benefit of a maturing branch network, rising productivity, and strong operating leverage across our business.

As a result of margin expansion, improvement in operating efficiency and strong traction in fee income, our pre-provision operating profit surged to 137% year-on-year to INR345 crores during the quarter. Further, we continued our strong profitability momentum in Q2 FY '26, delivering a robust PAT of INR236 crores, up 143% year-on-year. Our return ratio considerably improved during the quarter with ROAE of 14.4% and Return On Average Assets at 4% for the quarter. This sharp growth was driven by consistent performance across all key business segments.

As regards to asset quality, our impairment cost for the quarter stood at INR31 crores in Q2 FY '26, down from INR81 crores in Q1 FY '26 or 0.6% of the gross loan book and our provision coverage ratio on Stage 3 loans improved to 43%, demonstrating our prudent provisioning and conservative approach to risk management.

Stage 2 assets remained flat quarter-on-quarter and Stage 2 ECL provision increased by INR8 crores quarter-on-quarter. Stage 3 asset declined INR61 crores quarter-on-quarter. Stage 3 ECL provision declined by INR19 crores quarter-on-quarter. This was on account of INR79 crores of MSME portfolio sale to ARC. Gross Stage 3 asset at 1.3% was down sequentially by 39 basis, while net Stage 3 stood at 0.7%, down 26 basis sequentially.

As regards to capital and liquidity position, following equity capital infusion of INR2,000 crores in Q1 FY '26, our balance sheet is now significantly stronger, providing ample headroom to support accelerated growth across business segments. Our standalone capital adequacy ratio of CGCL is about 32.9% and 26.1% for Capri Global Housing Finance Limited. Our leverage ratio remains quite comfortable at 2.5x. Liquidity remains comfortable with over INR3,200 crores in cash and bank balances, investment and undrawn credit line across CGCL and CGHFL.

Our borrowing increased by 31% year-on-year and incremental borrowing sanction limits year-to-date this fiscal was around INR3,500 crores. We continue to diversify our funding mix by raising funds through other instruments such as NCD and commercial paper.

As I mentioned earlier, we raised INR400 crores through NCD at a coupon rate up to 9.7% and tenure of up to 4 years. With the softening of interest rate environment and decline in MCLR, we expect further benefit to accrue in our cost of borrowing in next couple of quarters.

As regards to technology, our technology investment remains central to our ability to scale securely, efficiently, and profitably. During the quarter, we invested INR29 crores in technology, deploying several artificial intelligence-driven initiatives aimed at strengthening asset quality and enhancing recovery.

For instance, our newly launched digital auction platform is enabling higher realization by attracting a broader pool of bidders for repurchase properties. We are also leveraging artificial intelligence to refine customer and collateral evaluation processes. Our AI-based bureau analytics tools empower teams with data-driven insights, enabling smarter and faster credit decisions.

On the data analytics front, we are transitioning to real-time analytics capability, which will allow proactive portfolio monitoring and sharper business decisions across functions. In parallel, our Capri Communication Portal, a state-of-the-art omnichannel platform now ensures seamless, consistent, and faster communication with both customers and employees across multiple touch points.

Cybersecurity and compliance-led upgrades remains core priorities as we expand our digital footprint. I'm pleased to share that systems reliability has significantly improved with outages now virtually eliminated and our infrastructure is fully equipped to perform at scale.

Coming to ESG. On the ESG front, we achieved a significant improvement in Sustainability ESG risk rating from 31.1 to 24, moving us from the high risk to the medium risk category. This 7-point improvement reflects our continued progress in strengthening ESG management system, governance framework, and data-driven reporting practices across the organization. We also published our annual business impact report and sustainability report highlighting our progress initiatives across ESG and broader sustainability goals.

To summarize, we delivered consistent and all-round performance in the current quarter, achieving our highest ever quarterly profit. With a strong capital base, a scalable branch network, a diversified portfolio, already having invested heavily in the technology, we are well placed to deliver 25% to 30% in annualized AUM growth and sustainable return on average equity of 16% to 18% plus return on average assets of 4% to 4.5% by FY '28.

