

Tata Capital



Growth with guardrails, anchored in discipline!

Abhijit Tibrewal - Research Analyst (Abhijit.Tibrewal@MotilalOswal.com) | **Nitin Aggarwal** (Nitin.Aggarwal@MotilalOswal.com)
Research Analyst: Raghav Khemani (Raghav.Khemani@MotilalOswal.com) | **Pranav Nawale** (Pranav.Nawale@MotilalOswal.com)

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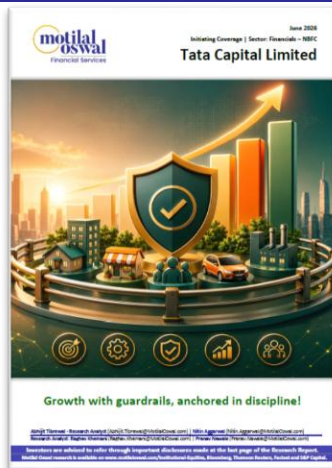
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Growth with guardrails, anchored in discipline!

- Tata Capital (TCL) is among India’s leading diversified NBFCs, with an AUM of INR2.77t as of Mar’26. The company has delivered a ~29% AUM CAGR (excl. Motor Finance) over FY23-26, reflecting the strength of its franchise and consistent execution.
- The company is well-positioned to sustain a healthy AUM CAGR of ~23% over FY26-28E, along with a calibrated shift toward higher-yielding segments.
- We expect margins to gradually improve as the portfolio mix shifts further toward retail and unsecured lending, with NIMs increasing to ~5.4%/5.5% in FY27E/FY28E.
- While credit costs increased following the TMFL merger due to stress in the Motors Finance and select unsecured portfolios, asset quality trends have improved meaningfully, with Motors Finance returning to profitability in 4QFY26. We expect credit costs to normalize further and moderate to ~1.1% of AUM over FY27E-FY28E.
- TCL represents a high-quality franchise with strong parentage, a granular and increasingly retail-oriented portfolio, and a demonstrated track record of execution.
- While we expect the company to deliver healthy AUM growth and gradual improvement in profitability over the medium term, we believe current valuations adequately reflect these positives. We initiate coverage on TCL with a Neutral rating and a TP of INR390, based on 2.7x Mar’28E P/BV.
- A meaningful re-rating would likely require sustained improvement in RoA and RoE and continued expansion in higher-yielding retail lending segments.

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BSE Sensex
77,100

 S&P CNX
24,056

CMP: INR364
TP: INR390 (+7%)
Neutral

TATA CAPITAL

Count on us

Stock Info

Bloomberg	TATACAP IN
Equity Shares (m)	4245
M.Cap.(INRb)/(USD\$b)	1543.6 / 16.4
52-Week Range (INR)	380 / 296
1, 6, 12 Rel. Per (%)	17/14/-
12M Avg Val (INR M)	1525
Free float (%)	14.6

Financial Snapshot (INR b)

Y/E March	FY26	FY27E	FY28E
NII	126.7	162.0	201.5
PPP	96.2	126.8	159.2
PAT	49.3	68.9	89.6
EPS (INR)	11.7	16.4	21.3
EPS Gr. (%)	20	40	30
BV/Sh. (INR)	109	125	146

Ratios (%)

NIM	5.2	5.4	5.5
C/I ratio	38.3	34.9	33.2
RoA	1.8	2.1	2.3
RoE	12.5	14.0	15.7

Valuation

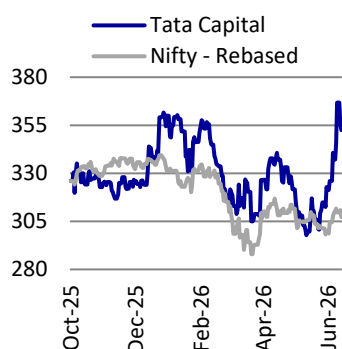
P/E (x)	31.0	22.2	17.1
P/BV (x)	3.3	2.9	2.5
Div. Yield (%)	0.2	0.2	0.2

Shareholding Pattern (%)

As On	Mar-26	Dec-25
Promoter	85.4	85.4
DII	3.6	3.3
FII	5.5	5.3
Others	5.4	6.0

FII includes depository receipts

Stock's performance



Growth with guardrails, anchored in discipline!

Fundamentals improving but valuations pricing in the upside

- Tata Capital (TCL) is among India's leading diversified NBFCs, with an AUM of INR2.77t as of Mar'26. The company has delivered a robust ~29% AUM CAGR (excluding Motor Finance) over FY23-26, reflecting the strength of its franchise, diversified business model, and consistent execution.
- TCL's loan portfolio is highly granular, with ~98% of accounts carrying ticket sizes below INR10m. Asset quality is supported by a predominantly secured lending book (~80% secured), while the portfolio is also well diversified, with no single product contributing more than 20% of total loans. We believe TCL is well-positioned to sustain a healthy AUM CAGR of ~23% over FY26-28E, along with a calibrated shift toward higher-yielding segments and continued investments in digital capabilities.
- TCL benefits from a strong liability franchise, supported by Tata Group parentage and a AAA credit rating. This enables access to funding at competitive costs. We expect margins to gradually improve as the portfolio mix shifts further toward retail and unsecured lending, with NIMs increasing to ~5.4%/5.5% in FY27E/FY28E from ~5.2% in FY26.
- The company has displayed disciplined cost control measures through digital initiatives, process improvements, and branch-level productivity. As new branches scale and technology matures, productivity gains are expected to enhance efficiency. We estimate cost-to-income of ~35%/~33% and opex-to-avg. assets of 2.1%/2.0% in FY27/FY28.
- TCL has consistently demonstrated prudent risk management through disciplined underwriting standards and proactive collection practices. While credit costs remained below 1% during FY23-FY24, they increased following the TMFL merger, driven by elevated delinquencies in the captive vehicle finance business and stress within certain unsecured lending portfolios.
- TCL is now steadily turning around its Motors Finance business, with this segment returning to profitability in 4QFY26. Further, unsecured segments are also experiencing a sharp asset quality improvement, leading to moderation in credit costs. We expect credit costs to moderate further to ~1.1% in both FY27 and FY28.
- TCL represents a high-quality franchise with strong parentage, a granular and increasingly retail-oriented portfolio, and a demonstrated track record of execution. While we expect the company to deliver healthy AUM growth and gradual improvement in profitability over the medium term, we believe current valuations adequately reflect these positives.
- **We initiate coverage on TCL with a Neutral rating and a TP of INR390, based on 2.7x Mar'28E P/BV. A meaningful re-rating would likely require sustained improvement in RoA and RoE and continued expansion in higher-yielding retail lending segments.**

TCL operates an integrated omni-channel distribution model that combines i) an extensive branch network and in-house sales force, ii) a broad partner ecosystem, and iii) proprietary digital platforms.

The company benefits from strong parentage and an AAA credit rating, enabling access to funding at among the lowest borrowing costs in the NBFC sector.

TCL has maintained disciplined control over operating expenses through a strong focus on productivity, process optimization, and digital transformation.

Phygital distribution model drives scale and customer reach

- TCL operates an integrated omni-channel distribution model that combines i) an extensive branch network and in-house sales force; ii) a broad partner ecosystem comprising DSAs, OEMs, dealers, and digital partners; and iii) proprietary digital platforms. This enables the company to serve a diverse customer base across urban and rural markets, enhancing accessibility, reach, and customer experience.
- The seamless integration of physical, partner-led, and digital channels creates a scalable “phygital” ecosystem that broadens customer acquisition, improves operating efficiency, optimizes distribution costs, and strengthens customer engagement. Supported by this distribution advantage, we expect TCL to deliver an AUM CAGR of ~23% over FY26-28E.

Margin expansion fueled by rising unsecured mix

- TCL’s margins have remained relatively stable in recent years, supported by a diversified product mix and risk-calibrated pricing. A growing share of higher-yielding retail and SME loans has largely offset yield compression in corporate and housing finance portfolios.
- Its NIM moderated in FY26 due to slower growth in unsecured lending and the continued runoff of the motor finance portfolio. However, improving disbursement trends in unsecured segments and the turnaround of the motor finance business are expected to support margin recovery from FY27.
- On the liability side, TCL benefits from strong parentage and an AAA credit rating, enabling access to funding at among the lowest borrowing costs in the NBFC sector. While a softer rate environment may provide some support, the scope for a meaningful decline in funding costs remains limited amid elevated bond yields and geopolitical uncertainty.
- We expect portfolio yields to improve gradually (as the mix shifts toward higher-yielding unsecured products) and offset the slight increase in borrowing costs. Consequently, we forecast NIMs to expand to ~5.4%/5.5% in FY27E/FY28E.

Cost ratios to improve through productivity gains and AI-led efficiencies

- TCL has maintained disciplined control over operating expenses through a strong focus on productivity, process optimization, and digital transformation. Continued investments in technology and operational efficiency initiatives have helped support profitability while scaling the business.
- The company significantly expanded its branch network from 539 branches in FY23 to 1,477 branches in FY26, which, along with the integration of TMFL, led to a temporary increase in operating expense ratios.
- Going forward, the realization of merger synergies, improved productivity of newly added branches, and increased adoption of technology, AI, and digital tools are expected to drive operating leverage and enhance employee productivity. Accordingly, we expect the cost-to-income ratio to improve to ~35%/33% and opex-to-average assets to decline to 2.1%/2.0% in FY27E/FY28E.

TCL has made significant progress in stabilizing the motor finance business, with the segment returning to profitability in 4QFY26.

Initiate coverage on TCL with a Neutral rating and a TP of INR390, based on 2.7x Mar'28E P/BV.

Credit cost pressures largely behind; normalization underway

- TCL has maintained healthy asset quality through disciplined underwriting and proactive collection practices. Its underwriting framework is tailored across product segments, combining rule-based automation with high-touch assessment where required.
- This approach helped keep credit costs benign during FY23–24. However, asset quality came under pressure in FY25 due to stress in select unsecured retail segments, including personal loans, business loans, microfinance, and CV financing. Additionally, the merger with TMFL led to elevated reported credit costs, driven by weakness in the captive motor finance portfolio, particularly in rural and semi-urban markets.
- TCL has made significant progress in stabilizing the motor finance business, with the segment returning to profitability in 4QFY26, supported by stronger disbursements, improving asset quality, lower slippages, and higher recoveries. Asset quality trends across unsecured portfolios have also improved materially, resulting in a steady decline in credit costs over the past few quarters.
- Underpinned by prudent underwriting, strong collections, and improving portfolio performance, we expect credit costs for the combined entity to normalize gradually. We forecast credit costs (as a % of average loans) at ~1.1% in both FY27 and FY28.

Initiate coverage with a Neutral rating and a TP of INR390

- TCL is one of India’s leading diversified NBFCs, supported by the strong Tata brand, a diversified portfolio, and a consistent execution track record. The company has delivered robust growth while maintaining prudent risk management and healthy asset quality.
- We expect TCL to benefit from the large retail and SME credit opportunity, supported by its expanding distribution network, digital capabilities, strong liability franchise, and increasing focus on granular, higher-yielding segments. The turnaround of TMFL, improving operating leverage, and moderating credit costs should further support profitability.
- While the outlook remains favorable, we believe current valuations adequately reflect the company’s medium-term growth and earnings potential. We therefore **initiate coverage on TCL with a Neutral rating and a TP of INR390**, based on 2.7x Mar’28E P/BV.
- **Key risks:** 1) Margin pressure from intensifying competition, 2) higher-than-expected stress in the unsecured portfolio leading to elevated credit costs, and 3) slower-than-expected turnaround of TMFL affecting profitability and return ratios.

Valuation matrix of diversified NBFCs under our coverage

Val summary	Rating	CMP (INR)	TP (INR)	MCap (INRb)	BV (INR)		RoA (%)		RoE (%)		P/E (x)		P/BV (x)	
					FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
TCL	Neutral	364	390	1,543	125	146	2.1	2.3	14.0	15.7	22.2	17.1	2.9	2.5
BAF	Neutral	980	1,000	6,161	222	265	4.0	4.1	19.6	20.5	24.4	19.6	4.4	3.7
Poonawalla	Buy	440	520	346	164	191	2.0	2.4	12.4	16.6	25.2	15.0	2.7	2.3
ABCL	Buy	391	430	1,034	144	165	-	-	13.5	15.7	20.9	16.1	2.7	2.4
LTFH	Buy	299	340	743	125	140	2.5	2.6	13.2	14.8	19.2	15.2	2.4	2.1
Piramal Finance	Buy	2,129	2,325	481	1,342	1,480	2.0	2.6	8.2	11.5	20.0	13.1	1.6	1.4
MAS Financial	Buy	311	410	57	182	208	2.9	2.9	14.1	14.9	12.9	10.7	1.7	1.5
IIFL Finance	Buy	510	600	223	376	442	2.4	2.7	15	17.7	9.7	7.1	1.4	1.2
HDB Financial	Neutral	743	720	606	285	328	2.3	2.5	13.4	14.3	20.9	16.9	2.6	2.3
Jio Financial	Buy	239	315	1,516	234	257	2.0	2.4	5.7	8.9	70.5	46.8	1.0	0.9
Northern Arc	Buy	288	390	48	275	319	2.9	3.2	12.8	15	8.7	6.5	1.0	0.9

STORY IN CHARTS

TCL: LEADING DIVERSIFIED NBFC | INITIATING COVERAGE WITH A NEUTRAL RATING

Strong Franchise & Scale Expansion

- ✔ One of India's largest NBFCs with **INR2.77t AUM (Mar'26)**
- ✔ Sustained **~29% AUM CAGR (FY23-26)** demonstrates strong franchise momentum
- ✔ Ranked **#3 NBFC in India by AUM**

Diversified & Granular Lending Model

- ✔ Strong presence across Retail, SME and Corporate lending
- ✔ Portfolio mix is highly balanced
- ✔ No single product >20% → reduces concentration risk

Retail & SME-Led Structural Growth

- ✔ Strategic shift toward higher-yielding retail and SME lending
- ✔ Expected continued portfolio rebalancing toward: Retail loans; SME credit; Emerging high-yield segments
- ✔ Sustained **~23% AUM CAGR (FY26-28E)**

Strong Liability Franchise

- ✔ Backed by: Tata Group parentage; AAA credit rating
- ✔ Ensures: Low cost of funds; Stable and diversified borrowing access

Digital & Operational Efficiency Gains

- ✔ Ongoing investments in: Digital lending; Branch productivity; Process automation
- ✔ Cost discipline maintained despite expansion and TMFL integration
- ✔ Improving scale benefits as branch network matures

Credit Cycle Recovery & Asset Quality Normalisation

- ✔ Motors Finance business turning around (with profitability achieved in 4QFY26)
- ✔ Improvement in unsecured asset quality
- ✔ Credit costs expected to stabilize at **~1.1% of AUM (FY27-FY28E)**

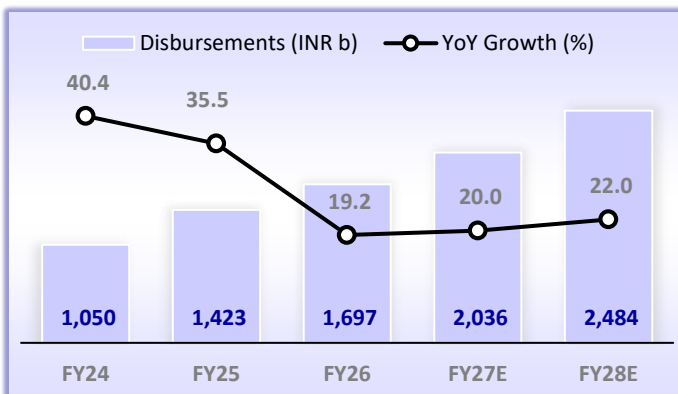
Risk-Adjusted Sustainable Growth Model

- ✔ Strong underwriting discipline
- ✔ Proactive collections framework
- ✔ Increasing share of secured lending (**~80%**)

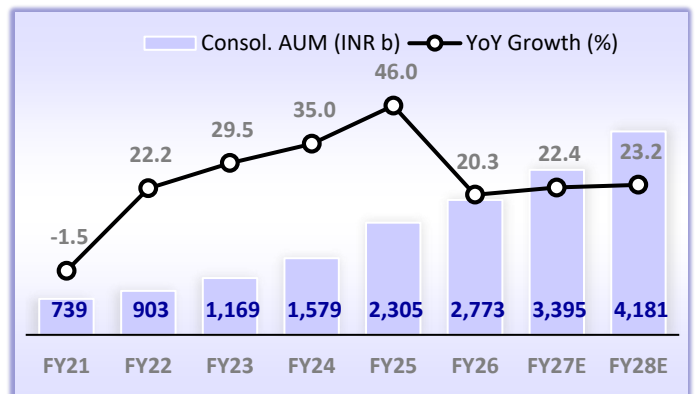
Initiate coverage on TCL

- ✔ Initiate coverage on TCL with a Neutral rating and a TP of INR390, based on 2.7x Mar'28E P/BV

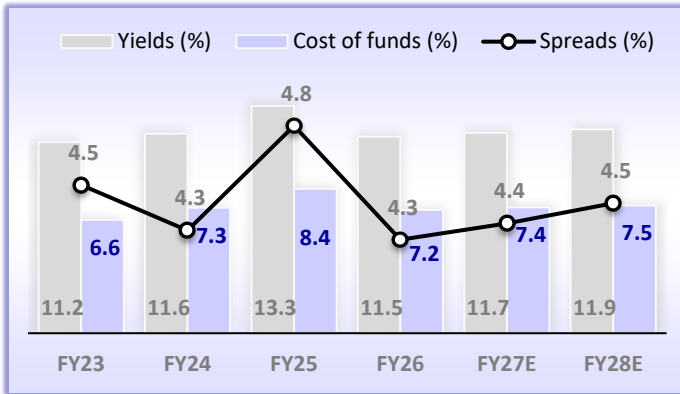
Disbursements CAGR of 21% over FY26-28E



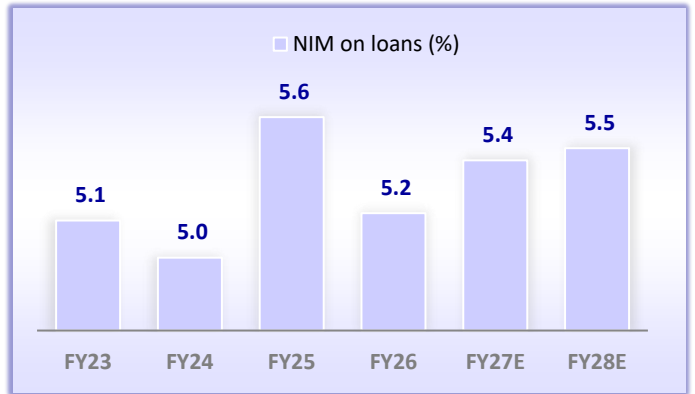
AUM CAGR of ~23% over FY26-28E



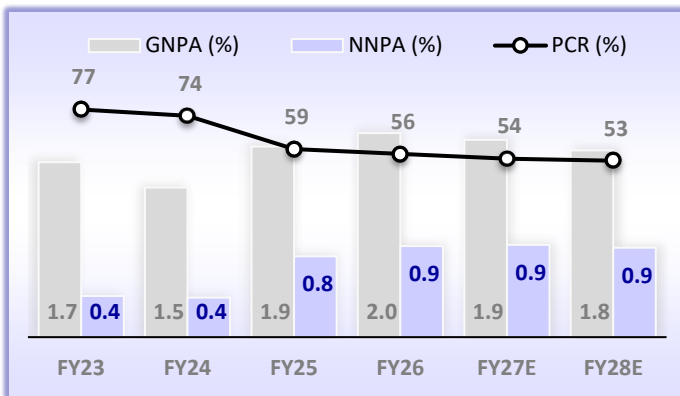
Spreads to expand over FY27/FY28E



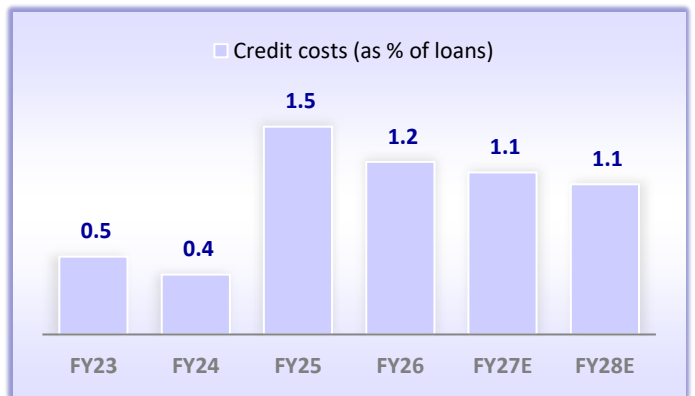
Expect NIM to be aided by yield expansion



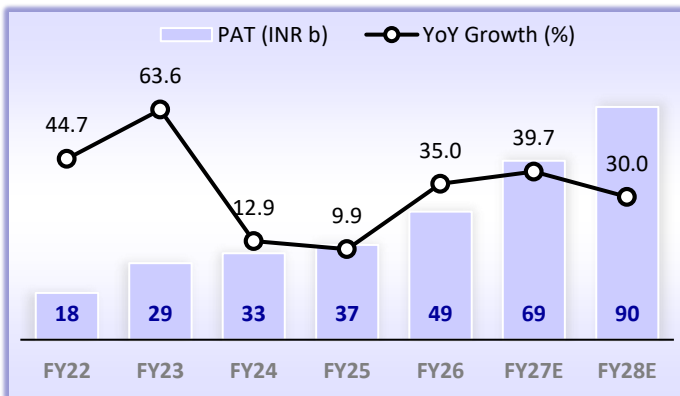
Asset quality to improve further in FY27/FY28



Credit costs to gradually moderate in FY27-28E

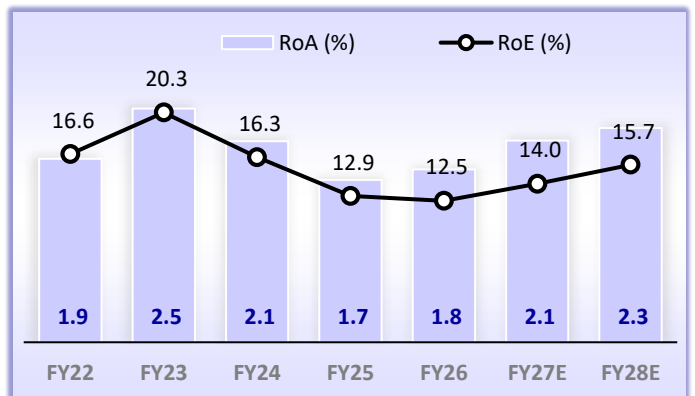


Estimate PAT CAGR of ~35% over FY26-28



Source: MOFSL, Company

RoA/RoE of 2.3%/15.7% in FY28



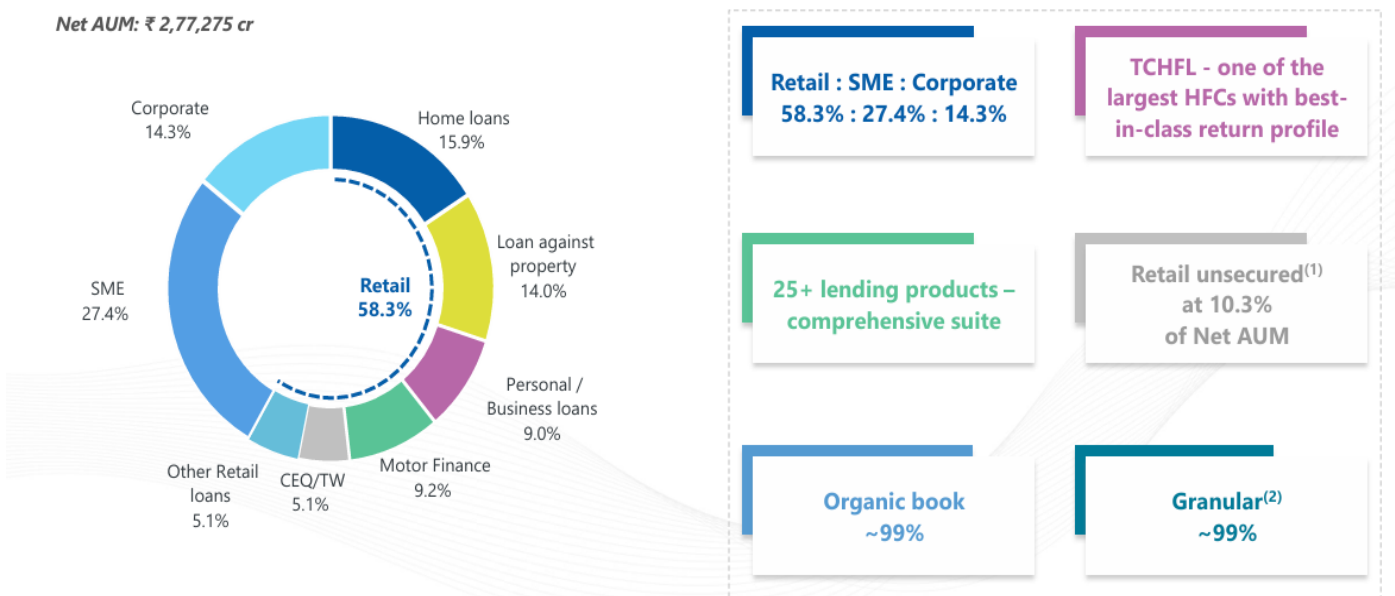
Source: MOFSL, Company

Company overview

TCL is the third-largest diversified NBFC in India with total AUM of INR2.77t as of Mar'26.

- TCL is a subsidiary of Tata Sons Private Limited, the holding company of the Tata Group and the promoter of TCL. The company was originally incorporated as Primal Investments & Finance Limited in Mar'91 and commenced operations in Apr'91. It was renamed Tata Capital Ltd in May'07 to strengthen brand visibility.
- TCL is the third-largest diversified NBFC in India with total AUM of INR2.77t as of Mar'26. It is among the fastest-growing large diversified NBFCs, with total AUM (excluding Tata Motors Finance business) recording a strong CAGR of ~29% between FY23 and FY26. The company has displayed consistent growth while maintaining healthy asset quality, reflected in a GS3 of 2% and NS3 of 0.9%, which is among the best within the large, diversified NBFC peer set as of Mar'26.
- Over the years, TCL has undergone multiple amalgamations and restructurings. Notable milestones include the merger of Tata Infrastructure Capital Limited (TICL) and India Collections Management Limited (ICML) in May'16, followed by Tata Capital Financial Services Limited (TCFSL) and Tata Cleantech Capital Limited (TCCL) in Jan'24. Earlier, in Mar'12, the NBFC business was transferred to TCFSL via a scheme of arrangement. More recently, effective May'25 (appointed date: Apr'24), the business of Tata Motors Finance Limited (TMFL) was integrated into TCL.
- In addition to its core lending franchise, TCL manages a domestic private equity platform through multiple funds—Tata Capital Growth Fund I & II, Tata Capital Healthcare Fund I & II, Tata Capital Innovation Fund, and Tata Capital Special Situations Fund, all consolidated as subsidiaries under IndAS.

