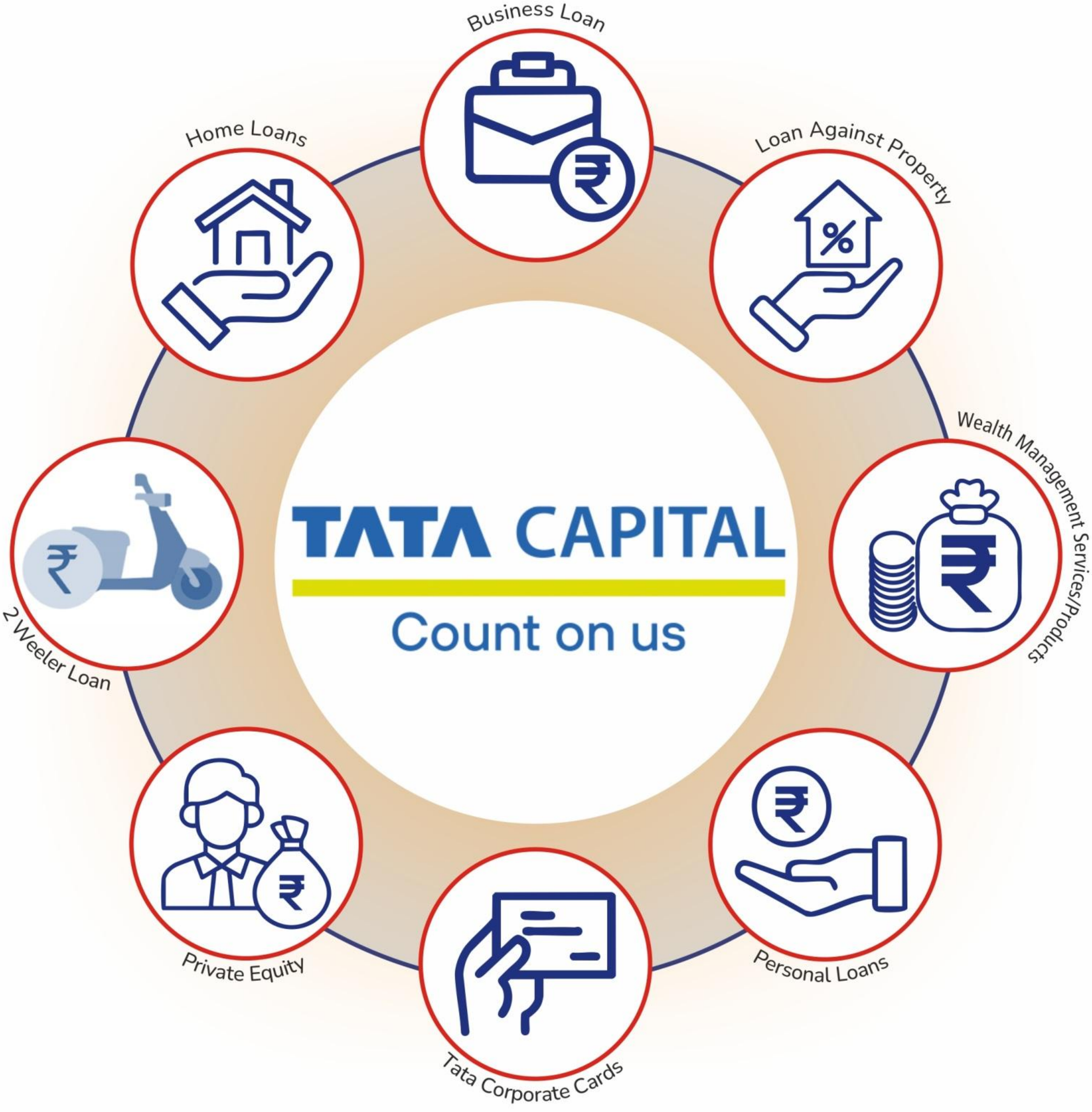
Tata Capital

Well established diversified franchise; valuation upside limited



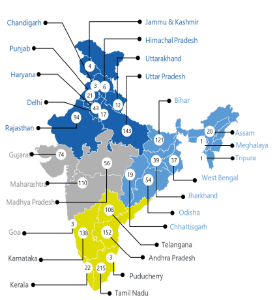
Diversified franchise with strong parentage

Performance moderated recently due to merger with Tata Motors Finance

Current valuation caps upside considering growth/RoE profile

Table of Contents

Table of Contents	Page No.



We initiate coverage on Tata Capital Ltd. (TCL) with an ADD rating and a target price of INR 360, valuing it at 2.9xFY27E P/B. Established in 2007, TCL is a leading diversified NBFC backed by the Tata Group, with ~80% of its loan book in secured segments. The company offers a wide range of products, with retail finance making up 61% of its loans. TCL delivered strong AUM CAGR of ~31% during FY22-24 and average RoA/RoE of ~2.3%/18% in FY23/24. However, TCL's merger with Tata Motors Finance (TMFL) negatively impacted its performance in FY25 with AUM YoY growth moderating to ~17% (ex-TMFL: ~23% YoY) and RoA/RoE falling to ~1.6%/13% (ex-TMFL- ~1.9%/14%). We expect improvement in financials going ahead and project a ~20%/34% AUM/PAT CAGR over FY25-27 with average RoA/RoE of ~1.9%/13% during FY26/27. However, current expected valuation of 2.7xFY27 P/B (on IPO-upper band price) vs. ~2.5x/3.7x for HDB Financial/CIFC leaves limited upside in the near term.

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Tata Capital Limited

Well established diversified franchise; valuation upside limited

We initiate coverage on Tata Capital Ltd. (TCL) with an ADD rating and a target price of INR 360, valuing it at 2.9x FY27E P/B. Established in 2007, TCL is one of the leading, diversified NBFC in India with the strong backing of the Tata group. The company operates largely in secured business segments (80% secured mix).

TCL has a highly diversified product mix, offering 25+ distinct lending products broadly classified into three businesses: 61% of its loan book comprising retail finance, 26% SME and 13% corporate loans. With the highest credit rating of AAA/Stable, TCL enjoys easy access to funds at lower interest rates. However, higher share of secured loans and greater competition from banks in TCL's segments lead to lower-than-peers NIMs of ~5-5.5% which along with lower credit cost, gets translated into RoA of ~2.1-2.5% (in FY23/FY24).

In FY25, TMFL merged with TCL to offer synergies in terms of growth and cross-sell opportunities. However, TMFL's standalone profitability has been underwhelming on account of its captive nature of business and industry wide stress in CV/Auto loans. Hence, TCL's RoA declined to ~1.6% in FY25 from 2.1% in FY24. The company plans to expand its non-captive book more over the medium term and hence, we expect the merger to result in a gradual turnaround in TMFL book's. However, we remain watchful on asset quality over the near term.

We expect TCL to deliver AUM CAGR of 20% during FY25-27E with largely steady opex and gradual decline in credit costs post FY26E resulting in FY25-27E PAT CAGR of ~34% during FY25-27E translating into average RoA/RoE of 1.9%/13.2% over FY26E/FY27E.

We value the company at 2.9x FY27E P/B based on its growth/RoE profile and benchmarking done against its closest peers like HDB and CIFC.

Strong parentage: TCL benefits from its strong parentage - the Tata group is one of India's most respected business conglomerates with a legacy spanning over 150 years. TCL ranks as the third-largest diversified NBFC in India, managing an AUM of INR 2,334bn as of 1QFY26. The company offers 25+ distinct lending products that cater to individuals, SMEs, entrepreneurs, and corporates. With its highest credit rating of AAA/Stable, TCL is well placed in terms of cost of funds while it plans to increase its yields led by increasing share of high-yield products like MFI/MSME/PL etc., once the current stress in these segments moderates. This will aid ~30bps NIMs expansion over FY25-27E.

Merger led synergies and rapid branch expansion to offer better growth; operating leverage to follow: The merger with TMFL added operational complexity, leading to increased credit costs and operating expenses. However, it also expanded TCL's footprint with 353 new branches, creating opportunities to cross-sell products. Further, TCL has also added branches at a rapid pace (~1,516/267 branches as of 1QFY26/FY22), which should help in accelerating growth and improving operating leverage, going forward. We expect cost-to-income ratio decreasing from 42% in FY25 to 39% in FY27E.

Near term credit costs to remain elevated; asset quality to improve gradually: TCL's GS3/NS3 rose to 2.1%/1% in 1QFY26, partly due to the TMFL merger and sector-wide challenges in PL/BL/MSME/MFI, etc. The company has proactively reduced disbursals in these vulnerable segments where credit costs are expected to remain elevated in the near term. We expect a gradual decline in credit costs from 2HFY26 onwards, thus aiding RoA expansion.

Valuations and view: At IPO upper price band of INR 326, current expected valuation multiple of TCL is ~2.7x FY27E P/BV. Based on its AUM growth and RoE profile, TCL should trade between CIFC and HDB, which have valuation multiple of 3.7x and 2.5x FY27E P/BV, respectively. We assign TCL a target multiple of 2.9x FY27E BVPS reflecting a ~10%-12% premium/discount to HDB Financial/CIFC. **Downside risks:** economic slowdown leading to AUM growth slowdown, delayed NIM expansion, higher credit cost and regulatory risk.

Recommendation and Price Target	
Current Reco.	ADD
Current Price Target (12M)	360
Upside/(Downside)	10%

Key Data - TATACAP IN	
Current Market Price	INR326
Market cap (bn)*	INR1,384/US$15.6
Shares in issue (mn)*	4,245
52-week range	NA
Sensex/Nifty	81,774/25,046
INR/US$	88.8

** As per JMFe*

Price Performance			
%	1M	6M	12M
Absolute	NA	NA	NA
Relative*	NA	NA	NA

** To the BSE Sensex*

Financial Summary (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Profit	33,270	36,550	48,672	65,942	83,572
Net Profit (YoY) (%)	12.9%	*9.9%*	*33.2%*	*35.5%*	*26.7%*
Assets (YoY) (%)	30.3%	40.6%	20.5%	20.1%	20.8%
ROA (%)	2.1%	1.6%	1.8%	2.0%	2.1%
ROE (%)	16.3%	12.6%	12.7%	13.6%	15.0%
EPS	9.0	9.3	11.6	15.7	19.8
EPS (YoY) (%)	7.0%	3.1%	24.8%	35.5%	26.7%
P/E (x)	36.3	35.2	28.2	20.8	16.4
BV	63	80	107	123	142
BV (YoY) (%)	27.9%	25.8%	34.4%	14.6%	16.2%
P/BV (x)	5.16	4.10	3.05	2.66	2.29

Source: Company data, JM Financial. Note: Valuations as of 08/Oct/2025; Note: FY24 is standalone TCL

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.
Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

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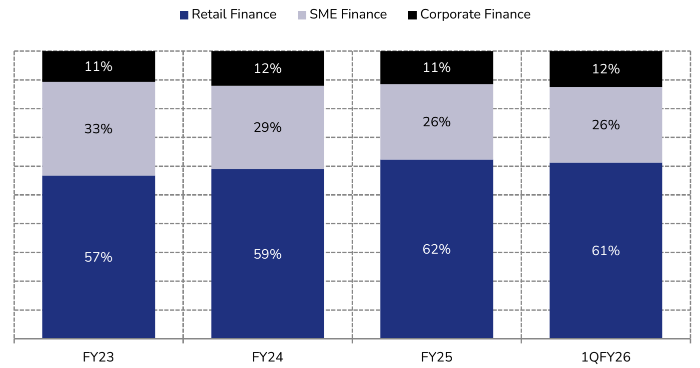
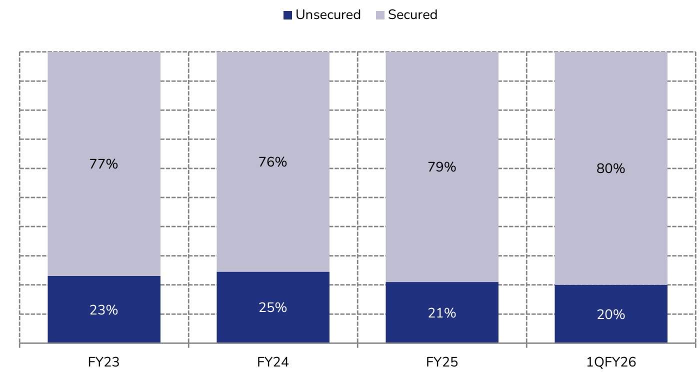
Focus Charts

