August 04, 2026

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 quarter ended June 30, 2026 – 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 July 21, 2026, July 23, 2026 and July 29, 2026 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 quarter ended June 30, 2026, held on Wednesday, July 29, 2026, which concluded at 05:00 P.M.(IST).

The said intimation was received by the Company on August 04, 2026 at 04:00 P.M. (IST).

Further, please note that this intimation is also available on the website of the Company at https://www.capriloans.in/cms/concall-transcript/FY%202026%20-%202027/Quarter%20-1/Capri-Global-Capital-Q1-FY27-Concall-Transcript.pdf

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

Thanking you,

Yours faithfully,
for Capri Global Capital Limited

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

Encl.: As above

"Capri Global Capital Limited

Q1 FY27 Earnings Conference Call

July 29, 2026

MANAGEMENT

MR. RAJESH SHARMA – MANAGING DIRECTOR
MS, DIVYA SUTAR, PRESIDENT & EXECUTIVE DIRECTOR - STRATEGY
MR. KISHORE LODHA, CHIEF FINANCIAL OFFICER
MR. SANJEEV SRIVASTAVA, CHIEF RISK OFFICER
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 the Capri Global Capital Limited Q1 FY27 Earnings Conference Call. 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 this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Hardik Doshi, Head Corporate Finance and Investor Relations. Thank you, and over to you, sir.

Hardik Doshi: Thank you. Good afternoon, everyone, and a warm welcome to Q1 FY27 Earnings Call for Capri Global Capital Limited. This is Hardik Doshi, Head Corporate Finance and Investor Relations.

Before we begin, let me read out a brief disclaimer for today's call. The discussion around today's call regarding Capri Global Capital Limited's earnings performance is based on judgments derived from the results declared and information on business opportunities available to company at this time. The company's performance is subject to risks, uncertainties and assumptions that could cause results to differ in future.

In that context, participants on today's call are advised to consider the same while interpreting the results. The complete disclosure is available on Slide 65 of the earnings presentation. Participants are requested to kindly take the note of the same. Format of today's call will be opening remarks by the management team followed by Q&A.

Let me now introduce the management team from the Capri Global Capital present on the call today. With us, we have Mr. Rajesh Sharma, Managing Director and Promoter; Ms. Divya Sutar, President & Executive Director, Business Strategy; Mr. Kishore Lodha, Chief Financial Officer; and Mr. Sanjeev Srivastava, Chief Risk Officer.

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

Rajesh Sharma: Thank you, Hardik. Good afternoon, everyone. I hope you are doing well. We announced our unaudited financial results for the first quarter of FY27 on 27 July. 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 broader operating environment and key developments during the quarter. Uncertain global geopolitical situation, energy security, oil & gold price volatility, rupee depreciation and volatile capital markets led to overall macro environment being soft for the quarter.

However, Indian economy continues to be resilient and better placed amongst global economies supported by its relatively higher GDP growth expectation, strong consumption-driven demand, large employable workforce and faster adoption to rapidly evolving technology landscape. Amidst the soft macro environment, I'm pleased to share that Capri Global has delivered yet another quarter of robust growth and profitability while safeguarding its asset quality.

One of the major developments on the technology front is that we have now collaborated with OpenAI to bring enterprise-grade generative AI across key business functions to transform the way we serve our customers, empower employees and build an AI-native lending institution.

Some of the other developments during the quarter were establishing our first GMTN program for USD1 billion global medium-term note, which will enable diversified borrowing mix, going forward. Besides, to strengthen our brand presence and to support our expansion plan in South India, we have now collaborated with renowned actor Nayanthara as our brand ambassador.

With this backdrop, I'm glad to share that Capri Global continued its track record of delivering strong performance quarter-on-quarter in Q1 FY27 with robust growth while achieving highest ever quarterly profit after tax of INR353 crores, a 102% increase year-on-year basis.

Let me now come to retail business and earnings performance for the quarter. We continued our strong momentum across all our lending businesses in Q1 FY27. Our consolidated AUM stood at INR40,112 crores, reflecting a robust 62% year-on-year and 10% quarter-on-quarter growth.