We shall now take the questions. Thank you.

Moderator: The first question comes from the line of Aman A. Baheti from InCred.

Aman A. Bbaheti: My first question comes in context of our branches. So our net addition for this quarter was 86 branches, which was quite sharp compared to the earlier quarters, and most of these are non-gold branches. So how should we look at the overall branch expansion strategy? Is the focus now shifting back towards MSME and housing verticals?

Rajesh Sharma: So this quarter, we added 86 branches. MSME added about 13, Micro LAP we added about 43, which is a newly introduced product 1 to 1.5 year ago. Gold loan, we added 21 branches. So focus is back to MSME, you can say that. But at the same time, in gold loan also, we are going to add more branches.

By the end of the March 2026, we should have gold loan branches in the range of about 995. So there will be more branches that we'll be opening in the South. And Micro LAP, we will be adding more branches in the last quarter. So the expansion will continue to remain.

Last quarter, we expected to add another 50-plus branches and this expansion will continue. More branches we'll open in the gold, and some expansion in the Micro LAP too., so we'll keep on adding branches.

Aman A. Bbaheti: Second question was about co-lending. So now our co-lending forms about 20% - 21% of the total AUM. So how are the unit economics working out in terms of the spread and the fee income? And do you see a meaningful improvement in ROE in this space?

Rajesh Sharma: Regardless the spread, co-lending remains the same. It is just a tool to use your treasury in a manner that you need not to provide any capital and credit line. The exposure by the bank sits in the books of the bank on the individual borrower rather than the NBFC, nor those limits count in our borrowing.

At the same time, we get the entire spread. So there's a lower capital requirement. So while we get the spread on the entire 100%, capital is required only for 20%. So it is a very capital-efficient model without compromising any margins or the spread.

And going forward, I think our co-lending still will remain in the range of about 20%. Last quarter, there's a change in the co-lending guidelines. And that will not impact as such, because all the banks will shift from CLM 1 to the one common CLM new guideline. And we expect that all the banks will align, and we'll be able to maintain this. In longer term, we intend to keep this co-lending in the range of about 20%, plus/minus 2%, 3% here and there.

Aman A. Bbaheti: Sir, one last question. So you have started issuing NCDs and the share of market borrowings are going up. So over the next year or couple of years, what's your target mix between NCDs and bank loans? And what will be the blended cost of funds?

Rajesh Sharma: So cost of funds currently is about 9.6. We expect that reduction in MCLR rate plus diversification and some mix of commercial paper in short-term borrowing should bring our cost of fund down by another 30 to 40 basis points gradually in next 2 to 3 quarters.

And as regards to the mix is concerned, now the more borrowing will happen from the alternative sources. So that mix will go up. It can be public issuance of the bond. It could be borrowing from the various other sources like ECB, foreign currency loans as well as the borrowing from the mutual fund. So we believe that next year, which is by end of FY '27, you will see significant jump in share of finances from nonbank sources.

Moderator: Our next question comes from the line of Karan Kamdar from Choice Institutional Equities.

Karan Kamdar: Hello. Hope I'm audible? Congrats on a good set of numbers. Sir, the MSME provision has decreased. How do we see the stress in this segment going forward? Do we see that the stress has declined and is been on a declining trend? Or do we see something else happening here?

Rajesh Sharma: I'll ask Kishore to answer this, who is the CFO.

Kishore Lodha: Yes. So I'll take this. So if you look at the quarter-on-quarter, then MSME NPA numbers have reduced from 4.3% to 3.1% on gross. And subsequently, the net NPA has also gone down. However, there is no significant change in the external environment as far as overall MSME book is concerned. This reduction is largely on account of the ARC sale, which we have done.

So what we have done as a strategy, wherever we have lent, where the property value is below INR20 lakhs, where we do not get the benefits of SARFAESI, we have transferred those to an ARC, which is of the value, sir has earlier explained that it is INR79 crores.

So that at ARC level SARFAESI is available for anything, any exposure above INR1 lakh, so that we can invoke SARFAESI and expedite our collection effort. So if we take that out, then we are almost flattish quarter-on-quarter as far as overall NPA in MSME book as well as credit cost.