Exhibit 1. Post TMFL merger, retail mix has gone up



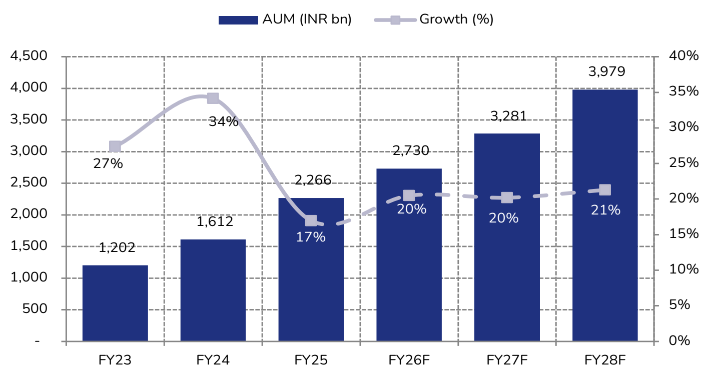
Source: Company, JM Financial; Note: FY25 and 1QFY26 numbers are post TCL+TMFL merger

Exhibit 2. Loan mix: Secured is ~80% of total AUM



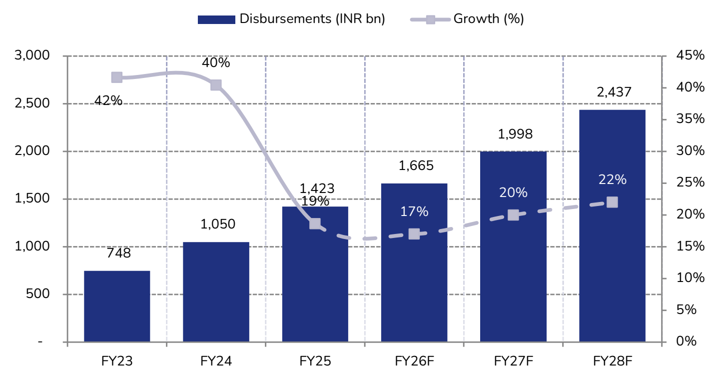
Source: Company, JM Financial; Note: FY25 and 1QFY26 numbers are post TCL+TMFL merger

Exhibit 3. AUM should grow at ~20% CAGR over FY25-27E



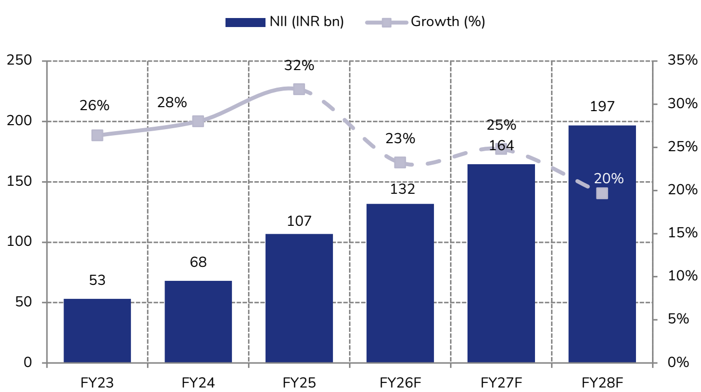
Source: Company, JM Financial; Note: FY25 growth calculated on proforma FY24 (TCL+TMFL)

Exhibit 4. Disbursements growth to pick up from FY27E



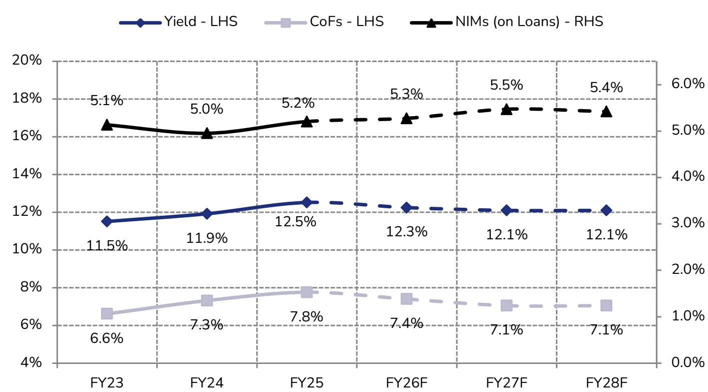
Source: Company, JM Financial; Note: FY25 growth calculated on proforma FY24 (TCL+TMFL)

Exhibit 5. NII to grow 24% CAGR over FY25-27E



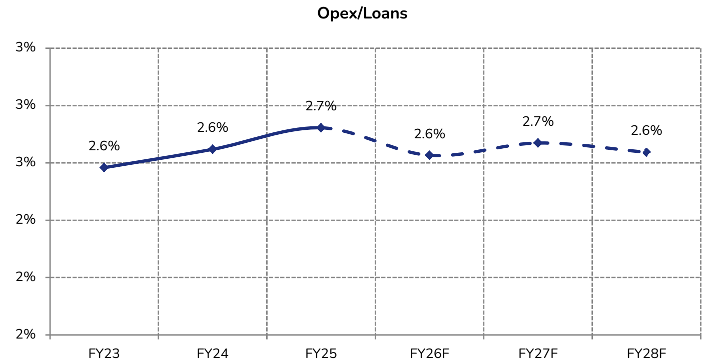
Source: Company, JM Financial; Note: FY25 growth calculated on proforma FY24 (TCL+TMFL)

Exhibit 6. NIMs to improve with rate cut benefits and mix change



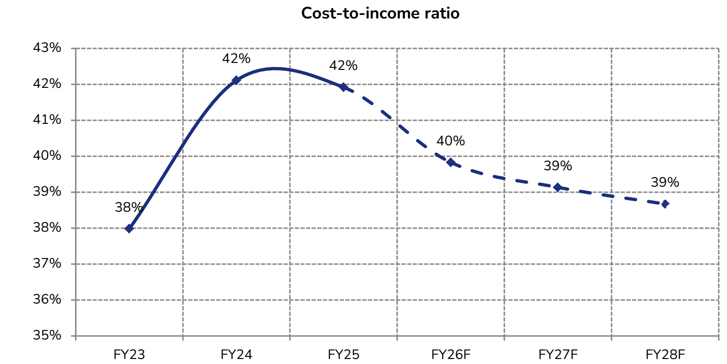
Source: Company, JM Financial; Note: FY25 ratios calculated on proforma FY24 AUM and borrowings (TCL+TMFL)

Exhibit 7. Opex/loans to improve gradually



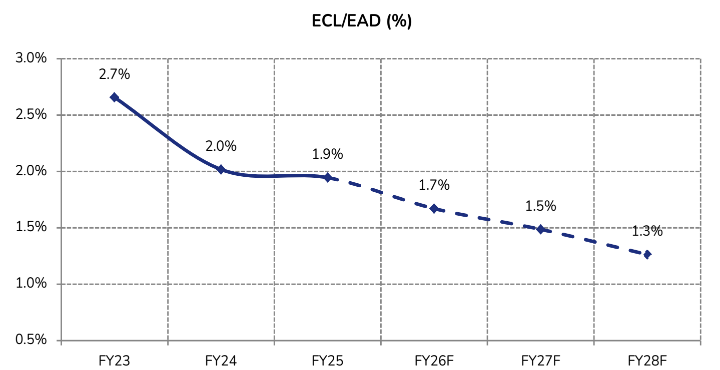
Source: Company, JM Financial; Note: FY25 and forward numbers are post TCL+TMFL merger

Exhibit 8. C/I ratio to improve with operating leverage



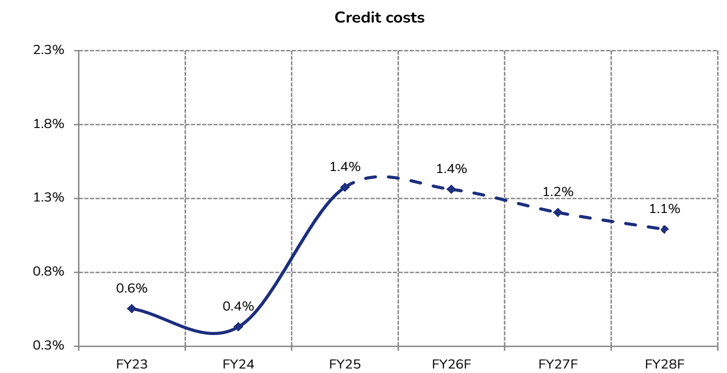
Source: Company, JM Financial; Note: FY25 and forward numbers are post TCL+TMFL merger

Exhibit 9. ECL cover declining due to rising mix of secured loans



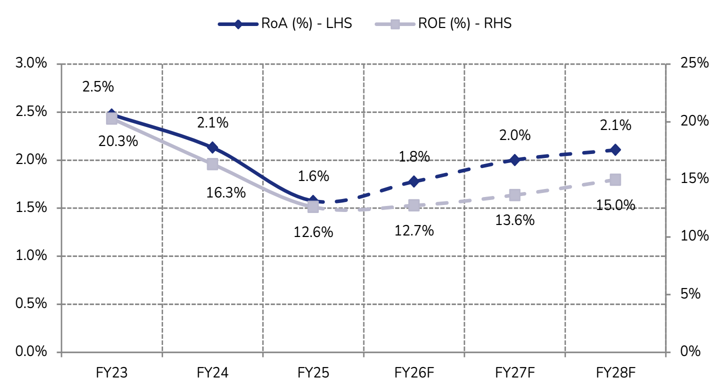
Source: Company, JM Financial; Note: FY25 and forward numbers are post TCL+TMFL merger

Exhibit 10. Credit cost (% of AUM) to decline over the medium term



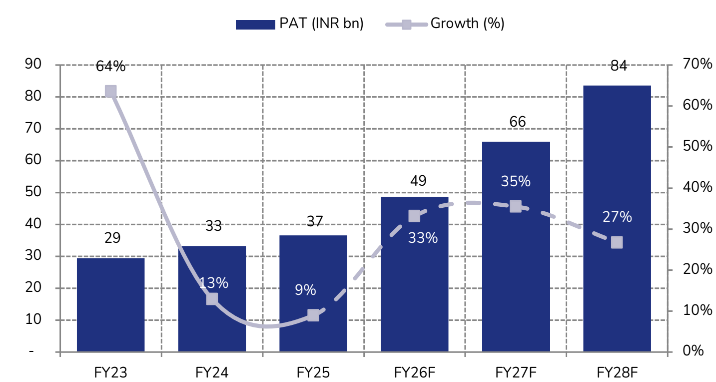
Source: Company, JM Financial; Note: FY25 and forward numbers are post TCL+TMFL merger

Exhibit 11. Return ratios to improve as credit costs normalise



Source: Company, JM Financial; Note: FY25 and forward numbers are post TCL+TMFL merger

Exhibit 12. PAT to grow 34% CAGR over FY25-27E on a lower base



Source: Company, JM Financial; Note: FY25 and forward numbers are post TCL+TMFL merger

Investment Thesis

- **Strong parentage of Tata Group and strong brand value**

  TCL is the flagship financial services company of the Tata group, which is one of India's most distinguished business groups, with a legacy of over 150 years. The Tata group comprises companies across 10 verticals and is a global enterprise headquartered in India, with operations in more than 100 countries across six continents, It has the most diversified presence across industries in India as of Mar'25 and is the largest group in India with 26 equity listed companies with a combined market capitalisation of INR 27.8trln, as of Mar'25. Supported by the strong backing of the Tata group, Tata Capital enjoys strong capital support, high credibility and easy access to capital, which also enables highest possible credit rating of AAA/Stable by ICRA, CRISIL, ICRA, India Ratings and CARE ratings, resulting in lower cost of funds (CoFs).