Gold loans grew an impressive 111% year-on-year and MSME grew a healthy 24% year-on-year, while housing loans rose 42% year-on-year. Disbursements for the quarter rose 31% year-on-year to INR11,114 crores on account of growing customer base and widening distribution networks. Our growth remains granular, diversified, and retail led with our customer base now exceeding 7.6 lakhs.

For our gold loan business, we delivered a strong and well-balanced performance in line with our strategic objective of growth driven by geographic expansion and branch productivity while maintaining focus on effective risk management. Gold loan AUM saw robust growth to INR19,179 crores, a sequential increase of 13% quarter-on-quarter. Despite correction in gold prices, such a growth was primarily led by healthy customer demand and improving branch productivity. Collateral weight in custody increased from 19 tons to 20.2 tons, an increase of 6% quarter-on-quarter and number of active customers increased by 11% quarter-on-quarter.

Following the addition of 89 branches in Q4 and 196 branches in FY26, our gold loan branch network during the quarter stood steadily at 1,000 branches, allowing those branches to mature and contribute to productivity. Our aggregate branch productivity continued to see a strong gain and has increased now to INR19 crores per branch versus INR17 crores per branch at the end of previous quarter.

Our branch expansion for the year is underway, and we expect to add 150-plus branches by end of Q2, reflecting our commitment to expand our presence in Southern and Eastern India. On the employee productivity front, while AUM has increased significantly, our employee base is increased only by 14% year-on-year thus resulting in a significant improvement in employee productivity to INR 3.4 crores AuM per employee versus INR 1.8 crores year earlier.

Despite the gold price volatility during the quarter, our efforts in controlling asset quality proved effective with gold loan gross NPA at 0.3%, amongst the best in the industry, underscoring our focus on portfolio performance for the gold loan business. Combining growth through capitalizing on vintage of existing branches while maintaining discipline on asset quality amid gold price volatility, gold loan growth stood robust in Q1.

Our MSME AUM grew to INR6,779 crores, up 24% year-on-year and disbursements stood at INR616 crores for Q1 FY27, up 32% year-on-year, led by steady execution and network expansion. Our MSME branches that opened in Uttar Pradesh in Q3 FY26 are scaling up well and have started delivering INR18 crores to INR20 crores disbursement per month. We are further expanding our footprint into Telangana and Karnataka with 16 branches scheduled to become operational from Q3 of this year.

Within MSME, our Micro-LAP business which enables us to serve emerging self-employed borrowers with smaller ticket size requirement is seeing steady growth with AUM rising to INR876 crores at the end of Q1 FY27. On Micro-LAP business side, we implemented higher threshold for sourcing and selection of customers leveraging our data science capabilities, for example, implementation of a BRE and Bureau score card criteria to disqualify non-eligible customers upfront.

On our housing business side, AUM stood at INR7,815 crores, delivering a year-on-year growth of 42%. We continue to see resilient demand across the affordable housing segment where rising income levels and low-interest rate regime are driving demand for housing loans.

Our expansion into high potential Southern India states such as Andhra Pradesh, Telangana and Karnataka with 30-plus branches in the last quarter is showing good traction with disbursement volume scaling up to INR65 crores per month. This strategic expansion is a step towards geographical diversification, increased portfolio granularity and risk diversification while supporting improvement in yields, over time. Further, our yields in housing finance segment have been improving as a result of our continued focus on self-employed customer segment, which now comprises about 75% of AUM.

Our construction finance AUM saw healthy growth of 40% year-on-year to INR6,332 crores spread across 291 active projects with an average sanction ticket size of INR41 crores and outstanding portfolio ticket size of INR20 crores. The book remains granular, secured and well diversified by geography, reflecting our focus on working with midsized 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 containment approach.

Our total branch network was steady at 1,433 locations in Q1 FY27 with plans to open around 400 branches for the current year. We will continue to invest in expanding our network and geographic footprint in-line with our goal of becoming a large-scale pan-India retail lender.

Now coming to earnings performance. Let me now provide an update on our core earnings. Our blended yields and spreads on net advances improved further in the quarter to 17% and 7.8%, respectively, driven by increasing share of high-yield products, increase in our gold loan yields and improvement in costs of borrowing. Our net interest income for Q1 FY27 is to date INR736 crores, up 79% year-on-year driven by strong loan book growth and margin expansion.