Karan Kamdar: And sir, so consequently, anything on the construction finance? Any movement there, do you expect on credit quality?

Rajesh Sharma: If you look at our Construction finance book over the period of years, it has remained very stable. And as you understand that our construction finance book is also in a very retail way of doing very smaller ticket size, outstanding which is INR17 crores, sanctioned which is INR51 crores.

So that reflects that risk is very granular. Markets are doing well. Housing market is very, very strong. So we don't see any risk emanating from that. Besides our underwriting standard is as such that we do only residential project, money is disbursed linked to the construction only after RERA approval in place. So considering all these parameters, we don't expect any slippage or surprises in that segment.

Karan Kamdar: One last question, if I can squeeze in, about gold loans. So now that gold price has rocketed, like everyone knows, what kind of top-up loans are we seeing? What is the consumer behavior regarding this?

Rajesh Sharma: So top-up loan or repeat loan, they are the one and the same thing in the gold loan, because same customer keep repeating coming again and again, be it a top-up loan or be it is even after repayment with 100%, again he comes back or he comes back for the increased value of the top-up loan, 55% customers are repeat customers.

And top-up loans keep happening, is a regular feature. So I think with the increase in the gold loan, that helps growing book better. And even though if you look at our loan-to-value, despite top-up, it still remains very, very conservative at the level of about less than 65%.

Moderator: Our next question comes from the line of Sagar Shah from Spark PWM.

Sagar Shah: And first of all, congratulations to the entire team of Capri for delivering such numbers. Sir, I had some few questions. So my first question was related to the previous participant's question, actually, as we are growing very fast actually in gold as well as housing and now our focus, as you said, that we'll be shifting towards MSME. So what kind of mix are we targeting for next year between these 3 segments out of your total loan portfolio, sir?

Rajesh Sharma: So I think our gold will remain in the range of about 40%, plus/minus 2%, 3% here and there. And the rest of the segment of affordable housing, MSME, and construction finance will remain in the range of 20% to 22%.

Sagar Shah: So are we going to see any change in the yield on advances or the NIMs due to this change in mix, sir, by next year?

- Rajesh Sharma:** So our current portfolio yield is in the range of 16.5%, and there could be a slightly improvement of 25 basis or so on account of gold loans and on account of Micro LAP. However, we are also improving our yield in affordable housing. So overall, you can expect that about 25 basis improvement in the yield of the advances will be there. Besides that, we also expect our cost of funds to go lower. So that also bring some benefit, which can be in the range of anything between 30 basis to 40 basis.
- Sagar Shah:** My next question was related to the gold loan AUM. We saw almost 58% growth actually in that segment. So I wanted to know how much was the tonnage growth actually that we have as collateral in our total AUM out of that?
- Rajesh Sharma:** So the growth under tonnage is about 16.4 tonnes, which is an increment of about 18% Y-o-Y and 3% quarter-on-quarter.
- Sagar Shah:** Okay. So 18%?
- Kishore Lodha:** Our tonnage is around 16.4 tonnes as of second quarter FY '26, which implies an 18% growth Y-o-Y.
- Sagar Shah:** My next question was related to MSME. The MSME AUM growth is around 16%, but our live accounts under the MSME actually are up by 35%. So basically, what I wanted to know that are we incrementally, on the MSME side, are we increasing our average ticket size? Are we looking to tap actually higher turnover MSME clients? Is the change in mix is there? Is it there in MSME?
- Rajesh Sharma:** Can you repeat the question, please?
- Sagar Shah:** Yes. So MSME AUM growth is around 16%, but the number of live accounts which we envisage, they are actually down Y-o-Y but they are growing Q-o-Q, but a very marginal number. So what I wanted to know is that, are we incrementally, are we increasing our ticket size? Are we looking for higher ticket clients in MSME?
- Rajesh Sharma:** So while you're taking the growth, you are taking the growth of MSME, including Micro LAP. While you are taking the number of customers, you are taking only of MSME, so that is why this disconnect is happening. On the contrary, Micro LAP ticket size is lower, the average ticket size is about INR5 lakhs. So overall Micro LAP is a subsegment of the MSME. And also, the total number of customers including Micro Lap is 45,505. It is not 31,100.
- Sagar Shah:** Sir, I was referring to the Slide #9 of yours, which states the live accounts to 31,100 for MSME business. So I was referring to that slide.

