

# IPO Report

Choice

## **“Subscribe For Long Term” to TATA Capital Ltd.**

Strong brand positioning the only positive, while high valuations stay a concern



Salient features of the IPO:

- TATA Capital Ltd.** (TCL), the flagship financial services arm of the Tata Group and a wholly owned subsidiary of Tata Sons Pvt. Ltd., is categorized by the RBI as an Upper Layer NBFC. It is the third-largest diversified NBFC in India and ranks among the fastest-growing players in its segment, with total gross loans expanding at a CAGR of 37.3% between March 31, 2023 and March 31, 2025. Since commencing its lending operations in 2007, the company has served over 7.3mn customers as of June 30, 2025. Backed by a comprehensive suite of more than 25 lending products, TCL caters to a wide customer base that includes salaried and self-employed individuals, entrepreneurs, small businesses, SMEs, and corporates.
- The IPO is a combination of fresh issue (Rs.6,510.0 - 6,846.0cr) and OFS portion (of Rs. 8,240.6 - 8,665.9cr). The company will not receive any proceeds from the OFS portion. The net proceeds from the fresh issue will be utilized to augment the Company’s Tier-I capital base, to meets its future capital requirements, including onward lending.

Key competitive strengths:

- Flagship financial services company of the Tata group, with a legacy of over 150 years
- Third largest diversified NBFC in India, with the most comprehensive lending product suite
- Omni-channel distribution model, comprising pan-India branch network, partnerships and digital platforms
- Prudent risk culture and robust credit underwriting and collections capabilities, resulting in stable asset quality
- Digital and analytics at the core of the business, driving high quality experience and business outcomes
- Highest credit rating with a diverse liability profile

Business Strategy:

- Continue the growth trajectory by enhancing the product offerings and strengthening the distribution network
- To strengthen the risk management framework, credit underwriting and collections infrastructure to maintain high asset quality
- Leveraging technology and data analytics to drive efficiency, lower costs, enhance customer experience, and strengthen risk management
- To maintain the credit ratings and a diversified liability mix to optimise the borrowing costs
- Continue to attract, train and retain talented employees
- Leveraging the TMFL merger to become a full-stack vehicle finance provider and drive superior business outcomes

Risk and concerns:

- General slowdown in the global economic activities
- Business may be adversely affected by seasonal trends in the Indian economy
- The company's financial performance is sensitive to interest rate fluctuations
- The company operates under strict regulations governing India's financial services industry
- Competition

Valuation Overview and IPO Rating

At the upper price band, the issue is valued at a Adj. P/BV of 3.6x (post-issue BVPS), broadly in line with peers, making it fully priced. The company has reported steady growth in interest income on the back of loan book expansion and widening branch network across India. However, its RoE and RoA remain lower than peers, which is a concern. Backed by a strong brand and the proposed merger with TMFL that will enhance its customer base, the company is well-positioned for long-term growth. However, considering the near-term operational challenges, we assign a “Subscribe for Long Term” rating to the issue.

| Issue details                                 |  |
|---|--|
| Price band                                    | Rs. 310 - 326 per share  |
| Face value                                    | Rs. 10   |
| Shares for fresh issue                        | 21cr shares  |
| Shares for OFS                                | 26.582cr shares  |
| Fresh issue size                              | Rs. 6,510.0 - 6,846.0cr  |
| OFS issue size                                | Rs. 8,240.6 - 8,665.9cr  |
| Total issue size                              | 47.582cr shares<br>(Rs. 14,750.55 - 15,511.87cr)   |
| Employee reservation                          | 0.12cr shares  |
| Employee reservation                          | Rs. 37.2 - 39.12cr   |
| Net issue size                                | 47.462cr shares<br>(Rs. 14,713.35 - 15,472.75cr)   |
| Bidding date                                  | 06 <sup>th</sup> Oct. - 08 <sup>th</sup> Oct. 2025   |
| Implied MCAP at higher price band             | Rs. 1,38,382.7cr   |
| Implied enterprise value at higher price band | Rs. 3,36,932.6cr   |
| Book running lead manager                     | Kotak Mahindra Capital Company Ltd., Axis Capital Ltd., BNP Paribas, Citigroup Global Markets India Pvt. Ltd., HDFC Bank Ltd., HSBC Securities and Capital Markets (India) Pvt. Ltd., ICICI Securities Ltd., IIFL Capital Services Ltd., J.P. Morgan India Pvt. Ltd., and SBI Capital Markets Ltd. |
| Registrar                                     | MUFG Intime India Pvt. Ltd.  |
| Sector  | Non-Banking financial company  |
| Promoters                                     | TATA Sons Pvt. Ltd.  |