In line with our focus on building a diversified and resilient earnings profile, we continue to strengthen our non-interest income stream in Q1 FY27, generating recurring quality fee income. Non-interest income grew 28% year-on-year to INR217 crores, contributing 23% on our net total income for the quarter. This strong increase was largely driven by growth in commission from insurance and car loan distribution.

In our insurance distribution business, we generated net fee income of INR42 crores during the quarter. The continued investment in technology and digital transformation, established insurance partnerships and distribution capabilities helping us strengthen Capri Care, our digital platform - that is scalable and a customer-centric insurance platform.

Capri Care further expanded its product portfolio through the launch of 14 life and general insurance products, in partnership with leading insurers, strengthening the platform's ability to offer comprehensive insurance solutions.

A significant milestone was the expansion of the Capri Care open market insurance distribution platform. The growing POSP network has enhanced insurance accessibility beyond the lending ecosystem providing seamless access to the distributors, connectors and partners associated with the Capri Group enabling efficient onboarding, policy issuance and customer service at greater scale.

Going forward, we will continue to increase our insurance offering for gold loan, housing and MSME customers while expanding into cross-sell of retail health and motor insurance through digital channels. This digital first approach is expected to drive higher insurance penetration and meaningfully enhance fee income contribution over time.

Our co-lending and DA AUM surged 74% year-on-year to INR8,126 crores and 4% quarter-to-quarter, now accounting for 20% of total AUM, reflecting our strategy of capital-efficient growth. Co-lending volume slowed down during the quarter to 4% growth quarter-on-quarter on account of new co-lending guidelines coming into effect and requirement of partner banks to move to CLM1 model. Of our 11 partners, 6 banks have already moved to CLM1 model.

We have completed tech integration for new arrangements with CLM1, and we are in the process of migrating other partner banks as well. To further enhance capital efficiency, we are also leveraging direct assignment and PTC instrument, which is showing a good demand given higher share of gold loan and the PSL nature of our loan book. Our income from co-lending and DA for the quarter is to date INR65 crores, down 8% year-on-year, driven by lower disbursal volumes.

Our car loan distribution business grew strongly with origination of INR3,282 crores in Q1 FY27, up 43% year-on-year. With growing footprint and deep relationship across 13 partner banks, and financial institutions, we have built a scalable platform with pan-India network, which has potential to monetize further for distribution of other products.

On the expenses front, our operating expenses remained flat quarter-on-quarter. This was mainly driven by only a modest increase in number of our employees by 156 on account of branch optimization. In line with our guidance and conscious effort towards improving operational efficiency, our cost-to-income ratio further improved to 44.2% in Q1 FY27 compared to 49.4% in Q4 FY26

This sharp improvement signifies the benefit of investment in technology, vintaging branch network, rising productivity and improving operational leverage across our businesses. As a result of margin expansion, operating efficiency improvement and strong traction in fee income, our pre-provision profit surged 71% year-on-year to INR532 crores for the quarter.

Further, we have continued our strong profitability momentum in Q1 FY27, delivering a robust PAT of INR353 crores, up strong 102% year-on-year. Our return ratio considerably improved during Q1 FY27 with return on average equity at 19.1% versus 13% a year before. And return on average asset at 4.1% versus 3.2% a year before.

Coming to asset quality. Now looking at the trend on asset quality, our gross stage 2 assets increased by INR385 crores, largely driven by increase of INR373 crores in the gold loan, which is low risk in nature. As a result, our gross Stage 2 ratio for the quarter increased to 3.8% from 2.8% in previous quarter.

At consolidated level, our gross Stage 3 ratio stood at 1.1% and net Stage 3 ratio stood at 0.6%, which is amongst the top quartile in the industry. During the quarter, our gross Stage 3 assets increased by INR74 crores quarter-on-quarter, mainly on account of the INR31 crores increase in Construction Finance. Our gross Stage 3 ratio for the other segments largely remained range bound with a gold loan at 0.3%.

Our impairment cost for the quarter stood at INR62 crores, up by 16% quarter-on-quarter and was 0.7% of average total assets, which is in line with our historical average of 0.6% to 0.8%. During the quarter, we increased Provision Coverage Ratio (PCR) on Construction Finance segment to 70% and PCR on consolidated level increased to 43.3%. This is in-line with our prudent provisioning policy of maintaining healthy PCR across segments and keeping buffer for evolving macroeconomic conditions in the form of management overlay.