Exhibit 1: Most comprehensive product suite among large diversified NBFCs, which helps manage risk across economic cycles



Note: Data as of Mar'26; Source: Company PPT

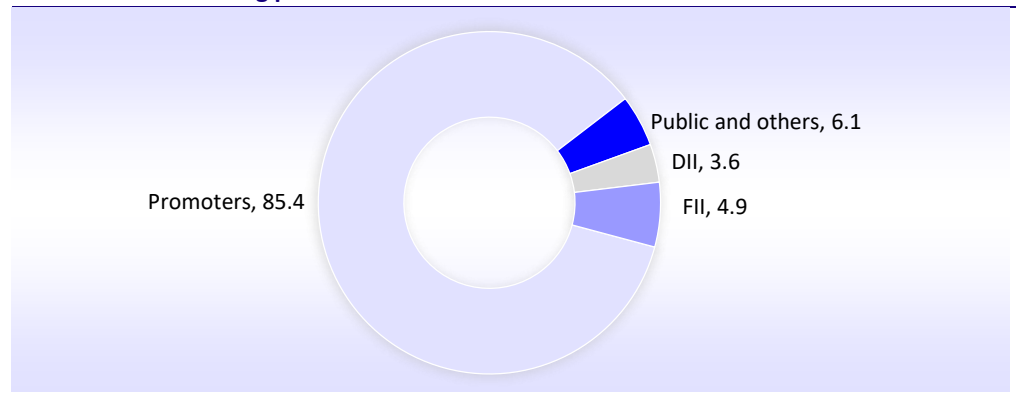
Shareholding pattern

Exhibit 2: Top 10 institutional shareholders as of Mar'26

Investor	%
International Finance Corporation (IFC)	1.69
Morgan Stanley	0.83
DSP Asset Managers	0.44
Norges Bank	0.41
Goldman Sachs	0.33
HDFC Asset Management Co.	0.31
Franklin Resources	0.30
Tata Asset Management Pvt. Ltd	0.21
Aditya Birla Sun Life Asset Management	0.13

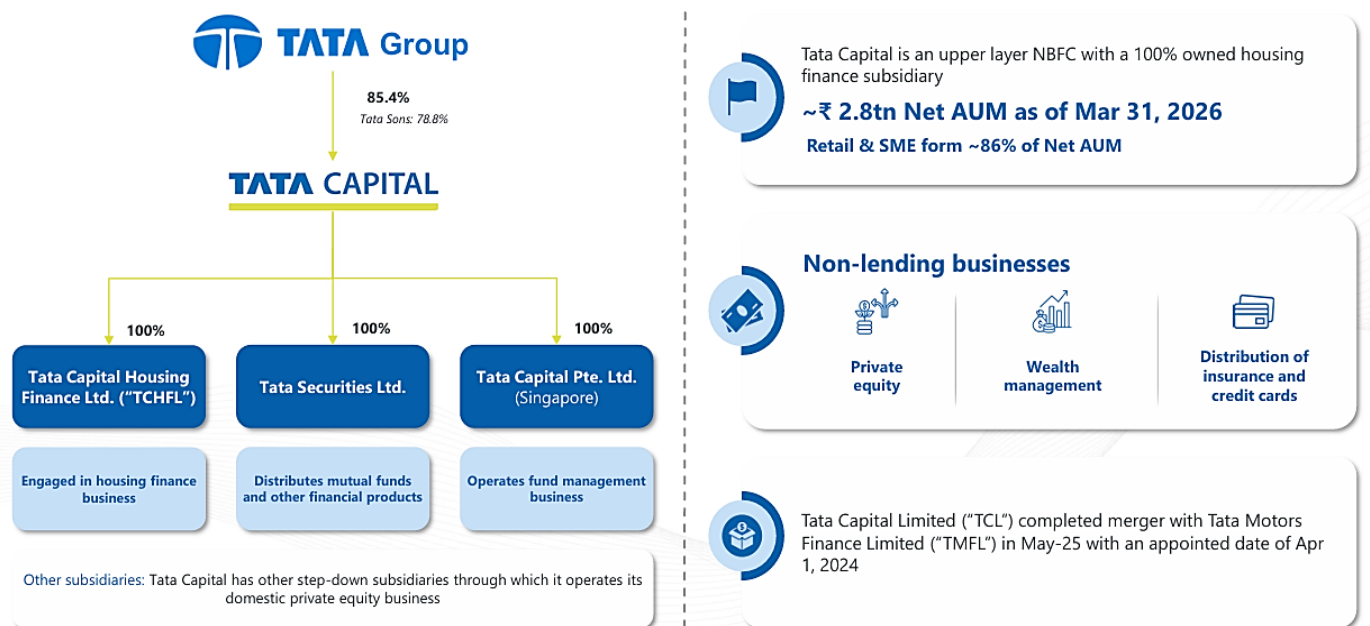
Source: MOFSL, Company

Exhibit 3: Shareholding pattern



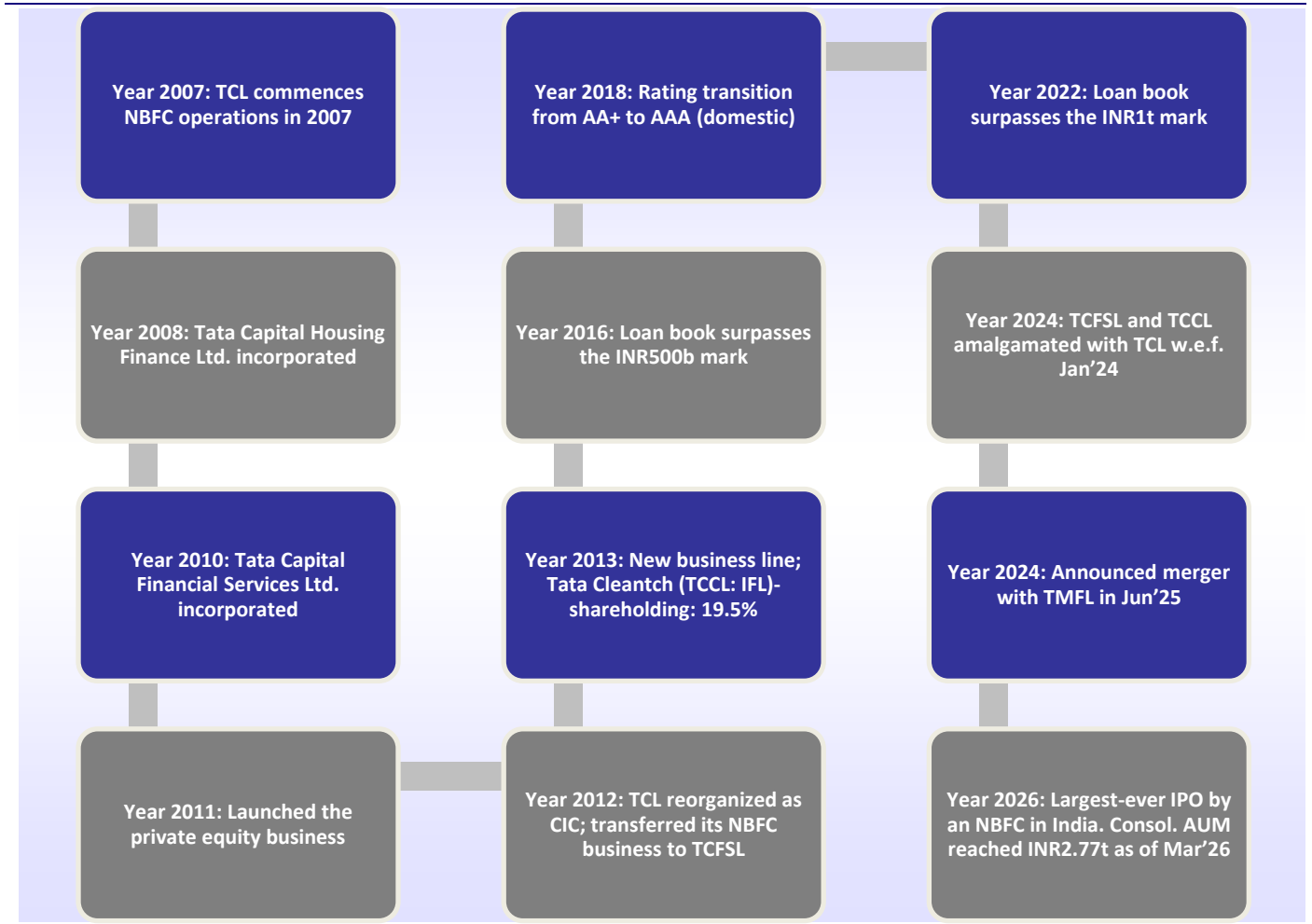
Note: Shareholding as on Mar'26; Source: MOFSL, Company

Exhibit 4: Corporate structure of TCL as of Mar'26



Source: MOFSL, RHP, Company

Exhibit 5: Key milestones



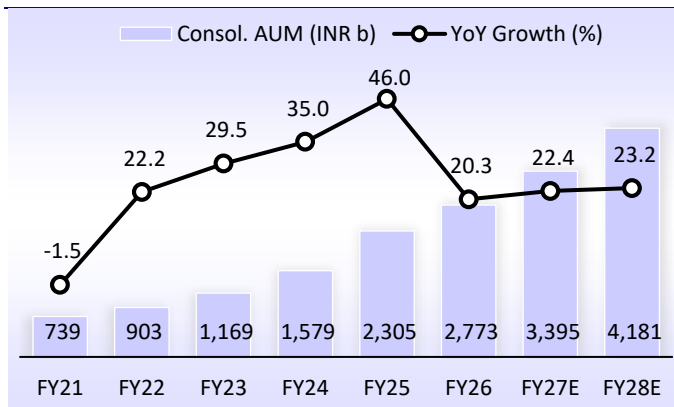
Source: Company, MOFSL

Granular portfolio backed by expanding phygital network

TCL's business remains predominantly retail- and SME-focused, with these segments accounting for ~86% of total gross loans as of Mar'26.

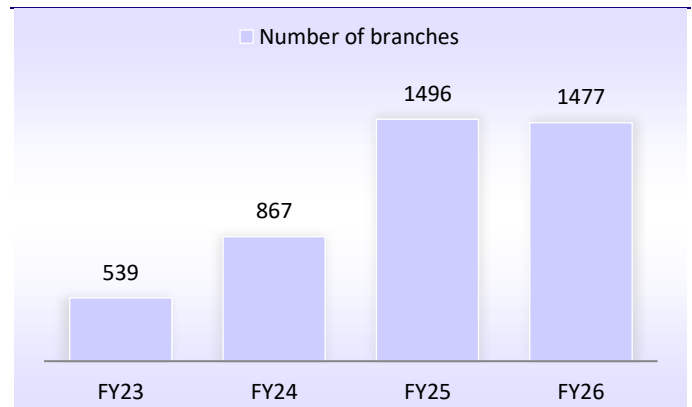
- TCL is the third-largest diversified NBFC in India with a total AUM of INR2.77t as of Mar'26. It is among the fastest-growing large diversified NBFCs, with total AUM (excluding Tata Motors Finance business) recording a strong CAGR of ~29% between FY23 and FY26. The company has demonstrated consistent growth while maintaining healthy asset quality, reflected in a GS3 of 2% and NS3 of 0.9%, which is among the best within the large, diversified NBFC peer set as of Mar'26.
- Since commencing lending operations in FY07, the company has served 8.4m customers as of Mar'26. The company offers a comprehensive suite of over 25 lending products, catering to a broad customer base spanning salaried and self-employed individuals, entrepreneurs, small businesses, SMEs, and corporates.
- TCL's business remains predominantly retail- and SME-focused, with these segments accounting for ~86% of total gross loans as of Mar'26. The portfolio is highly granular, with ticket sizes ranging from INR10k to over INR1b, and more than 99% of loan accounts having ticket sizes below INR10m. The loan book is also well secured, with ~80% of total gross loans backed by collateral, while the organic book forms over ~99% of the portfolio.
- The company operates on an omni-channel distribution model that integrates a wide physical presence, a strong partner ecosystem, and a growing digital platform. Its nationwide reach includes 1,477 branches across 27 states and union territories as of Mar'26, with each branch staffed by in-house teams overseeing customer acquisition, loan processing, documentation, and servicing.

Exhibit 6: Estimate an AUM CAGR of ~23% over FY26-28



Source: MOFSL, Company

Exhibit 7: Rationalization of motor finance branches in FY26

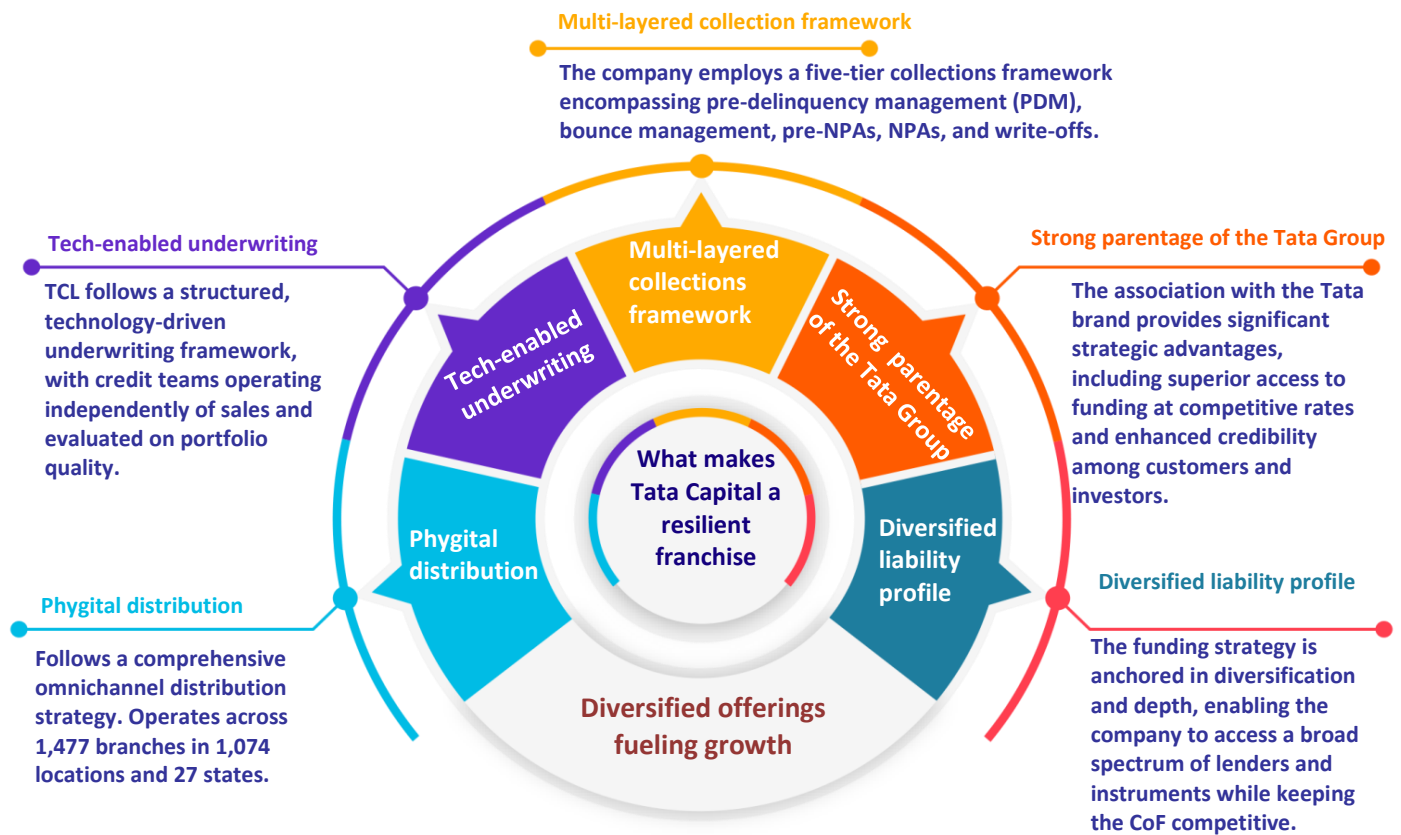


Source: MOFSL, Company

- The company has significantly expanded its distribution footprint, with its branch network exhibiting a CAGR of ~40% between FY23 and FY26. This physical presence is complemented by proprietary digital platforms, including the company's website and mobile applications, underpinning its integrated 'phygital' strategy.
- In addition, TCL has built a diversified partner ecosystem comprising direct selling agents (DSAs), original equipment manufacturers (OEMs), dealers, and digital partners, further enhancing its reach and customer acquisition capabilities.

Building on core strengths

What makes TCL a resilient franchise



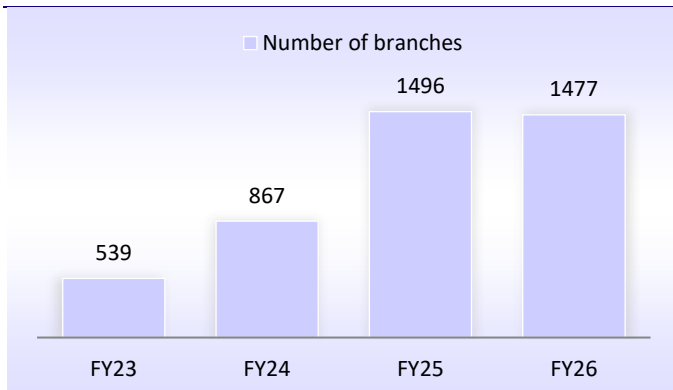
Source: Company, MOFSL

Phygital distribution model enabling scale and accessibility

- TCL follows a comprehensive omnichannel distribution strategy that brings together i) its extensive branch network and in-house sales team, ii) a large partner ecosystem of DSAs, OEMs, dealers, and digital partners, and iii) its proprietary digital platforms. This model allows the company to effectively reach and serve a wide customer base across urban as well as rural markets, ensuring accessibility, scale, and an enhanced customer experience.
- As of Mar'26, TCL operated 1,477 branches across 1,074 locations in 27 states and union territories, with expansion guided by geo-analytics to strengthen presence in Tier II and Tier III cities. The branch network is complemented by a strong partner ecosystem, including more than 30k DSAs, over 400 OEMs, 8k+ dealers, and 60+ digital partners. DSAs play a critical role in distributing a wide spectrum of loan products such as home loans, LAP, personal loans, business loans, car loans, CV loans, and CE loans. Their local expertise, relationships, and customer reach further extend TCL's footprint across diverse segments.

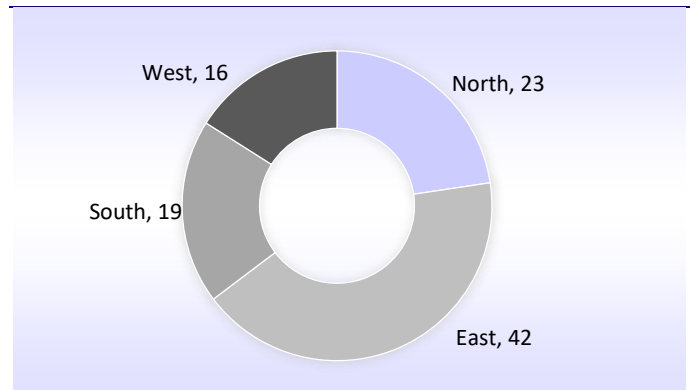
As of Mar'26, TCL operated 1,477 branches across 1,074 locations in 27 states and union territories, with expansion guided by geo-analytics to strengthen presence in Tier II and Tier III cities.

Exhibit 8: Rationalization of branches in FY26



Source: MOFSL, Company

Exhibit 9: Well-diversified branch mix



Note: Data as of Jun'25; Source: MOFSL, Company

- On the digital side, the company leverages its website, mobile applications (with 15.6m downloads as of Mar'26), and API-based integrations with fintech and digital partners for sourcing, onboarding, and servicing. Advanced loan origination and CRM platforms enable seamless customer journeys, while AI and GenAI-powered tools drive faster turnaround times, personalization, and higher productivity. Digital adoption has been consistently high, with ~97% of new customers as of Mar'26 onboarded through digital channels.
- By integrating physical, partnership, and digital touchpoints into a “phygital” ecosystem, TCL is able to capture a broad spectrum of demand, enhance operational scalability, and manage distribution costs efficiently, while continuously strengthening customer engagement and experience.

Exhibit 10: Peer set – branch network

Branch Network	FY23	FY24	FY25	FY26
TCL	539	867	1496	1477
Bajaj Finance	3733	4145	4263	4098
Shriram Finance	2922	3082	3220	3225
Cholamandalam Investment and Finance	1191	1387	1613	1761
Aditya Birla Capital (NBFC branches)	323	412	449	465
HDB Financial	1492	1682	1771	1730
L&T Finance (including MFI branches)	1862	1965	2297	2840

Source: Company, MOFSL

Exhibit 11: Superior underwriting, efficient collections, and a tech-driven operating model

Superior underwriting	Multi-layered collections framework	Technology-driven operations
<ul style="list-style-type: none"> ❖ Tata Capital follows a structured, technology-driven underwriting framework, with credit teams operating independently of sales and evaluated on portfolio quality. ❖ Adopted GenAI-based credit note automation, which consolidates multiple data sources such as bureau reports, bank statements, collateral valuations, and public information. ❖ Credit managers continue to conduct field visits and prepare appraisal notes and cash flow analyses. ❖ A combination of automation, data analytics, and strong human oversight enables efficient and scalable lending operations. 	<ul style="list-style-type: none"> ❖ Adopts a risk-based, customer-segmented collections approach, leveraging in-house teams, external agencies, and multi-channel payment platforms. ❖ Early-stage delinquencies are managed through proactive digital engagement, while late-stage cases are addressed with focused recovery actions and asset protection measures. ❖ It employs a five-tier collections framework encompassing pre-delinquency management (PDM), bounce management, pre-NPAs, NPAs, and write-offs. 	<ul style="list-style-type: none"> ❖ Significant investments in cloud-based infrastructure, robust LOS and LMS systems, and integrations with technology partners. ❖ Centralized data lake consolidates over 40 source systems, enabling real-time MIS and operational insights across credit, risk ❖ Advanced cybersecurity measures, including a 24/7 security operations center, VPN access, mobile device management, etc. ❖ AI and GenAI technologies are increasingly deployed across the lending value chain to improve decision-making, automate processes, and enhance customer engagement.

Source: MOFSL, Company

Tech-enabled underwriting and prudent risk culture driving asset quality

- TCL has maintained one of the lowest GNPA and NNPA ratios and the third-highest PCR among large diversified NBFCs as of Mar'26, reflecting its strong risk culture and agile risk function. The company follows a comprehensive risk management framework covering credit, operational, market, information security, fraud, and reputational risks, with a multi-layered defense model supported by advanced analytics.
- TCL follows a structured, technology-driven framework across retail, SME, and corporate finance, with credit teams operating independently of sales and KPIs aligned to portfolio quality. Dedicated underwriting teams operate at branch, regional, and central levels, following stringent policies that include KYC checks, bureau assessments, fraud detection, financial statement analysis, LTV, and FOIR tests. For secured loans, additional diligence such as collateral valuation and enforceability checks is conducted, while SME and corporate finance customers are evaluated through site visits, business assessments, and financial reviews.
- The company has adopted GenAI-based credit note automation, which consolidates multiple data sources such as bureau reports, bank statements, collateral valuations, and public information to generate credit assessments, reducing turnaround time and improving productivity. Underwriting is further supported by customized scorecards integrated into the loan origination system, with over ~98% of retail disbursements in 4QFY26 processed through scorecards

TCL follows a structured, technology-driven framework across retail, SME, and corporate finance, with credit teams operating independently of sales and KPIs aligned to portfolio quality.

or BREs. For top-up and cross-sell loans, a digital onboarding journey backed by rule-based decision engines ensures faster approvals.

- While automation plays a central role, credit managers also conduct field visits and prepare appraisal notes and cash flow analyses. Fraud detection is supported by a risk containment unit that uses trigger-based screening. Loan approvals follow a tiered delegation framework, with smaller exposures sanctioned at local levels and larger or riskier ones escalated to senior committees or the Board level. Loan pricing is governed by a risk-based pricing matrix that factors in credit rating, tenure, and security. This combination of automation, data analytics, and strong human oversight enables efficient and scalable lending operations while maintaining prudent risk management and portfolio quality.