Rajesh Sharma: You would have to see MSME AUM and then MSME customer and Micro LAP and Micro LAP customer. But one hand, you are seeing the AuM number of MSME including Micro Lap. On other hand, you are seeing only customer of MSME without Micro LAP. So I think that is causing a disconnect. Total number of MSME customers, including Micro LAP are 45,505, and the growth within that is happening at about 16%.

Sagar Shah: Okay.

Rajesh Sharma: It is not 31,100 but 45,505 customer.

Sagar Shah: So my next question was related to housing yield. The housing yields actually even though we saw almost 100 bps of repo rate cuts, so still our housing yields haven't decreased. So is it safe to assume that you will be passing on some sort of benefits to our housing customers in the next 2 quarters, sir?

Rajesh Sharma: I think passing on the benefit is taken care of the open market competition. It is a ticket size granularity and a conscious decision, how do you play between salaried, non-salaried, self-employed and then we focus on the yield.

Our focus is that our yield, which is currently 13.3%, we are targeting the yield has to improve to 13.7%. And for that, we are going a smaller ticket size, smaller locations, Tier 3, Tier 4, and focusing on improving the yield of the overall housing finance business.

Sagar Shah: So the housing yields won't decrease even in H2 FY '26, that you're saying basically?

Rajesh Sharma: Incremental yield have already started coming in the range of 13.5%. Our target is to take it to about 13.7%.

Sagar Shah: My last question, sir, was related to our...

Moderator: I'm so sorry, sir, to interrupt you. Mr. Shah, sorry to interrupt you. Please come back in the queue for the next question.

Sagar Shah: Sure, sure.

Moderator: Our next question comes from the line of Varun Dubey from Share India Securities.

Varun Dubey: Congratulations on your strong set of numbers. Sir, just wanted to understand what's driving the overall net interest margin for the company, because the net interest margins have gone up by around 60 bps on a quarter-on-quarter basis. Your cost of borrowing is down by 10 bps and spread is up by around 20 bps. So what's actually driving the overall net interest margin? And

with the 30 bps to 40 bps decline in cost of funds that you are expecting in the next 2 to 3 quarters, where will they stabilize?

Rajesh Sharma: I think the improvement in net interest margin is also supported by the capital infusion. So that has helped, and in addition, margins have expanded slightly due to a higher mix of gold loans and micro LAP.

Varun Dubey: Sir, but this 30 bps to 40 bps that you're expecting cost of funds to go down. So where will your margin stabilize going ahead, expecting a 30 bps to 40 bps decline in cost of fund? And also when you say 30 bps to 40 bps decline in cost of funds, are you factoring the further rate cuts by RBI?

Rajesh Sharma: No, we don't expect the further rate cuts. What we are saying is because a lot of our interest rate loans are now happening at the lower rate, plus old loans are getting reset and those rates are happening on an annual basis. So whenever the annual reset date comes, they get aligned with the new MCLR and MCLR has already gone down between 15 to 30 basis.

Plus new loans are happening at a slightly better pricing on account of capital infusion and better risk profile. So because of the 2 things, our cost of fund will come down. It will happen in a gradual manner in next 2 to 3 quarters, you will see that getting reflected in our cost of funds.

Varun Dubey: Sir, just one clarification I wanted. You said in the starting that you would be ending with 995 gold loan branches by end of FY '26. Is it 995 or 895, because currently you have 842 branches?

Rajesh Sharma: 995.

Varun Dubey: So it's going to be addition of 150 more branches for next 2 quarters in gold loan?

Rajesh Sharma: Yes. South, we are entering. There could be some rollover in April, but we already have planned that. And I think the intention is to close March by 995 branches gold alone.

Varun Dubey: But then what would be the total branch addition? If 150 branches addition would be in gold loan alone, so what would be the total branch addition for next 2 quarters?