- **One of the largest diversified portfolio mix**

  TCL is the third largest diversified NBFC in India based on AUM size of INR 2,334bn as of 1QFY26, and it is the most comprehensive amongst large diversified NBFCs in India based on the number of loan product offerings. The company offers a comprehensive suite of 25+ lending products catering to the financial requirements of a wide customer base comprising salaried and self-employed individuals, entrepreneurs, small and medium enterprises and corporates. Its loan offerings to customers comprise a wide range of ticket sizes ranging from INR 10k to over INR 1bn as of 1QFY26. This shields the company from cyclical risks, thus ensuring steady revenue streams.

- **Strong growth aided by cross-sell and wide presence**

  TCL has delivered a growth of 24% CAGR over FY20-25; post Covid its AUM has grown at a robust CAGR of 34% over FY22-25. Ex-TMFL, it grew by 28% over FY22-25. We believe that at such a high scale, growth of 28% (standalone entity) portrays strong outreach and robust digital presence. With a strong digital infrastructure and rapid branch expansion (~1,516/267 branches as of 1QFY26/FY22), we expect TCL to deliver AUM growth of 20% CAGR over FY25-27E led by 18% growth in disbursements.

- **TMFL-merger – a mixed view**

  TMFL's integration into TCL resulted in a dilution of the company's RoA on account of elevated credit costs and opex. At the same time, the company should benefit from 353 additional branches to cross-sell other products. We believe that though the merger offers significant synergies, its captive financing remains a concern on which the company plans to scale down. Thus, we remain watchful on this book, which may keep credit costs elevated over the near term.

- **Operationally strong**

  TCL's opex/loans have remained one of the best among large peers with a long-term normalised rate of ~2.5% over FY21-25 (Exhibit 21, 22). The ratio moved up ~20bps on account of the merger; however, once TMFL is completely integrated with the new ecosystem, we expect operating leverage to follow. We expect a steady improvement in C/I ratio from 42% in FY25 (post TMFL merger) to 39% in FY27E.

- **Moderate asset quality metrics**

  TCL has a GS3/NS3 of ~2.1%/1.0% as of 1QFY26, which has increased over the last 2 quarters mainly on account of the TMFL merger, industry wide stress across PL, BL and SME and a seasonally weak 1Q. TCL has proactively decreased its disbursals in stressed segments in recent quarters. However, we believe that the credit costs for the company may remain elevated over the near term on account of the captive nature of the business for TMFL and continued stress across the system in SME and MFI. We have built in stable and elevated credit costs for FY26E at 1.4% and expect it to decline gradually thereafter.

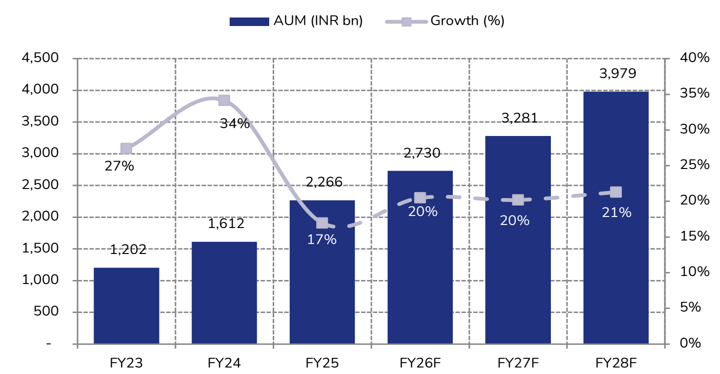
- **Valuations offer limited upside:**

  At IPO upper price band of INR 326, current expected valuation multiple of TCL is ~2.7x FY27E P/BV. Based on its AUM growth and RoE profile, TCL should trade between CIFC and HDB, which have valuation multiple of 3.7x and 2.5x FY27E P/BV, respectively. We assign TCL a target multiple of 2.9x FY27E BVPS reflecting a ~10%-12% premium/discount to HDB Financial/CIFC. Our TP of INR 360 offering an upside of ~10% over IPO price.

Return ratios to improve gradually

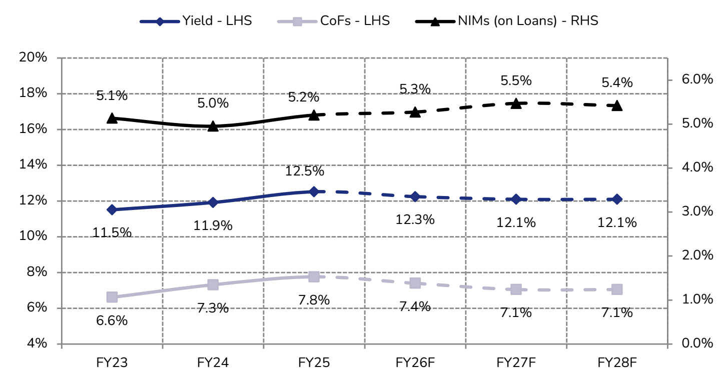
TCL (ex-TMFL) reported ~20bps YoY contraction in RoAs in FY25 to 1.9% on account of higher provisions from PL/MFI book. Post its merger with TMFL, TCL's RoAs dropped even further to 1.6% in FY25. We believe that the TMFL book will continue to negatively impact TCL's financials in the near term before it gets totally integrated into TCL's ecosystem due to its captive lending landscape. We expect NIMs (on assets) to move up in FY26E led by decline in CoFs, which along with largely steady opex and credit costs, should lead to RoA of 1.8% for FY26E (vs. 1.6% in FY25 post-TMFL merger). We remain confident on the AUM growth of the company and build in ~20% CAGR over FY25-27E with an average RoA/RoE of 1.9%/13.2% (post-money) respectively over FY26E/FY27E.

Exhibit 13. AUM to grow at ~20% CAGR over FY25-27E



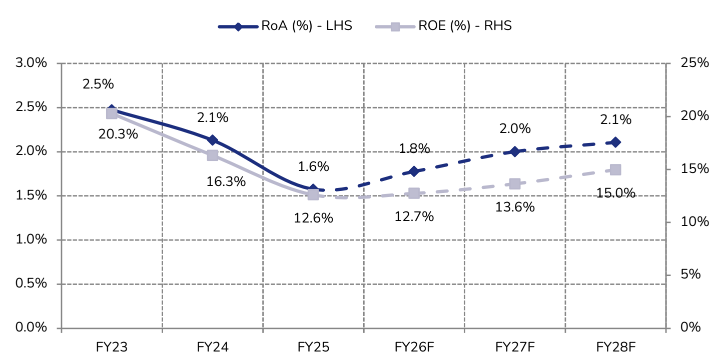
Source: Company, JM Financial; Note: FY25 growth calculated on proforma FY24 (TCL+TMFL)

Exhibit 14. NIMs to improve with rate cut benefits and mix change



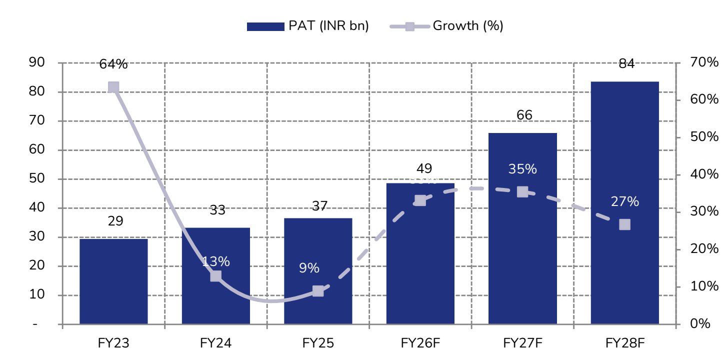
Source: Company, JM Financial; Note: FY25 ratios calculated on proforma FY24 AUM and borrowings (TCL+TMFL) and FY25 actual

Exhibit 15. Return ratios to improve as credit costs normalise



Source: Company, JM Financial; Note: FY25 ratios calculated on proforma FY24 assets and equity (TCL+TMFL) and FY25 actual

Exhibit 16. PAT to grow 34% CAGR over FY25-27E on a lower base



Source: Company, JM Financial; Note: FY25 growth calculated on proforma FY24 (TCL+TMFL)

Exhibit 17. DuPont (% of assets)

	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest income	10.5%	9.8%	10.0%	10.5%	11.1%	10.9%	10.8%	10.8%
Interest expenses	6.3%	5.3%	5.5%	6.1%	6.5%	6.1%	5.8%	5.9%
Net Interest income	**4.2%**	**4.5%**	**4.5%**	**4.4%**	**4.6%**	**4.8%**	**5.0%**	**5.0%**
Other income	1.5%	1.3%	1.5%	1.2%	1.1%	1.2%	1.2%	1.3%
Net income	**5.7%**	**5.8%**	**5.9%**	**5.5%**	**5.8%**	**6.0%**	**6.2%**	**6.2%**
Operating expenses	2.1%	2.2%	2.2%	2.3%	2.4%	2.4%	2.4%	2.4%
Operating Profit	**3.6%**	**3.6%**	**3.7%**	**3.2%**	**3.3%**	**3.6%**	**3.8%**	**3.8%**
Provisions	1.7%	1.2%	0.5%	0.4%	1.2%	1.2%	1.1%	1.0%
PBT	**1.9%**	**2.4%**	**3.2%**	**2.8%**	**2.1%**	**2.4%**	**2.7%**	**2.8%**
Share in profit of associates/Exceptional items	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
ROAA	**1.5%**	**1.9%**	**2.5%**	**2.1%**	**1.6%**	**1.8%**	**2.0%**	**2.1%**
Leverage (x)	8.8	8.5	8.2	7.7	8.0	7.2	6.8	7.1
ROAE	**13.2%**	**16.6%**	**20.3%**	**16.3%**	**12.6%**	**12.7%**	**13.6%**	**15.0%**

Source: Company, JM Financial; Note: FY25-FY28E numbers are including TMFL post-merger

Valuation and view

We value TCL at 2.9x FY27E book to arrive at a target price of INR 360, which will be driven by ~20%/30% AUM/EPS CAGR over FY25-27E and average RoA/RoE of ~1.9%/13% during FY26/27F. **We have valued TCL using the residual income model assuming cost of equity of 13.5%, average asset growth of 19% and RoE of ~17% during FY26-45F.**

We believe that the current multiple of 2.7x FY27E BVPS for TCL offers limited upside, considering its AUM CAGR/average RoE of ~20%/13%, respectively over FY25-27F which is in-line/lower than CIFC's expected AUM CAGR/average RoE ~19%/ 20%, respectively over the same period. HDB Financial should deliver AUM CAGR/average RoE of ~13%/~15% over FY25-27E.

Therefore, we believe that TCL should trade at ~10%-12% premium/discount to HDB Financial/CIFC. Hence, we value TCL at ~2.9x FY27E P/BV entailing a TP of INR 360 (+10% upside). We initiate coverage on TCL with an ADD rating.

Key risks to our call: Broad-based economic slowdown leading to lower AUM growth, delayed NIM expansion and higher credit cost led by industry-wide stress.