| Category                          | Percent of issue (%) | Number of shares |
|-----------------------------------|----------------------|------------------|
| QIB portion                       | 50%                  | 23.731cr shares  |
| Non institutional portion (Big)   | 10%                  | 4.746cr shares   |
| Non institutional portion (Small) | 5%                   | 2.373cr shares   |
| Retail portion                    | 35%                  | 16.612cr shares  |

| Indicative IPO process time line   |                            |
|------------------------------------|----------------------------|
| Finalization of basis of allotment | 09 <sup>th</sup> Oct. 2025 |
| Unblocking of ASBA account         | 10 <sup>th</sup> Oct. 2025 |
| Credit to demat accounts           | 10 <sup>th</sup> Oct. 2025 |
| Commencement of trading            | 13 <sup>th</sup> Oct. 2025 |

| Pre and post - issue shareholding pattern |           |            |
|---|-----------|------------|
|   | Pre-issue | Post-issue |
| Promoter & promoter group                 | 95.56%    | 85.41%     |
| Public                                    | 3.74%     | 13.92%     |
| Shares held by Employee Trusts            | 0.70%     | 0.67%      |
| Total                                     | 100.00%   | 100.00%    |

| Retail application money at higher cut-off price per lot |                    |
|--|--------------------|
| Number of shares per lot                                 | 46                 |
| Application money  | Rs. 14,996 per lot |

## Key highlights of the company (Contd...):

| Companies                                      | CMP (Rs/sh) | Face Value | Market Cap        | 6M (%) | 12M (%) | Cost of borrowings (%) | Yield on advances (%) | FY25 NIM (%) | GNPA (%)    | NNPA (%)    | PCR (%)      |
|--|-------------|------------|-------------------|--------|---------|------------------------|-----------------------|--------------|-------------|-------------|--------------|
| <b>TATA Capital Ltd.</b>                       | <b>326</b>  | <b>10</b>  | <b>1,38,382.7</b> | -      | -       | <b>7.8%</b>            | <b>12.3%</b>          | <b>5.2%</b>  | <b>2.1%</b> | <b>1.0%</b> | <b>53.9%</b> |
| HDB Financial Services Ltd                     | 770         | 10         | 63,876.6          | -      | -       | 7.9%                   | 14.6%                 | 7.8%         | 2.6%        | 1.1%        | 56.7%        |
| Bajaj Finance Ltd                              | 988         | 1          | 6,14,781.2        | 13.3%  | 28.2%   | 7.6%                   | 16.7%                 | 9.9%         | 1.0%        | 0.5%        | 51.9%        |
| Sundaram Finance Ltd                           | 4,385       | 10         | 48,719.0          | -3.7%  | -16.0%  | 7.5%                   | 11.9%                 | 4.9%         | 1.9%        | 1.1%        | 44.0%        |
| L&T Finance Ltd                                | 259         | 10         | 64,746.6          | 68.2%  | 37.4%   | 7.1%                   | 16.7%                 | 9.9%         | 3.3%        | 1.0%        | 71.0%        |
| Cholamandalam Investment & Finance Company Ltd | 1,606       | 2          | 1,35,128.7        | 10.5%  | 1.5%    | 8.1%                   | 14.5%                 | 6.9%         | 4.3%        | 2.9%        | 34.4%        |
| Shriram Finance Ltd                            | 649         | 2          | 1,22,077.4        | -0.8%  | -9.2%   | 8.8%                   | 17.8%                 | 9.6%         | 4.5%        | 2.6%        | 44.3%        |
| <b>Average</b>                                 |             |            |                   |        |         | <b>7.8%</b>            | <b>15.4%</b>          | <b>8.2%</b>  | <b>2.9%</b> | <b>1.5%</b> | <b>50.4%</b> |