Let me now talk about our liability side. Our borrowings increased by 73% year-on-year and incremental borrowing sanction limits by around INR3,868 crores during the current quarter. We added 5 new lender relationships during the quarter, taking the active relationship now to 40 plus. We also continue to diversify our borrowings mix by raising funds through capital market borrowing, such as Non-convertible debentures and commercial paper, which now contribute to about 10%.

During the quarter, we raised INR3,868 crores from bank borrowings and INR1,271 crores from Non-convertible debentures and commercial paper. As a result of our active effort of repricing existing borrowings, MCLR reduction and optimizing ALM through changing mix, our cost of borrowings has seen consistent improvement quarter-on-quarter.

Our balance sheet remains robust with comfortable leverage ratio of 3.7x, capital adequacy ratio for both entities remain quite healthy at 24.7% for the Capri Global Capital and 27.8% for Capri Global Housing Finance, thus providing headroom to support growth across business segments.

Our liabilities are long tenure and our assets are short to medium tenure, placing us in a favourable position on the AUM front with cumulative surplus across all buckets. Liquidity remains comfortable with INR4,037 crores in cash and bank balance investment and undrawn credit lines.

Coming to technology. This quarter marks an important milestone in our technology journey. AI has moved beyond building capability to becoming a capability that is now delivering measurable business outcomes across organization; right from origination, underwriting, collections to customer engagement.

Today, every customer interaction is analysed by AI, not merely sampled. During last quarter of FY27 alone, the platform analysed 6.7 lakh customer calls converting every conversation into structured intelligence. Beyond compliance monitoring, it identifies customer behaviour patterns, repayment intent, emerging risk signal, fraud indicators and sentiment shifts, generating insights that strengthen underwriting, optimized collection strategies, improve customer engagement and support targeted coaching for frontline teams.

Beyond digital interaction, we have also created a rich layer of physical intelligence during the quarter. Over 2.64 lakh geo-tagged field visits were recorded across sales, credit personnel discussions, technical evaluation and collection activities. Every visit is digitally verified with a location stamp, creating high-quality field intelligence that strengthens fraud detection and provide a more comprehensive view on borrowers' behaviour than digital interaction alone.

Together, this creates a continuous expanding data ecosystem where every transaction and every field interaction feeds back into AI models. Then AI volume scales the platform, becomes progressively smarter, enabling faster decisions, stronger risk management and improving operating efficiency, creating a compounding technology advantage that strengthens with every customer interaction.

Collection is where our AI platform delivered its most tangible financial impact. Kronos 4.0 is implemented across the entire collection portfolio continuously predicting repayment behaviour, prioritizing customer outreach and optimizing the next best recovery actions through a self-learning decision engine.

Every customer interaction feeds back into the model, making each subsequent intervention more precise and improving recovery outcomes over time. Supporting this is our in-house omnichannel engagement platform, whose throughput has increased more than threefold from 166 to 529 messages per minute, reducing campaign execution time by 53%.

In the first 12 days of June alone, the platform reached over 1.3 lakh customers with a 95.5% delivery rate for pre-due communication, demonstrating its ability to execute large scale, high targeted engagement with the speed and consistency.

Layered on top is our multi-lingual AI voice platform, operating across 9 Indian languages, which analyses every customer conversation for repayment intent, sentiment, risk signal and promise to pay while continuously enriching our collection intelligence.

Field recovery has also become technology led with our geo-tagged collections visit, providing complete visibility, stronger governance and measurable execution on the ground. Business impact is already evident. Nearly 90% of inbound payments across the organizations are digital with MSME and housing finance exceeding 93%, reflecting a decisive shift towards more efficient, lower cost and data lead recovery journey.

Further, approximately 35% of collection across the MSME and housing finance verticals are now managed through technology-enabled solutions and the direct digital engagement with customers to create a scalable collection engine that simultaneously improved productivity, lower service cost, strengthen risk management and continuously enhance model performance as transaction volume grows creating a compounding operating advantage.