Exhibit 18. Valuation basis residual income method

	INR mn	Contribution of value	Avg. ROA assumption	Avg. ROE assumption
Jun-25 networth	376,844	28.2%		
PV of RI over Mar26-Mar-35F (incl dividends)	94,172	7.0%	2.0%	15.2%
PV of RI over FY36-45F (incl dividends)	262,435	19.6%	2.0%	17.9%
Terminal value	602,938	45.1%	2.0%	18.1%
Total value of the firm	**1,336,389**	**100.0%**		
Total number of shares (mn)	4,035			
Target price per share	**360**			
Implied P/B-FY27E	**2.9**			
Cost of equity assumption	13.5%			
Terminal growth assumption	8.0%			

Source: Company, JM Financial

Exhibit 19. Sensitivity of valuation to asset growth, RoA and RoE

FY26-45F	Bear Case	Base Case	Bull Case
Average asset growth	17%	19%	21%
Average RoA	1.8%	2.0%	2.2%
Average RoE	15.3%	16.8%	19.0%
Fair Value	**273**	**360**	**553**
Upside/downside	*-16%*	*10%*	*70%*
Implied P/B-FY27F	2.2	2.9	4.5
Implied P/E-FY27F	17.4	23.0	35.4

Source: Company, JM Financial

Exhibit 20. We expect TCL to deliver RoA of over 2.0% over FY26-35F

Long-term	FY15-25	FY25-35F	FY35-45F
CAGR of total assets (%)	21%	20%	18%
Mean RoA (%)	1.4%	2.0%	2.0%
Mean RoE (%)	12.7%	15.4%	18.0%

Source: Company, JM Financial

Exhibit 21. Peer comparable – During FY22-25, Tata Capital delivered broadly similar RoE compared to HDB but with a higher AUM growth

	Tata Capital*				HDB Financial				Bajaj Finance			
CAGR/ YoY	1QFY26	FY25	FY22-25	FY15-25	1QFY26	FY25	FY22-25	FY15-25	1QFY26	FY25	FY22-25	FY15-25
Disbursements	12.7%	18.6%	34.4%	NA	-8.1%	8.6%	31.6%	19.3%	NA	NA	NA	NA
AUM	17.4%	17.0%	28.1%	19.2%	14.7%	18.9%	20.4%	18.9%	24.6%	26.0%	28.3%	29.1%
PAT	120.4%	8.9%	27.2%	28.3%	-2.4%	-11.6%	29.1%	20.1%	21.8%	16.1%	33.7%	34.0%
Ratios (%)												
Yield on AUM (%)	12.3%	12.5%	11.7%	11.7%	14.7%	14.6%	14.5%	14.3%	16.3%	16.4%	16.2%	16.7%
Cost of funds (%)	7.7%	7.8%	7.0%	8.1%	7.8%	7.9%	7.2%	8.0%	7.5%	7.6%	7.0%	7.9%
NIM on AUM (%)	5.0%	5.2%	5.1%	4.6%	7.7%	7.5%	8.0%	7.3%	9.5%	9.7%	10.1%	10.0%
Credit cost (%)	1.6%	1.4%	0.8%	1.1%	2.5%	2.1%	2.4%	2.1%	2.0%	2.1%	2.0%	2.0%
ECL/EAD (%)	2.0%	1.9%	2.4%	NA	3.3%	3.3%	4.8%	NA	1.7%	1.7%	1.8%	NA
Du Pont (%)												
NII	**4.6%**	**4.6%**	**4.5%**	**4.1%**	**7.1%**	**7.4%**	**7.9%**	**7.2%**	**8.6%**	**8.5%**	**8.9%**	**8.8%**
Total income	5.8%	5.8%	5.7%	5.4%	9.3%	9.9%	11.9%	10.9%	10.6%	10.5%	11.0%	10.7%
Opex	2.1%	2.4%	2.3%	2.4%	4.5%	4.8%	6.3%	5.8%	3.5%	3.5%	3.8%	3.9%
PPOP	3.7%	3.3%	3.4%	3.0%	4.8%	5.0%	5.6%	5.1%	7.2%	7.0%	7.2%	6.7%
Provision	1.5%	1.2%	0.7%	1.0%	2.3%	2.1%	2.3%	2.0%	1.8%	1.9%	1.7%	1.8%
RoA (%)	**1.7%**	**1.6%**	**2.1%**	**1.4%**	**1.9%**	**2.2%**	**2.4%**	**2.1%**	**4.0%**	**3.9%**	**4.1%**	**3.5%**
RoE (%)	**12.0%**	**12.6%**	**16.9%**	**12.8%**	**13.1%**	**14.7%**	**16.0%**	**14.8%**	**18.9%**	**19.4%**	**20.6%**	**20.1%**
Valuation-FY27												
P/E				20.8				18.4				23.6
P/B				2.7				2.5				4.6

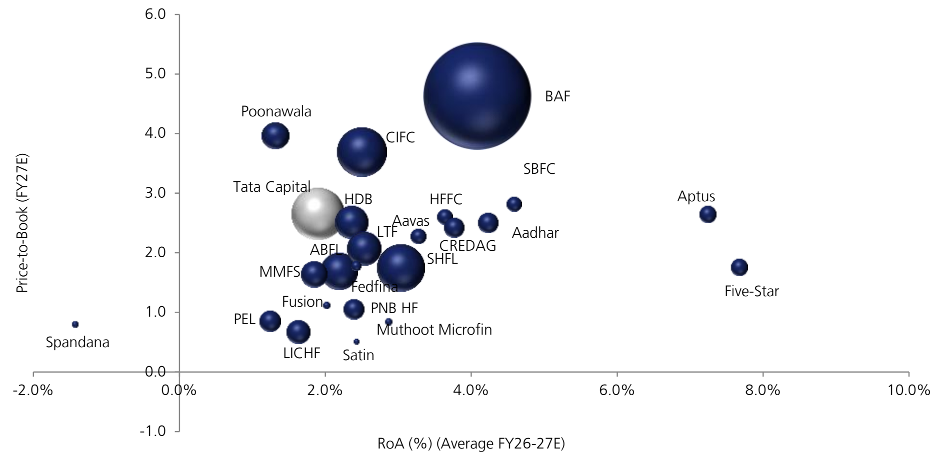
Source: Bloomberg, Company, JM Financial; Note: Priced as of 8 Oct'25; *Note: 1) For Tata Capital, FY22-25 and FY15-25 data is taken excluding TMFL; FY25/1Q26 data is including TMFL; 2) For Tata Capital, PE, PB has been calculated considering IPO price of INR326/share

Exhibit 22. Peer comparable – During FY22-25, Tata Capital delivered lower AUM growth/RoE compared to CIFC

	CIFC				AB Cap				LTFH			
CAGR/ YoY	1QFY26	FY25	FY22-25	FY15-25	1QFY26	FY25	FY22-25	FY15-25	1QFY26	FY25	FY22-25	FY15-25
Disbursements	0.05%	13.7%	41.7%	22.9%	17.9%	4.9%	41.1%	40.4%	16.7%	7.1%	21.9%	6.4%
AUM	23.6%	26.9%	33.9%	21.9%	22.3%	19.6%	31.8%	21.8%	15.3%	14.3%	3.4%	7.9%
PAT	20.6%	24.4%	25.6%	25.6%	8.8%	0.8%	38.7%	27.0%	2.3%	13.9%	46.0%	12.3%
Ratios (%)												
Yield on AUM (%)	14.1%	14.4%	13.6%	14.1%	11.8%	12.4%	12.1%	11.6%	14.8%	15.4%	14.3%	13.5%
Cost of funds (%)	7.8%	8.1%	7.4%	9.1%	7.7%	7.8%	7.2%	7.8%	7.0%	7.1%	6.8%	7.8%
NIM on AUM (%)	6.8%	6.8%	6.9%	7.0%	5.0%	5.2%	5.6%	4.6%	8.2%	9.5%	8.3%	6.4%
Credit cost (%)	1.9%	1.5%	1.2%	1.2%	1.2%	1.2%	1.3%	0.9%	2.2%	2.7%	2.3%	2.2%
ECL/EAD (%)	2.0%	1.8%	2.2%	NA	NA	1.4%	1.8%	NA	3.4%	3.7%	4.8%	NA
Du Pont (%)												
NII	**6.2%**	**6.3%**	**6.0%**	**6.4%**	**4.6%**	**4.7%**	**5.3%**	**4.4%**	**6.7%**	**7.8%**	**6.7%**	**5.5%**
Total income	7.5%	7.6%	7.0%	7.0%	5.3%	5.5%	6.2%	5.2%	8.3%	8.9%	7.1%	6.3%
Opex	2.8%	3.0%	2.9%	2.9%	1.6%	1.5%	1.9%	1.6%	3.4%	3.6%	2.9%	2.3%
PPOP	4.7%	4.6%	4.6%	4.5%	3.7%	4.2%	4.4%	3.6%	4.9%	5.3%	4.2%	4.1%
Provision	1.7%	1.4%	1.1%	1.2%	1.1%	1.1%	1.2%	0.9%	1.8%	2.2%	1.9%	1.9%
RoA (%)	**2.2%**	**2.4%**	**2.6%**	**2.3%**	**1.9%**	**2.3%**	**2.4%**	**2.0%**	**2.3%**	**2.4%**	**1.7%**	**1.6%**
RoE (%)	**18.8%**	**19.7%**	**20.2%**	**18.8%**	**10.6%**	**12.5%**	**14.1%**	**13.4%**	**11.0%**	**10.8%**	**8.2%**	**10.9%**
Valuation-FY27												
P/E				20.1				10.6				16.8
P/B				3.7				1.7				2.1

Source: Bloomberg, Company, JM Financial; Note: Priced as of 8 Oct'25; *Note: 1) For Tata Capital, FY22-25 and FY15-25 data is taken excluding TMFL; FY25/1Q26 data is including TMFL; 2) For Tata Capital, PE, PB has been calculated considering IPO price of INR326/share

Exhibit 23. We expect TCL to deliver average RoA/RoE of ~1.9%/13% over FY26-27E



Source: Bloomberg, JM Financial; Note: TCL CMP taken as IPO listing price; Other prices are as of 8Oct'25