| Companies                                      | PAT (Rs.cr)  | Gross Loan Book (R.cr) | AUM (Rs.cr)     | Total Assets    | EV                | Net worth     | Debt            | D/Ex       |
|--|--------------|------------------------|-----------------|-----------------|-------------------|---------------|-----------------|------------|
| <b>TATA Capital Ltd.</b>                       | <b>4,224</b> | <b>2,33,399</b>        | <b>2,33,399</b> | <b>2,52,254</b> | <b>3,36,932.6</b> | <b>38,227</b> | <b>2,11,852</b> | <b>5.5</b> |
| HDB Financial Services Ltd                     | 2,176        | 1,06,878               | 1,07,262        | 1,08,663        | 1,47,790          | 18,320        | 87,398          | 4.8        |
| Bajaj Finance Ltd                              | 17,633       | 4,16,661               | 4,16,661        | 4,66,127        | 8,91,083          | 96,693        | 2,89,846        | 3.0        |
| Sundaram Finance Ltd                           | 1,920        | 51,401                 | 51,401          | 75,337          | 98,994            | 13,197        | 52,406          | 4.0        |
| L&T Finance Ltd                                | 2,659        | 97,701                 | 97,701          | 1,20,384        | 1,46,286          | 25,564        | 92,372          | 3.6        |
| Cholamandalam Investment & Finance Company Ltd | 4,453        | 1,84,746               | 1,84,746        | 2,01,887        | 3,00,664          | 23,668        | 1,75,036        | 7.4        |
| Shriram Finance Ltd                            | 9,705        | 2,59,916               | 2,63,190        | 2,93,722        | 2,78,823          | 56,470        | 1,78,111        | 3.2        |
| <b>Average</b>                                 |              |                        |                 |                 |                   |               |                 | <b>4.3</b> |

| Companies                                      | Adj. P/BV (x) | P/E (x)     | EV/Loan Book | Mcap/ Loan Book | BVPS (Rs/sh) | EPS (Rs/sh) | RoE (%)      | RoA (%)     | CAR (%)      | C/I(%)       |
|--|---------------|-------------|--------------|-----------------|--------------|-------------|--------------|-------------|--------------|--------------|
| <b>TATA Capital Ltd.</b>                       | <b>3.6</b>    | <b>32.8</b> | <b>1.4</b>   | <b>0.6</b>      | <b>90.1</b>  | <b>10.0</b> | <b>11.0%</b> | <b>1.7%</b> | <b>16.6%</b> | <b>42.1%</b> |
| HDB Financial Services Ltd                     | 3.5           | 29.4        | 1.4          | 0.6             | 220.8        | 26.2        | 11.9%        | 2.0%        | 20.2%        | 49.1%        |
| Bajaj Finance Ltd                              | 6.4           | 34.9        | 2.1          | 1.5             | 155.4        | 28.3        | 18.2%        | 3.8%        | 22.0%        | 33.2%        |
| Sundaram Finance Ltd                           | 3.7           | 25.4        | 1.9          | 0.9             | 1187.8       | 172.8       | 14.5%        | 2.5%        | 20.0%        | 37.8%        |
| L&T Finance Ltd                                | 2.5           | 24.3        | 1.5          | 0.7             | 102.3        | 10.6        | 10.4%        | 2.2%        | 20.7%        | 40.1%        |
| Cholamandalam Investment & Finance Company Ltd | 5.7           | 30.3        | 1.6          | 0.7             | 281.3        | 52.9        | 18.8%        | 2.2%        | 20.0%        | 39.7%        |
| Shriram Finance Ltd                            | 2.2           | 12.6        | 1.1          | 0.5             | 300.2        | 51.6        | 17.2%        | 3.3%        | 20.8%        | 30.5%        |
| <b>Average</b>                                 | <b>4.0</b>    | <b>26.1</b> | <b>1.6</b>   | <b>0.8</b>      |              |             | <b>15.2%</b> | <b>2.7%</b> | <b>20.6%</b> | <b>38.4%</b> |

Note: Considered financials for the period during FY25 and Q1FY26 (with IPO adjustments); Source: Choice Broking Research