Underlying all of this is our API first micro services architecture, processing nearly 70 million actionable API transaction every month. And enabling real-time orchestration across origination, services and collections. As transaction volume increases, our AI model continuously learns and improve creating a compounding advantage rather than a strategic technology platform.

Most importantly, these are not technology metrics. These translate directly into faster turnaround times, lower operating costs, stronger controls and better collections - the 4 operating levers that ultimately drive profitability. And because each of these systems improve as it processes more transactions, the advantage compounds with scale, making our technology platform an increasingly meaningfully competitive differentiator for the business.

In addition, as part of collaboration with OpenAI, over the coming months, we will explore the implementation of secured AI-powered deployments and workflow tools to enhance customer service, knowledge management and the operational processes across its branch network. So, in summary, 4 quarters ago, AI at Capri was about building capability, today, it is delivering measurable business outcomes.

Before we open the floor for questions and answers, let me sum up. We have delivered a strong performance in Q1 FY27 with healthy AUM growth across our key lending segments as supported by a diversified and predominantly retail secured portfolio. Profitability improved further during the quarter driven by all-round performance across all metrics, robust AUM growth, improving margins, strong growth in the fee income and operating leverage from existing branch network, while asset quality remained resilient. With a strong capital position and a continued investment in technology and distribution, we are well positioned to scale efficiently and confident of revising our AUM target to INR65,000 crores by FY28 and consistent return on average equity of 19% to 21% and return on average asset about 4.2% to 4.7%.

We shall now be happy to take questions.

Moderator: Thank you. We will now begin the question-and-answer session. Our first question comes from the line of Krina Shah with KSA Shares & Securities.

Krina Shah: Congratulations on a strong quarter. I just had a couple of questions. So, on the Stage 2 increase, can you please split the INR384 crores sequential rise by segment? And is it recent origination? Or is it seasonal on older vintages. And also why is the coverage being cut from 11.8% to 9.4%, while the pool grew from 47%? What changed in the last estimate? And any mix shift into gold? Thank you.

Rajesh Sharma: So, thank you for your first part of the question related to Stage 2. Out of INR385 crores, which is increased in the Stage 2, INR10 crores have increased in MSME, INR15 crores have increased in housing. Construction finance, it has increased by INR13 crore. Gold loan, it has increased by INR373 crores. Thus, total increase in Stage 2 is by INR385 crores. Gold loan primarily has gone up because the gold prices have been on the lower side. And quarter-on-quarter basis, we have seen a 4% decline in the price, and that has resulted in more Stage 2 cases.

Krina Shah: Okay. And 1 more question on the project finance. So INR125 crores under DCCO extension. Is it inside or outside the 0.7% construction finance GNPA? And also, is it real slippage or is it due to the new norm?

Rajesh Sharma: So, it is outside.. so DCCO cases are not considered as GNPA. They are still considered as standard.

Moderator: The next question comes from the line of Rushi Bagul with Kookmin Bank.

Rushi Bagul: First of all, congratulations to the Capri Global, one of the leading NBFC. And my question is, about the weak monsoon will impact on the gold loan increase. So, my question is, if the monsoon comes stronger, then it will decrease the requirement of the gold loan.

Rajesh Sharma: So, what you say is, yes, if the monsoon is weaker, some of the micro finance and marginal farmer will go for the requirement to meet their cash gaps by way of acquiring gold loans. However, I think the normal growth will keep coming. And in any case, we have seen that on a stable basis, gold loan growing at 25% is absolutely possible.

Plus, we'll keep on adding the branches. So, the more new branches we will add, the more growth. So, the growth will happen by 2 accounts, number one, from the existing branches in a normal case, about 25%, assuming that there's no growth in the gold loan prices, plus the new addition of the branches will further add to this.

Moderator: The next question comes from the line of Suhani Singh with ROS Capital.

Suhani Singh: I had a couple of questions. Earlier, you had indicated plans to add around 350 dedicated gold loan branches during FY27. But however, the branch additions in quarter 1 appear to be relatively modest ? So, could you provide an update on the rollout plan?

Rajesh Sharma: So, our rollout plan will be in the quarter 2 about 150 branches. And then by balance Q3 we will add another 250 branches. So total 400 branches, which should be up and running by Q3. That is the plan, and I think plan is on the track.

Suhani Singh: Okay. Are you still confident of achieving the full year branch expansion target? And would the addition be more back ended?