Exhibit 24. Valuation comparable of our coverage universe

Name	MCap (USD mn)	EPS CAGR FY25-27E	AUM CAGR FY25-27E	P/B				P/E				RoA (%)				RoE (%)			
				FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Diversified Players																			
BAF	71,711	27%	24%	6.6	5.6	4.6	3.8	37.9	29.9	23.6	19.0	3.9%	4.0%	4.1%	4.2%	19.4%	20.1%	21.4%	22.1%
Tata Capital*	15,468	30%	20%	4.1	3.0	2.7	2.3	35.2	28.2	20.8	16.4	1.6%	1.8%	2.0%	2.1%	12.6%	12.7%	13.6%	15.0%
ABFL	8,688	19%	23%	2.4	2.0	1.7	1.4	15.0	13.4	10.6	8.6	2.3%	2.1%	2.2%	2.2%	12.5%	12.3%	13.7%	14.6%
HDB Financial	6,886	21%	13%	3.7	2.9	2.5	2.2	26.8	22.7	18.3	15.7	2.2%	2.3%	2.4%	2.5%	14.7%	14.6%	14.7%	14.7%
LTF	7,196	20%	15%	2.5	2.3	2.1	1.9	24.1	20.5	16.8	13.3	2.4%	2.4%	2.6%	2.9%	10.8%	11.7%	13.0%	14.7%
Poonawalla	4,621	NM	48%	5.0	4.3	4.0	3.5	-413.8	85.4	44.0	27.4	-0.3%	1.1%	1.5%	1.8%	-1.2%	5.5%	9.4%	13.6%
PEL	2,870	66%	24%	0.9	0.9	0.9	0.8	52.2	18.5	19.0	14.3	0.5%	1.3%	1.1%	1.2%	1.8%	4.9%	4.6%	5.8%
Vehicle Financiers																			
CIFC	15,261	26%	19%	5.7	4.6	3.7	3.0	31.8	26.2	20.1	16.5	2.4%	2.4%	2.6%	2.7%	19.7%	19.6%	20.5%	20.0%
SHFL	14,130	18%	15%	2.2	2.0	1.8	1.5	15.5	13.6	11.2	9.6	3.1%	2.9%	3.1%	3.2%	15.5%	15.4%	16.6%	17.1%
MMFS	4,339	4%	12%	1.7	1.8	1.6	1.5	14.6	14.5	13.4	13.0	1.9%	1.9%	1.8%	1.7%	12.4%	12.9%	12.8%	12.2%
Housing Financiers (HFCs)																			
LIC HF	3,482	3%	9%	0.9	0.8	0.7	0.6	5.7	5.8	5.4	4.7	1.8%	1.6%	1.6%	1.7%	16.0%	13.8%	13.2%	13.3%
PNB HF	2,571	12%	18%	1.4	1.2	1.1	0.9	11.8	10.2	9.4	7.8	2.5%	2.5%	2.3%	2.3%	12.2%	12.4%	12.0%	12.7%
Aadhar	2,504	18%	20%	3.4	2.9	2.5	2.1	24.0	20.6	17.1	13.8	4.3%	4.2%	4.3%	4.5%	16.9%	15.4%	15.8%	16.7%
Aptus	1,746	21%	25%	3.6	3.1	2.7	2.3	20.6	16.7	14.1	11.9	7.4%	7.4%	7.1%	6.7%	18.6%	19.9%	20.3%	20.5%
Aavas	1,486	17%	17%	3.0	2.6	2.3	2.0	23.0	20.7	16.9	13.9	3.3%	3.2%	3.4%	3.5%	14.1%	13.6%	14.5%	15.2%
HomeFirst	1,422	20%	25%	4.4	3.0	2.6	2.3	28.7	24.3	20.0	16.8	3.5%	3.7%	3.6%	3.6%	16.5%	15.3%	13.9%	14.5%
NBFC-MFIs																			
Credag	2,477	75%	15%	3.2	2.9	2.4	2.0	41.3	27.9	13.5	10.8	1.9%	2.7%	4.8%	5.2%	7.9%	10.8%	19.5%	20.3%
Muthoot Microfin	323	NM	9%	1.1	1.0	0.9	0.7	-12.7	12.4	6.3	5.0	-2.0%	2.0%	3.7%	4.3%	-8.2%	8.3%	14.5%	15.8%
Spandana Sphoorty	231	NM	19%	0.7	0.9	0.8	0.7	-1.9	-4.6	9.4	5.9	-9.2%	-5.7%	2.8%	3.5%	-31.0%	-17.8%	9.3%	12.7%
Satin Creditcare	184	39%	13%	0.6	0.6	0.5	0.5	8.7	6.2	4.5	3.7	1.7%	2.2%	2.7%	2.8%	7.5%	9.7%	12.1%	12.9%
Fusion Finance	297	NM	2%	1.2	1.2	1.1	1.0	-1.6	28.4	13.1	9.8	-12.2%	1.3%	2.7%	3.3%	-54.5%	5.3%	9.0%	10.8%
MSME/Other lenders																			
Five Star	1,738	15%	18%	2.4	2.1	1.8	1.5	14.4	13.1	11.0	9.1	8.2%	7.6%	7.7%	7.8%	18.7%	17.2%	17.4%	17.7%
SBFC	1,337	26%	26%	3.7	3.2	2.8	2.4	34.1	26.9	21.4	16.9	4.4%	4.6%	4.6%	4.7%	11.6%	12.8%	14.1%	15.4%
Fedfina	673	41%	19%	2.3	2.1	1.8	1.5	26.5	17.7	13.3	10.8	1.8%	2.3%	2.5%	2.5%	9.4%	12.4%	14.4%	15.3%

Source: Bloomberg, Company, JM Financial; *Note: CMP taken as IPO listing price; Other prices are as of 8Oct'25

Company Overview

Tata Capital Ltd (TCL) is the flagship financial services arm of the Tata group. It is a subsidiary of Tata Sons Pvt Ltd (Promoter), the holding company of the Tata group. TCL is a holding and operating company registered as an NBFC – Investment and Credit Company (NBFC-ICC) with the RBI. **It has been categorised as an upper layer NBFC (non-banking finance company) under scale-based regulations (SBR).**

TCL and its material subsidiary **Tata Capital Housing Finance Ltd (TCHFL) operate** in the lending business. TCHFL is an HFC registered with NHB. In the lending business, TCL provides loan to retail, SME and corporate customers.

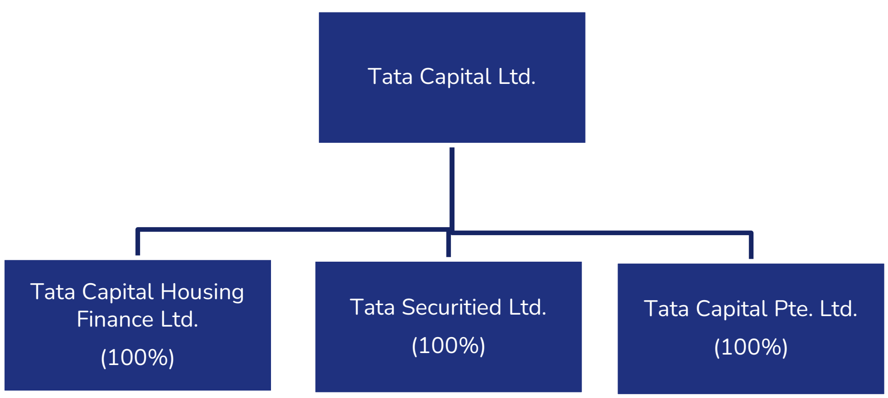
Apart from TCHFL, there are a few subsidiaries that operate in non-lending businesses including distribution of third-party products such as insurance and credit cards, wealth management services, and acting as a sponsor and investment manager to PE funds.

1) **Tata Securities Ltd:** Wholly owned subsidiary that distributes MFs and other financial products.

2) **Tata Capital Pte Ltd (TCPL) and its subsidiaries:** Wholly owned subsidiary incorporated in Singapore and operates fund management and proprietary investment business directly and through its eight subsidiaries, including Tata Capital Advisors Pte Ltd (TCAPL). It acts as an investment manager to offshore PE funds.

3) **Other subsidiaries:** There are a total of seven other subsidiaries through which TCL operates its domestic PE business, wherein it acts as an investment manager to these PE Funds.

Exhibit 25. Tata Capital - corporate structure



Step-down subsidiaries of Tata Capital Pte. Ltd.
- Tata Capital Advisors Pte. Ltd. ("TCAPL")
- Tata Capital General Partners Limited Liability Partnership ("TCHGPLLP")
- Tata Capital healthcare General Partners Limited Liability Partnership ("TCHGPLLP")
- Tata Opportunities General partners Limited Liability Partnership ("TOGPLLP")
- Tata Capital Growth II General Partners Limited Liability Partnership ("Tata Capital Growth II GPLLP")
- Tata Capital Healthcare II General Partners Limited Liability Partnership ("Tata Capital Healthcare II GPLLP")
- Tata Capital Growth III General partners Limited Liability partnership ("Tata Capital Growth III GPLLP)

Source: Company, JM Financial

In recent years, contribution from the lending business in overall income has gone up as evident from the following table.

Exhibit 26. TCL - income mix: Rising share of lending business in total income

Particulars	FY23		FY24			FY25			1QFY26		
	INR mn	%mix	INR mn	%mix	%YoY	INR mn	%mix	%YoY	INR mn	%mix	%YoY
Lending business	125,904	92%	176,350	97%	40%	276,466	97%	57%	74,998	98%	17%
Non-lending business	10,471	8%	5,634	3%	-46%	7,233	3%	28%	1,919	2%	27%
Total	**136,375**	**100%**	**181,984**	**100%**	**33%**	**283,699**	**100%**	**56%**	**76,917**	**100%**	**17%**

Source: Company, JM Financial; Note: FY25/1QFY26 data is post TMFL merger

Exhibit 27. Tata Capital Limited: History of key events

Calendar Year	Particulars
1956	• Incorporated as 'Piramal Investments & Finance Ltd'
2007	• Name changed to Tata Capital Ltd
2009	• Launched private equity business
2010	• Incorporation of erstwhile wholly owned subsidiary, Tata Capital Financial Services (TCFSL), to house the NBFC business
2011	• Erstwhile subsidiary Tata Cleantech Capital Limited (TCCL) was set up by TCL and International Finance Corporation (IFC), headquartered in Washington D.C., USA, with a focus on green and sustainable financing
2012	• Recognized as core investment company and transferred its NBFC business to TCFSL
2013	• Launched cleantech finance business under TCCL
2017	• Crossed INR 500bn mark in terms of AUM
2018	• Accredited with credit rating of CRISIL AAA/Stable (upgraded from AA+/Stable)
2022	• Crossed INR 1trln AUM
2024	• TCFSL and TCCL merged into Tata Capital Ltd (TCL) and company surrendered its core investment company license and procured license as NBFC-ND-SI from RBI • S&P issued 'BBB-' long-term and 'A-3' short-term issuer credit ratings to the company
2025	• Business of Tata Motors Finance Solutions (TMFL) was transferred to TCL • Company crossed INR 2trln mark in terms of AUM • S&P Global Ratings upgraded company's issuer credit rating to 'BBB/Stable/A-2' from 'BBB-/Positive/A-3'

Source: Company, JM Financial

The company has strong capital funding from Tata Sons Group, which helps it enjoy a strong capital position. Given its higher size, TCL was mandated to be listed as per RBI scale-based regulations, which prompted the IPO of INR 155bn (INR 87bn OFS and INR 68bn fresh issue). The IPO should lead to ~9.8% dilution for Tata Sons. However, prior to this IPO, the company has done several rights issue and private placements, which has aided it sustain strong capital adequacy.

Exhibit 28. Pre & Post money equity dilution – TCL

Name	Percentage of pre-Offer paid-up Equity Share Capital	No of shares (mn)	Selling no of shares	Post OFS no. of shares	Post-OFS	Post IPO fresh issue (mn)	Post-money shareholding
Promoter & Promoter Group							
Tata Sons Private Limited	88.6%	3,575	230	3,345	82.9%	3,345	78.8%
TMF Holdings Limited	4.6%	186	-	186	4.6%	186	4.4%
Tata Investment Corporation Limited	2.1%	83	-	83	2.1%	83	2.0%
Tata Motors Limited	0.1%	4	-	4	0.1%	4	0.1%
Tata Chemicals Limited	0.1%	3	-	3	0.1%	3	0.1%
The Tata Power Company Limited	0.1%	2	-	2	0.1%	2	0.1%
Tata International Limited	Negligible	1	-	1	0.0%	1	0.0%
Tata Consumer Products Limited	Negligible	1	-	1	0.0%	1	0.0%
Other Shareholders							
International Finance Corporation	1.8%	72	36	36	0.9%	36	0.8%
Others	2.6%	108	-	373	9.3%	583	13.7%
Total	**100%**	**4,035**	**266**	**4,035**	**100.0%**	**4,245**	**100.0%**

Source: Company RHP, JM Financial

Exhibit 29. Long-term history of rights issue

Rights Issue- History	Amount raised (INR mn)	Issue Price (Rs)	No. of shares (mn)	Name of investor	Year
26-Nov-96	0.3	10	0.03	Tata Sons and others	
25-Jun-07	1,650	10	165.0	Tata Sons	FY08
27-Jul-07	2,550	10	255.0	Tata Sons	FY08
24-Aug-07	1,500	10	150.0	Tata Sons	FY08
29-Sep-08	5,000	10	500.0	Tata Sons	FY09
23-Mar-23	5,937.9	135	44.0	Tata Sons and others	FY23
29-Sep-23	9,999	163	61.4	Tata Sons and others	FY24
29-Dec-23	10,033.7	188	53.3	Tata Sons and others	FY24
21-Mar-25	15,039.1	281	53.5	Tata Sons and others	FY25
18-Jul-25	17,518.5	343	51.1	Tata Sons and others	FY26

Source: Company RHP, JM Financial

Exhibit 30. Long-term history of private placement

Private placement history	Amount raised (INR mn)	Issue Price (Rs)	No. of shares (mn)	Name of investor	Year
17-Aug-12	4,962	20	248.1	Tata Sons	FY13
14-Sep-12	538	20	269.1	Tata Sons and others	FY13
29-Jun-18	7,500	51	148.2	Tata Sons	FY19
09-Jul-18	5,000	51	98.8	Tata Sons	FY19
15-Feb-19	7,500	51	148.2	Tata Sons	FY19
27-Feb-19	5,000	51	98.8	Tata Sons	FY19
20-Dec-19	7,500	51	147.1	Tata Sons	FY20
26-Dec-19	2,500	51	49.0	Tata Sons	FY20

Source: Company RHP, JM Financial

Lending – One of the largest diversified businesses

TCL offers a diversified suite of 25+ lending products catering to salaried and self-employed individuals, entrepreneurs, small businesses, SMEs, and corporates. It has served 7.3mn customers up to 1QFY26. A few key points to note about the franchise are given below:

1) Retail/SME contributes ~87.5% of its overall AUM as of 1QFY26.