Exhibit 12: Strong underwriting, collections, and risk management



Source: Company, MOFSL

Data-driven and Multi-layered collections framework

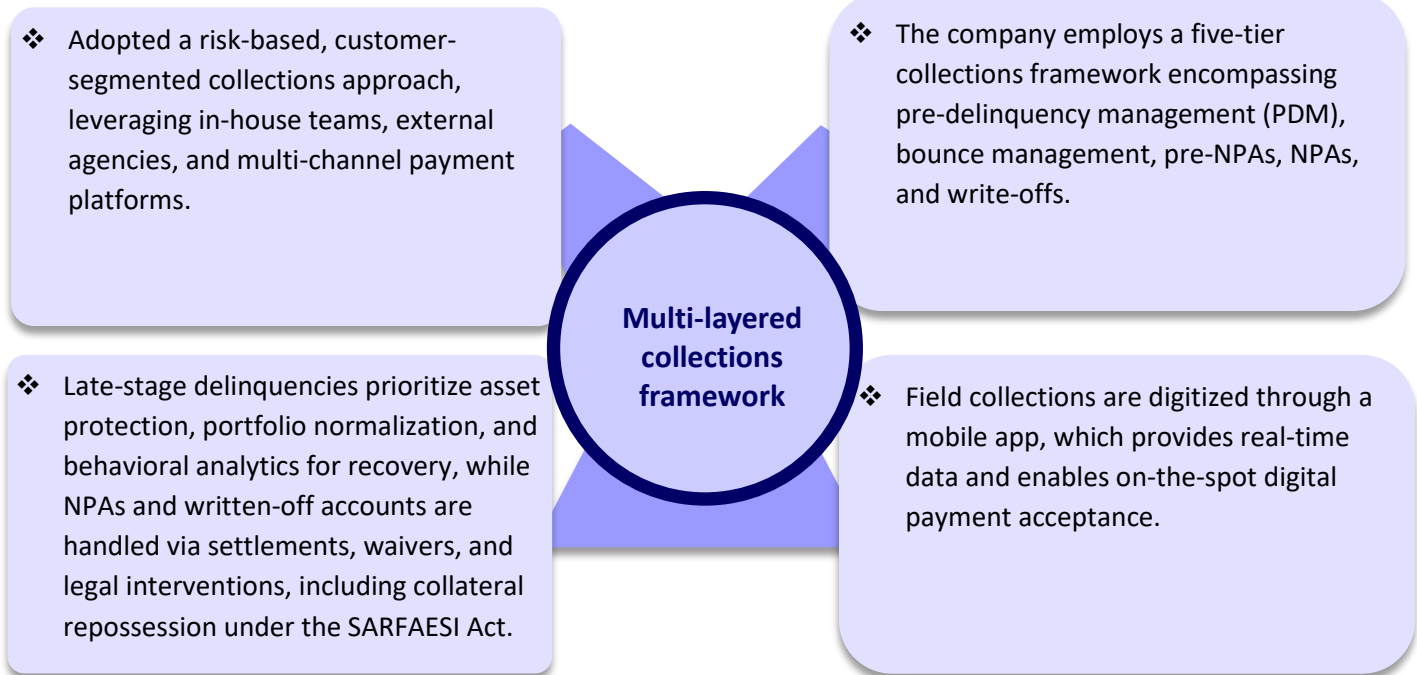
- TCL adopts a risk-based, customer-segmented collections approach, leveraging in-house teams, external agencies, and multi-channel payment platforms. Early-stage delinquencies are managed through proactive digital engagement, whereas late-stage cases are handled with targeted recovery efforts and asset protection strategies.
- The company employs a five-tier collections framework encompassing pre-delinquency management (PDM), bounce management, pre-NPAs, NPAs, and write-offs. PDM leverages over 30 machine learning and statistical models to predict payment defaults and drive proactive customer engagement through texts, IVR, and call center outreach.
- Late-stage delinquencies prioritize asset protection, portfolio normalization, and behavioral analytics for recovery, while NPAs and written-off accounts are handled via settlements, waivers, and legal interventions, including collateral repossession under the SARFAESI Act, ensuring comprehensive, end-to-end collections management.
- Field collections are digitized through a mobile app, which provides real-time data and enables on-the-spot digital payment acceptance. Customers are

The company employs a five-tier collections framework encompassing pre-delinquency management (PDM), bounce management, pre-NPAs, NPAs, and write-offs.

offered a wide payment infrastructure, including UPI, QR codes, BBPS, e-NACH, NEFT, RTGS, and aggregator platforms, along with traditional options like post-dated cheques, bank branch deposits, and cash collection.

- This multi-pronged approach, combining predictive analytics, digital infrastructure, and strong recovery mechanisms, ensures comprehensive and effective collections management across the lifecycle.

Exhibit 13: Data-driven and multi-layered collections framework



Source: MOFSL, Company

Technology-driven operations and AI-enabled efficiency

- TCL’s technology platform has been a key driver of operational efficiency and customer experience, underpinning its digital-first approach across the loan lifecycle. Significant investments in cloud-based infrastructure, robust LOS and LMS systems, and integrations with technology partners have enabled seamless digitization from onboarding and underwriting to collections, servicing, and cross-selling. This has consistently improved TAT, reduced operational overheads, and enhanced scalability.
- The company’s cloud architecture supports agility, high availability, and strong security, while a centralized data lake consolidates over 40 source systems, enabling real-time MIS and operational insights across credit, risk, and business performance.
- Advanced cybersecurity measures, including a 24/7 security operations center, VPN access, mobile device management, data loss prevention, web application firewalls, and regular vulnerability assessments, safeguard critical infrastructure. TCL also maintains a comprehensive business continuity plan and a biannually tested disaster recovery site to mitigate operational disruptions.
- AI and GenAI technologies are increasingly deployed across the lending value chain to improve decision-making, automate processes, and enhance customer engagement. Key applications include:

AI and GenAI technologies are increasingly deployed across the lending value chain to improve decision-making, automate processes, and enhance customer engagement.

- **Credit and Risk Management:** AI-assisted underwriting, anomaly detection, and risk monitoring.
- **Marketing and Customer Experience:** Generating content, conversational interfaces, and AI-driven query resolution.
- **Revenue Generation and Productivity:** Supporting sales, onboarding, cross-selling, debt servicing, and quality assurance.
- **Data and Analytics:** Powering onboarding systems and delivering interactive, AI-enabled reports.
- The integrated technology and AI ecosystem strengthen operational efficiency, risk management, and customer experience, positioning the company for scalable and sustainable growth.

Strong Tata parentage provides a distinct competitive advantage

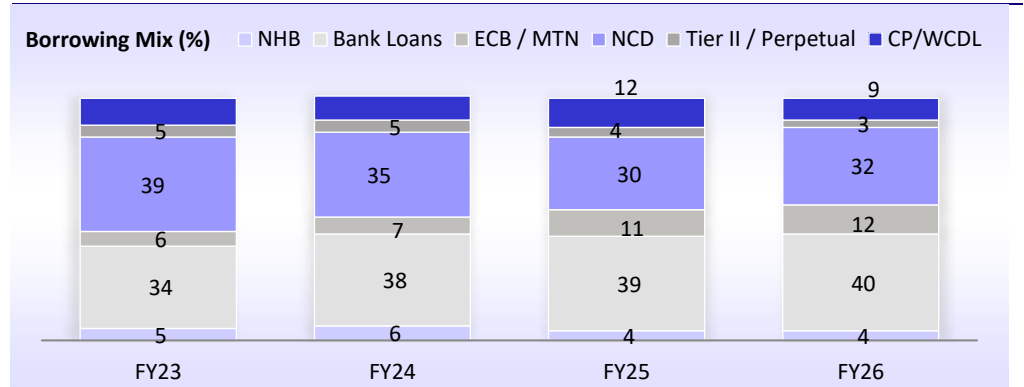
TCL benefits from the strong brand equity and reputation of the Tata Group, one of India’s most trusted conglomerates.

- TCL benefits from the strong brand equity and reputation of the Tata Group, one of India’s most trusted conglomerates. This association enhances customer confidence, strengthens investor perception, attracts high-quality talent, and enables access to funding at competitive rates.
- The Group’s diversified presence across sectors creates ecosystem synergies and cross-selling opportunities, while the strong financial backing of Tata Sons supports TCL’s growth ambitions and reinforces confidence in its long-term business outlook.

Highest credit rating with a diversified liability profile

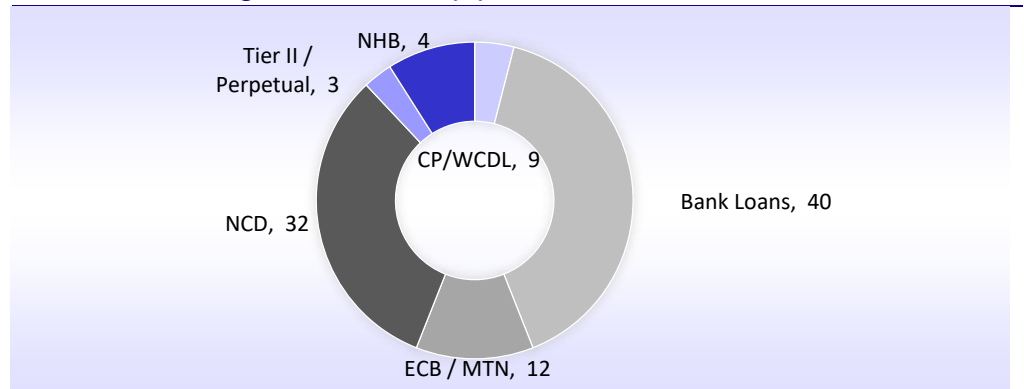
- TCL’s funding strategy is anchored in diversification and depth, enabling the company to access a broad spectrum of lenders and instruments while keeping CoF competitive. By balancing domestic and offshore borrowings across bank lines, debt capital markets, and structured instruments, the company ensures financial flexibility, maintains a stable maturity profile, and minimizes concentration risk. This approach provides a strong foundation for sustained growth while supporting prudent asset-liability management.
- As of Jun’25, TCL had borrowings from 21 commercial banks (including 10 private sector banks) and multiple financial institutions, mutual funds, insurance companies, and pension funds. Its borrowing instruments include short- and long-term bank loans, NCDs, subordinated and perpetual debt, ECBs, and CPs. The company’s funding is well-diversified, with no single lender contributing more than 10% of total borrowings.
- TCL has actively diversified its funding mix, including accessing NHB funding via its subsidiary TCHFL and completing a maiden \$400m offshore bond issuance in Jan’25. This diversified funding base, coupled with strong ratings, supports a sustainable maturity profile, enabling an average CoB of 7.1% as of Mar’26.
- The company’s Asset-Liability Committee (ALCO) oversees asset-liability management policies to optimize funding costs, ensure minimal reliance on short-term debt, mitigate risks, and maintain regulatory compliance, thereby supporting profitability and balance sheet stability.

Exhibit 14: Well-diversified borrowing mix across instruments



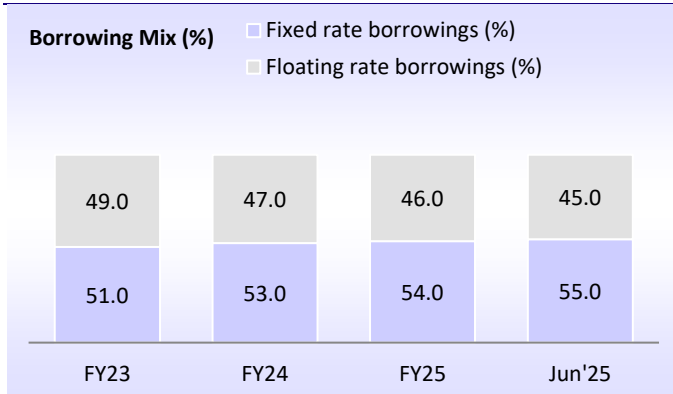
Source: Company, MOFSL

Exhibit 15: Borrowing mix as of Mar’26 (%)



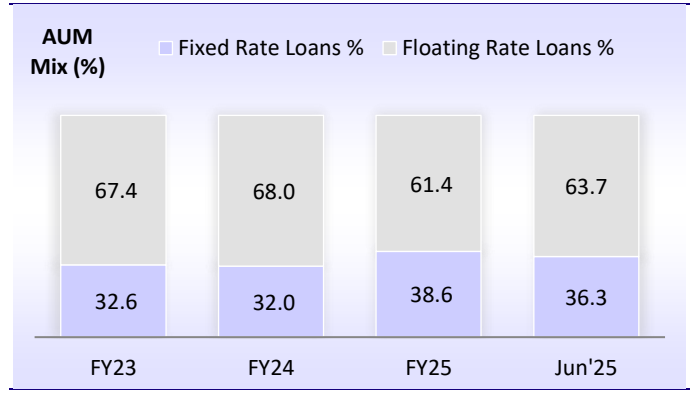
Source: Company, MOFSL

Exhibit 16: Higher share of floating-rate borrowings...



Source: MOFSL, Company

Exhibit 17: ...matched with a higher share of floating-rate loans



Source: MOFSL, Company

Robust credit profile, with the highest possible NBFC ratings of “AAA with stable outlook” from CRISIL, ICRA, CARE, as of Mar’26.

- The company maintains a robust credit profile, with the highest possible NBFC ratings of “AAA with stable outlook” from CRISIL, ICRA, CARE, and India Ratings and “A1+” for commercial papers from CRISIL, ICRA, and India Ratings as of Mar’26.
- Internationally, S&P Global Ratings assigned a long-term rating of ‘BBB/Stable’ and a short-term rating of ‘A-2’ (upgraded from ‘BBB-/Positive’ and ‘A-3’), while Fitch Ratings affirmed long-term foreign- and local-currency IDR of ‘BBB-’ with a stable outlook. These ratings allow the company to access a broad spectrum of domestic and global lenders at competitive costs.

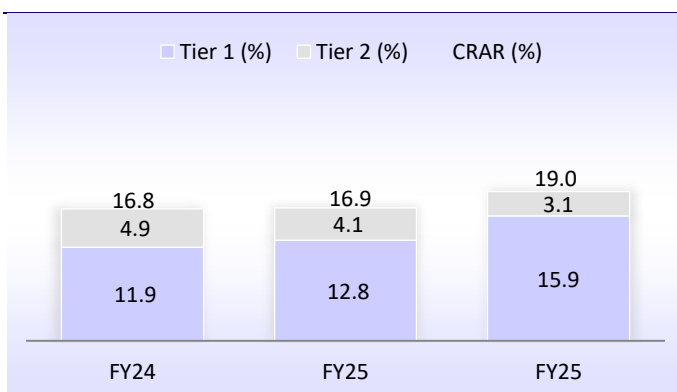
Exhibit 18: TCL has a credit rating of AAA/Stable from all credit rating agencies

Credit rating agency	Long term	Short term
CRISIL, ICRA, CARE, and India Ratings	AAA/Stable	A1+
S&P Global	BBB/Stable	A-2

Source: Company, MOFSL

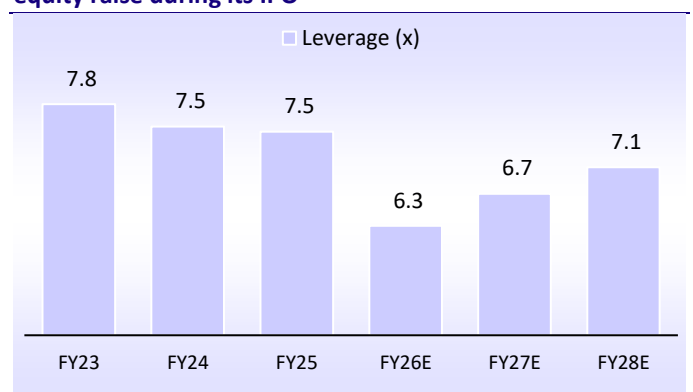
- TCL maintains a healthy capital position, which provides a comfortable buffer to fund future growth and absorb potential credit or macroeconomic shocks. As of Mar’26, its CRAR stood at ~19% and was well above regulatory requirements, reflecting its disciplined and prudent capital management approach.

Exhibit 19: CRAR stood at 19% as of Mar’26



Source: MOFSL, Company

Exhibit 20: Leverage declined in FY26 because of the fresh equity raise during its IPO



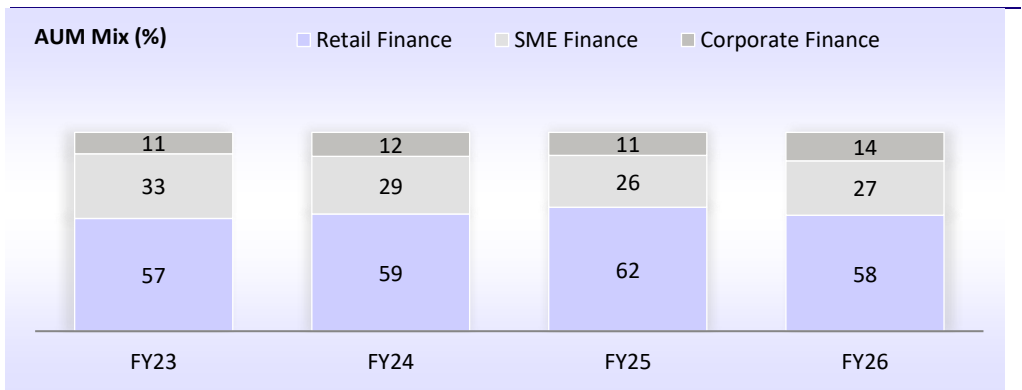
Note: Leverage is Assets/Net-worth; Source: MOFSL, Company

TCL has developed a well-diversified loan portfolio, with no single product accounting for more than 20% of total loans.

Diversified offerings fueling growth

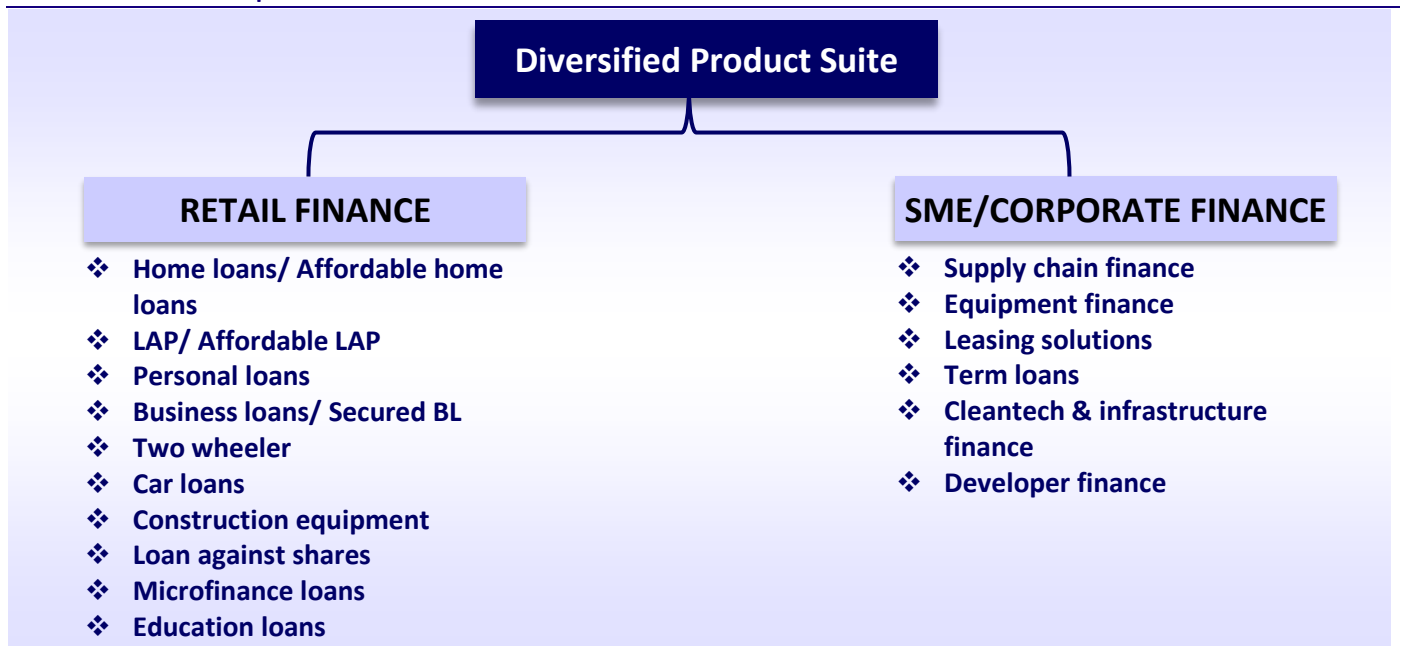
- TCL, the flagship financial services arm of the Tata Group and a subsidiary of Tata Sons Private Limited, is primarily engaged in lending across retail, SME, and corporate segments, with retail and SME collectively contributing ~86% of the loan book.
- TCL has developed a well-diversified loan portfolio, with no single product accounting for more than 20% of total loans as of Mar'26. The portfolio is distributed across various products, customer segments, sectors, and geographies, which helps minimize concentration risks, ensures resilience across economic cycles, and supports stable profitability.
- The company classifies its offerings into three major categories.
 - **Retail Finance:** It offers a comprehensive range of loan products to salaried and self-employed individuals as well as small business owners, including home loans, LAP, personal and business loans, vehicle and equipment finance, LAS, MFI, and education loans. As of Mar'26, the retail finance segment accounted for ~58% of the company's total loans.
 - **SME Finance:** The company provides supply chain finance, equipment finance, and leasing solutions, along with term loans, cleantech and infrastructure finance, and developer finance to businesses with a turnover of up to INR2.5b. As of Mar'26, the SME Finance segment accounted for ~27% of total loans.
 - **Corporate Finance:** TCL extends term loans, cleantech and infrastructure finance, and developer finance to businesses with turnover exceeding INR2.5b. As of Mar'26, the corporate finance segment contributed ~14% of total gross loans.
- Beyond lending, TCL operates a diversified suite of non-lending businesses, which include: i) distribution of third-party products such as insurance and credit cards, ii) wealth management services catering to high-net-worth individuals and retail clients, and iii) private equity operations. The private equity business is currently focused on two investment themes: a) Growth, with an emphasis on urbanization, manufacturing, and strategic services, and b) Healthcare, targeting opportunities in pharmaceuticals, hospitals, diagnostic chains, and other healthcare platforms.

Exhibit 21: Retail and SME form ~86% of total loans



Source: Company, MOFSL

Exhibit 22: Diversified product suite of TCL



Source: MOFSL, Company

Core segments driving TCL's lending business

Home loans

- Through Tata Capital Housing Finance (TCHFL), TCL offers a wide range of home loans, including new purchases, construction, resale, balance transfers, and top-ups, with over 37% sourced via the in-house sales team and supported by digital and partner channels.
- The overall home loans portfolio stood at ~INR442b (15.9% of total net AUM) as of Mar'26, with an ATS of INR3.27m, typical tenors up to 30 years, and an average interest rate of 9.8% (as of Jun'25). Salaried individuals account for over 50% of the portfolio.
- Within the home loans portfolio, the company also offers affordable home loans focusing on self-occupied and self-constructed properties, with underwriting based on both formal and informal income.

Loan against property (LAP)

- TCL offers secured loans primarily to salaried and self-employed individuals across metro, tier-1, tier-2, and deeper geographies, backed by residential or commercial properties and typically used for personal or business purposes. Loans are sourced via a mix of in-house sales teams and channel partners. As of Mar'26, the overall LAP portfolio stood at INR388b and grew 36% YoY in FY26 (~14% of total Net AUM) with an ATS of INR3.8m, tenors up to 20 years, and an average interest rate of 11.4% (as of Jun'25).

Personal loans

- The company offers unsecured personal loans primarily to salaried individuals for purposes such as marriage, home renovation, travel, medical expenses, or general needs.
- As of Mar'26, the personal loans portfolio stood at INR151b (5.5% of total net AUM) and grew just 3% YoY in FY26 with an ATS of INR420k. The segment tenors up to seven years, with an average interest rate of 16% (as of Jun'25).

Business loans

- TCL provides business loans to self-employed and professional individuals to support working capital needs, asset acquisition, business expansion, new ventures, and other specific requirements. As of Jun'25, these loans were offered across 196 branches, with a portion covered under government-backed schemes such as CGTMSE and CGFMU.
- As of Mar'26, the business loans portfolio stood at INR99b (3.6% share in total Net AUM) with an ATS of INR1.41m. The segment has tenors up to five years and an average interest rate of ~17.8% (As of Jun'25).

Two-wheeler loans (2W)

- The company provides loans to salaried and self-employed individuals for purchasing two-wheelers, supported through tie-ups with over 8k dealerships and 10 OEMs as of Jun'25.
- As of Mar'26, the two-wheeler portfolio stood at INR79b (2.8% share in total Net AUM) and grew 20% YoY in FY26 with an ATS of 110k. The segment has tenors up to five years, and an average interest rate of ~20.3% (As of Jun'25)

Car loans

- TCL provides loans to salaried and self-employed individuals for purchasing passenger cars and refinancing existing owned cars. Loans are sourced through the in-house sales team, dealers, and DSAs.
- As of Mar'26, the car loans portfolio stood at INR61b (2.2% of total net AUM) and grew 13% YoY in FY26 with an ATS of INR640k. The segment has tenors up to seven years and an average interest rate of 14.5% (as of Jun'25).

Commercial vehicle loans (CV)

- TCL provides loans for the purchase and refinancing of CVs, including heavy, medium, light, and small CVs. Loans are primarily disbursed to individuals, small fleet operators, market load operators, and strategic customers with large fleets, sourced through OEMs, DSAs, and the in-house sales team.
- As of Mar'26, the commercial vehicle portfolio stood at INR247b, including loans acquired through the TMFL Scheme of Arrangement (8.9% of total Net AUM) and declined ~23% YoY in FY26 with an ATS of INR1.6m. The segment has tenors up to five years and an average interest rate of 12.1% (as of Jun'25).

Construction equipment loans (CE)

- TCL provides loans for purchasing CE and machinery across sectors such as construction, infrastructure, mining, ports, and material handling. Borrowers include individual operators and small to large fleet operators, with financing available for both new and used equipment. Loans are sourced through the in-house sales team and partnerships with OEMs and DSAs, with over 75% sourced in-house (as of Jun'25), supported by tie-ups with 40+ OEMs.
- As of Mar'26, the CE portfolio stood at INR62b (2.2% share in Total Net AUM) and grew 8% YoY in FY26 with an ATS of INR8.1m. The segment has tenors up to five years and an average interest rate of 11.5% (as of Jun'25).

Loans against securities

- The company provides loans secured by a pledge of borrowers' invested securities, including stocks, mutual funds, bonds, and other instruments, primarily sourced through the in-house sales team.
- As of Mar'26, LAS portfolio stood at INR49b (1.8% share in total Net AUM) and grew 30% YoY in FY26 with an ATS of INR5.4m. The segment has tenors up to one year and an average interest rate of 10.1% (as of Jun'25).

Microfinance loans

- TCL offers MFI loans under the joint liability group (JLG) model to women from low-income groups, typically self-employed or home-based entrepreneurs. As of Jun'25, MFI loans were offered across 569 branches in 13 states, sourced by the in-house sales team and serviced by a dedicated collections team, with part of the portfolio covered under government schemes such as CGFMU.
- As of Mar'26, the MFI portfolio stood at INR25b (0.9% share in total Net AUM) and grew 10% YoY in FY26 with an ATS of INR50k. The segment has tenors up to three years and an average interest rate of 25.5% (as of Jun'25).

Education loans

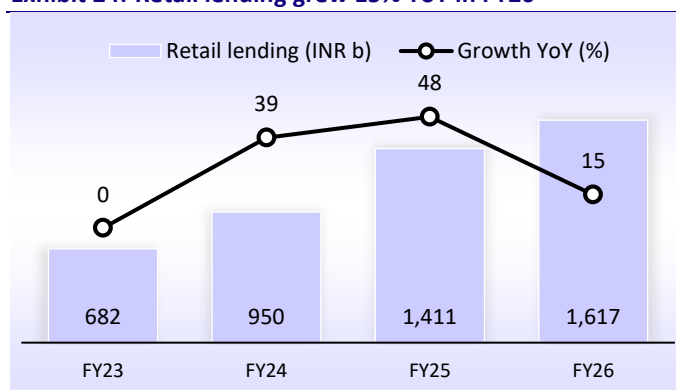
- The company provides loans to students for pursuing higher education in India and abroad. As of Mar'26, education loans stood at INR9.5b (0.3% share in total Net AUM) with an ATS of INR3.6m. The segment has tenors up to 15 years and an average interest rate of 11.8% (as of Jun'25).