Rajesh Sharma: So, I think as we predicted -- as we communicated earlier, on the branch expansion plans -- now we have revised target upward to 400 branches, and that will be completed on or before December 2026.

Suhani Singh: Okay. That's helpful. So, the gold loan yields have improved to around 18.6% this quarter. Do you believe the current yields are sustainable, or should we expect some moderation or competition increase?

Rajesh Sharma: So, we have gone for the smaller ticket size. And accordingly, we change our incentive plan to bring the focus on the smaller ticket size where the yield improvement is possible and which has taken place. So, I think next quarter also, we'll see some improvement in the yield and current improvement have happened to about 18.5%. I think another 50 to 75 basis further improvement will happen in the yield.

Suhani Singh: Okay. That helps. Also, the cost of funds declined by around 10 basis points during the quarter. So, given the current interest rate environment and your evolving borrowing mix, what scope do you see for reducing funding costs over the remainder of FY27?

Rajesh Sharma: So, I think FY27, we don't see much scope in the cost of fund reduction from this level. However, from the diversification perspective, we already opted for public issuance of bonds, explored capital markets, raising the commercial paper, raising the refinancing from institutions and increase in bank borrowings.

And now at some point of time, depending upon the market conditions, we will also have a established GMTN program, so we can access the offshore dollar bond market. So, diversification efforts have taken place and we'll ensure that the overall share of bank borrowing percentage declines. But as regards the cost is concerned, I think costs will remain more or less stable during the remaining quarters.

Moderator: The next question comes from the line of Somiya Raghuvanshi with Nirva Securities.

Somiya Raghuvanshi: My first question was on gold loan mix. Gold loans now account for nearly 48% of the overall AUM. Considering the recent volatility and correction in gold prices, how do you see the optimal portfolio mix evolving over the medium term, do you have an internal target for the gold loan contribution to the overall loan book?

Rajesh Sharma: So, I think in the medium term, gold loan in the overall AUM mix should be about 55%.

Somiya Raghuvanshi: Okay, sir. Got it. Sir, my next question is on MSME portfolio. As a percentage of overall AUM, MSME has gradually declined over the last few quarters? Could you elaborate on the key reasons behind this trend. Is this largely a function of faster growth in gold loans? Or have you been relatively more selective in MSME underwriting?

Rajesh Sharma: So, it was primarily because we were opening the new branches in the gold loan and we wanted those branches to achieve profitability for us. So, all the allocation of capital was towards the gold loan segment and keeping the overall growth in the range of about 50% to 60% annually, we have kept the gold loan on a higher priority. And accordingly, we have maintained measured growth in the MSME segment.

Moderator: The next question comes from the line of Nivedita Choudhary with ICICI Securities.

Nivedita Choudhary: Congratulations on a very good quarter, sir. So, I have 2 questions. Firstly, earlier, we had targeted FY27 AUM target that was INR47,000 crores. And now you have given INR65,000 crores as FY28 target. So, is it correct to assume that we are also increasing FY27 target and with an average of adding INR3,500 crores each quarter?

Rajesh Sharma: So, I think for FY27, we are on course to achieve INR50,000 crores and by FY28, INR65,000 crores. And you are right, that on a quarterly basis, it can be in the range of about INR3,000 to INR3,500. However, the last 2 quarters are always higher on momentum than the first 2 quarters.

Nivedita Choudhary: All right. And can you please provide a product wise breakup there of the disbursement?

Rajesh Sharma: So, we will give you these data offline.

Moderator: The next question comes from the line of Kanishk Gupta with SS Family Office.

Kanishk Gupta: Sir, just a question on the organizational continuity. As we have seen over the past few years, we have observed fairly elevated level of leadership transitions across the organization. So, could you help us understand how the Board thinks about leadership succession and retention? And whether the current phase of organizational evolution is now largely behind us. And more importantly, what gives you the confidence that the company has reached a point where investors should expect greater stability and continuity in the senior leadership over the medium to long term?

Rajesh Sharma: So, I think if you see in totality, all the business heads who drive revenue, they are quite stable. If you look at the -- our presentation, corporate presentation on the website, they clearly say that gold loan business – has been with us since the day we started. . Construction finance business head is there almost about more than 9 years. The housing finance, Chief Business Officer, has been with us for almost 10 years . So as far as MSME is concerned, the earlier business head was about 7 years after that, he has transitioned to somewhere else, and we have got the replacement.