- TCL's loan portfolio is well-diversified and granular, with ticket sizes ranging from Rs. 10,000 to over Rs. 1 bn. As of June 30, 2025, over 98% of loan accounts were below Rs. 10 mn, 80% of total gross loans were secured, and the organic book contributed more than 99% of the portfolio.
- Through the merger of Tata Motors Finance Ltd. (TMFL), Tata Capital Ltd. (TCL) has strengthened its presence in commercial vehicle and passenger car financing, consolidating its lending businesses into a larger, unified financial services entity with stronger capital, assets, and wider geographical reach. The merger has enabled TCL to scale operations, diversify its portfolio, and unlock business synergies, particularly in auto finance.
- Post-merger, as of March 31, 2025, TMFL contributed 92.5% of Commercial Vehicle Loans, 16.8% of Car Loans, and 12.8% of Supply Chain Finance to TCL's gross loans. This integrated product offering positions TCL to address the entire auto financing market, valued at Rs. 18.4 trillion (CRISIL Report). TMFL's pan-India network of 353 branches across 27 States and UTs further enhances TCL's positioning as a leading full-spectrum auto finance provider.
- TCL enjoys the highest possible credit ratings for NBFCs in India, with "AAA/Stable" from CRISIL, ICRA, CARE, and India Ratings, and "A1+" for its commercial papers from CRISIL, ICRA, and India Ratings (as of June 30, 2025). The company had borrowings outstanding from multiple lenders, including 21 commercial banks (10 from the private sector). Backed by strong ratings, a diversified funding mix, and long-standing lender relationships, TCL maintained a competitive average cost of borrowings of 7.8% in FY2025 and Q1FY2026.
- TCL follows an omni-channel distribution model integrating its branch network, partner ecosystem, and digital platforms to deliver a seamless customer experience. As of June 30, 2025, it operated 1,516 branches across 27 States and Union Territories, staffed with in-house teams for acquisition, processing, documentation, and servicing. The branch network expanded at a CAGR of 58.3% from March 31, 2023 to June 30, 2025, driven by consistent additions over the past three years. This physical presence is complemented by proprietary digital platforms (website and mobile app) under its 'phygital' strategy, along with partnerships with direct selling agents (DSAs), original equipment manufacturers (OEMs), dealers, and digital partners to enhance reach.

### Key highlights of the company (Contd...):

- Tata Capital's branch network forms a key pillar of its market expansion strategy, with a pan-India presence across location tiers, regions, and customer segments. As of June 30, 2025, the company operated 1,516 branches across India, of which 1,508 were leased and 8 were owned. Regionally, 42.1% of branches were in the South, 22.6% in the North, 19.3% in the East, and 16.0% in the West.
- TCL operates in both lending and non-lending segments. The lending business, which accounts for ~97% of total income, includes loans to retail, SME, and corporate customers. The non-lending segment (~3% of income) covers distribution of third-party products (insurance, credit cards), wealth management services, and sponsorship/management of PE funds.
- As of June 30, 2025, Retail Finance accounted for 61.3% of total gross loans at Rs. 1,43,095.4cr, growing at a CAGR of 39.0% from March 31, 2023, with Gross Stage 3 Loans at 3.0%, Net Stage 3 Loans at 1.5% and PCR at 52.1%. SME Finance contributed 26.2% with gross loans of Rs. 61,227.5cr, reporting 21.9% CAGR, Gross Stage 3 Loans at 0.7%, Net Stage 3 Loans at 0.2% and PCR at 68.6%. Corporate Finance formed 12.5% of total loans at Rs. 29,075.6cr, growing at a CAGR of 44.0%, with the lowest asset quality risks reflected in Gross Stage 3 Loans of 0.2%, Net Stage 3 Loans of 0.1% and PCR of 71.2%.
- The company's interest income grew strongly from Rs. 11,910.9cr in FY23 to Rs. 25,719.8cr in FY25, registering a CAGR of 46.9%, driven by an expansion in the gross loan book from Rs. 1,20,196.9cr to Rs. 2,26,553cr (CAGR: 37.3%). PAT increased from Rs. 2,945.8cr in FY23 to Rs. 3,655cr in FY25, reflecting a CAGR of 11.4%. However, profitability ratios moderated, with ROE declining to 12.6% in FY25 (from 20.6% in FY23) and ROA to 1.8% (from 2.9%). As of June 30, 2025, total borrowings stood at Rs. 2,11,851.6cr, translating into a high debt-to-equity ratio of 5.4x, supporting loan book growth through leveraged, cost-efficient funding.