Exhibit 23: Overview of TCL's retail product segment as of Mar'26

Retail Products	AUM (INR b)	% of total loans	Ticket size (INR m)	YoY growth (%)
Home loans	442	15.9	3.6	15.6
LAP	388	14	3.8	36.1
Commercial vehicle loans	247	8.9	1.6	-23
Personal loans	151	5.5	0.4	3.2
Business loans	99	3.6	1.4	14.4
2W Loans	79	2.8	0.1	19.9
Construction equipment	62	2.2	8.2	7.5
Car loans	61	2.2	0.6	13
Loan against securities	49	1.8	5.5	29.7
MFI loans	25	1	0.05	9.9
Education loans	9	0	3.6	0

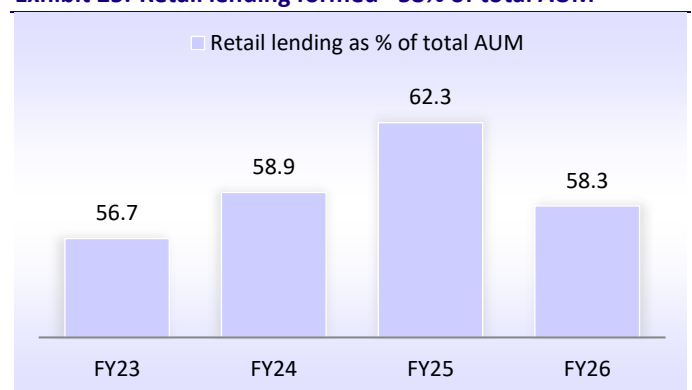
Source: Company, RHP, MOFSL

Exhibit 24: Retail lending grew 15% YoY in FY26



Source: MOFSL, Company

Exhibit 25: Retail lending formed ~58% of total AUM



Source: MOFSL, Company

Supply chain finance

- TCL provides working capital solutions to distributors and dealers through channel finance and factoring, and to suppliers via vendor finance, facilitating purchases from reputed corporates and OEMs.
- The company has tie-ups with over 200 OEMs and operates dedicated teams for corporate engagement, alongside frontline sales teams managing ecosystem relationships. Supply chain finance is primarily sourced through the in-house sales team.
- The segment has an ATS of INR33m, tenors up to one year, and an average interest rate of 10.9%. (as of Jun'25)

Equipment finance

- TCL provides loans to finance the purchase of equipment, ranging from heavy machinery to office equipment, across sectors such as engineering, plastics, packaging, printing, healthcare, and pharmaceuticals. Loans are primarily sourced through the in-house sales team and partnerships with 60+ OEMs.
- The segment has an ATS of INR17m, tenors up to five years, and an average interest rate of 11.4%. (as of Jun'25)

Leasing solutions

- TCL provides leasing solutions across multiple asset categories, including cars, IT assets, commercial vehicles, construction equipment, plant and machinery, and electric vehicles, catering to SMEs, corporates, and multinational corporations. The company also offers operating lease/rental solutions, recorded as Fixed Assets. Loans are primarily sourced through the in-house sales team and partnerships with OEMs.
- The segment has an ATS of INR200m, tenors up to 15 years, and an average interest rate of 11.6%. (as of Jun'25)

Term loans

- TCL provides 1) term loans to SME and corporate customers for funding brownfield and greenfield projects, and 2) capital investments such as machinery, working capital, and other general purposes. As of Jun'25, the company serves over 2k customers across diverse sectors, including auto, electronics, pharmaceuticals, healthcare, steel, FMCG, and education. Loans are primarily sourced through in-house sales teams and DSAs.
- The segment has an ATS of INR418m, tenors up to eight years, and an average interest rate of 10.9%. (as of Jun'25).

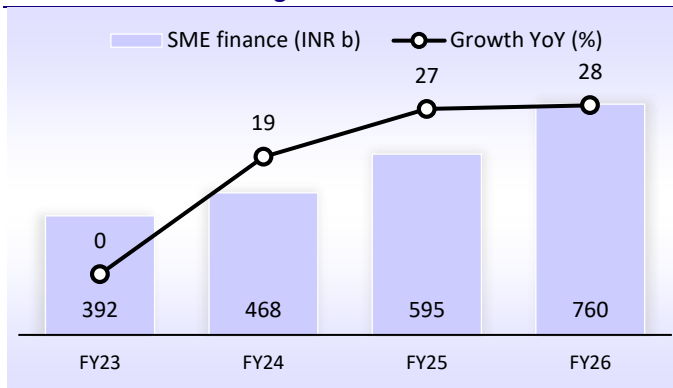
Cleantech & infrastructure finance

- TCL, following the merger of its erstwhile subsidiary TCCL in Jan'24, provides term loans for projects in renewable energy, energy efficiency, electric mobility, waste and water management, and other infrastructure sectors. Loans are primarily sourced through the in-house sales team, supported by partnerships with global climate investors for long-tenure, low-cost capital.
- The segment has an ATS of INR1.67b, tenors up to 23 years, and an average interest rate of 10.4%. (as of Jun'25)

Developer finance

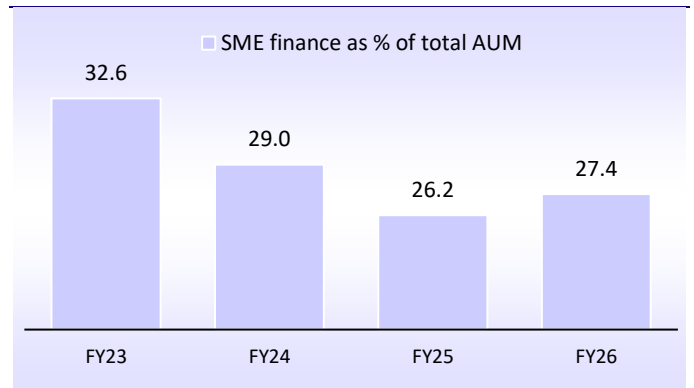
- TCL, through its subsidiary TCHFL, provides loans to real estate developers secured by mortgages or hypothecation on project assets, cash flows, inventory, land, and development rights. The company primarily sources these loans via its in-house sales team, maintaining direct relationships with top developers and focusing on mid-market residential projects, supported by a dedicated project monitoring and asset management team.
- The segment has an ATS of ~INR750m, tenors up to seven years, and an average interest rate of 12.5%, with relationships spanning over 145 active developers across 11 cities as of Jun'25.

Exhibit 26: SME finance grew 28% YoY in FY26



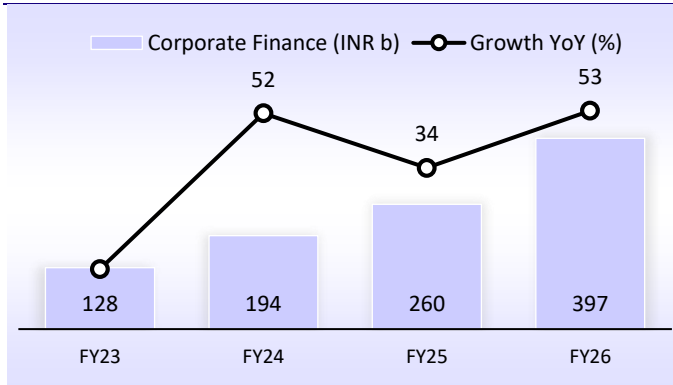
Source: MOFSL, Company

Exhibit 27: SME finance formed ~27% of total AUM



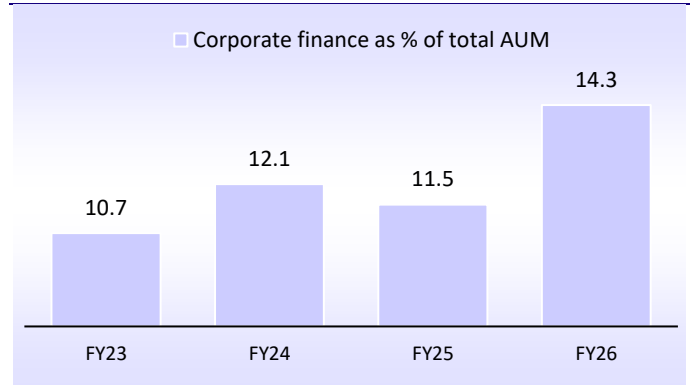
Source: MOFSL, Company

Exhibit 28: Corporate finance grew ~53% YoY in FY26



Source: MOFSL, Company

Exhibit 29: Corporate finance rose to ~14% of AUM



Source: MOFSL, Company

TCL operates a diversified suite of non-lending businesses, which includes:

Distribution of insurance & credit cards

- TCL holds a corporate agent (composite) license from IRDAI to distribute life, general, and health insurance products. As of Mar'26, the company had over 9.9m insurance policies in force through partnerships with 19 insurers. Since 2009, TCL has also been distributing "Tata Corporate Cards," white-label corporate credit cards issued by SBI Cards and Payment Services, with over 250k active cards as of Jun'25.

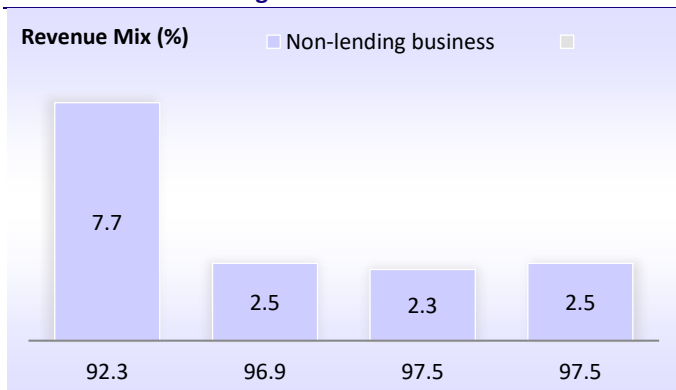
Wealth management

- Through Tata Capital Wealth, the company provides wealth management services for high-net-worth individuals and retail clients. As of Mar'26, its AUM stood at INR73.8b, growing at a 21% CAGR from Mar'23 to Mar'26. Tata Capital Wealth offers a range of customized solutions, supported by dedicated wealth managers and investment specialists.

Private equity funds

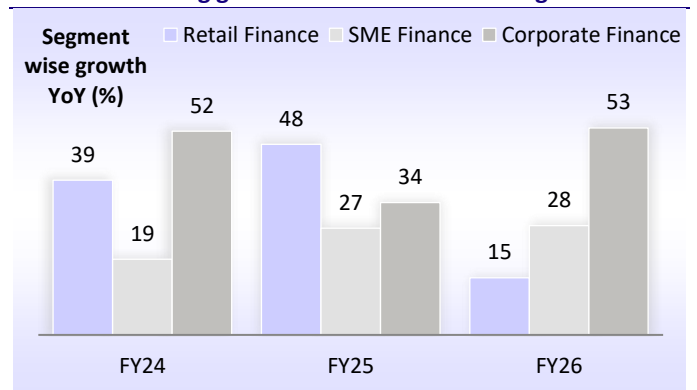
- TCL's PE business focuses on two themes: 1) Growth, targeting companies in urbanization, manufacturing, and strategic services, and 2) Healthcare, investing in pharmaceuticals, hospitals, contract research & manufacturing services, diagnostic chains, and related healthcare businesses.
- Since its inception, the company has established eight thematic funds – Tata Capital Growth Funds I, II & III; Tata Capital Healthcare Funds I & II; Tata Capital Innovations Fund; Tata Capital Special Situations Fund; and Tata Opportunities Fund. As of Mar'26, total capital raised across domestic and offshore funds stood at INR86b, spanning 53 deals over 15+ years.

Exhibit 30: Non-lending businesses revenue mix



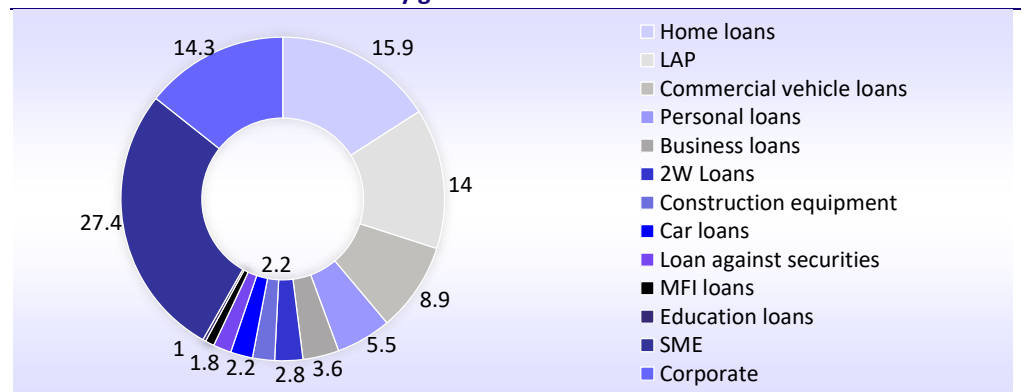
Source: MOFSL, Company

Exhibit 31: Strong growth across all business segments



Source: MOFSL, Company

Exhibit 32: Well-diversified and very granular AUM mix



Note: Data as of Mar'26; Source: Company, MOFSL

TCL's merger with Tata Motors Finance

Merger has created a larger and more diversified financial services platform with enhanced scale, a stronger capital and asset base, and a wider geographic footprint.

- Tata Motors Finance (TMFL) was merged with TCL, effective 8th May'25, with an appointed date of 1st Apr'24. Under this merger, TMFL's entire business, comprising all assets, liabilities, and undertakings, was transferred to the company, and 183.9m equity shares were allotted to TMF Holdings Limited.
- TMFL, a wholly owned subsidiary of TMF Holdings Limited (and ultimately of Tata Motors), is one of India's leading CV and PV financiers, with a pan-India network of 385 branches and over 940+ dealer touchpoints as of Mar'26. With a workforce of over 4.8k employees, TMFL also has a strong presence across the automotive value chain, catering to the financing needs of dealers, fleet operators, transporters, and retail customers.
- The merger has created a larger and more diversified financial services platform with enhanced scale, a stronger capital and asset base, and a wider geographic footprint. It has strengthened the company's positioning in the CV and PV finance segments, while unlocking operational synergies and enabling deeper penetration across customer segments.
- Overall, the integration has reinforced the company's presence as a comprehensive vehicle finance player with improved scale, efficiency, and growth potential across the auto financing ecosystem.

Turnaround strategy for the motor finance business (erstwhile TMFL)

Over the past few years, TMFL has navigated a period of structural and operational challenges that have weighed on its profitability and constrained growth.

- Over the past few years, TMFL has navigated a period of structural and operational challenges that have weighed on its profitability and constrained growth. As the captive financing arm of Tata Motors, the company's performance has remained closely tied to the inherently cyclical CV industry. Its borrower base is largely composed of small and medium fleet operators, who are highly sensitive to fluctuations in freight demand, fuel costs, and broader economic activity.
- This exposure to cyclical stress, combined with limited diversification beyond captive CV loans, led to rising concentration risk and weaker resilience compared to peers with more diversified portfolios. Asset quality deteriorated meaningfully through the downcycle, while credit costs remained elevated.
- TMFL also faced a structurally higher cost of funds given its smaller standalone NBFC profile and relatively lower credit rating, which constrained margin flexibility versus larger competitors. Operational inefficiencies, legacy systems, and limited digital integration further added to cost pressures. Consequently, the company's loan book contracted ~INR50b over the past one year as management prioritized balance sheet repair and asset quality stabilization.

To restore profitability and position itself for sustainable growth, the company's motor finance business has initiated a comprehensive turnaround strategy anchored around portfolio realignment, funding efficiency, and operational discipline.

1. **Realigning the portfolio mix to enhance yield and asset quality:** The company is actively reshaping its portfolio toward higher-yielding and higher-quality segments. The focus is on transforming the business model and achieving seamless integration with TCL, with progress being tracked in line with

TMFL has moved away from a purely captive model by establishing tie-ups with multiple OEMs. Share of non-Tata OEMs in new vehicle disbursements spiked to ~26% in 4QFY26 from NIL in 4QFY25.

management plans. However, the evolution of the CV cycle remains a key factor to monitor.

2. **Multi-OEM diversification:** TMFL has moved away from a purely captive model by establishing tie-ups with multiple OEMs. The share of non-Tata OEMs in new vehicle disbursements spiked to ~26% in 4QFY26 from NIL in 4QFY25. Over the last nine months, the company has onboarded more than ~400 new dealers, expanding its distribution reach and reducing dependence on Tata Motors. The company has introduced a new strategic structure for its new-vehicle financing business by creating three dedicated sourcing teams. The first team focuses exclusively on small and medium commercial vehicles, while the other two teams are segregated by OEM—one sourcing solely from Tata Motors and the other from non-Tata OEMs. This separation ensures that the non-Tata team cannot default to sourcing from Tata Motors dealers, thereby driving a more balanced portfolio and gradually increasing the share of non-Tata disbursements.
3. **Product mix transformation:** TMFL is pivoting towards used-vehicle financing and focusing on Intermediate, Light, Medium, and Small Commercial Vehicles (ILMSCVs), which offer better margins and lower cyclicality. The share of used vehicles in disbursements stood at 40% in 4QFY26, while ILMSCVs increased to 28% (from 16% in 4QFY25). In contrast, the share of HCVs declined from 37% to 31% over the last one year, reflecting a deliberate shift toward more granular segments.
4. **Liability management:** The merger with TCL provides TMFL a structural funding advantage. The company’s rating improved from AA+ to AAA post-merger, translating into a ~60bp reduction in cost of funds as of Sep’25. Nearly ~100% of its variable-rate borrowings (~88% of the total) as of Sep’25 have already been repriced, ensuring quicker transmission of lower funding costs.
5. **Strengthened risk management framework:** TMFL has overhauled its underwriting policies to enhance asset quality and resilience. The vehicle valuation process has been centralized for better control, while stricter geographic and product-level limits have been introduced to optimize sourcing and collection efficiency. The focus remains on de-risking the book by raising exposure to consumption-linked segments such as SCV and ILCV.
6. **Cost rationalization and operational integration:** TMFL is undertaking structural cost actions to improve efficiency. Around 90 branches were rationalized over the past few quarters, and the company plans to leverage TCL’s branch infrastructure to scale the motor finance franchise more efficiently. The employee strength has been reduced to 4,849 as of Mar’26 (from 6,351 in Mar’25) through consolidation in support functions. IT integration and process streamlining are underway to drive productivity and reduce the cost-to-income ratio.

TMFL has overhauled its underwriting policies to enhance asset quality and resilience.

The company has transitioned from the earlier horizontal structure under Tata Motors Finance to a vertical reporting model within TCL, under which sales, credit, and collections now operate as independent verticals.

7. **Change in reporting structure:** The company has transitioned from the earlier horizontal structure under Tata Motors Finance to a vertical reporting model within TCL, under which sales, credit, and collections now operate as independent verticals.

The medium-term outlook is expected to improve, supported by GST rate cuts and a gradual recovery in domestic consumption and freight movement. While large fleet operators remain cautious about capacity addition, leading to subdued HCV demand, retail-driven growth in the ILMSCV category is likely to remain robust.

TMFL’s turnaround strategy is centered on diversifying its OEM and product mix, lowering funding costs through its integration with TCL, tightening risk controls, and driving operational efficiencies. These initiatives collectively aim to rebuild profitability, enhance return ratios, and position the company as one with a more resilient and competitive vehicle financing business through the next upcycle.

Tata Capital Housing: A key growth driver

Tata Capital Housing has built one of the fastest-growing affordable housing loan portfolios among large HFCs and ranks among the top three originators by monthly disbursement volumes.

- The housing finance business continues to be a major growth engine for the company. TCL has built one of the fastest-growing affordable housing loan portfolios among large HFCs and ranks among the top three originators by monthly disbursement volumes.
- The company emphasized its strong execution capabilities in launching new product initiatives and expanding into deeper geographies. Its housing finance operations continue to deliver standout performance, supported by industry-leading return ratios on both the RoA and RoE fronts.
- Despite intense competition, particularly in the prime housing sector, margins have remained stable because the company has largely passed on the benefits of lower funding costs to customers. The company is increasingly focusing on near-prime, affordable, and micro-housing segments, with all recent branch expansions targeting these areas to protect and improve margins.
- We expect growth in the housing segment to sustain at similar levels in FY27 as seen in FY26, driven by continued expansion in the near-prime, affordable housing, and LAP segments, while the company consciously avoids competing aggressively with banks in the super-prime category to protect margins.

A resilient franchise with a strong financial core

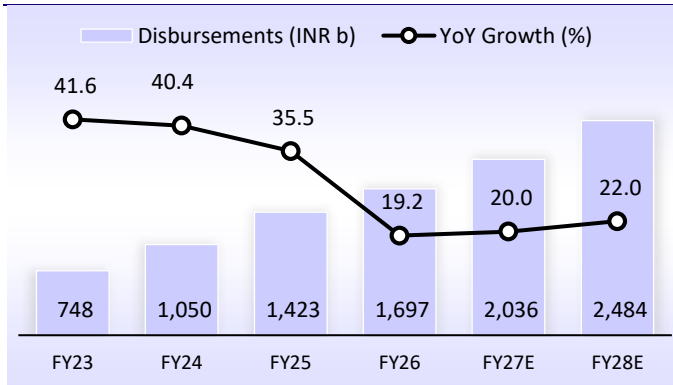
Multi-segment portfolio powering sustainable growth

Strength in diversification: Growth beyond a single engine

- TCL has delivered strong and consistent loan growth in recent years, supported by a well-diversified business model and a disciplined approach to asset quality. AUM growth has remained robust, driven by healthy traction across retail and SME segments, deeper cross-selling within the Tata ecosystem, and continued expansion in secured product offerings.
- Its broad portfolio of over 25 lending products and a wide pan-India network of 1,477 branches enable it to cater to diverse customer segments. The company is focused on sustaining this momentum by selectively scaling high-potential businesses with strong long-term profitability prospects.
- The company intends to scale newer products such as affordable housing loans, affordable LAPs, and secured business loans while deepening penetration across existing locations. Additionally, it plans to strengthen its partner ecosystem (DSAs, OEMs, and dealers) alongside digital distribution channels to drive customer acquisition and operational efficiency.
- We expect healthy growth momentum across the retail, SME, auto, and housing segments, with housing likely to remain the key growth driver, followed by retail, SME, and the emerging/mid-corporate businesses. Following the calibration witnessed in unsecured segments over the last few quarters, disbursement trends have started improving, supporting overall healthy AUM growth. The company reiterated its guidance of delivering ~23-25% AUM CAGR over FY25-FY28E. We estimate an AUM CAGR of ~23% over FY26-FY28E.

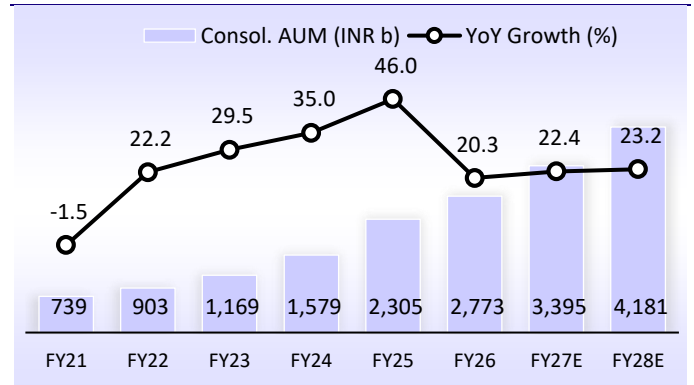
Intends to scale newer products such as affordable housing loans, affordable LAPs, and secured business loans while deepening penetration across existing locations.

Exhibit 33: Disbursement CAGR of ~21% over FY26-FY28E



Source: MOFSL, Company

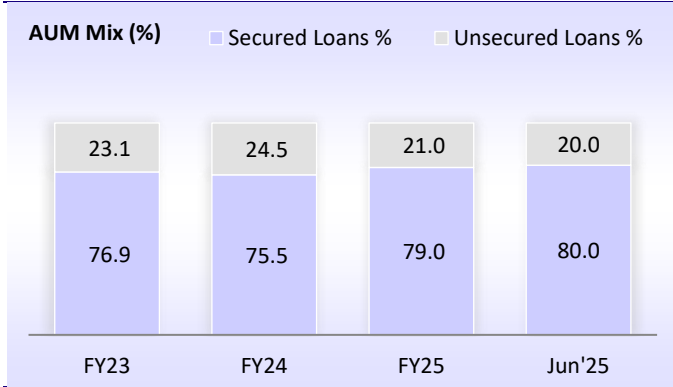
Exhibit 34: AUM CAGR of ~23% over FY26-FY28E



Source: MOFSL, Company

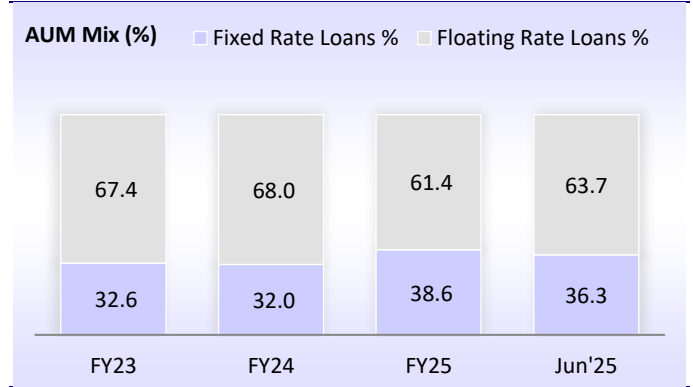
- Over the past 12-18 months, the company has calibrated its unsecured portfolio in response to industry-wide stress affecting MFI, micro-LAP, unsecured business loans, and personal loans. During this period, disbursements were moderated, underwriting standards were tightened, and segment-specific credit issues were addressed through targeted policy interventions.
- With stabilization visible and slippages declining across most unsecured segments, the company has begun accelerating growth in unsecured segments from 1QFY26 onwards, with disbursements and AUM growth reaching a four-quarter high in 3QFY26.