Rajesh Sharma: So we'll add about mix of Micro LAP, housing, and gold loan. It will be in the range of about 200 branches in the next 2 quarters.

Moderator: Our next question comes from the line of Priyanshu Jain from GrowthX Infinity.

Priyanshu Jain: First of all, congratulations on a good set of numbers. The whole Capri team is like doing a phenomenal job over there. I have a few questions, my most of the questions have been answered

already. So I just want to know like what will be your credit cost going forward, because like it's been in a range less than 1% as of today, so like?

Rajesh Sharma: So while credit costs have been lower than 1%, but on a safer side, while we have to project, we will say it will be in the range of about 80 bps to 90 bps.

Priyanshu Jain: Sorry, can you repeat?

Rajesh Sharma: While our credit costs have consistently remained below 80 to 90 basis points, we prefer to stay conservative in our projections. So, for our planning purposes, we have assumed credit costs in the range of 80 to 90 basis points.

Priyanshu Jain: And likely target for the upcoming year for ROA and ROE, like can we expect around?

Rajesh Sharma: So our ROA, we are targeting anything between 4.25% to 4.5% and ROE in the range of about 16%.

Priyanshu Jain: And sir, like my last question will be on the gold yield. So like as a customer, I just want to know like, who are those people who are paying like this 20% yield on gold loan? So how the process take place? Can you just throw some light on it?

Rajesh Sharma: Yes. So it's a very good question. So we have to understand what amount? Who is borrowing? And what purpose? So somebody is borrowing a INR1 lakh, let's say, for the sake of convenience, you assume 20%. So somebody is borrowing INR1 lakh for 20% for 6 months would mean that he has to end up paying INR10,000 of interest cost.

Now he is using that money, for example, somebody is buying when the -- giving advance to farmer, buying some crop, getting at 20%, 30% discount or somebody putting the agriculture product in the cold storage, when you know the prices are lower at the time of crop and selling it later, earning a margin 30%, 40%. So these are the businesses, they look at, my cost will be INR10,000 for this loan, whereas in 6 month, he would generate INR40,000, INR50,000, INR60,000 of margin.

For example, recently concluded Diwali, there are a lot of people on a seasonal business, they will buy firecracker in bulk, set up 2 to 3 stall in the town. And on a INR1 lakh inventory, they will make INR70,000, INR80,000. So by paying just INR10,000 interest even for 6 months.

Most of the people borrow for 3 months to 4 months. So they do not calculate the rate of interest. It is the availability of money without going through a complex credit sanction requirement, within 30 minutes, that makes them avail this loan.

So their business essentially runs on return on effort, rather than return on equity. So it is the absolute interest in such a low amount is very practical for them rather than just looking at the rate of interest.

Moderator: Our next question comes from the line of Aditya Sen from RoboCapital.

Aditya Sen: Sir, my first question is about the spread. As of now the spread is of 6.9% in this quarter. And can you please let us know how will it shape going forward?

Rajesh Sharma: Can you speak a little loudly? We are not able to hear clearly.

Aditya Sen: Clear now?

Rajesh Sharma: Please carry on.

Aditya Sen: The spread as of now is 6.9%. Going forward, can you please let us know how will it shape?

Rajesh Sharma: So spread should become slightly better by reduction in cost of fund and operational efficiency, we expect the spread quarter-on-quarter should improve ultimately. We expect this spread should be in the range of about 7.2% or so.

Aditya Sen: 7.2%. All right. That was my question. Rest have been answered.

Moderator: Our next question comes from the line of Vikrant Pankaj Shah from Choice Institutional Equities.

Vikrant Pankaj Shah: Hello. Firstly, congratulations on good set of numbers. So where do you see the AUM number and PAT at the end of FY '26 and FY '27?

Rajesh Sharma: So AUM at the end of FY '26 should be in the range of about INR32,000 crores. Profit should be in the range of about INR850 crores. At the end of FY '27, AUM should be in the range of about INR42,000 crores and profit should be in the range of about INR1,200 crores.

Vikrant Pankaj Shah: And my second question is, as the company increases its focus on the MSME segment, so do you have any plan to further expand AUM mix for the segment in the future?