So, we cannot say that on the business side, there was any churning. As far as the risk side is concerned. Vaibhav Shah, on the credit side, with almost more than 7-8 years is with us. CRO, Sanjeev Srivastava joined almost 3 years back and is with us since then. And so, if you look at all these, barring 1 or 2 positions, all the positions are constant, and it is quite normal that 10%-20% churning in leadership happens. That is quite natural.

Kanishk Gupta: Sir, can the Board state that these leadership transitions were unrelated to any...

Rajesh Sharma: Our Head of Internal Audit, CCO and CFO had to move to HFC, when our housing subsidiary achieved scale of INR5,000 crores AUM and also going by the RBI regulation, we must have a separate CCO and CFO in the housing finance. So, we have internally transferred from current NBFC to the HFC. So, these 3 positions of Head of Internal Audit, CCO and CFO have been transferred from here to there.

So, it is not that they moved out. So, you have to look at it in totality. So, I believe that if you look at all the numbers together, there were just couple of transitions which are normal and taking into account all these internal transfers, hardly there is churn in few positions as compared to industry or otherwise.

Kanishk Gupta: Sir, in the last couple of years, we have seen multiple CEOs churning up and still the position is vacant. So when can we see the CEO coming up for the longer term?

Rajesh Sharma: There's no CEO position vacant. And there is no plan to bring any CEO.

Moderator: The next question comes from the line of Santosh Shetty with LGC Capital.

Santosh Shetty: You had previously guided towards achieving a medium-term ROA 4.2% to 4.7% and ROE of 19% to 21% with ROA already crossing the 4% mark in Q1, could you share the expected timeline for achieving these target ranges on a sustainable basis?

Rajesh Sharma: By FY28. I think we are quite confident to deliver this on a consistent basis despite remaining on the expansion phase with 400 to 500 branch openings a year.

Santosh Shetty: Okay, sir. And sir, another one, while the car loan businesses continue to report healthy year-on-year growth, Origination volume and values have moderated subsequently during the quarter. Is this primarily driven by our strategy of prioritizing profitability over growth? Or are you witnessing some moderation in demand or increased competition intensity. So, like, how do you see this business evolving over the next few quarters?

Rajesh Sharma: So, I think in car loan origination, there is distribution of car loan sourcing through our employee and dealer network and passing these leads onto the banks through the technology platform. And in that, we follow the unit economics. So, at the cost of profitability, we are not increasing the volume. There are some players who do the cash burn and grow their volume, but we are following a philosophy not to do the cash burn.

And every transaction should result in some profitability. And we will not chase only growth. Growth has to be along with profit. And keeping that philosophy in mind, I think our growth in the car loan is happening to the extent, which is not causing us any kind of losses.

But you will see in next couple of years, these margins will improve because at some point of time, we are going to launch the used car loan product also as a pilot and then gradually full-fledged. So, we are not growing the book only because of the -- for the sake of numbers.

Moderator: The next question comes from the line of Payal Sharma with DD Group.

Payal Sharma: Congratulations on a good set of numbers, Sir. So, I have some follow-up questions. First is that spreads have expanded to approximately 7.8%, right? So, like which is significantly above historical levels. So, should investors consider this to be a sustainable level? Or is there still scope for further improvements through product mix optimization and lower borrowing cost?

Rajesh Sharma: I think we believe that a spread will remain in this region only; in the range of about 7.8% and maybe around 8% at some point of time when gold loan proportion cross 50%, 53%. That is the time we can see about 8%. So, it should stabilize around that level.

Payal Sharma: Okay. Okay, sir. And my next question is related to cost to income. So, like the cost-to-income ratio improved meaningfully as operating leverage continues to play out. So significant expansions planned during the year, how should we think about the trajectory of the cost-to-income ratio over the next 12 to 18 months?

Rajesh Sharma: So, I think over next 12 to 18 months, cost-to-income ratio should remain in this range. It will not go further down, keeping in mind that we are going to add more branches. And more branch expenses will get offset by large volumes from the old branches. But cost to income ratio, if maintained at 44%-45% I think this is good achievement and this will support us for better ROA and ROE.