Exhibit 35: Secured products dominate the loan mix



Source: MOFSL, Company

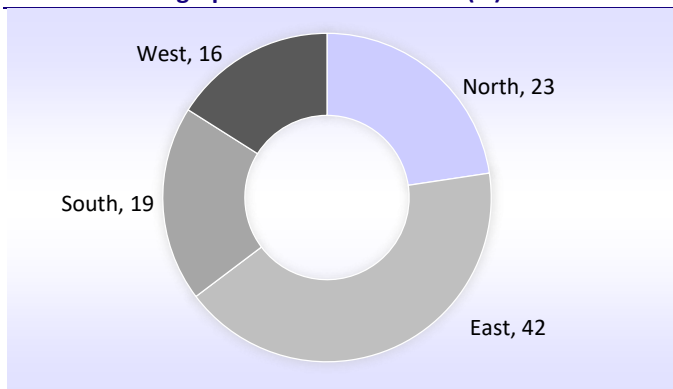
Exhibit 36: Share of fixed-rate loans has gradually increased



Source: MOFSL, Company

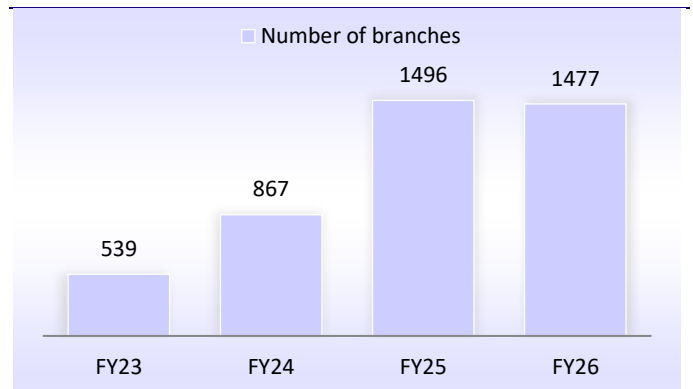
- The company continues to emphasize a balanced phygital distribution model, expanding both branch presence and digital reach while enhancing branch-level productivity. Branch count (ex-TMFL) has more than doubled since FY23, supported by rising customer engagement across digital platforms, with over 21m mobile app downloads and strong website traffic trends.
- We believe that as the newer branches open over the past few years achieve operational maturity and scale, overall productivity will continue to improve, supporting sustained AUM growth over the medium term. The gradual ramp-up of these branches, coupled with the company's ongoing investments in technology, digital origination, and cross-sell capabilities, is expected to enhance business momentum and drive balanced growth across product segments.

Exhibit 37: Geographical mix of branches (%)



Note: Data as of Jun'25; Source: MOFSL, Company

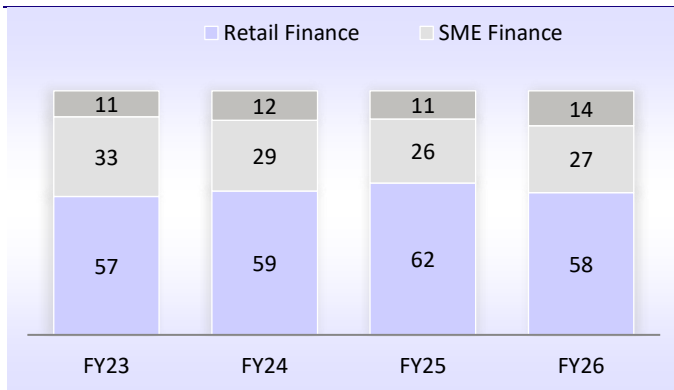
Exhibit 38: Branch rationalization was done in FY26



Source: MOFSL, Company

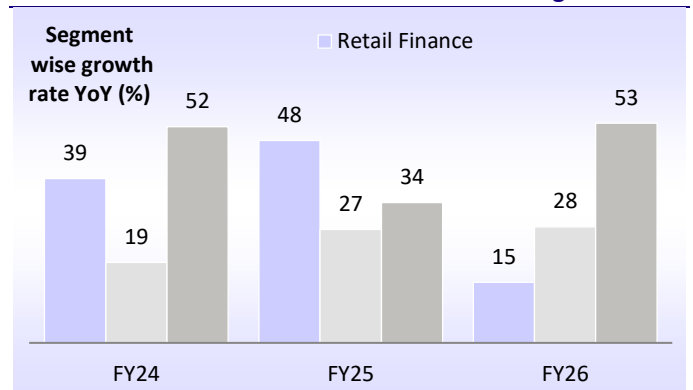
- Between FY23 and FY25, the retail and corporate portfolios grew at a faster pace than the SME segment, resulting in a gradual increase in their share of the overall portfolio. However, in FY26, retail growth moderated due to the slowdown in unsecured lending during the first half of the year, while stronger growth in the SME and corporate segments led to a decline in the retail portfolio share.

Exhibit 39: TCL has a well-diversified AUM mix



Note: Data as of Jun'25; Source: MOFSL, Company

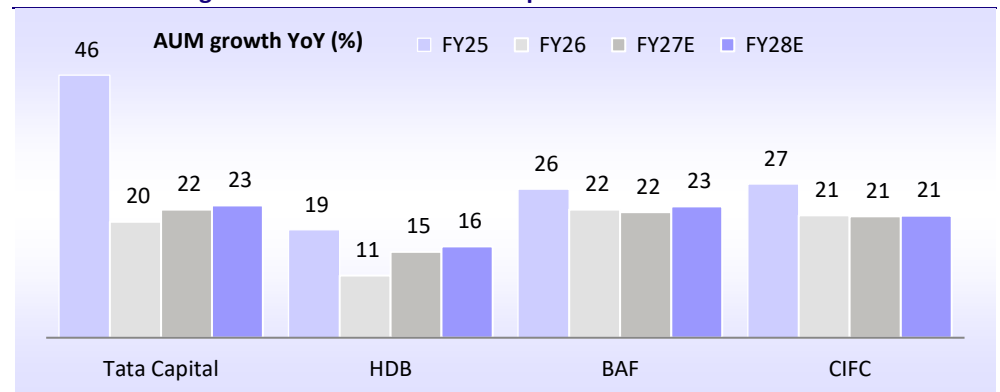
Exhibit 40: Broad-based momentum across all segments



Source: MOFSL, Company

- Over the past 18 months, segments such as personal loans, business loans, and MFIs within the retail unsecured portfolio have experienced some stress. However, the company was able to offset this through stronger growth across secured retail, housing, SME, and corporate segments, thereby maintaining overall momentum.
- Vehicle demand has also remained healthy across PV, CV/LCV, two-wheelers, and tractors. Demand momentum improved meaningfully in 3QFY26 following GST cuts and continued to remain strong in 4QFY26. Motor finance currently accounts for ~9.2% of total AUM, down from 12-13% at the time of the merger. While the book will continue to grow, it is expected to trail overall AUM growth, which is guided at 23-25% CAGR over FY25-FY28. As a result, motor finance's share in group AUM is likely to decline further to around 7-8% over this period.

Exhibit 41: AUM growth trends for TCL and its peers



Source: Company, MOFSL

Note: FY25 growth for TCL looks higher due to the merger of TMFL with the company

Margin expansion fueled by rising share of unsecured mix

Expect a NIM expansion of 20-30bp over the next two years

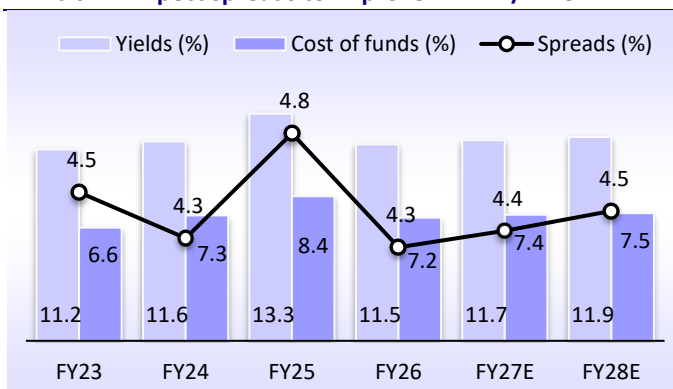
- TCL's NIM has shown relative stability in recent years, largely reflecting its diversified product mix and risk-calibrated pricing. The steady shift toward higher-yielding retail assets such as personal loans, consumer durable finance, and SME lending has helped offset some compression in corporate and housing finance yields.
- On the funding side, the company continues to benefit from strong parentage, enabling it to maintain one of the lowest borrowing costs among large NBFCs.

The funding conditions for the company have improved significantly, supported by a recent upgrade from S&P Global Ratings to BBB (Stable) in Aug'25. This rating enhancement will further strengthen TCL's access to funds and reduce borrowing costs, aiding quality AUM growth while maintaining prudent leverage.

On the funding side, the company continues to benefit from strong parentage, enabling it to maintain one of the lowest borrowing costs among large NBFCs

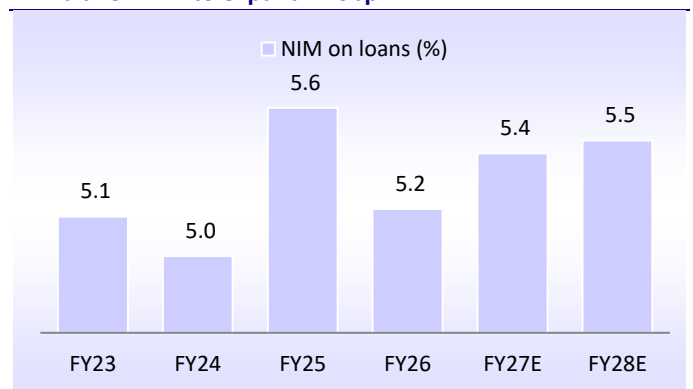
- Margins were impacted in FY26 due to slower growth in the unsecured business and the continued rundown of the motor finance portfolio. However, with improving disbursement trends in unsecured segments and the turnaround in the motor finance business, margins are likely to expand in FY27. On the funding side, the scope for further reduction in the cost of funds may remain limited given the rise in bond yields amid an uncertain geopolitical environment.
- We expect yields to improve as the company gradually increases the share of higher-yielding unsecured products such as MFI, personal loans, and business loans within the overall portfolio, while borrowing costs are expected to remain broadly stable at current levels. We estimate a NIM (calc.) of ~5.4%/5.5% in FY27/FY28E (vs. 5.2% in FY26).

Exhibit 42: Expect spreads to improve in FY27/FY28



Source: MOFSL, Company

Exhibit 43: NIM to expand ~20bp in FY27E

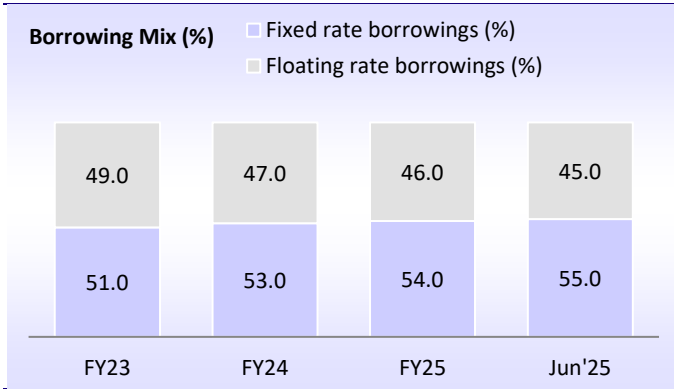


Source: MOFSL, Company

Well-diversified fee income profile

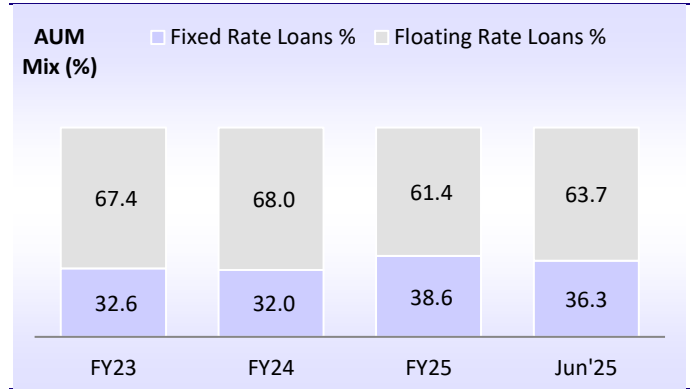
- TCL earns fee income from an operating lease business (part of fixed assets and not a loan book). The company's fee income is well diversified across various streams, including cross-selling of insurance products, wealth management, corporate deal origination, and sell-down activities. Management highlighted that several originated large-ticket deals not retained on the balance sheet are sold down, generating additional fee income – an area witnessing healthy growth.

Exhibit 44: Higher share of fixed-rate borrowings



Source: MOFSL, Company

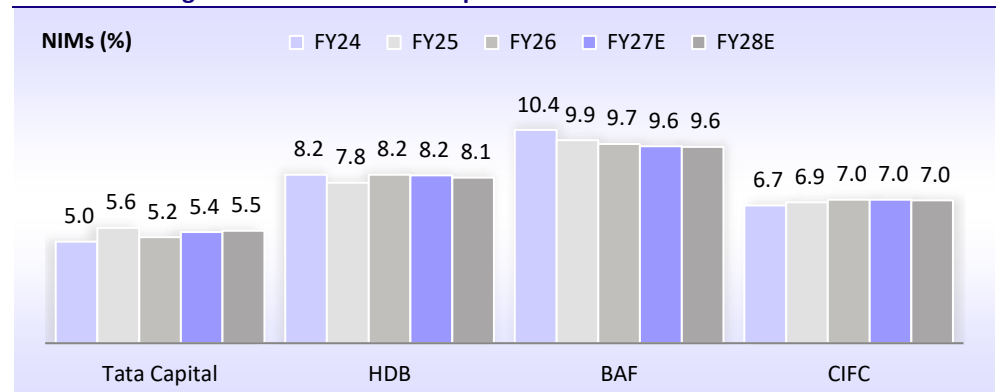
Exhibit 45: Fixed-rate loans constitute ~77% of total loans



Source: MOFSL, Company

- TCL's margins have historically trailed peers primarily because of its higher share of secured products, which is the highest among the other diversified NBFCs. In comparison, peers have a greater mix of high-yield unsecured loans that support higher margins.

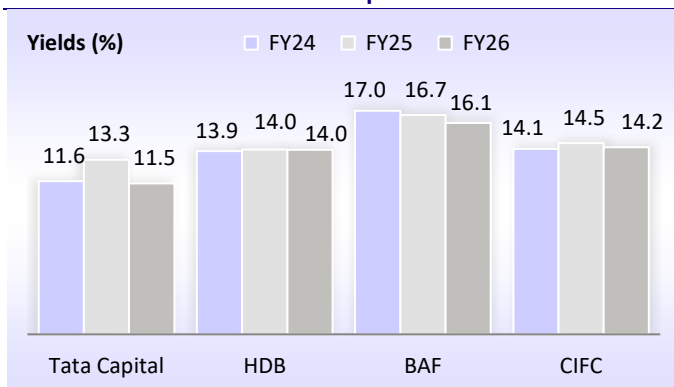
Exhibit 46: Margin trends for TCL and its peers



Source: Company, MOFSL

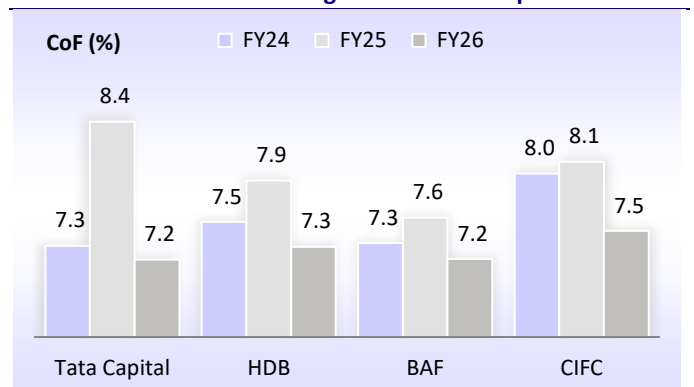
- Similarly, yields have remained relatively lower than peers due to the higher share of secured lending in the portfolio. However, the company benefits from one of the most competitive funding costs among diversified NBFCs, supported by its strong liability franchise, AAA credit rating, and the strong parentage of the Tata Group, which provides superior market access and funding flexibility.

Exhibit 47: Yields for TCL and its peers



Source: MOFSL, Company

Exhibit 48: Cost of borrowings for TCL and its peers



Source: MOFSL, Company

Note: The increase in yields and CoF in FY25 is due to the merger effect with TMFL

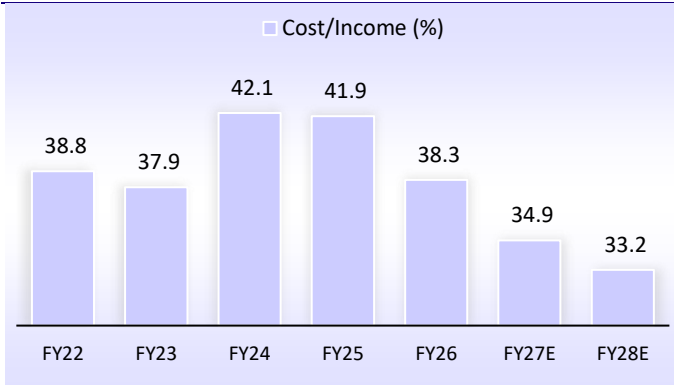
Cost ratios to improve, aided by productivity and AI-led efficiencies

Synergy gains and branch productivity to drive operating leverage

- TCL has maintained disciplined control over operating expenses, reflecting a strong focus on cost efficiency and productivity. The company continues to leverage digital initiatives, process optimizations, and branch-level productivity improvements to manage costs and support sustainable profitability.
- Despite significant branch expansion over the past two years, TCL has managed to keep its opex/avg. assets ratio within a controlled range. The slight increase in FY25 was primarily driven by business expansion and the TMFL merger, which resulted in higher operating expenses during the year.
- The company has transitioned from AI pilots to enterprise-wide AI deployment across marketing, sales, credit, operations, servicing, and collections. Voice-based agentic AI platforms are improving productivity and call handling, while Gen-AI underwriting co-pilots and AI-generated credit memos are now widely used, enhancing speed, consistency, and risk governance. AI-led automation has enabled higher processing volumes with lower manpower, reinforcing operating leverage. Technology investments are tightly governed, with every IT and digital spend evaluated for either customer experience or operating efficiency returns.
- We believe these initiatives, along with increasing scale, will continue to drive productivity improvements and further enhance operating leverage. We expect a cost-to-income ratio of ~35%/33% and opex/avg. assets of ~2.1%/2.0% in FY27/FY28.

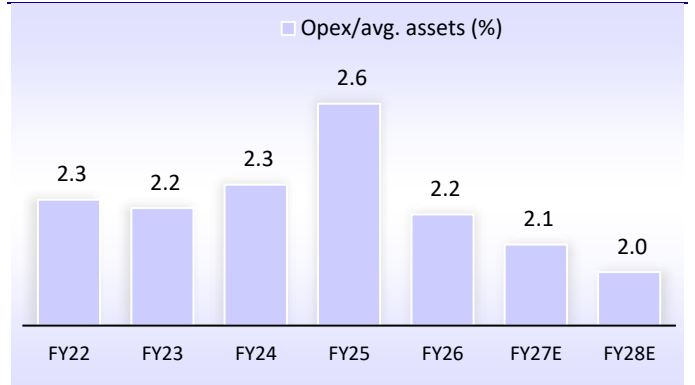
The company has transitioned from AI pilots to enterprise-wide AI deployment across marketing, sales, credit, operations, servicing, and collections

Exhibit 49: C/I ratio to improve driven by operating leverage



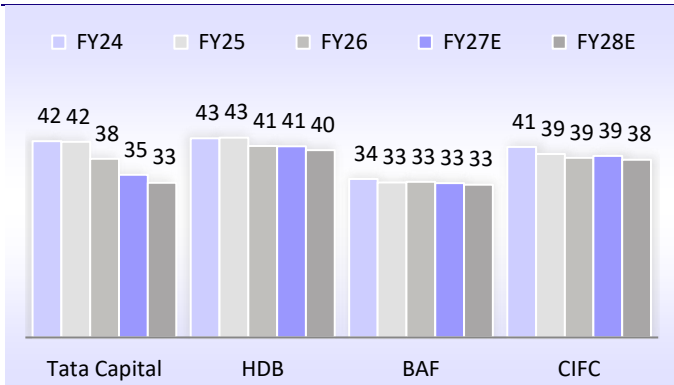
Source: MOFSL, Company

Exhibit 50: Opex/avg. assets to decline in FY27/FY28E



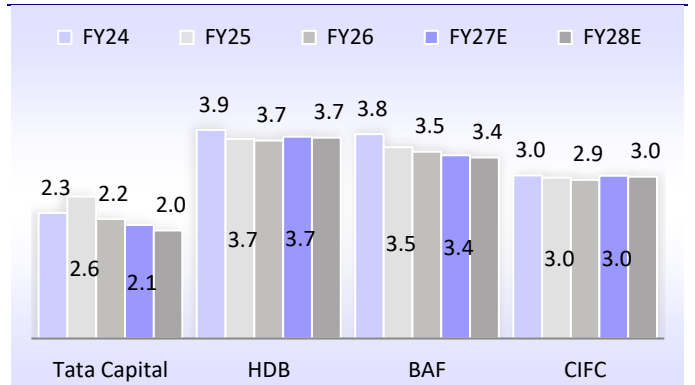
Source: MOFSL, Company

Exhibit 51: Cost-to-income ratio trends for TCL and its peers



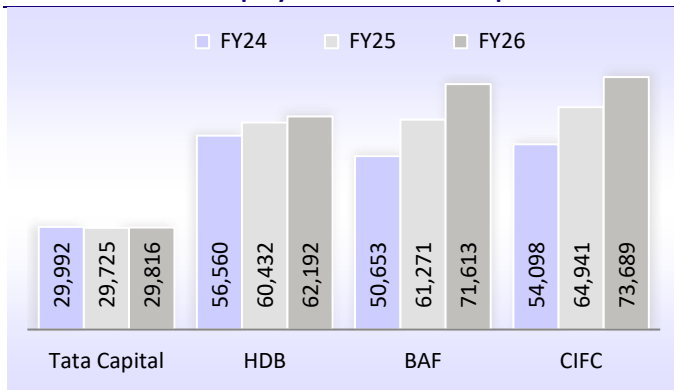
Source: MOFSL, Company

Exhibit 52: Opex/assets ratio trends for TCL and its peers



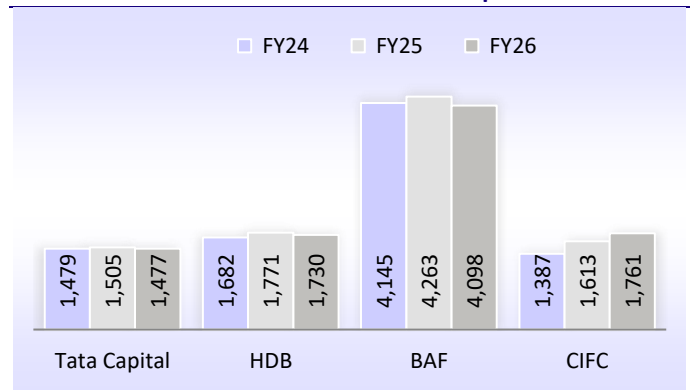
Source: MOFSL, Company

Exhibit 53: No. of employees for TCL and its peers



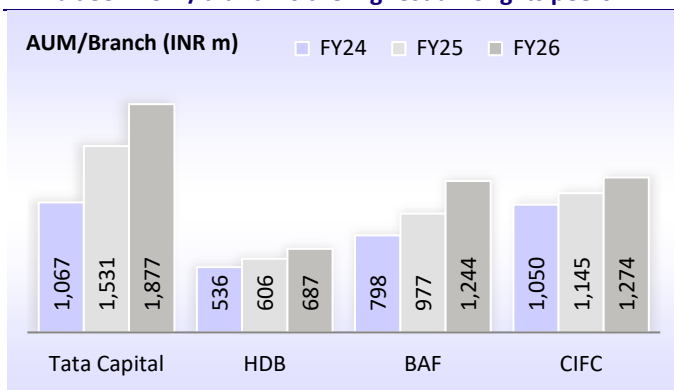
Source: MOFSL, Company

Exhibit 54: No. of branches for TCL and its peers



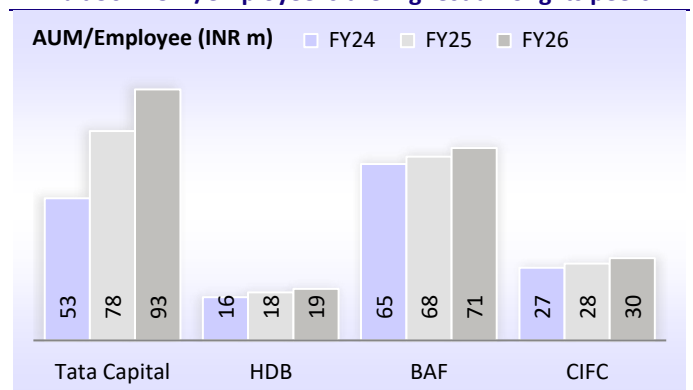
Source: MOFSL, Company

Exhibit 55: AUM/branch is the highest among its peers



Source: MOFSL, Company

Exhibit 56: AUM/employee is the highest among its peers



Source: MOFSL, Company

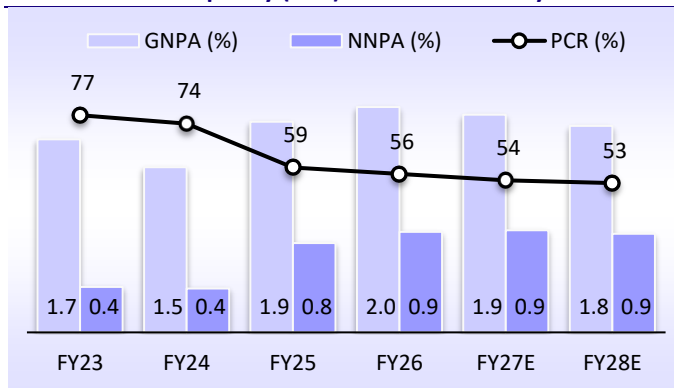
TCL has maintained robust portfolio quality over the past few years, supported by disciplined underwriting practices and proactive collections.

Credit cost pressures largely behind; gradual improvement ahead
Robust credit standards to sustain portfolio quality

- TCL has maintained robust portfolio quality over the past few years, supported by disciplined underwriting practices and proactive collections. Its underwriting approach is customized to the varied product mix, applying rule-based automated underwriting, high-touch assessment, or a hybrid model depending on the business vertical and customer profile.
- This disciplined approach helped keep credit costs relatively benign over the last two years. However, in FY25, TCL experienced asset quality pressures in select retail unsecured segments, including personal loans, business loans, MFI, and CV portfolios. Additionally, post-merger with TMFL, reported credit costs increased, driven by stress in the captive motor finance portfolio, particularly across rural and semi-urban locations.
- However, the company has largely turned around the motor finance business, with the segment achieving breakeven in 3QFY26 and returning to profitability in 4QFY26. The company is targeting an RoA of 2% by FY28, driven by a pickup in disbursement momentum, improving asset quality, lower slippages, and higher recoveries, which are expected to lead to meaningful moderation in credit costs.
- Further, the stress in unsecured segments such as MFI, business loans, and personal loans, which persisted over the last 12–18 months, has materially subsided, with asset quality experiencing a meaningful improvement over the past few quarters.