Rajesh Sharma: Next year plan is frozen. We will continue to remain in the segment we operate in. And as I said earlier, the overall mix will be 40% in gold loans and rest MSME, affordable housing, and construction finance will be in the range of 20%. There could be variance between 2% to 3% here and there in any of the segments.

- Moderator:** Our next question comes from the line of Aakash Jha from AJ Wealth.
- Aakash Jha:** So just one question. I think in the last quarter, you had guided for 70 bps of credit cost. And now we have increased it to 80 bps, 90 bps, I think. So is this purely out of conservatism? Or are we seeing something on the ground that led to this revision?
- Rajesh Sharma:** No, no. I think when we have to give guidance, we should be a little bit more conservative. So we project that credit cost to be 90 basis. While historically, it has always been in the range of about 70 basis. But you always account for slightly increased credit cost when our Micro LAP portfolio is growing in proportion. So being on a conservative side, when we project, we have say about 90 basis.
- Moderator:** Our next question comes from the line of Devansh Chandan from FinDock.
- Devansh Chandan:** My question is regarding the cost-to-income ratio. In this quarter, it increased from 46.9% to around 49% Q-o-Q. And as we know that we are going to add branches going ahead. So will there be any effect on cost-to-income ratio?
- Rajesh Sharma:** So first of all, the first quarter there is a INR15 crore one-off item. Last investor call also, we have disclosed that. And because of that, the cost-to-income was lower. Actually, if we adjust that amount of INR15 crores, it would have been in the range of 49%. So cost-to-income ratio more or less have remained the same. And as you know that despite putting up 86 branches, the cost-to-income ratio have been fairly in the same range.
- Looking at the expansion, it can be 1%, 2% here and there. But by and large, coming year, cost-to-income ratio will remain in the same way. We expect it to be maybe in the range of 47% to 50%. In the 2 years' time, we expect it to come down by another 4% to 5%.
- Moderator:** Our next question comes from the line of Vansh Solanki from RSPN Ventures.
- Vansh Solanki:** Yes. So my question is that as we have a very new book of Micro LAP and gold loan, so our credit cost is in a limit in 70 bps you have told, it is very natural. But if I see next 2 to 3 years, is there a chance that this will go to 1% or more even when our book gets old and Micro LAP also will increase. So there is a chance that our credit cost will also increase, right?
- Rajesh Sharma:** So I do not think that our credit cost will go up more than 1% ever. And if you talk about the gold loan, there is no higher credit cost. Credit cost is coming only from the mortgage business. Micro LAP, the way we are building it with the help of data analytics and technology, we expect it to do better than many other players in the segment. And so far, our all metrics of collection

efficiency and others are giving that indication to us that Micro LAP will also behave in a very predictable fashion to us.

Vansh Solanki: And the second question is that you just guided for financial '27, is it AUM INR42,000 crores, that's really possible, 30% Y-o-Y growth you have mentioned, right? So will this be achievable because now the growth is also slowing down? When I see the last year, we have a growth in March '25 of 46% Y-o-Y.

As of September '25 we are standing at 40% growth. So annually the growth percentage is coming down, and our book is getting larger in size. So will the 30% be achievable in FY'27 or FY'28 or so?

Rajesh Sharma: Yes, we will be able to do that. We'll be able to do that, because we are doing branch expansion. And with that, it should be achievable.

Vansh Solanki: And the last question from my side, sir, you have mentioned 55% is repeat customers in your cycle. So what is the trend in the past, like there was 70%, 80% and that has reduced to 55%, which is increasing in the number of repeating customers? Can you just give the past history?

Rajesh Sharma: So I was talking about gold loan. Gold loan, there was earlier 50%. Now it has gone to 55%. Same customers keep coming back. So at least the business 55% customers are repeating, and that is very healthy. I would say the gold loan customers keep borrowing, again, repaying. This is the way gold loan operates. And this is a good number to have, that our customers who will come experience us. keep coming back to us.

Moderator: Our next question comes from the line of Manishankar Mandal from Alembic.

Manishankar Mandal: Hello. Most of the questions that I had has been already answered. So you can pass on to the next participant.