| Gross Loan Mix (Rs.cr)   | FY23              | FY24              | FY25              | Q1FY25            | Q1FY26            | CAGR FY23 - FY25 |
|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| Retail Finance           | 68,187.9          | 95,031.7          | 1,41,114.2        | 1,27,565.2        | 1,43,095.4        | 43.9%            |
| % to gross loan book     | 56.7%             | 58.9%             | 62.3%             | 64.2%             | 61.3%             |                  |
| SME Finance              | 39,202.8          | 46,761.5          | 59,463.0          | 50,903.0          | 61,227.5          | 23.2%            |
| % to gross loan book     | 32.6%             | 29.0%             | 26.2%             | 25.6%             | 26.2%             |                  |
| Corporate Finance        | 12,806.1          | 19,437.9          | 25,975.8          | 20,318.5          | 29,075.6          | 42.4%            |
| % to gross loan book     | 10.7%             | 12.1%             | 11.5%             | 10.2%             | 12.5%             |                  |
| <b>Total Gross Loans</b> | <b>1,20,196.9</b> | <b>1,61,231.1</b> | <b>2,26,553.0</b> | <b>1,98,786.7</b> | <b>2,33,398.6</b> | <b>37.3%</b>     |

## Financial statements:

| Restated Consolidated profit and loss statement (Rs. cr) |          |          |          |                                    |                                    |          |                   |                         |
|--|----------|----------|----------|------------------------------------|------------------------------------|----------|-------------------|-------------------------|
|  | FY23     | FY24     | FY25     | For the period ended June 30, 2024 | For the period ended June 30, 2025 | TTM      | CAGR over FY22-25 | Annual growth over FY24 |
| Interest Income  | 11,910.9 | 16,366.5 | 25,719.8 | 5,995.2                            | 6,931.8                            | 26,656.4 | 46.9%             | 57.1%                   |
| Growth (%)   |          | 37.4%    | 57.1%    |                                    | 15.6%                              |          |                   |                         |
| Interest Expended  | 6,600.6  | 9,568.2  | 15,029.6 | 3,541.2                            | 4,065.6                            | 15,554.1 | 50.9%             | 57.1%                   |
| Growth (%)   |          | 45.0%    | 57.1%    |                                    | 14.8%                              |          |                   |                         |
| Net Interest Income                                      | 5,310.3  | 6,798.2  | 10,690.1 | 2,454.0                            | 2,866.2                            | 11,102.3 | 41.9%             | 57.2%                   |
| Net Interest Margin (%)                                  | 5.1%     | 5.1%     | 5.0%     | 5.2%                               | 5.2%                               |          |                   |                         |
| Other Income   | 1,726.6  | 1,831.9  | 2,650.1  | 562.2                              | 759.8                              | 2,847.7  | 23.9%             | 44.7%                   |
| % of Interest Income                                     | 14.5%    | 11.2%    | 10.3%    | 9.4%                               | 11.0%                              | 10.7%    |                   |                         |
| Total Income   | 7,036.9  | 8,630.2  | 13,340.2 | 3,016.2                            | 3,626.0                            | 13,950.0 | 37.7%             | 54.6%                   |
| Growth (%)   |          | 22.6%    | 54.6%    |                                    | 20.2%                              |          |                   |                         |
| Operating & Other expenses                               | 2,665.1  | 3,624.2  | 5,615.6  | 1,434.9                            | 1,334.7                            | 5,515.4  | 45.2%             | 54.9%                   |
| Pre-Prov. Operating Profit                               | 4,371.8  | 5,006.0  | 7,724.6  | 1,581.3                            | 2,291.3                            | 8,434.6  | 32.9%             | 54.3%                   |
| Provisions and contingencies                             | 581.9    | 602.4    | 2,803.5  | 936.7                              | 908.6                              | 2,775.4  | 119.5%            | 365.4%                  |
| Operating Profit before Tax & Exceptional Items          | 3,789.9  | 4,403.6  | 4,921.1  | 644.7                              | 1,382.7                            | 5,659.2  | 14.0%             | 11.8%                   |
| Share in profit & loss of associates                     | 146.7    | (11.6)   | (2.6)    | (3.0)                              | (0.6)                              | (0.1)    |                   | -77.7%                  |
| PBT  | 3,936.6  | 4,392.0  | 4,918.6  | 641.6                              | 1,382.2                            | 5,659.1  | 11.8%             | 12.0%                   |
| Growth (%)   |          | 11.6%    | 12.0%    |                                    | 115.4%                             |          |                   |                         |
| Pre-tax Margin (%)                                       | 55.9%    | 50.9%    | 36.9%    | 21.3%                              | 38.1%                              | 40.6%    |                   |                         |
| Tax  | 990.8    | 1,065.1  | 1,263.5  | 169.4                              | 341.3                              | 1,435.4  | 12.9%             | 18.6%                   |
| % of PBT   | 25.2%    | 24.3%    | 25.7%    | 26.4%                              | 24.7%                              | 25.4%    |                   |                         |
| Reported PAT   | 2,945.8  | 3,327.0  | 3,655.0  | 472.2                              | 1,040.9                            | 4,223.7  | 11.4%             | 9.9%                    |
| Net Profit Margin (%)                                    | 41.9%    | 38.6%    | 27.4%    | 15.7%                              | 28.7%                              | 30.3%    |                   |                         |
| Growth (%)   |          | 12.9%    | 9.9%     |                                    | 120.4%                             |          |                   |                         |