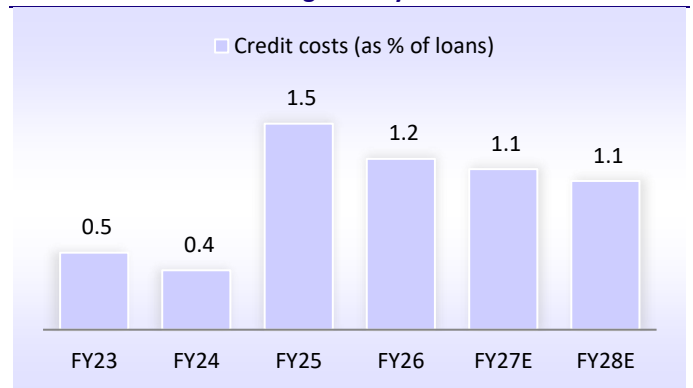
- Overall, we believe credit costs likely peaked in 1QFY26 and have been trending down from 2QFY26 onwards, reflecting the benefits of the credit corrective actions taken over the past 18 months. Improving trends in the motor finance portfolio, where both slippages and credit costs began declining in 3QFY26, are also contributing to the normalization of overall credit costs.
- With reinforced underwriting discipline, sharper credit monitoring, and a more balanced portfolio mix, we expect credit costs to normalize progressively over the next two years. Over the next couple of years, management expects credit costs to remain below 1%. We expect credit costs (as a % of avg. loans) of 1.1% each in FY27/FY28E (as compared to 1.2% in FY26).

Exhibit 57: Asset quality (GS3) to remain broadly stable



Source: MOFSL, Company

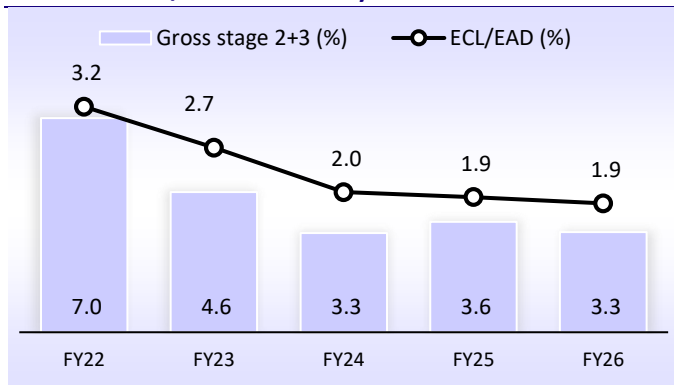
Exhibit 58: Credit costs to gradually trend down



Source: MOFSL, Company

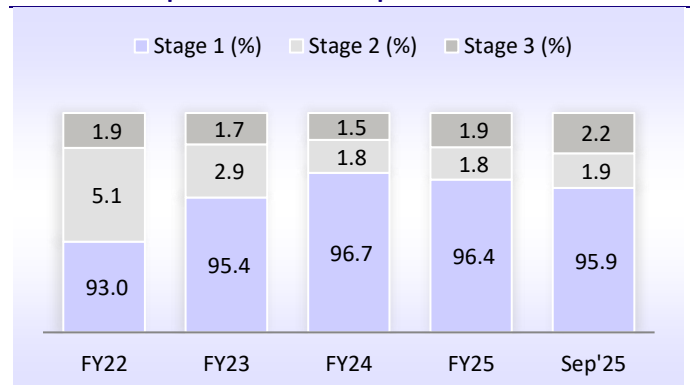
- While GNPA increased in FY25 following the merger with TMFL and further in 1QFY26 due to stress in select segments, GNPA has begun improving in the second half of the year, supported by TCL's strong underwriting, robust collections, and prudent risk management practices.
- The company has maintained a comfortable PCR of ~59% as of FY25 and ~56% as of Mar'26, despite 80% of its loan book being secured. Although PCR has moderated from the peak level of 74-77%, it remains healthy. This reflects the high quality and secure nature of the portfolio.

Exhibit 59: ECL/EAD was broadly stable at 1.9% as of Mar'26



Source: MOFSL, Company

Exhibit 60: Improvement in 30+dpd in FY26

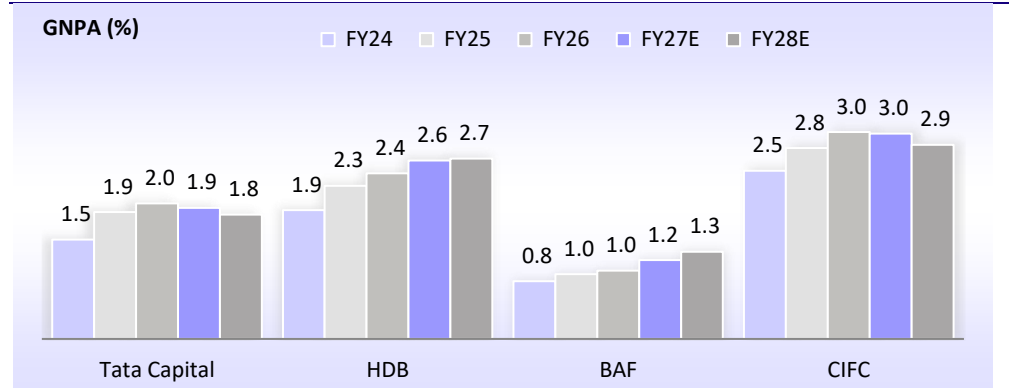


Source: MOFSL, Company

- The company employs a mix of rule-based underwriting, high-touch methods, or a combination of both. Its rule-based underwriting engines leverage advanced models that draw on credit bureau data, alternate databases including the RBI's

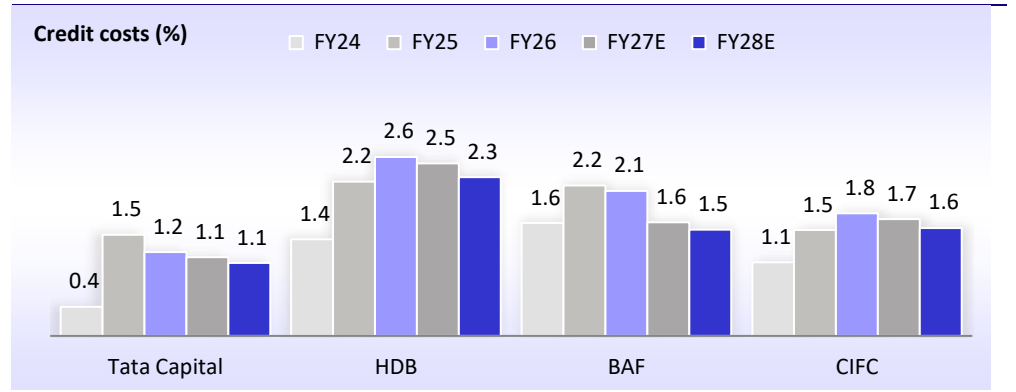
account aggregator system, and other customer information to generate internal credit risk profiles and make informed lending decisions.

Exhibit 61: GNPA trends for TCL and its peers



Source: Company, MOFSL

Exhibit 62: Credit cost trends for TCL and its peers



Source: Company, MOFSL

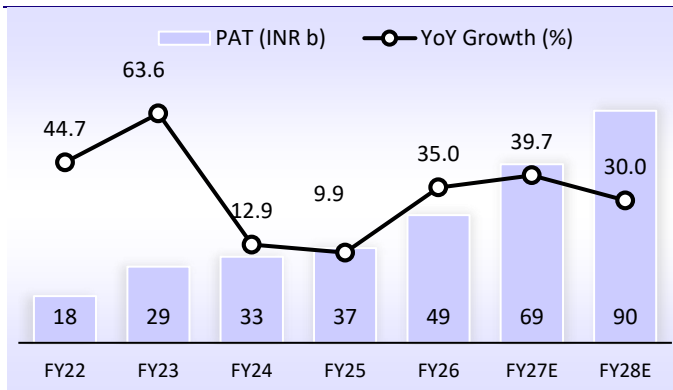
Sustained earnings momentum driven by multiple structural levers

Well-equipped to deliver a PAT CAGR of ~35% over FY26-28E

- TCL's profitability remains robust, supported by a well-diversified portfolio and disciplined risk management. Although return ratios were impacted in FY25 and FY26 due to elevated provisioning following the merger with TMFL and higher operating expenses, resulting in a decline in RoA/RoE to 1.8%/12.7% in FY25 and 2%/12.8% in FY26 from 2.1%/16% in FY24, we believe these headwinds are largely behind the company. This positions TCL for a stronger earnings trajectory over the next few years.
- Profitability is expected to improve as merger synergies begin to materialize, coupled with the stabilization of credit costs in the motor finance business. Further, the motor finance segment, which reported losses in FY25 and 1HFY26, has posted a break-even in 3QFY26 and has returned to profitability in 4QFY26, which should further support the group's earnings trajectory going forward.
- We further believe that improving branch productivity and ongoing digitization initiatives will drive stronger operating leverage, leading to enhanced cost efficiency. With a strengthening liability profile helping lower funding costs and normalization in credit costs over the next two years, RoA is likely to move toward ~2-2.1%, while RoE could improve to ~14-15%. Overall, earnings momentum is set to strengthen as integration-related pressures ease and the company benefits from scale, efficiency gains, and portfolio diversification.
- Over the next three years, the company is targeting a steady RoA range of 2.5-2.7% and RoE of 17-18% at the consolidated level. We model an RoA/RoE of ~2.3%/16% in FY28E.

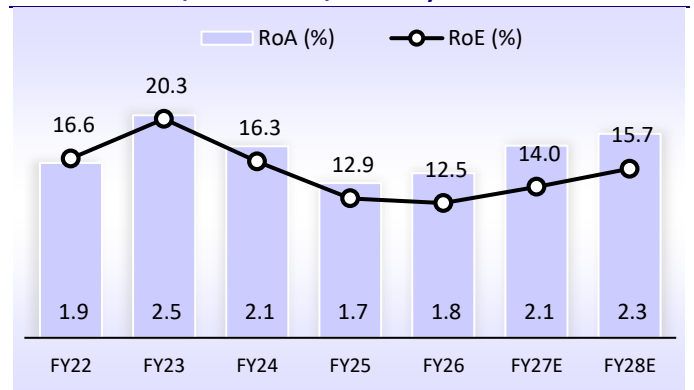
Improving branch productivity and ongoing digitization initiatives will drive stronger operating leverage, leading to enhanced cost efficiency.

Exhibit 63: Estimate a PAT CAGR of ~35% over FY26-28E



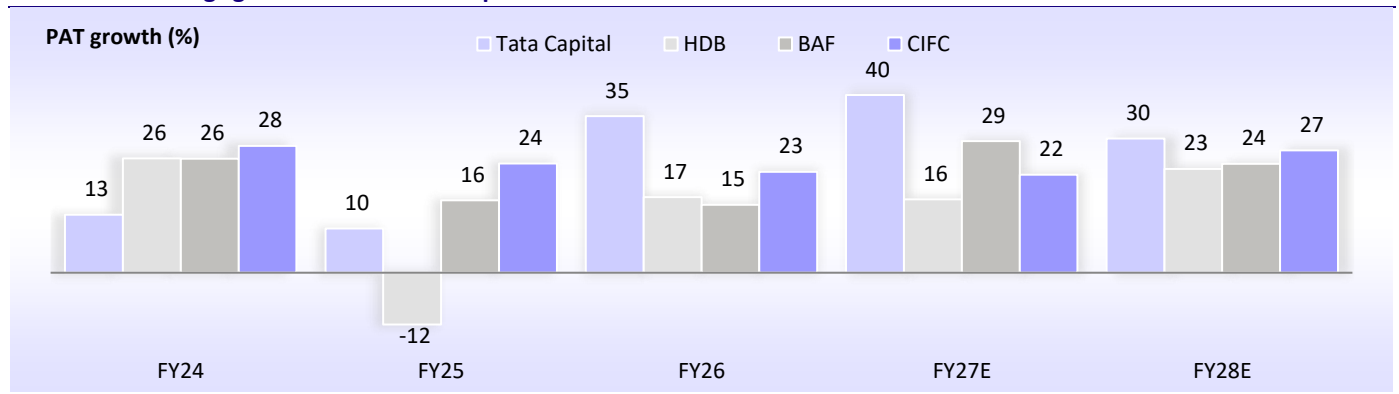
Source: MOFSL, Company

Exhibit 64: RoA/RoE of 2.3%/15.7% by FY28



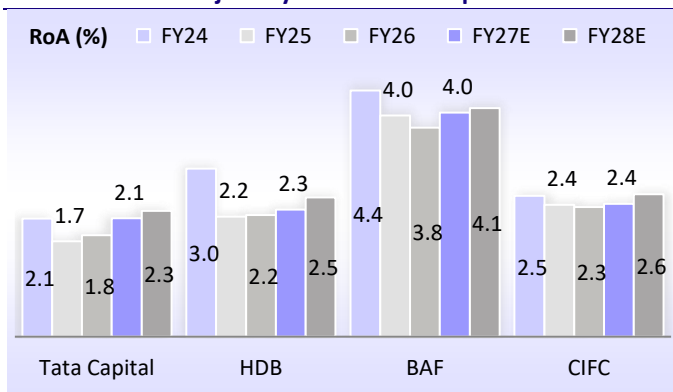
Source: MOFSL, Company

Exhibit 65: Earnings growth for TCL and its peers



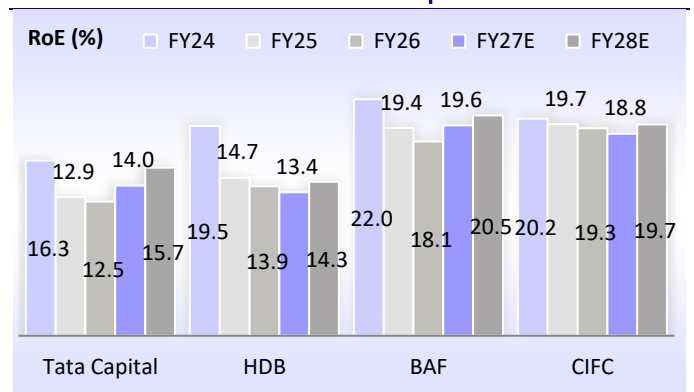
Source: Company, MOFSL

Exhibit 66: RoA trajectory for TCL and its peers



Source: MOFSL, Company

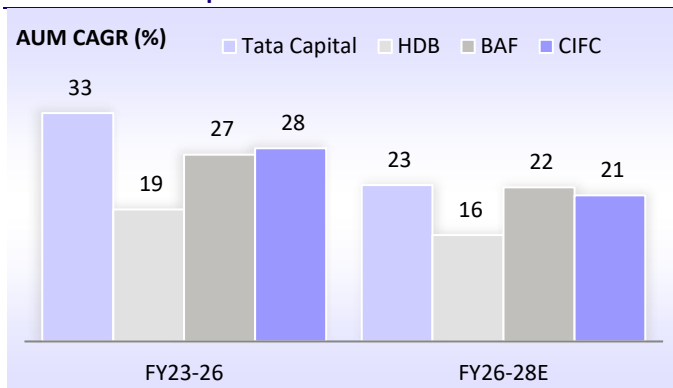
Exhibit 67: RoE trends for TCL and its peers



Source: MOFSL, Company

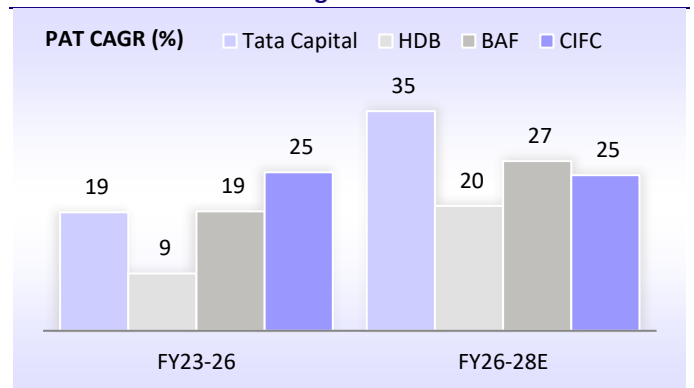
- TCL lags leading peers such as Chola and BAF in terms of RoA/RoE, largely due to its relatively higher focus on secured lending, while peers have benefited from higher-yielding and riskier asset segments. Although the company's AUM growth has broadly remained in line with peers', earnings growth was somewhat muted over the past two years, reflecting the high base of FY22-FY23 and a temporary uptick in credit costs in FY25. Since merger-related disruptions are broadly behind, earnings are likely to rebound meaningfully from FY27.

Exhibit 68: TCL to post ~23% AUM CAGR over FY26-28E



Source: MOFSL, Company

Exhibit 69: TCL to deliver highest PAT CAGR over FY26-28E



Source: MOFSL, Company

Valuation and view

Valuations factoring in medium-term potential; fruitful execution can trigger re-rating

- TCL continues to demonstrate steady performance driven by its diversified lending franchise, prudent risk management, and improving operating efficiency. The company has successfully scaled its balance sheet over the past few years, aided by strong growth across consumer, SME, and corporate segments. While AUM growth moderated in FY25-26 following strong growth in FY22-24, it remains very healthy and broadly in line with leading peers.
- The merger with TMFL has further strengthened TCL’s franchise in vehicle financing, expanding its customer reach and deepening its presence in secured lending. While near-term return ratios were impacted by elevated credit costs from the merged portfolio and higher operating expenses related to integration, TCL is now well-positioned to benefit from scale efficiencies, improving asset quality, and stronger profitability over the medium term.
- We believe TCL is well-positioned to benefit from its strong parentage, diversified product mix, and improving liability franchise, which together provide a foundation for sustained, profitable growth. The company’s continued investments in digital platforms, branch productivity, and process automation are expected to drive operating leverage and support cost optimization over the medium term. Margins, which have remained broadly stable despite competitive pressures, are likely to expand gradually as the share of higher-yield retail products increases in the loan mix.
- Credit costs have started moderating and are expected to normalize further in FY27, driven by the turnaround of the motor finance business and improving asset quality across unsecured product segments such as personal loans, business loans, and MFIs. Consequently, RoA and RoE are expected to improve to around 2.3%/16% by FY28 from 1.8%/12.6% in FY26.
- Overall, we view TCL as a structurally strong and well-diversified NBFC with sustainable long-term growth potential. However, we believe the current valuations largely factor in the near-to-medium-term growth outlook and the improving profitability trend. **Accordingly, we reiterate our Neutral rating on the stock with a TP of INR390, based on 2.7x Mar’28E P/BV.**

TCL is well-positioned to benefit from its strong parentage, diversified product mix, and improving liability franchise, which together provide a foundation for sustained, profitable growth.

Exhibit 70: Valuation matrix of diversified NBFCs under our coverage

Val summary	Rating	CMP (INR)	TP (INR)	MCap (INRb)	BV (INR)		RoA (%)		RoE (%)		P/E (x)		P/BV (x)	
					FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
TCL	Neutral	364	390	1,543	125	146	2.1	2.3	14.0	15.7	22.2	17.1	2.9	2.5
BAF	Neutral	980	1,000	6,161	222	265	4.0	4.1	19.6	20.5	24.4	19.6	4.4	3.7
Poonawalla	Buy	440	520	346	164	191	2.0	2.4	12.4	16.6	25.2	15.0	2.7	2.3
ABCL	Buy	391	430	1,034	144	165	-	-	13.5	15.7	20.9	16.1	2.7	2.4
LTFH	Buy	299	340	743	125	140	2.5	2.6	13.2	14.8	19.2	15.2	2.4	2.1
Piramal Finance	Buy	2,129	2,325	481	1,342	1,480	2.0	2.6	8.2	11.5	20.0	13.1	1.6	1.4
MAS Financial	Buy	311	410	57	182	208	2.9	2.9	14.1	14.9	12.9	10.7	1.7	1.5
IIFL Finance	Buy	510	600	223	376	442	2.4	2.7	15	17.7	9.7	7.1	1.4	1.2
HDB Financial	Neutral	743	720	606	285	328	2.3	2.5	13.4	14.3	20.9	16.9	2.6	2.3
Jio Financial	Buy	239	315	1,516	234	257	2.0	2.4	5.7	8.9	70.5	46.8	1.0	0.9
Northern Arc	Buy	288	390	48	275	319	2.9	3.2	12.8	15	8.7	6.5	1.0	0.9

Key risks

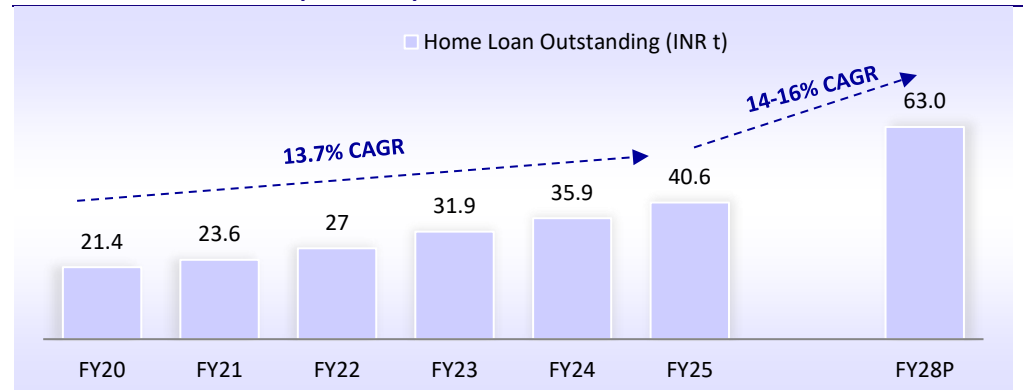
- **Margin compression risk:** With a large portion of TCL’s portfolio comprising secured retail and corporate loans, the company’s yield profile remains relatively moderate compared to peers with higher unsecured exposure. Rising competition in home loans, vehicle finance, and SME segments could exert pressure on yields and spreads.
- **Asset quality risk:** While asset quality remains robust, sustained growth in retail and SME portfolios exposes the company to potential stress from macroeconomic slowdowns, regional disruptions, or borrower-specific shocks. Any uptick in delinquencies, especially in the SME and CV segments, could impact credit costs and profitability.
- **Delay in turning around TMFL:** A slower-than-expected turnaround in TMFL, which remains under performance pressure due to higher credit costs and weaker profitability, could weigh on consolidated financials. Delays in improving asset quality, profitability, or achieving sustainable growth at TMFL may hurt TCL’s overall return ratios and drag consolidated performance in the near to medium term.
- **Competitive intensity in retail lending:** Competitive intensity across TCL’s key segments has been rising sharply, driven by aggressive expansion from both large private banks and well-capitalized NBFCs. These players are competing on pricing, turnaround time, and digital experience, particularly in retail and SME lending. In secured products like home loans and LAP, banks are leveraging low-cost deposits to offer finer pricing, while in unsecured and consumer segments, tech-driven NBFCs are scaling faster with superior analytics and customer acquisition models. This heightened competition could exert pressure on TCL’s yields and market share, necessitating sharper focus on operating efficiency, differentiated sourcing, and product innovation to protect profitability and sustain growth momentum.

Industry overview of TCL's multi-product suite

Home loans

- The Indian home loan market registered a robust CAGR of 13.7% during FY20–25, driven by rising disposable incomes, steady housing demand, and intensifying competition with the entry of new players. The segment has also benefited from improved affordability, supported by stable property prices and a steady rise in household incomes. Going forward, the housing market is projected to expand at a CAGR of 14-16% during FY25-28.

Exhibit 71: Home loans expected to post ~14-16% CAGR over FY25-28

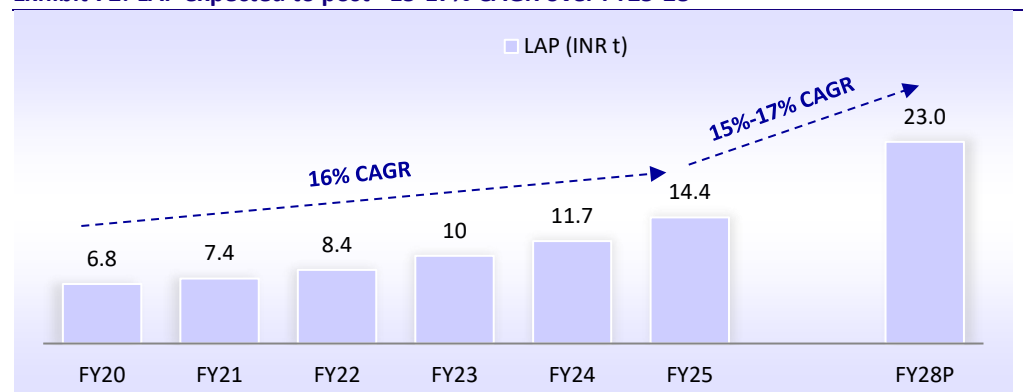


Source: Company, MOFSL

Loan against property (LAP)

- The overall LAP market expanded from INR6.8t in FY20 to INR14.4t in FY25. The LAP portfolio is projected to clock a 15-17% CAGR during FY25-28, supported by rising penetration of secured loans, greater technology adoption and sustained government initiatives.

Exhibit 72: LAP expected to post ~15-17% CAGR over FY25-28

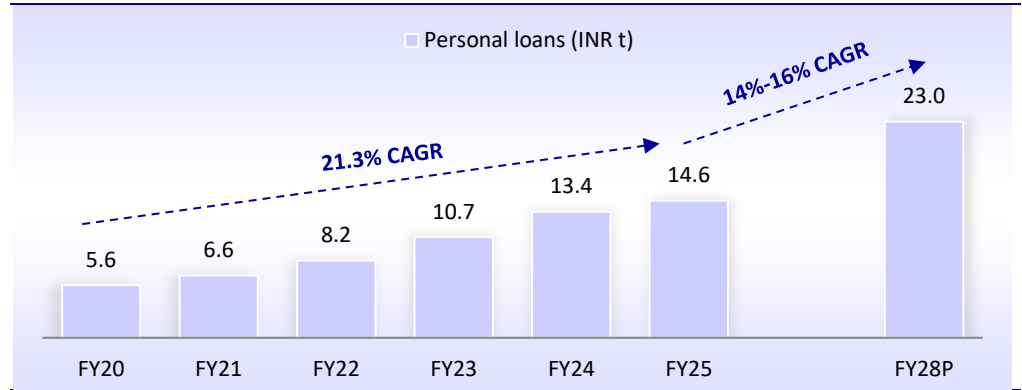


Source: Company, MOFSL

Personal loans

- The outstanding personal loan portfolio surged to INR14.6t in FY25 from INR4.2t in FY19, posting a strong CAGR of ~22.9%. This growth has been propelled by the emergence of new-age lenders, a sharper focus by financiers on tier 1 and beyond geographies, and a structural transition toward a consumption-led economy. Looking ahead, the personal loan book is projected to expand further, reaching INR24.0-25.5t by FY28.