2) Loan book is highly granular, with ticket sizes ranging from INR10k-1bn with >98% of loan accounts having ticket sizes below INR 10mn.

3) As of 1QFY26, ~80% of the AUM was secured, while the organic book constituted >99% of the total portfolio.

TCL is the third-largest diversified NBFC in India, with an AUM of **INR 2,334bn** as of Jun'25. This includes loan book of Tata Motors Finance Limited (TMFL), which got merged with TCL effective from 1st Apr'24 **(details in a later section)**.

Ex-TMFL, TCL delivered a strong ~28% AUM CAGR over FY22–25, supported by ~34% CAGR in disbursements, and it had an average RoA/RoE of ~2.1%/16.9%. **However, due to moderating disbursements and increased credit cost, AUM/disbursement growth (including TMFL) moderated to ~17%/13% YoY in 1QFY26 with RoA/RoE of ~1.7%/12%.** The moderation in growth/RoE profile is also driven by rundown of its legacy TMFL book.

Exhibit 31. TCL (ex-TMFL): AUM growth slowed down in FY25 after high-growth phase of FY22-24

Tata Capital	INR bn					CAGR/YoY growth (%)			
Ex-TMFL	FY15	FY20	FY22	FY24	FY25	FY15-25	FY20-25	FY22-25	FY25
AUM	344	776	943	1,612	1,982	19.2%	20.6%	28.1%	22.9%
Disbursements	NA	NA	528	1,050	1,282	NA	NA	34.4%	22.1%
PAT	3	2	18	33	37	28.3%	88.5%	27.2%	11.3%
EPS (Rs)	0.8	0.4	5.2	9.0	9.4	27.3%	83.6%	21.7%	4.4%
BVPS (Rs)	13.7	25.5	33.8	63.2	76.3	18.7%	24.5%	31.1%	20.6%

Source: Company, JM Financial

Exhibit 32. TCL (incl-TMFL post-merger): AUM growth moderated even further post TMFL acquisition

Tata Capital	INR bn			YoY growth (%)	
Inc-TMFL	FY24	FY25	1QFY26	FY25	1QFY26
AUM	1,937	2,266	2,334	17.0%	17.4%
Disbursements	1,200	1,423	347	18.6%	12.7%
PAT	34	37	10	8.9%	120.4%
EPS (Rs)	NA	9.3	2.5	NA	7.8%
BVPS (Rs)	NA	79.5	82.0	NA	17.8%

Source: Company, JM Financial; Note: FY24 numbers are proforma (TMFL+TCL)

Exhibit 33. Dupont analysis (ex-TMFL)- RoA (as % of assets) has been >2% on average during FY22-25, though it fell to 1.9% in FY25

Ex-TMFL	%					Average (%)		
Du Pont-as % of assets	FY15	FY20	FY22	FY24	FY25	FY15-25	FY20-25	FY22-25
Interest income	10.9%	11.0%	9.8%	10.5%	11.0%	10.5%	10.5%	10.3%
Interest expense	7.3%	7.0%	5.3%	6.1%	6.4%	6.5%	6.1%	5.8%
NII	**3.6%**	**3.9%**	**4.5%**	**4.4%**	**4.6%**	**4.1%**	**4.3%**	**4.5%**
Other income	1.4%	0.8%	1.3%	1.2%	1.1%	1.3%	1.2%	1.2%
Total income	5.0%	4.7%	5.8%	5.5%	5.6%	5.4%	5.6%	5.7%
Opex	2.6%	2.3%	2.2%	2.3%	2.3%	2.4%	2.2%	2.3%
PPOP	**2.5%**	**2.5%**	**3.6%**	**3.2%**	**3.3%**	**3.0%**	**3.3%**	**3.4%**
Provision	1.3%	1.7%	1.2%	0.4%	0.8%	1.0%	1.0%	0.7%
Share in profit of associates	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
RoA (%)	**0.9%**	**0.2%**	**1.9%**	**2.1%**	**1.9%**	**1.4%**	**1.7%**	**2.1%**
RoE (%)	**6.4%**	**1.9%**	**16.6%**	**16.3%**	**14.2%**	**12.8%**	**13.84%**	**16.9%**

Source: Company, JM Financial

Exhibit 34. Dupont analysis (incl TMFL post-merger)- TMFL acquisition was RoA dilutive for TCL

Incl-TMFL	%			Average (%)
Du Pont-as % of assets	FY24	FY25	1QFY26	FY24-1QFY26
Interest income	10.3%	11.1%	11.1%	10.8%
Interest expense	6.1%	6.5%	6.5%	6.4%
NII	**4.1%**	**4.6%**	**4.6%**	**4.4%**
Other income	1.5%	1.1%	1.2%	1.3%
Total income	5.7%	5.8%	5.8%	5.7%
Opex	2.4%	2.4%	2.1%	2.3%
PPOP	**3.2%**	**3.3%**	**3.7%**	**3.4%**
Provision	0.9%	1.2%	1.5%	1.2%
Share in profit of associates	0.0%	0.0%	0.0%	0.0%
RoA (%)	**1.7%**	**1.6%**	**1.7%**	**1.6%**
RoE (%)	**12.7%**	**12.6%**	**12.0%**	**12.5%**

Source: Company, JM Financial; Note: FY24 numbers are proforma (TMFL+TCL)

The company's lending and financial services operations are organised across distinct verticals, each catering to specific customer segments.

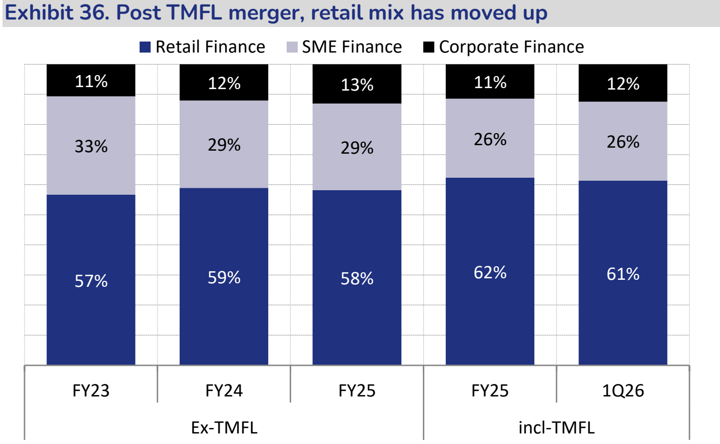
Exhibit 35. Products suite as of 1QFY26: TCL operates broadly in three segments

Segments	Sub-segments	Target customers	% AUM mix
Retail Finance	HL, LAP, PL, BL, 2W, car loans, CV&CE loans, LAS, MFI and education loans	Salaried and self-employed individuals	61.3%
SME Finance	Supply chain finance, equipment finance, leasing solutions, term loans, cleantech and infrastructure loans and developer finance	Businesses with turnover up to INR 2.5bn	26.2%
Corporate finance	Term loans, cleantech and infrastructure finance and developer finance	Businesses with turnover more than INR 2.5bn	12.5%

Source: Company, JM Financial

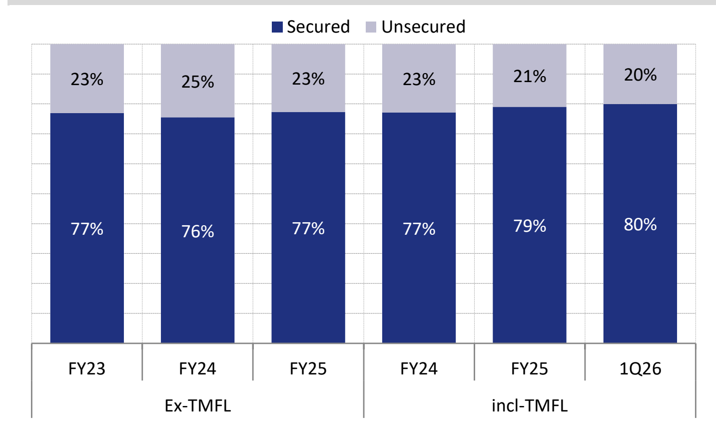
Ex-TMFL, the share of corporate finance has been going up in the mix due to higher growth in term loans, cleantech and developer segments. **However, after merger with TMFL, the share of retail finance appears to be going up, as** a majority of the TMFL portfolio was merged with the retail finance book of TCL. As of FY25, **following the merger, TMFL's contribution of gross loans was ~92.5% in commercial vehicle loans, 16.8% in car loans, and 12.8% in supply chain finance.**

Exhibit 36. Post TMFL merger, retail mix has moved up



Source: Company, JM Financial

Exhibit 37. Loan mix: Secured is ~80% of total AUM



Source: Company, JM Financial

Exhibit 38. Detailed product suite

Product Segments	Target customers	Sourcing	ATS (INR mn)	Tenor (up to years)	Avg ROI	AUM (INR bn)	% Mix-AUM	FY23-1QFY26 CAGR
HL	50% salaried	40% in-house	3.2	30	9.8%	401.6	17.2%	30.4%
AHL (Part of HL)	*NA*	*50% in-house*	*1.9*	*30*	*11.3%*	*86.8*	*3.7%*	*43.9%*
LAP	Salaried/self-employed	Distribution channels (in-house and channel partners)	1.6	20	11.4%	278.1	11.9%	27.2%
Affordable LAP (Part of LAP)	*NA*	*NA*	*0.7*	*15*	*12.9%*	*51.3*	*2.2%*	*42.7%*
Personal Loans	Primarily salaried	Cross-sell and multiple channels (focus mainly on in-house and digital platforms)	0.4	7	16.0%	152.8	6.5%	21.3%
Business Loans	Salaried/self-employed	NA	1.2	5	17.8%	93.7	4.0%	33.3%
Secured Business loans	Micro enterprise backed by collateral	In-house sales team	0.9	15	17.9%	0.5	0.0%	NA
2W loans	Salaried/self-employed	OEM/Dealer tie ups	0.1	5	20.3%	71.0	3.0%	34.5%
Car loans	Salaried/self-employed	In-house sales, dealers and DSAs	0.7	7	14.5%	56.6	2.4%	34.1%
CV	Individuals, small fleet operators, market load operators	In-house sales, dealers and DSAs	1.6	5	12.1%	247.0	10.6%	271.6%
CE	Individual operators, as well as small and large fleet operators	In-house sales, dealers and DSAs	7.7	5	11.5%	58.8	2.5%	7.4%
LAS	NA	In-house sales	2.8	1	10.1%	42.1	1.8%	50.1%
MFI	Self-employed and home-based entrepreneurs engaged in small-scale income generating activities such as farming, food processing and trade	In-house sales team	0.05	3	25.5%	23.8	1.0%	100.3%
Education	Students to pursue higher education at institutions in India and overseas	NA	3.5	15	11.8%	4.5	0.2%	NA
Total Retail						**1,568.7**	**61.3%**	**43.3%**
Supply Chain Finance	Distributors and dealers	In-house sales team and OEM partners	33.5	1	10.9%	149.0	6.4%	11.4%
Equipment Finance	NA	In-house sales team and OEM partners	16.3	5	11.4%	20.2	0.9%	12.8%
Leasing solutions	Customer profiles covering SMEs & corporates, including multi-national corporations.	In-house sales team and OEM partners	168.3	15	11.6%	29.6	1.3%	12.8%
Term Loans	Brownfield and greenfield projects, capital investments	In-house sales team and DSAs	258.3	8	10.9%	369.4	15.8%	32.8%
Cleantech and Infrastructure Finance	Finance projects in renewable energy, energy efficiency, electric mobility, waste management, water management sectors and other infrastructure projects	In-house sales team	1373.3	23	10.4%	205.7	8.8%	35.0%
Developer finance	Real estate developers	In-house sales team	630	7	12.5%	129.2	5.5%	35.2%
Total SME/Corporate						**903.0**	**38.7%**	**29.6%**
Total AUM						**2,334.0**	**100.0%**	**34.3%**