| Consolidated balance sheet statement (Rs. cr) |            |            |            |                                    |                                    |                   |                         |
|---|------------|------------|------------|------------------------------------|------------------------------------|-------------------|-------------------------|
|   | FY23       | FY24       | FY25       | For the period ended June 30, 2024 | For the period ended June 30, 2025 | CAGR over FY22-25 | Annual growth over FY24 |
| Capital                                       | 3,507.1    | 3,703.1    | 3,762.4    | 3,703.6                            | 3,951.4                            | 3.6%              | 1.6%                    |
| Shares pending for issuance                   | 71.7       | 0.0        | 4,162.8    | 4,162.8                            | 0.0                                | 662.2%            |                         |
| Instruments entirely equity in nature         | 0.0        | 0.0        | 1,808.0    | 1,808.0                            | 1,203.0                            |                   |                         |
| Reserves and Surplus                          | 13,761.1   | 19,714.1   | 23,458.6   | 19,198.2                           | 28,434.5                           | 30.6%             | 19.0%                   |
| Non-controlling interest                      | 808.8      | 1,165.0    | 1,178.8    | 1,173.7                            | 1,238.7                            | 20.7%             | 1.2%                    |
| Provisions                                    | 103.9      | 113.7      | 280.2      | 271.1                              | 259.2                              | 64.2%             | 146.5%                  |
| Borrowings                                    | 1,13,335.9 | 1,48,185.3 | 2,08,414.9 | 1,83,166.6                         | 2,11,851.6                         | 35.6%             | 40.6%                   |
| Other financial liabilities                   | 4,037.7    | 3,812.9    | 5,399.2    | 5,253.5                            | 5,316.0                            | 15.6%             | 41.6%                   |
| Total Liabilities                             | 1,35,626.1 | 1,76,694.0 | 2,48,465.0 | 2,18,737.4                         | 2,52,254.3                         | 35.4%             | 40.6%                   |
| Cash and balance                              | 3,316.7    | 6,995.6    | 10,443.1   | 6,627.7                            | 6,455.8                            | 77.4%             | 49.3%                   |
| Loans   | 1,16,788.7 | 1,57,760.6 | 2,21,950.4 | 1,94,588.0                         | 2,28,578.8                         | 37.9%             | 40.7%                   |
| Investment                                    | 12,659.0   | 7,902.0    | 8,717.8    | 10,012.5                           | 9,212.9                            | -17.0%            | 10.3%                   |
| Fixed assets                                  | 732.8      | 1,195.6    | 2,016.0    | 1,483.4                            | 2,208.3                            | 65.9%             | 68.6%                   |
| Deferred tax assets (Net)                     | 381.1      | 466.5      | 1,388.2    | 1,182.6                            | 1,459.8                            | 90.9%             | 197.6%                  |
| Other assets                                  | 1,747.9    | 2,373.8    | 3,949.6    | 4,843.4                            | 4,338.6                            | 50.3%             | 66.4%                   |
| Total assets                                  | 1,35,626.1 | 1,76,694.0 | 2,48,465.0 | 2,18,737.4                         | 2,52,254.3                         | 35.4%             | 40.6%                   |