Exhibit 73: Personal loans projected to clock ~14-16% CAGR over FY25-28

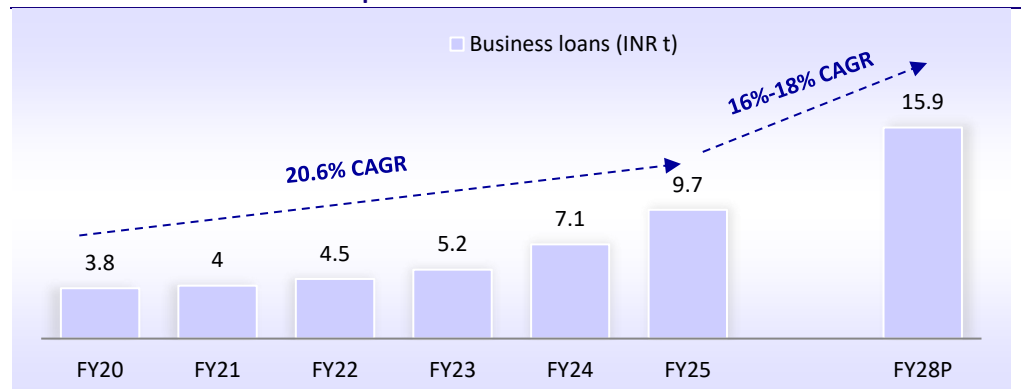


Source: Company, MOFSL

Business loans

- Business loans and loans to professionals stood at INR9.7t as of FY25, posting a CAGR of ~20.6% since FY20. Looking ahead, the segment is likely to record a CAGR of 16-18% through FY28, led by the rising number of business enterprises and deeper financial penetration across both rural and urban regions.

Exhibit 74: Business loans anticipated to clock ~16-18% CAGR over FY25-28

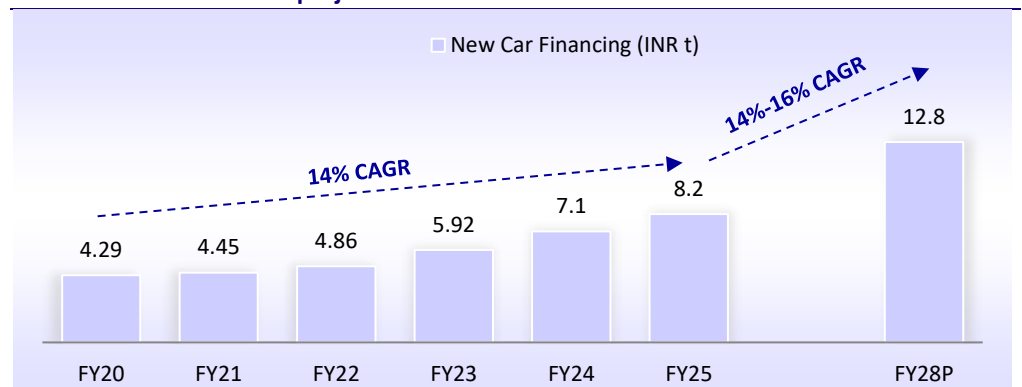


Source: Company, MOFSL

New and used car loan financing

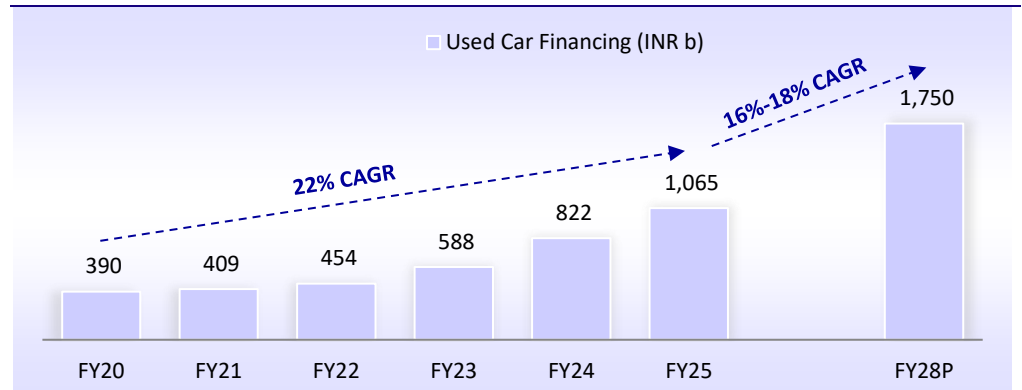
- New car loan portfolio registered ~13.8% CAGR during FY20-25. Over the years, banks have gained further inroads into the new-auto financing, grabbing a significantly greater share from NBFCs. Banks have a higher share due to their better ability to cross-sell and offer lower financing costs compared with NBFCs on account of higher repo rates translating into higher CoF for non-banks.

Exhibit 75: New car loans projected to record ~14-16% CAGR over FY25-28



Source: Company, MOFSL

Exhibit 76: Used car loans estimated to clock ~16-18% CAGR over FY25-28

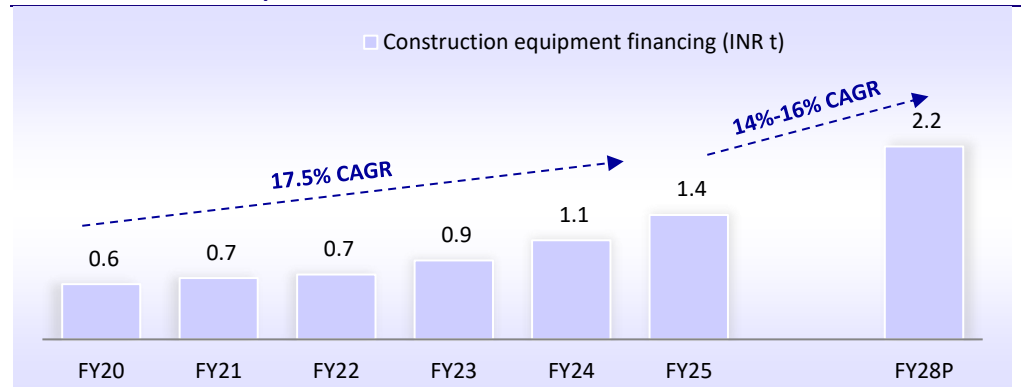


Source: Company, MOFSL

Construction equipment (CE) finance

- The CE finance industry recorded a CAGR of 17.5%, reaching a market size of INR1.4t, primarily led by a rise in the sales value of new construction equipment. The segment is projected to clock a CAGR of 14-16% through FY28.

Exhibit 77: CE loans to post ~14-16% CAGR over FY25-28

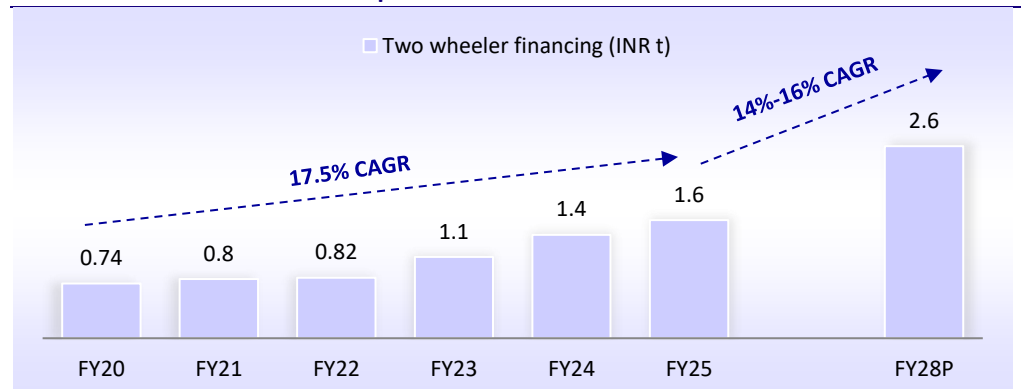


Source: Company, MOFSL

Two-wheeler loans

- Two-wheeler financing recorded a CAGR of 17.5% between FY20 and FY25, reaching INR1.6t, supported by increasing finance penetration from current levels of 60-65%, particularly in rural areas, and relatively low default rates. Going forward, the segment is projected to expand at a CAGR of 14-16% between FY25 and FY28, reaching INR2.4-2.6t by FY28.

Exhibit 78: Two-wheeler loans expected to deliver ~14-16% CAGR over FY25-28

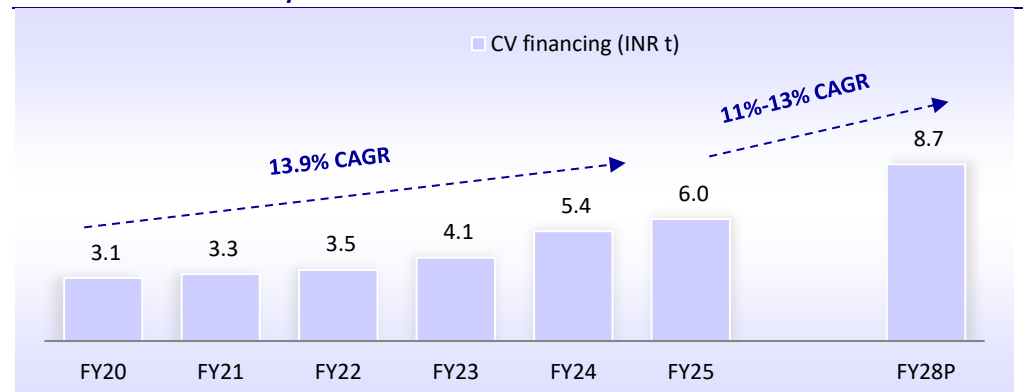


Source: Company, MOFSL

Commercial vehicle loans

- In FY26, the overall CV segment is expected to grow, with the LCV segment leading the pack with a projected growth rate of 4-6%, driven by increased economic and commercial activities.
- The new CV financing segment is projected to register a CAGR of ~11-13% between FY25 and FY28. Going forward, the segment growth is likely to be supported by rising demand for LCVs, driven by increasing private consumption.

Exhibit 79: CV loans likely to deliver ~11-13% CAGR over FY25-28

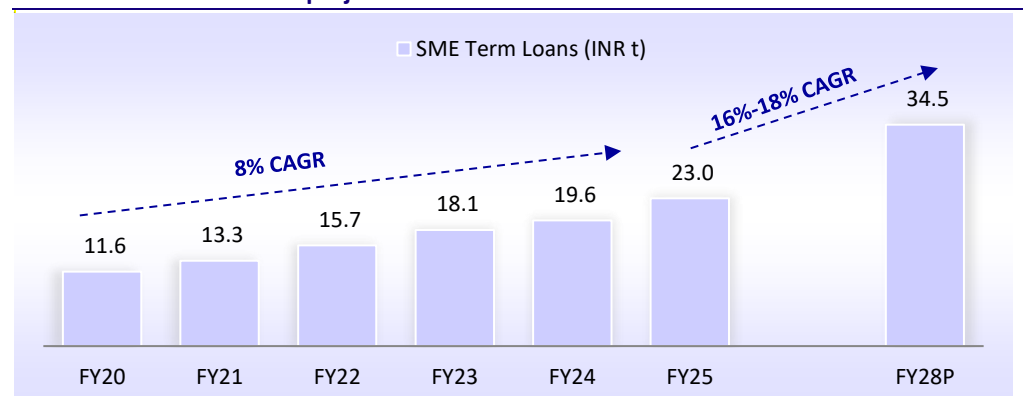


Source: Company, MOFSL

SME term loans

- The overall SME term loan segment in India stood at INR23t as of FY25, registering a CAGR of ~14.7% since FY20. The segment is expected to post a CAGR of 16-18% through FY28. Among lenders, NBFCs recorded the fastest growth during FY20-25, expanding at a CAGR of ~17%, followed by private sector banks.

Exhibit 80: SME term loan projected to exhibit ~16-18% CAGR over FY25-28

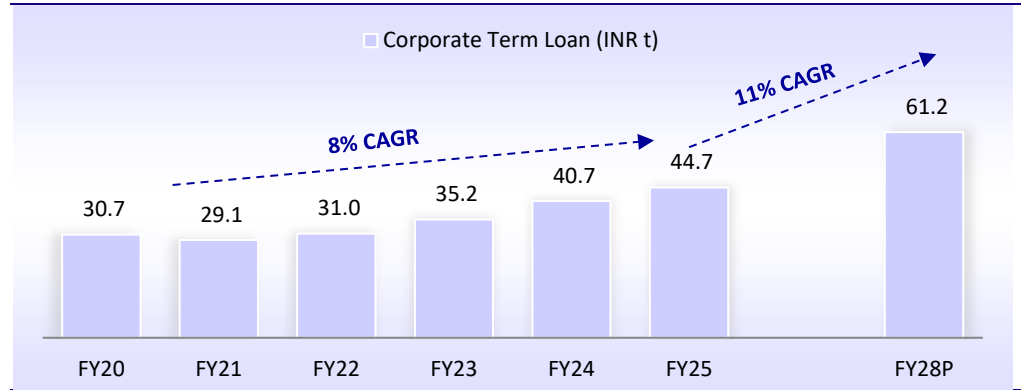


Source: Company, MOFSL

Corporate term loans

- Corporate term loans refer to lending to medium and large corporates as well as institutional customers. The segment stood at INR44.7t at the end of FY25. According to CRISIL, the corporate term loan book is expected to deliver a CAGR of ~11% through FY28, supported by rising consumption that is likely to spur capex.

Exhibit 81: Corporate term loan anticipated to deliver ~11% CAGR over FY25-28

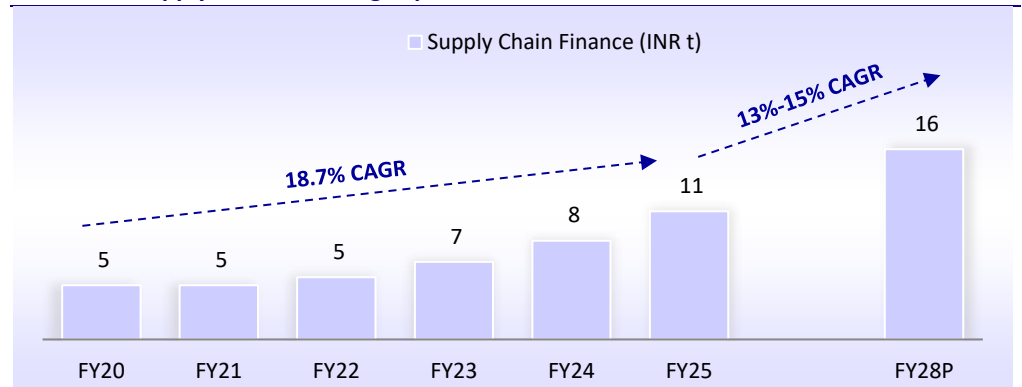


Source: Company, MOFSL

Supply chain finance

- The supply chain finance portfolio outstanding stood at INR10.9t as of FY25, registering a strong CAGR of 18.7% between FY20 and FY25. It is further expected to reach INR16t by FY28, clocking in a CAGR of 13-15%. This growth will be driven by the increasing adoption of supply chain financing among MSMEs and the integration of digital platforms and technological solutions that enhance accessibility and operational efficiency.

Exhibit 82: Supply chain financing expected to record ~13-15% CAGR over FY25-FY28

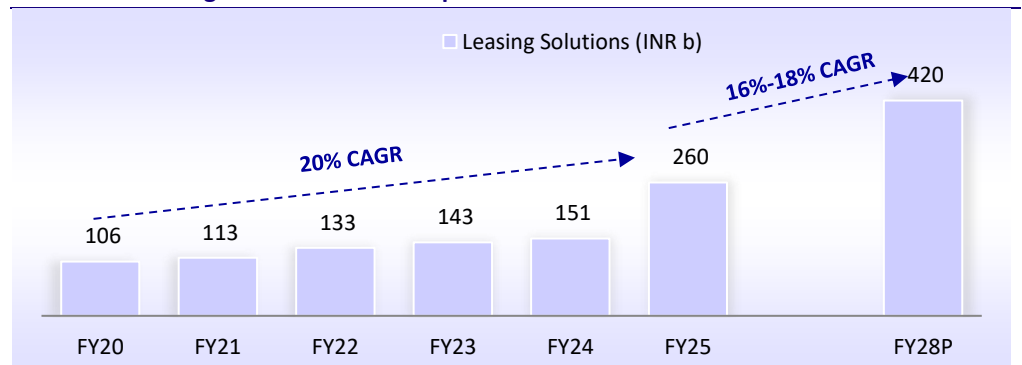


Source: Company, MOFSL

Leasing solutions

- The leasing solutions industry in India has been expanding rapidly, supported by evolving financial needs, favorable regulations, and increasing adoption of technology. The overall market was valued at INR260.2b in FY25, recording a strong CAGR of ~19.7% over FY20-25. The segment is projected to sustain healthy momentum, growing at a CAGR of 16-18% through FY28.

Exhibit 83: Leasing solutions market expected to deliver ~16-18% CAGR over FY25-FY28

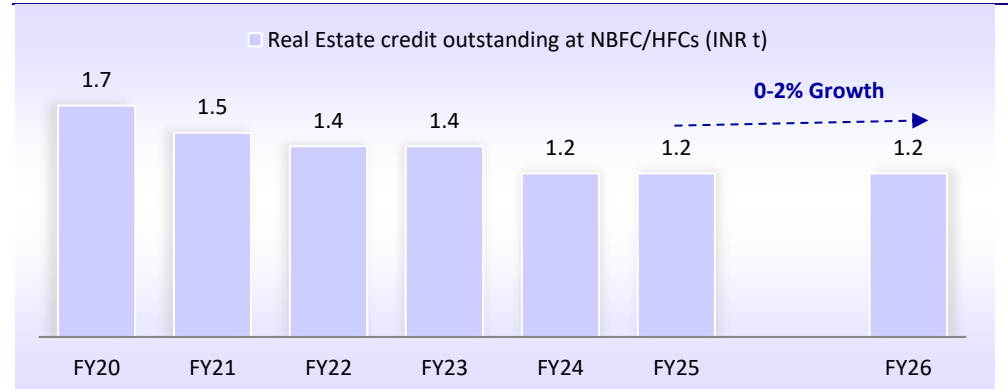


Source: Company, MOFSL

Developer finance

- The commercial real estate market is poised for expansion, aided by the sustained growth of India’s corporate and start-up ecosystem. However, NBFCs have maintained a cautious stance toward this segment.

Exhibit 84: NBFC’s developer finance is projected to clock ~0-2% CAGR in FY26



Source: Company, MOFSL

Exhibit 85: Industry size and expected CAGR over FY25-FY28

Segments	CAGR FY20-25 (%)	Market Size in FY25 (INR t)	CAGR FY25-28 (%)	Expected Market Size in FY28 (INR)
Home Loans	13.7	40.6	14-16%	63t
Affordable Home Loans	6.4	13.3	8-10%	17.7t
LAP	16.3	14.4	15-17%	23t
Personal Loans	21.3	14.6	14-16%	23t
Business Loans	20.6	9.7	16-18%	15.9t
New Car Loan Financing	13.8	8.2	14-16%	12.8t
Used Car Loan Financing	22.2	1.06	16-18%	1.75t
Construction Equipment Finance	17.5	1.4	14-16%	2.2t
Two-wheeler Loans	17.5	1.6	14-16%	2.6t
CV Loans	13.9	6	11-13%	8.7t
LAS	11.4	0.37b	11-13%	0.5b
Education Loans	18.2	2.2	14-16%	3.5t
Microfinance Loans	9.6	3.8	5-6%	4.5t
Leasing Solution Loans	19.7	0.26	16-18%	0.42t
SME Term Loans	14.7	23	16-18%	34.5t
Corporate Term Loans	8.0	44.7	11%	61.2t
Supply Chain Finance	18.7	10.9	13-15%	16.2t
Developer Finance	-5.1 in FY25	1.2	0-2% in FY26	1.2t

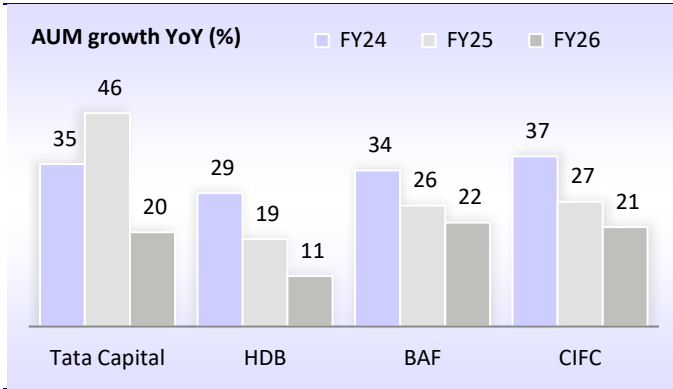
Source: Company, MOFSL

Peer comparison

	TCL			Bajaj Finance			HDB Financial			Chola Finance		
INR b	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E
AUM	2,773	3,395	4,181	5,100	6,222	7,653	1,189	1,368	1,587	2,243	2,720	3,301
Disbursements	1,697	2,036	2,484	NA	NA	NA	686	782	899	1,116	1,345	1,613
NII	126.7	162.0	201.5	441.1	533.6	654.5	89.7	100.8	114.7	140.0	168.5	203.4
PPoP	96.2	126.8	159.2	355.5	425.1	519.8	61.2	69.5	80.6	105.0	125.7	154.0
Credit Costs	30.2	34.6	39.4	94.8	91.1	104.6	28.1	30.6	32.5	35.4	40.5	45.5
PBT	66.0	92.2	119.9	258.2	334.0	415.2	33.9	39.5	48.6	69.6	85.2	108.5
PAT	16.7	23.3	30.3	193.3	250.2	311.0	25.4	29.6	36.5	52.2	63.6	81.1
GNPA (%)	2.0	1.9	1.8	1.0	1.2	1.3	2.4	2.6	2.7	3.0	3.0	2.9
NNPA (%)	0.9	0.9	0.9	0.4	0.5	0.5	1.1	1.1	1.1	1.9	1.7	1.6
PCR (%)	56.2	54.0	53.0	59.7	60.0	62.0	55.5	58.0	60.0	47.3	45.0	44.0
Credit costs (%)	1.2	1.1	1.1	2.1	1.6	1.5	2.5	2.4	2.2	1.8	1.7	1.6

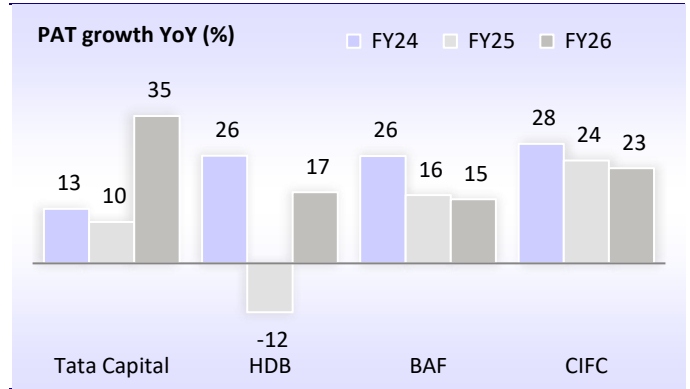
ROA Tree	TCL			Bajaj Finance			HDB Financial			Chola Finance		
Particulars (%)	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E
Interest Income	10.6	11.0	11.3	14.2	14.2	14.3	13.6	13.7	13.8	12.7	12.8	12.9
Interest Expended	5.9	6.0	6.2	5.6	5.6	5.6	5.9	5.9	5.9	6.4	6.4	6.5
Net Interest Income	4.7	5.0	5.1	8.6	8.6	8.7	7.7	7.8	7.9	6.3	6.3	6.4
Other Income	1.1	1.0	0.9	1.8	1.6	1.6	1.2	1.3	1.4	1.6	1.6	1.6
Net Total Income	5.8	6.0	6.0	10.4	10.3	10.2	8.9	9.1	9.3	7.6	7.7	7.9
Operating Expenses	2.2	2.1	2.0	3.5	3.4	3.4	3.7	3.7	3.7	2.9	3.0	3.0
PPoP	3.6	3.9	4.0	6.9	6.9	6.9	5.3	5.4	5.5	4.7	4.7	4.9
Provisions/write offs	1.1	1.1	1.0	1.8	1.5	1.4	2.4	2.4	2.2	1.6	1.5	1.4
PBT	2.5	2.9	3.0	5.1	5.4	5.5	2.9	3.1	3.3	3.1	3.2	3.4
Tax	0.6	0.7	0.8	1.3	1.4	1.4	0.7	0.8	0.8	0.8	0.8	0.9
RoA	1.8	2.1	2.3	3.8	4.0	4.1	2.2	2.3	2.5	2.3	2.4	2.6
Leverage (x)	6.8	6.5	6.9	4.8	4.9	5.0	6.4	5.8	5.7	8.3	7.9	7.7
RoE	12.5	14.0	15.7	18.3	19.6	20.5	13.9	13.4	14.3	19.3	18.8	19.7