Moderator: Our next question comes from the line of Shasank Shah, an individual investor. Since there is no response from Mr. Shah, we'll move forward to the next participant. Our next participant, the call from the line of Devansh Chandan from FinDock.

Devansh Chandan: I have one follow-up question. Do you have any guidance regarding the PAT number in next 3 years to 4 years?

Rajesh Sharma: PAT number?

Devansh Chandan: Yes.

Rajesh Sharma: So we said, this year INR850 crores, next year INR1,200 crores.

Devansh Chandan: And by FY '28, what number you are looking at?

Rajesh Sharma: PAT number for FY28, we are not projecting yet.

Moderator: Our next question comes from the line of Gaurav Purohit from Systematix Group.

Gaurav Purohit: Congratulations on a great set of numbers. Just one question from my side, sir. You just mentioned that you are planning to grow the AUM to INR 32,000 crores this year and INR 42,000 crores next year. So are you essentially upping the growth guidance from a 30% CAGR to a 35% CAGR?

Rajesh Sharma: Yes, because the first half has gone very well, we are already up 40%. So basis these numbers, we have revised our guidance from earlier one to INR 32,000 crores.

Moderator: Our next question comes from the line of Vansh Solanki from RSPN Ventures.

Vansh Solanki: You just mentioning FY27 - INR1,200 crores of PAT on AUM of INR 42,000 crores. It's giving me approx. 2.8% ROA. So like we have just guided that it will be a 4.25% or 4.5% in financial '26. And we are guiding indirectly for FY27 of 2.8%, like very big mismatch as I see?

Rajesh Sharma: So I think you have to look at the number of return on average asset rather than return on average AUM, because you have included the co-lending data also in that. So if you look at the ROA, that you have, there is a 20% co-lending. So if you adjust those data, the ROA will be in the range of 4% plus.

Vansh Solanki: So even I just assume there is the 20% book will be the co-lending and 80% of the AUM will be on-book AUM, then also it is coming around 3.5% only, like very far from 4.5% what we have guided for '26.

Rajesh Sharma: Can you explain about how you're calculating?

Vansh Solanki: So like you just told that INR 42,000 crores AUM, then the 80% of that is INR 33,000 crores approx., will be my on-book AUM. And INR 1,200 crores from INR32,000 crores will be only 3.5%. That's why, is there any mismatch what I am calculating or what?

Rajesh Sharma: You have to do opening and closing balances average also. You cannot take only closing.

Hardik Doshi: See, I think the guidance, which we just gave 4%, that is a return on average asset. So when you calculate, given the numerator is the P&L number, the beginning total asset is somewhere in the

range of around INR 25,000 crores. So then if you do an average, you will get to a number of around 4%.

Rajesh Sharma: So I want to explain, if you would like this. So closing of FY26 and opening of FY27 year will be INR 32,000 crores, assume 20% in co-lending. So it will reduce INR 6,400 crores from that. So it will become about INR 25,600 crores. Then you have to take closing of FY27.

Vansh Solanki: Yes, yes.

Rajesh Sharma: Average both of them. And then if you calculate ROA 4%, it's about INR1,200 crores.

Vansh Solanki: So the same we can, we will be able to maintain for '27 and '28 also like, that I want a bigger picture in '28, will it be possible for 4% in long term also?

Rajesh Sharma: Yes, we are going to do business in a manner that we are able to deliver 4% ROA minimum.

Moderator: Ladies and gentlemen, due to time constraint, that was the last question for today. I now hand the conference over to the management for the closing comments. Thank you, and over to you, sir.

Rajesh Sharma: So to conclude, Q2 marked another quarter of a strong broad-based performance driven by geographical expansion, improving margins, enhanced cost efficiencies, and ongoing technology-led transformation. We remain well positioned to achieve 30% plus annual growth, while delivering sustainable ROE of 16% to 18%, ROA of 4% to 4.5% over a period of time.

Thank you for your continued trust, and we look forward to building on this momentum in the quarters ahead. Thank you.

Moderator: Thank you, sir. On behalf of Capri Global Capital Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.