Source: Choice Equity Broking

## Financial statements (Contd...):

| Financial Ratios                         |            |            |            |                                       |                                       |
|--|------------|------------|------------|---------------------------------------|---------------------------------------|
| Particulars                              | FY23       | FY24       | FY25       | For the period ended<br>June 30, 2024 | For the period ended June<br>30, 2025 |
| <b>Return / Profitability Ratios (%)</b> |            |            |            |                                       |                                       |
| Net interest margin (NIM)                | 5.1%       | 5.0%       | 5.2%       | 5.2%                                  | 5.1%                                  |
| Avg Cost of borrowings                   | 6.6%       | 7.3%       | 7.8%       | 7.8%                                  | 7.8%                                  |
| Avg Yield on loans                       | 11.5%      | 11.9%      | 12.6%      | 12.6%                                 | 12.3%                                 |
| RoA                                      | 2.9%       | 2.3%       | 1.8%       | 1.0%                                  | 1.8%                                  |
| RoE                                      | 20.6%      | 15.5%      | 12.6%      | 6.9%                                  | 12.5%                                 |
| <b>Business Ratios (%)</b>               |            |            |            |                                       |                                       |
| AUM (Rs cr)                              | 1,20,196.9 | 1,61,013.8 | 2,26,356.8 | 1,98,573.0                            | 2,33,147.1                            |
| Gross Loan (Rs.cr)                       | 1,20,196.9 | 1,61,013.8 | 2,26,356.8 | 1,98,573.0                            | 2,33,147.1                            |
| Disbursements (Rs cr)                    | 74,766.7   | 1,04,994.4 | 1,42,301.7 | 30,804.1                              | 34,714.3                              |
| CAR (Basel III)                          |            | 16.7%      | 16.9%      | 16.6%                                 | 16.6%                                 |
| Assets / Equity                          | 7.85       | 7.55       | 8.56       | 8.85                                  | 7.51                                  |
| AUM / Assets                             | 88.6%      | 91.1%      | 91.1%      | 90.8%                                 | 92.4%                                 |
| Cost/Income                              | 37.9%      | 42.0%      | 42.1%      | 46.8%                                 | 36.8%                                 |
| <b>Asset Quality ratios (%)</b>          |            |            |            |                                       |                                       |
| PCR                                      | 77.1%      | 74.1%      | 58.5%      | 63.5%                                 | 53.9%                                 |
| GNPA                                     | 1.7%       | 1.5%       | 1.9%       | 1.7%                                  | 2.1%                                  |
| NNPA                                     | 0.4%       | 0.4%       | 0.8%       | 0.6%                                  | 1.0%                                  |
| <b>Per Share Data (Rs)</b>               |            |            |            |                                       |                                       |
| EPS (Diluted)                            | 6.9        | 7.8        | 8.6        | 1.1                                   | 2.5                                   |
| BVPS                                     | 40.7       | 55.2       | 68.4       | 58.2                                  | 79.1                                  |
| <b>Valuation ratios (x)</b>              |            |            |            |                                       |                                       |
| P/E (x)                                  | 47.0       | 41.6       | 37.9       |                                       |                                       |
| P/BV (x)                                 | 8.0        | 5.9        | 4.8        |                                       |                                       |
| <b>Growth ratios (%)</b>                 |            |            |            |                                       |                                       |
| AUM                                      |            | 33.96%     | 40.58%     |                                       | 17.41%                                |
| NII                                      |            | 28.02%     | 57.25%     |                                       | 16.80%                                |
| PAT                                      |            | 12.94%     | 9.86%      |                                       | 120.44%                               |

Source: Choice Equity Broking



## IPO rating rationale

**Subscribe:** An IPO with strong growth prospects and valuation comfort.

**Subscribe for Long Term:** Relatively better growth prospects but with valuation discomfort.

**Avoid:** Concerns on both fundamentals and demanded valuation.

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