Exhibit 86: AUM growth for TCL and its peers



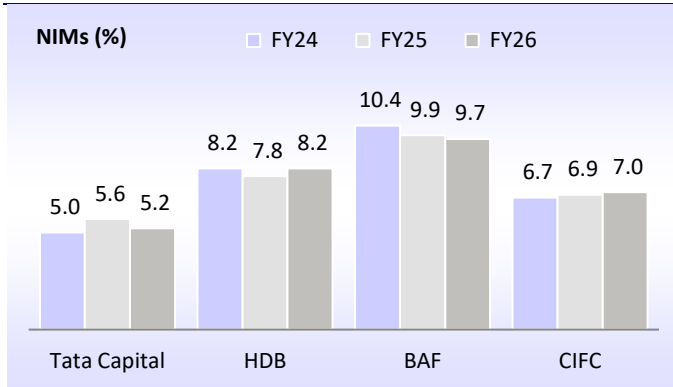
Source: MOFSL, Company

Exhibit 87: PAT growth for TCL and its peers



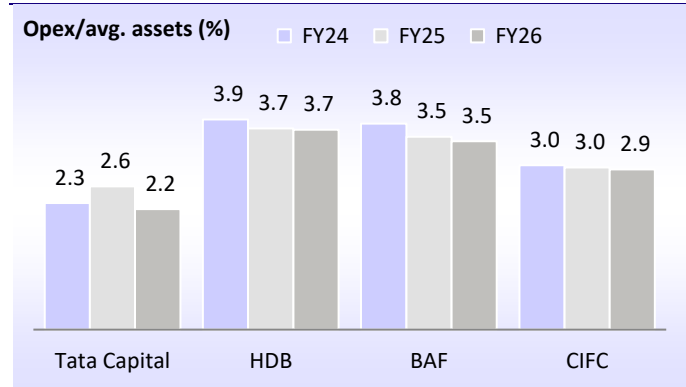
Source: MOFSL, Company

Exhibit 88: Margin profile for TCL and its peers



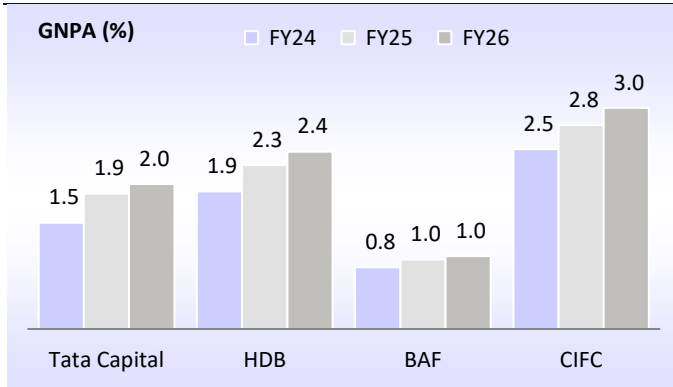
Source: MOFSL, Company

Exhibit 89: Opex ratio trends for TCL and its peers



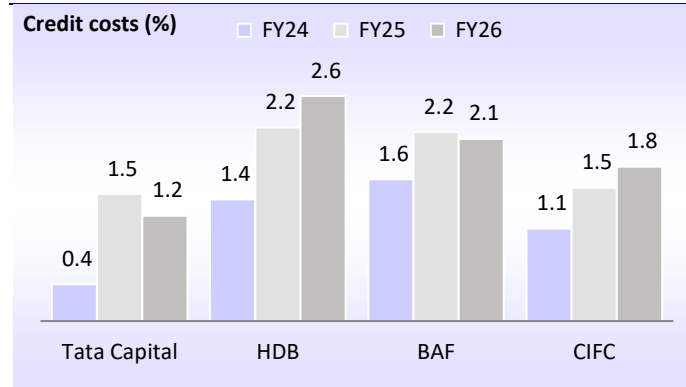
Source: MOFSL, Company

Exhibit 90: GNPA trends for TCL and its peers



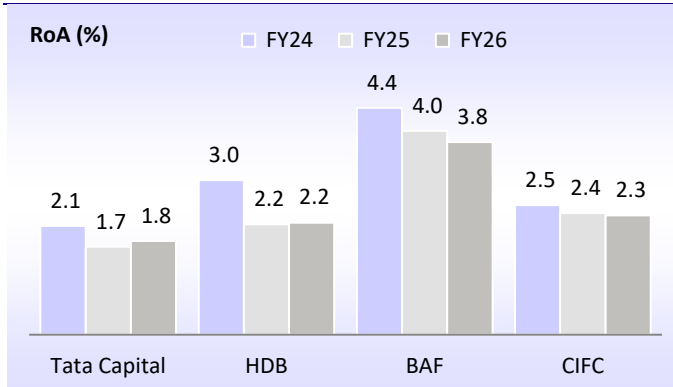
Source: MOFSL, Company

Exhibit 91: Credit cost trends for TCL and its peers



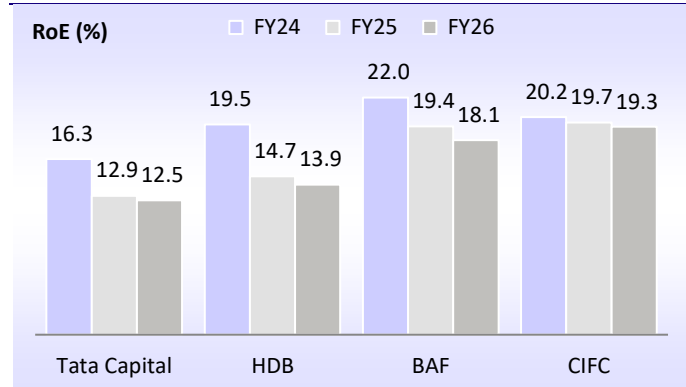
Source: MOFSL, Company

Exhibit 92: RoA trends for TCL and its peers



Source: MOFSL, Company

Exhibit 93: RoE trends for TCL and its peers



Source: MOFSL, Company

Management team



Rajiv Sabharwal

Managing Director and CEO

He holds a B.Tech in Mechanical Engineering from IIT Delhi, and a Post Graduate Diploma in Management from IIM Lucknow. He has previously served as a Partner at True North Managers and as the Chairman of ICICI Home Finance Company Limited.



Rakesh Bhatia

Chief Financial Officer

He has been associated with the company since 2020 and holds a bachelor's of commerce degree from the University of Delhi and is an associate member of ICSI. He has also previously worked with Rvalue Consulting, American Express, I-flex Solutions, Escorts Yamaha Motor, and IDBI Bank.



Vivek Chopra

COO – Retail Finance

He holds a B.Tech degree in mechanical engineering. He has previously worked with ICICI Bank and has handled functions such as products, sales, credit and debt management across retail business and various other roles. He has been associated with the company since 2018.



Abonty Banerjee

COO – IT, Digital, Operations and Marketing

She has been associated with the company since 2018 and has completed an MBA from the University of Calcutta. She has previously served as a senior general manager at ICICI Bank Limited, and as a partner at Ernst & Young LLP.



Nitin Dharma

Chief Risk Officer

He has completed bachelor of laws degree from University of Mumbai and has worked with the company since 2008. He has previously worked with ICICI Bank and Birla Global Asset Finance Company and is also an associate member of Indian Institute of Banking and Finance.



Manish Chourasia

COO – Corporate and Cleantech Finance

He has been associated with Tata Cleantech Capital Limited since 2015 and has been associated with the company since 2024. He has completed his MBA from University of Delhi and has previously worked with IL&FS Infra AMC and ICICI Bank.



Neeraj Dhawan

COO – Motor Finance and Debt Service Management Group

He is an associate member of the Institute of Chartered Accountants of India and has been associated with the company since 2024. He has previously worked with Jio Finance, CSB Bank, Yes Bank, ICICI Bank, HDFC Bank, ABN AMRO Bank NV, etc.



Narendra Kamath

Chief Operating Officer – SME Finance

He has been associated with the company since 2008 and holds a bachelor's degree in mechanical engineering. He has previously worked with ELGI Equipments Limited, Tata Motors and Tata Motors Finance.



Saurav Basu

Chief Business Officer – Wealth and Advisory Business

He holds a B.Tech degree in Mechanical Engineering and has been associated with the company since 2018. Prior to joining, he worked with Citibank, where he was involved in functions such as business strategy and planning, business development, etc.

Board of Directors



Saurabh Agrawal
Chairman (Non-Executive Director)

He has completed Bachelor's Degree in Chemical Engineering from the University of Roorkee and has previously served as the Chief Strategy Officer – Corporate Strategy & Business Development cell with Aditya Birla Management and Head of Corporate Advisory and Finance (South Asia and SEA) with Standard Chartered Bank.



Rajiv Sabharwal
Managing Director and CEO

He holds a B.Tech in Mechanical Engineering from IIT Delhi, and a Post Graduate Diploma in Management from IIM Lucknow. He has previously served as a Partner at True North Managers and as the Chairman of ICICI Home Finance Company Limited.



Mr. Sujit Kumar Varma
Independent Director

He holds a Bachelor's of Arts degree in English Honours from the Ranchi University and is a Certified Associate of the Indian Institute of Bankers. He had been associated with the State Bank of India for 34 years in various capacities and has held Board positions in several other banks.



Nagaraj Ijari
Independent Director

He holds a Bachelor's degree In Technology (Textiles) from the Bangalore University and has completed the Advanced Management Program from the Harvard Business School. Before joining the company, he was associated with Tata Consultancy Services for more than 29 years and is experienced in the IT sector.



Punita Kumar Sinha
Independent Director

She holds a B.Tech Degree in Chemical Engineering from IIT Delhi, and also holds a Ph.D in Finance. She is the Co-founder of the Pacific Paradigm Advisors LLP and has also served as Senior Managing Director with Blackstone. She has several years of experience in the field of management and financial markets.



Mr. Ramanathan Viswanathan
Independent Director

He holds a BSC degree in Mathematics from the University of Madras and has also completed Authentic Leadership Development at Harvard Business School. He had been associated with the SBI for over 37 years in various capacities. He has also served as President and COO and Whole Time Director in SBI Capital Markets Limited and as Nominee Director in its subsidiaries.



Ms. Geetha Ravichandran
Additional and Independent Director

She holds a BSC in Botany from the University of Madras, and a Master's of Arts degree in English from the Madurai Kamaraj University. She has served as the Principal Chief Commissioner of Income Tax for Tamil Nadu and Puducherry, and subsequently for Mumbai.



Mr. Ankur Verma
Additional and Non-Executive Director

He holds a Bachelor's degree in Mechanical Engineering from the University of Delhi and a post graduate diploma in Management from the Indian Institute of Management, Calcutta. He was previously associated with Infosys Technologies Limited and also with DSP Merrill Lynch Limited as its Managing Director in global investment banking.

ESG initiatives



Environmental initiatives

- **Jal Aadhar:** The initiative is an integrated watershed management program aimed at ensuring water security in water-stressed communities through runoff harvesting, enhanced groundwater percolation, and promotion of efficient agricultural water use. In FY25, the program was implemented across over 200 villages, benefiting more than 0.2m individuals and creating a total water harvesting capacity of 2,527.4m liters. Cumulatively, it has reached more than 330 villages, treated over 790 water bodies, and enabled annual water harvesting of approximately 4,500m liters.
- **The Green Switch:** The project focuses on providing energy security to unelectrified communities through a community partnership model. In FY25, clean electricity was delivered to 1,249 homes covering 7,479 individuals across 19 hamlets through a decentralized solar off-grid system with a total installed capacity of 428.86 kWp. Cumulatively, the initiative has enabled access to electricity for over 4,800 households and more than 20,700 individuals for the first time.

Social initiatives

- **Pankh scholarships:** The program enables youth from economically challenged backgrounds to access scholarships and, in some cases, mentorship for higher education. In FY25, the Pankh scholarship was extended to 12,000+ youth. Overall, the scholarships have been awarded to 25,000+ students to date.
- **Aarogyatara:** The program screens for refractive errors and arranges eye surgeries and post-surgery care in partnership with local hospitals. In FY25, a total of 0.61m+ individuals were screened, and 44,850 received vision-restoring surgeries. To date, the program has screened 1.04m individuals and supported 0.14m+ individuals with vision correction surgeries.

Governance

- Tata Capital Financial Services was classified by the RBI as an “upper-layer” NBFC, which forces the adoption of stronger disclosure norms, more accountability (to public shareholders), and more rigorous internal controls.
- The merger of Tata Capital Financial Services, Tata Cleantech Capital, etc., into the parent TCL reduces the complexity of governance (fewer overlapping entities), improves clarity of roles/responsibilities, reduces the risk of inefficiency, and improves oversight by the Board.
- Use of technology-led risk management, business rule engines, analytics, and AI/ML in underwriting and collections improves credit discipline, reduces the risk of loan defaults, and improves transparency of how decisions are taken.

Bull and Bear cases



Bull case

- ☑ NII and PPOP CAGR of ~32% and 36%, respectively, over FY26-28E on account of higher loan growth and the ability to maintain operating efficiencies.
- ☑ Credit costs of 1%/0.9% in FY27/FY28E would lead to a PAT CAGR of 48% over FY26-FY28E.



Bear case

- ☑ NII and PPOP CAGR of ~19% and 23%, respectively, over FY26-28E due to lower loan growth.
- ☑ Credit costs of 1.3%/1.2% in FY27/FY28E and PAT CAGR of 26% over FY26-28E.

Scenario analysis

	(INR m)	FY26	FY27E	FY28E	CAGR FY26-28E	Thesis
Bull case (3x Mar'28E BV)	AUM	27,72,750	34,90,159	43,67,635	26%	❖ NII/PPOP CAGR of ~32%/ 36% over FY26-28E on account of strong growth and margin expansion. ❖ Credit costs of 1.0%/0.9% in FY27/FY28E and a PAT CAGR of 48% over FY26-28E.
	NII	1,26,669	1,68,953	2,21,705	32%	
	PPOP	96,244	1,33,763	1,79,165	36%	
INR450	PAT	49,350	77,059	1,08,777	48%	
Base case (2.7x Mar'28E BV)	AUM	27,72,750	33,94,568	41,81,106	23%	❖ NII/PPOP CAGR of ~23%/26% over FY26-28E. ❖ Credit costs of 1.1% each in FY27/FY28E and operating efficiencies to lead to a PAT CAGR of 35% over FY26-FY28E.
	NII	1,26,669	1,62,038	2,01,461	26%	
	PPOP	96,244	1,26,825	1,59,248	29%	
INR390	PAT	49,350	68,949	89,632	35%	
Bear case (2.2x Mar'28E BV)	AUM	27,72,750	33,09,738	39,18,133	19%	❖ NII/PPOP CAGR of ~19%/23% over FY26-28E on account of lower loan growth. ❖ Credit costs of 1.3%/1.2% in FY27/FY28E to lead to a PAT CAGR of 26% over FY26-FY28E.
	NII	1,26,669	1,58,583	1,91,138	23%	
	PPOP	96,244	1,22,001	1,47,937	24%	
INR315	PAT	49,350	61,995	78,460	26%	

SWOT analysis

- ✔ Strong parentage of the Tata Group, lending credibility, brand recognition, and access to diverse business networks.
- ✔ Well-diversified product portfolio across retail, enterprise, and secured lending, supported by technology-driven underwriting and collections.
- ✔ Offer a wide array of financial products combined with strong branch presence (1500+ branches at 1100+ locations) across the country.

S
STRENGTH



- ✔ The recent merger with TMFL introduces certain operational integration risks and may take time for the expected synergies to fully materialize.
- ✔ Relatively lower RoA/RoE compared to peers due to conservative lending approach and focus on lower-risk assets.
- ✔ Smaller scale in high-growth unsecured segments, which may constrain margins for the company.

W
WEAKNESS



- ✔ Rising demand in retail and MSME lending, fueled by formalization, digital adoption, and favorable regulatory initiatives.
- ✔ Leveraging its strong distribution network and brand leadership to offer customized products is expected to enhance profitability and enable the company to serve a larger customer base.

O
OPPORTUNITY



- ✔ Intensifying competition from other NBFCs, banks, and fintechs in customer acquisition could lead to pricing pressures, potentially impacting margins.
- ✔ Macroeconomic downturns and inflationary pressure could lead to an increase in default risk.
- ✔ Macroeconomic risks such as interest rate volatility, inflation, or a slowdown in consumer and enterprise demand.

T
THREATS



Financials and valuations

Income Statement (Consolidated)

									INR m
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	89,991	87,278	90,898	1,19,109	1,63,665	2,57,237	2,86,522	3,56,088	4,45,083
Interest Expenses	57,709	52,126	48,890	66,006	95,682	1,50,296	1,59,853	1,94,050	2,43,622
Net Interest Income	32,282	35,152	42,007	53,103	67,982	1,06,941	1,26,669	1,62,038	2,01,461
Change (%)	35.5	8.9	19.5	26.4	28.0	57.3	18.4	27.9	24.3
Other Income	6,689	12,599	12,217	17,266	18,319	26,462	29,304	32,651	36,821
Total Income	38,971	47,751	54,224	70,369	86,302	1,33,402	1,55,973	1,94,689	2,38,282
Change (%)	4.0	22.5	13.6	29.8	22.6	54.6	16.9	24.8	22.4
Total Operating Expenses	18,492	17,597	21,037	26,651	36,343	55,923	59,729	67,864	79,034
Change (%)	-7.3	-4.8	19.5	26.7	36.4	53.9	6.8	13.6	16.5
Employee Expenses	6,740	6,940	8,898	12,942	18,501	28,123	28,283	31,677	36,428
Depreciation	3,858	3,344	2,759	2,260	2,875	3,900	5,375	6,988	8,735
Other Operating Expenses	7,894	7,313	9,380	11,449	14,967	23,900	26,071	29,199	33,871
Operating Profit	20,479	30,155	33,187	43,718	49,959	77,480	96,244	1,26,825	1,59,248
Change (%)	16.8	47.2	10.1	31.7	14.3	55.1	24.2	31.8	25.6
Total Provisions	14,116	13,978	10,806	5,819	5,923	28,268	30,229	34,602	39,352
% Loan loss provisions to Avg loans ratio	1.9	1.9	1.3	0.6	0.4	1.5	1.2	1.2	1.1
PBT	6,363	16,177	22,381	37,899	44,036	49,211	66,016	92,223	1,19,896
Add : Profit from associate	315	-27	1,096	1,467	-116	-26	49	58	70
Profit from continuing operations	6,678	16,150	23,477	39,366	43,920	49,186	66,064	92,281	1,19,966
Tax Provisions	5,120	3,703	5,469	9,908	10,651	12,635	16,715	23,332	30,334
Tax Rate (%)	80.5	22.9	24.4	26.1	24.2	25.7	25.3	25.3	25.3
PAT	1,557	12,446	18,008	29,458	33,270	36,550	49,350	68,949	89,632
Change (%)		699.3	44.7	63.6	12.9	9.9	35.0	39.7	30.0

Balance Sheet (Consolidated)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	34,638	34,636	34,634	35,787	37,031	37,624	42,167	42,167	42,167
Reserves & Surplus	53,572	65,094	82,497	1,37,611	1,97,141	2,94,294	4,16,448	4,85,397	5,75,029
Non-controlling interest			11,229	8,088	11,650	11,788	12,458	12,458	12,458
Net Worth	88,210	99,730	1,28,360	1,81,487	2,45,821	3,43,706	4,71,073	5,40,022	6,29,654
Borrowings	7,20,300	6,90,631	8,62,198	11,33,359	14,81,853	20,84,149	23,59,769	29,20,504	36,19,679
Change (%)	3.2	-4.1	24.8	31.5	30.7	40.6	13.2	23.8	23.9
Total Liabilities	8,33,094	8,29,303	10,23,756	13,56,261	17,66,940	24,84,650	29,05,035	35,49,558	43,51,720
Investments	6,489	38,233	78,462	1,32,540	87,328	98,664	95,082	99,836	1,04,828
Loans	7,46,805	7,36,264	9,01,105	11,67,887	15,77,606	22,19,504	26,82,031	32,92,730	40,55,673
Change (%)	1.1	-1.4	22.4	29.6	35.1	40.7	20.8	22.8	23.2
Fixed Assets	10,015	8,217	5,994	5,388	8,840	16,060	21,406	26,757	32,109
Total Assets	8,33,094	8,29,303	10,23,756	13,56,261	17,66,940	24,84,650	29,05,035	35,49,558	43,51,720

E: MOFSL Estimates

Financials and valuations

AUM Mix (%)	INR m								
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
AUM	7,50,950	7,39,350	9,03,370	11,69,440	15,78,750	23,04,550	27,72,750	33,94,568	41,81,106
Change (%)		-1.5	22.2	29.5	35.0	46.0	20.3	22.4	23.2
Gross Loans	7,70,700	7,63,680	9,33,150	12,01,969	16,12,311	22,65,530	27,33,920	33,53,047	41,27,342
Change (%)		-0.9	22.2	28.8	34.1	40.5	20.7	22.6	23.1
Disbursements	0	0	5,27,840	7,47,667	10,49,944	14,23,017	16,96,600	20,35,920	24,83,822
Change (%)				41.6	40.4	35.5	19.2	20.0	22.0

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Spreads Analysis (%)									
Avg. Yield on Loans	11.8	11.4	10.7	11.2	11.6	13.3	11.5	11.7	11.9
Avg Cost of Funds	8.1	7.4	6.3	6.6	7.3	8.4	7.2	7.4	7.5
Spread of loans	3.6	4.0	4.4	4.5	4.3	4.8	4.3	4.4	4.5
NIM (on loans)	4.3	4.7	5.1	5.1	5.0	5.6	5.2	5.4	5.5
Profitability Ratios (%)									
RoA	0.2	1.5	1.9	2.5	2.1	1.7	1.8	2.1	2.3
RoE	1.9	13.2	16.6	20.3	16.3	12.9	12.5	14.0	15.7
Cost/Income	47.5	36.9	38.8	37.9	42.1	41.9	38.3	34.9	33.2
Opex to avg. assets	2.3	2.1	2.3	2.2	2.3	2.6	2.2	2.1	2.0

Asset quality

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
GNPA (INR m)				20,597	23,643	42,343	54,678	64,809	75,594
GNPA (%)				1.7	1.5	1.9	2.0	1.9	1.8
NNPA (INR m)				4,722	6,119	17,570	23,949	29,812	35,529
NNPA (%)				0.4	0.4	0.8	0.9	0.9	0.9
PCR (%)				77	74	59	56	54	53
Credit costs (%)				0.5	0.4	1.5	1.2	1.1	1.1

Valuation	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
No. of Shares (m)	3,464	3,464	3,463	3,579	3,703	3,762	4,217	4,217	4,217
EPS	0	4	5	8	8.98	9.7	11.7	16	21
EPS Growth (%)		699	45	58	9	8	20	40	30
P/E (x)	807.4	101.0	69.8	44.1	40.4	37.4	31.0	22.2	17.1
BV (INR)	25	29	34	48	63	88	109	125	146
BV Growth (%)	10	13	17	43	31	40	23	15	17
Price-BV (x)	14.3	12.6	10.7	7.5	5.7	4.1	3.3	2.9	2.5
DPS (INR)	0.0	0.0	0.0	0.2	0.2	0.2	0.6	0.8	0.9
Dividend yield (%)	-	-	-	0.0	0.1	0.1	0.2	0.2	0.2

E: MOFSL Estimates

TCL- Dupont tree (Consol)	(%)									
Y/E MARCH	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	9.4	11.0	10.5	9.8	10.0	10.5	12.1	10.6	11.0	11.3
Interest Expended	6.4	7.0	6.3	5.3	5.5	6.1	7.1	5.9	6.0	6.2
Net Interest Income	2.9	3.9	4.2	4.5	4.5	4.4	5.0	4.7	5.0	5.1
Other Operating Income	1.7	0.8	1.5	1.3	1.5	1.2	1.2	1.1	1.0	0.9
Net Income	4.6	4.7	5.7	5.9	5.9	5.5	6.3	5.8	6.0	6.0
Operating Expenses	2.5	2.3	2.1	2.3	2.2	2.3	2.6	2.2	2.1	2.0
Operating Income	2.2	2.5	3.6	3.6	3.7	3.2	3.6	3.6	3.9	4.0
Provisions/write offs	0.8	1.7	1.7	1.2	0.5	0.4	1.3	1.1	1.1	1.0
PBT	0.0	0.8	1.9	2.5	3.3	2.8	2.3	2.5	2.9	3.0
Tax	0.5	0.6	0.4	0.6	0.8	0.7	0.6	0.6	0.7	0.8
Reported PAT	-	0.2	1.5	1.9	2.5	2.1	1.7	1.8	2.1	2.3
Avg. Leverage	10.7	10.0	8.8	8.5	8.2	7.7	7.5	6.8	6.5	6.9
RoE	-	1.9	13.2	16.6	20.3	16.3	12.9	12.5	14.0	15.7

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

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Research Analyst: Rishi Aggarwal (Rishi.Aggarwal@MotilalOswal.com) | Sector Analyst: Sachin Mishra (Sachin.Mishra@MotilalOswal.com)
Research Analyst: Anshu Jain (Anshu.Jain@MotilalOswal.com) | User: Rishi Aggarwal (Rishi.Aggarwal@MotilalOswal.com)

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Aditya Prasad - Research Analyst (Aditya.Prasad@MotilalOswal.com)
Brijesh Saveri - Research Analyst (Brijesh.Saveri@MotilalOswal.com)

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GNG Electronics

Compounding through sourcing and scale

Research Analyst: Anshu Karanwal (Anshu.Karanwal@MotilalOswal.com) | Aditya Bansal (Aditya.Bansal@MotilalOswal.com)
Research Analyst: Siddhant Chhabra (Siddhant.Chhabra@MotilalOswal.com) | Nishu Narwade (Nishu.Narwade@MotilalOswal.com)

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Tushar Manoharan - Research Analyst (Tushar.Manoharan@MotilalOswal.com)
Research Analyst: Vipul Matha (Vipul.Matha@MotilalOswal.com) | Eshika Jain (Eshika.Jain@MotilalOswal.com)

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Sumit Kumar - Research Analyst (Sumit.Kumar@MotilalOswal.com) | Pratik Bhatnagar (Pratik.Bhatnagar@MotilalOswal.com)
Research Analyst: Manish Jain (Manish.Jain@MotilalOswal.com) | Nishu Saini (Nishu.Saini@MotilalOswal.com)

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March 2026
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ICI Prudential AMC

Rooted to scale, built to compound!

Research Analyst: Pravek Jain (Pravek.Jain@MotilalOswal.com) | Nishu Aggarwal (Nishu.Aggarwal@MotilalOswal.com)
Research Analyst: Karthik Madhav (Karthik.Madhav@MotilalOswal.com) | Madhu Chandra (Madhu.Chandra@MotilalOswal.com)

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March 2026
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Bajaj Finserv

Building a one-stop financial shop!

Research Analyst: Pravek Jain (Pravek.Jain@MotilalOswal.com) | Nishu Aggarwal (Nishu.Aggarwal@MotilalOswal.com)
Research Analyst: Karthik Madhav (Karthik.Madhav@MotilalOswal.com) | Madhu Chandra (Madhu.Chandra@MotilalOswal.com)

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March 2026
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TBO Tek

Scaling the global travel stack

Ching Kachhapia - Research Analyst (Ching.Kachhapia@MotilalOswal.com)
Sector Analyst: Research Analyst (Sector Analyst@MotilalOswal.com)

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Urban Company

Convenience delivered, but valuations pricey!

Aditya Puriya - Research Analyst (Aditya.Puriya@MotilalOswal.com)
Research Analyst: Anshu Karanwal (Anshu.Karanwal@MotilalOswal.com) | Tushar Manoharan (Tushar.Manoharan@MotilalOswal.com)

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

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