Source: Company, JM Financial

Brief overview of TMFL merger

About TMFL merger: In Oct'22, TMFL's board approved a scheme of arrangement to demerge the NBFC business into Tata Motors Finance Solutions Ltd (renamed Tata Motors Finance Ltd). The scheme became effective on 30th Jun'23, after approvals from the NCLT (National Company Law Tribunal) and other regulators.

TMFL is a middle layer NBFC as per RBI's scale-based regulations (SBR). It offers vehicle financing across the ecosystem, **including new and used vehicle loans,** and dealer/vendor financing. Its customer base spans dealers, transporters, fleet operators, retail borrowers and first-time users.

As of Mar'25, TMFL's gross loan book stood at INR 302bn. The franchise operates a well-diversified branch network across India, further supported by its presence in 450+ Tata Motors dealer outlets, strengthening reach and distribution. As of Mar'25, it had served more than 2.5mn customers across its product portfolio. Beyond vehicle loans, TMFL leverages its expertise across the broader automotive value chain through its corporate lending business. This segment offers a range of financing solutions, including channel funding for dealers to maintain inventory levels and support cash flow management. To supplement its core lending operations and generate fee income, TMFL had co-sourcing arrangements with banks to finance passenger and commercial vehicles.

However, beside the positive synergies, over the past 3 years (FY23-FY25), TMFL's profitability has been significantly impacted, returning only negative adjusted RoAs (Note: RoA of 0.1% in FY24 was due to gains from net fair value on derecognition of assets). TMFL's book majorly comprises captive financing, which is for new vehicles and, hence, similar to that of other captive financiers; the company has not been able to generate profits. TCL plans to reorganise this book and increase its tie-ups with other OEMs with the aim of substantially decreasing its dependency on the captive segment.

Rationale for merger: The tie-up with TMFL was mainly for TCL to increase its vehicle exposure and consolidate lending into one entity within the group rather than have multiple sister companies offering the same products. The company plans to restructure the TMFL book and use its branches to cross-sell different products, which will aid in sustainable growth. Also, going forward, it will not be an obligation for Tata Capital to finance Tata Motors and, thus, incrementally the target would be to have a higher share of non-TM disbursements.

Exhibit 39. Tata Motors Finance Ltd – DuPont analysis

Du Pont – as % of Assets	FY20	FY21	FY22	FY23	FY24	FY25
Interest Income	10.3%	10.1%	9.0%	11.3%	9.5%	9.8%
Interest Expense	7.7%	6.5%	5.8%	7.1%	6.2%	6.7%
Net Interest Income	**2.6%**	**3.6%**	**3.2%**	**4.2%**	**3.3%**	**3.1%**
Other Income	1.6%	1.6%	1.8%	1.6%	3.0%	1.1%
Total Income	**4.2%**	**5.2%**	**5.0%**	**5.8%**	**6.2%**	**4.2%**
Operating Expenses	**2.3%**	**2.0%**	**2.2%**	**2.9%**	**2.9%**	**3.0%**
Employee Benefit Expenses	0.8%	0.8%	0.7%	1.0%	1.3%	1.5%
Other Expenses	1.5%	1.3%	1.4%	1.9%	1.6%	1.5%
Operating Profits	**2.0%**	**3.1%**	**2.9%**	**2.9%**	**3.4%**	**1.2%**
Provisions	1.9%	2.5%	3.1%	5.3%	2.8%	1.6%
PBT	**0.1%**	**0.6%**	**-0.3%**	**-2.4%**	**0.6%**	**-0.4%**
Tax Expenses	-0.1%	-0.1%	-0.2%	0.1%	0.4%	0.1%
RoA	**0.2%**	**0.7%**	**-0.1%**	**-2.5%**	**0.1%**	**-0.5%**
Average leverage (x)	10.2	8.7	7.7	6.6	6.0	6.0
RoE	**1.9%**	**6.4%**	**-0.6%**	**-16.3%**	**0.8%**	**-2.9%**

Source: Company data, JM Financial; Note: FY24/25 data for TMFL has been taken from DRHP. FY23 and prior to that, data has been taken from AR. Also, NBFC business of TMF Business Services Ltd was demerged and transferred into TMFL, effective April 1, 2023 and hence, numbers were restated in FY23

Exhibit 40. Tata Motors Finance Ltd – asset quality

Asset Quality	FY20	FY21	FY22	FY23	FY24	FY25
Gross NPA %	5.9%	5.6%	10.3%	9.3%	6.1%	7.1%
Net NPA %	5.1%	4.0%	6.0%	5.1%	3.5%	4.4%
Provision Coverage %	14.1%	30.2%	44.3%	48.2%	45.1%	39.5%
Credit costs as a % of AAUM	2.0%	2.9%	3.6%	6.2%	3.3%	1.9%

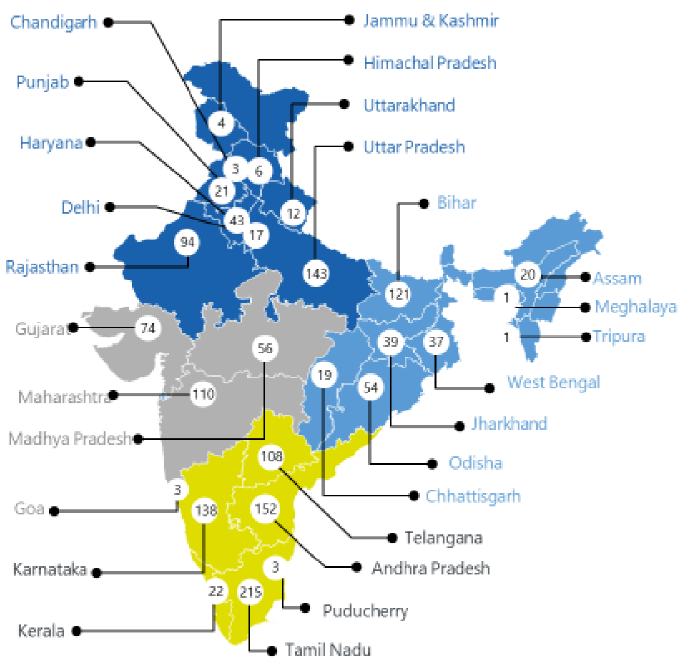
Source: Company data, JM Financial; Note: FY24/25 data for TMFL has been taken from DRHP. FY23 and prior to that, data has been taken from AR. Also, NBFC business of TMF Business Services Ltd was demerged and transferred into TMFL, effective April 1, 2023 and hence, numbers were restated in FY23

Omni-channel distribution model, comprising pan-India branch network, partnerships and digital platforms, offers robust growth and opex advantage

TCL has an omni-channel distribution network that combines its pan-India branch network with an extensive network of external partners and digital platforms. This 'phygital' model enables the company to customise its distribution strategy based on the customer profile, type of product, and location, thereby optimising distribution efforts and facilitating a seamless customer experience.

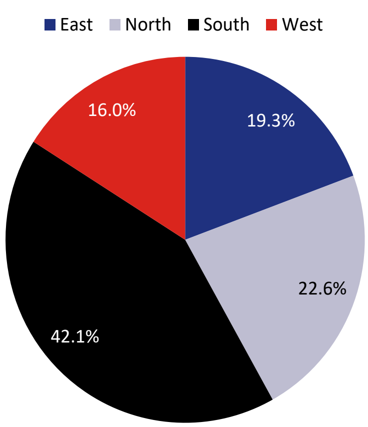
Branch network: As of Jun'25, TCL had a pan-India presence through 1,516 branches spanning 1,109 locations across 27 states and union territories. Its branch network is an integral part of the strategy to expand its presence in relevant markets across locations, tiers, regions and customer segments. **TCL has rapidly expanded branches since FY22 when it had 267 branches to 1,516 branches as of 1QFY26.**

Exhibit 41. Strong branch network across pan-India



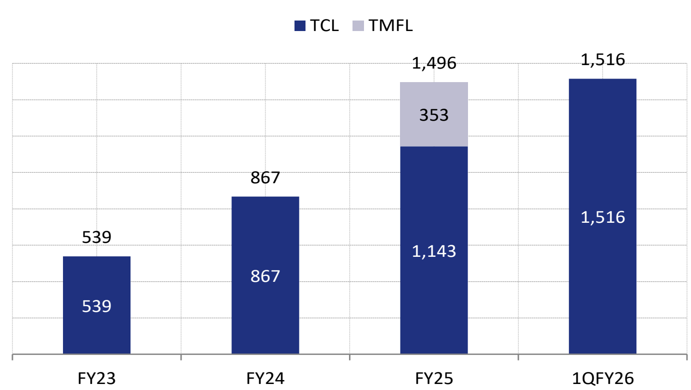
Source: Company DRHP, JM Financial

Exhibit 42. Major presence in South; but fairly diversified



Source: Company DRHP, JM Financial

Exhibit 43. Ex-TMFL too, TCL has increased its presence significantly over FY24 and FY25



Source: Company DRHP, JM Financial

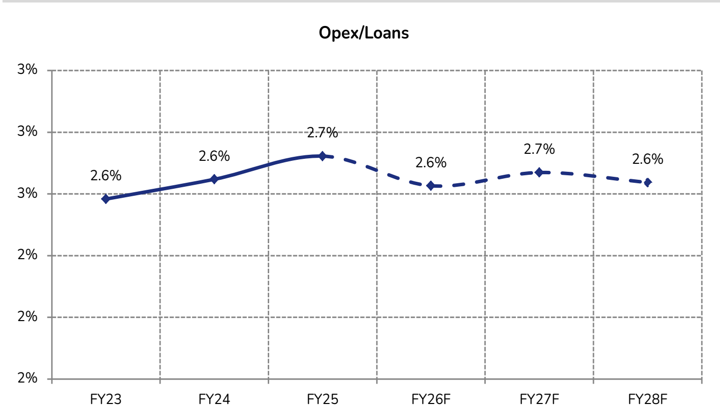
DSAs: As of Jun'25, TCL has partnered with over 30k DSAs, including corporate agents, retail loan consultants, and professionals such as chartered accountants. DSAs primarily distribute a range of loan products, including home loans, loans against property, personal loans, business loans, car loans, commercial vehicle loans, and construction equipment loans. The relationship is structured on a success-based model, with variable commissions linked to loan disbursements. While DSAs handle initial customer interactions and documentation, TCL's in-house branch sales teams guide customers through the full loan lifecycle, from onboarding and assessment to approval.