Payal Sharma: Great. Great. And my last question is like, given the recent corrections in the gold prices and the possibility of further volatility. So how do you assess the potential impact on gold loan disbursement and AUM growth, yields and asset quality. And additionally, what risk management measures are in place to mitigate these risks?

Rajesh Sharma: So, gold loan being short-term product and the gold loan prices do not fall at single point of time; it could be 10%, 15%, 20% for which there is a set automated system-driven margin call alert. And then at some point of time when LTV breaches beyond level of 85%, the auction notices are issued.

With that mechanism in place, I think our portfolio has proved to be well under control and well performed when the gold prices have fallen. We have seen in the last 6 months, gold prices have remained quite volatile. And quarter-on-quarter basis also, if you see, there is a fall in the gold prices.

So, despite price fluctuation, we don't see any risk on the asset quality side. The further fall in the gold prices might affect a growth, but we are still operating at 1,000 branches and intend to add more. . I think that will not impact beyond a point to us.

Moderator: The next question comes from the line of Laksh Hingorani with Share India Securities.

Laksh Hingorani: Congratulations on the good set of numbers. My first question was regarding the loan-to-value ratio for our gold loan. And secondly, till what extent are we protected from a fall in pricing of gold?

Rajesh Sharma: Can you repeat the first part of the question again?

Laksh Hingorani: What is the average loan-to-value ratio for gold loan?

Rajesh Sharma: So average gold to loan ratio at the disbursement level is about 71%. If you look at Slide number 7 of the presentation of the earnings, you will see that. So, disbursal basis is about 71%. And this 29% margin is good enough margin from the risk perspective.

Moderator: The next question is from the line of Siddhant with SK Securities.

Siddhant: My question is regarding the asset quality. So, there was a deterioration in the construction finance book, where the GNPA increased from 0.3% to 0.7% this quarter on a Q-o-Q basis? Sir, can you please elaborate a little more on the reason for that? And what can be the outlook on the asset quality going forward?

Rajesh Sharma: So, if you talk about the construction finance, there is one particular account that has slipped in the NPA, and we have also taken the provision of about 70% in that account. So that is the reason that asset quality in this quarter have gone up. But we have seen the cycle in construction finance, that within 6 to 9 months, we are able to recover these accounts, which are backed by strong collateral.

Further, we find some other project developer to take over the project and recover the amount, that we have shown repeatedly in the past in many occasions. So even the current quarter also, we've seen a strong recovery of about INR30 crores from the past old NPA account. So, this is normal and on a steady-state basis, long-term basis, I think we will not see any kind of volatility in construction finance.

During the interim period, some accounts did slip in the NPA but they, again, get recovered. But at some point of time, some account slippage happens. So, this is a continuous exercise and process, this keeps happening, and we keep recovering from old accounts.

Siddhant: Okay. And regarding the overall asset quality of our loan book, what is the outlook for the remaining quarters of this financial year. Are we seeing any stress in any particular segments like MSME? What's the overall outlook on the asset quality front or the guidance from your side?

Rajesh Sharma: So, since we are into 100% collateralized secured segments. e we have seen that last few quarters, the collection efficiency has been good and company have invested heavily on their own collection team of 525 plus. We have invested in the technology data science capabilities .

And we have built a strong collection culture in the company. So, we believe that there will be not much surprise on the collection side. Our current gross NPA are about 1.1% and net NPA is about 0.6%, I think these are good numbers.

We don't see any reduction from here. But at the same time, the kind of price level, yield level we are lending in all these products, industry benchmarks would be GNPA of about 2%, and net NPA is 1%. Our numbers are much below that. And that reflectsour good performance in terms of asset quality and collection efficiency.

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

Rajesh Sharma: I thank you for participating in the earnings call today. I would reiterate we are committed to delivering a strong and consistent performance quarter-on-quarter and are glad to revise our AUM guidance upwards to INR65,000 crores by FY28 with 30% plus CAGR with return on average equity of 19% to 21% and return on average assets of 4.2% to 4.7%.

Should you have any questions, you can reach out to us or our IR advisors, and we shall be happy to answer your queries. Thank you once again, and have a happy week 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. Thank you.