OEMs/Dealer partnerships: TCL has established partnerships with over 400 OEMs and 8k+ dealers (as of Jun'25) to distribute auto loan products, including two-wheeler, car, commercial vehicle, and construction equipment loans, as well as supply chain, equipment finance, and leasing solutions. These partnerships expand reach, enhance affordability, and provide tailored financing solutions for customers. Dealers act as key touchpoints, enabling direct access to loan products and supporting customer acquisition.

Digital partners: As of Jun'25, TCL has partnered with over 60 digital platforms to expand its market presence and strengthen customer acquisition. Through API-based integration with partner IT systems, the company enables seamless data exchange and customer onboarding, effectively extending its distribution reach in an asset-light manner. This digital collaboration model allows TCL to access underpenetrated markets, simplify onboarding processes, and enhance the overall customer experience. To support these external partnerships, TCL has established a dedicated channel assistance team that works in coordination with in-house sales teams, channel partners, and customers. This structure facilitates efficient lead management, quicker turnaround times, and stronger partner engagement, thereby improving overall operational efficiency and business scalability.

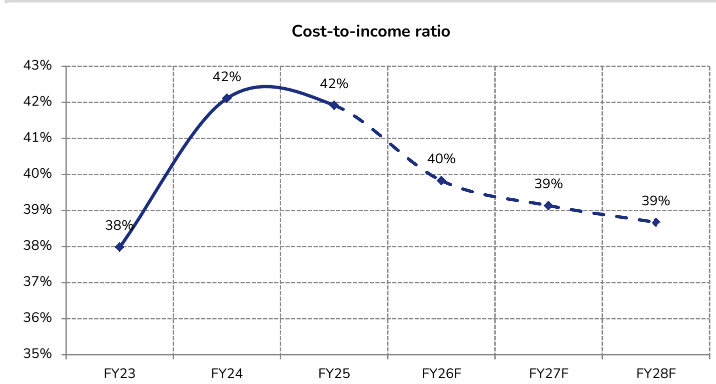
We believe TCL's well-established branch network, complemented by its omni-channel distribution model, provides meaningful operating leverage and cost efficiencies. The company strategically outsources select operational functions—including loan processing, document management, back-office activities, and certain IT operations—to third-party vendors, which further enhances productivity and optimises costs. However, the merger of TMFL led opex/loans to move up to 2.7% (from its normalised range of 2.4-2.6%) and C/I ratio to ~42% in FY25 (vs. normalised range of ~38%). With the TMFL acquisition (353 branches), we expect branch growth to moderate over the medium term and expect operating leverage to flow in, resulting in its opex/loans returning to its normalised range of ~2.5-2.6%, and C/I ratio reverting to ~38% by FY27E and forward.

Exhibit 44. Opex/Loans to go down post FY27E



Source: Company, JM Financial; Note: FY25 and forward numbers are post TCL+TMFL merger

Exhibit 45. C/I ratio to decline with operating leverage from TMFL merger



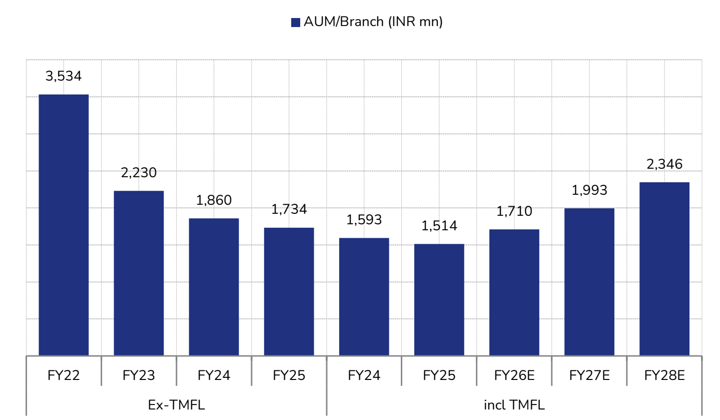
Source: Company, JM Financial; Note: FY25 and forward numbers are post TCL+TMFL merger

Strong growth aided by cross-sell and wide presence

TCL has delivered a growth of 24% CAGR over FY20-25; post Covid, TCL's AUM has grown at a robust CAGR of 34% over FY22-25; ex-TMFL, the growth was 28%. We believe that at such a high scale, growth of 28% (standalone entity) portrays strong outreach, digital presence, and the ability to tap growth across segments led by a wide range of 25+ lending products across 1.5k+ branches spread across India. The slowdown in growth in FY25 was due to lower disbursals from TMFL, and its conservative stance towards PL/BL/MFI loans.

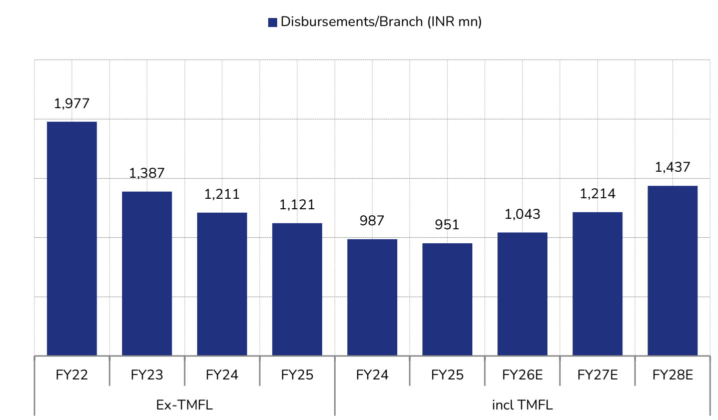
Since a majority of TCL's branches have been opened in the last 2-3 years, seasoning of those new branches should lead to an increase in productivity over the medium term. With strong digital infrastructure and an established brand presence, we expect TCL to deliver AUM growth of 20% CAGR over FY25-27E, led by 18% disbursement growth.

Exhibit 46. Aggressive branch expansion over the past few years led to decline in AUM/Branch over the past 4 years



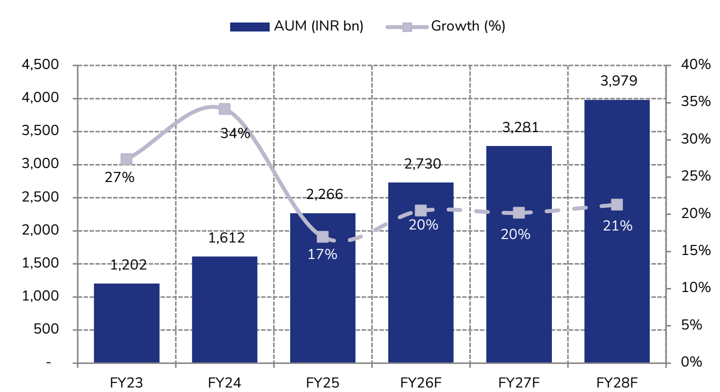
Source: Company, JM Financial

Exhibit 47. Disbursements/Branch to pick up gradually as branches season



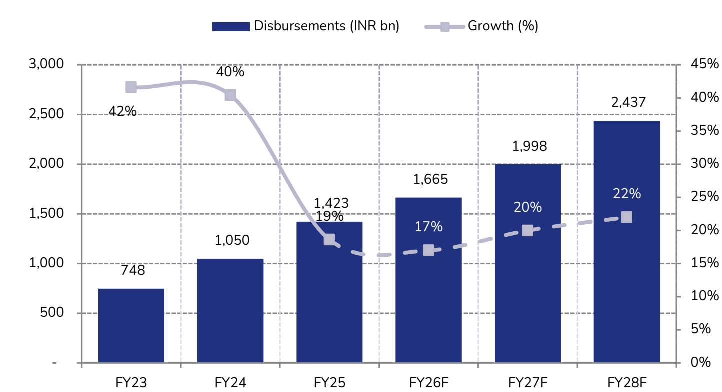
Source: Company, JM Financial

Exhibit 48. AUM to grow at ~20% CAGR over FY25-27E



Source: Company, JM Financial; Note: FY25 growth is calculated on FY24 number as TCL+TMFL

Exhibit 49. Disbursements growth to pick up from FY27E



Source: Company, JM Financial; Note: FY25 growth is calculated on FY24 number as TCL+TMFL

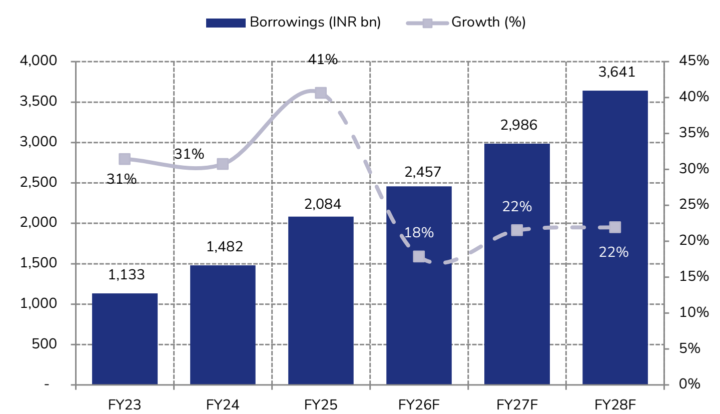
Access to low-cost funding allows TCL to offer lower RoI secured products

Strong credit ratings: TCL is rated **"AAA / Stable" by CRISIL, ICRA, CARE, and India Ratings,** while its short-term borrowings carry the highest rating of "A1+" from CRISIL, ICRA, and India Ratings as of Jun'25. In addition, S&P Global Ratings assigned 'BBB-/Stable' long-term and 'A-3' short-term issuer credit ratings to the company in Feb'24, and Fitch Ratings assigned long-term foreign- and local-currency Issuer Default Ratings (IDRs) of 'BBB-/Stable'. Also, S&P Global revised its outlook on the long-term rating from Stable to Positive and, in Aug'25, upgraded TCL's long-term rating to 'BBB/Stable' and short-term rating to 'A-2'.

Healthy banking relationships: TCL's strong credit profile facilitates access to a broad and cost-effective funding base across domestic and international markets. The company maintains borrowing relationships with a wide range of counterparties, including public sector banks, private sector banks, foreign banks, financial institutions, mutual funds, insurance companies, provident funds, and pension funds. As of Jun'25, TCL had borrowings from multiple institutions, including 21 commercial banks, of which 10 were private sector banks. Its funding profile remains well diversified, with no single lender accounting for more than 10% of total borrowings.

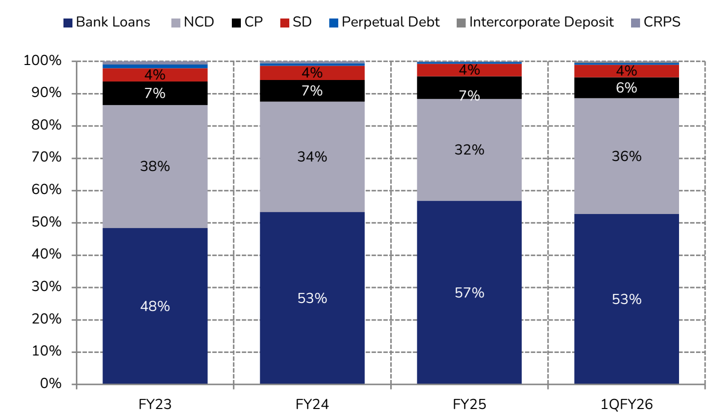
Diversified borrowings exposure: TCL's borrowings also benefit from low-cost NHB (National Housing Board) borrowings via its subsidiary TCHFL. In Jan'25, the company raised USD 400mn through its maiden dollar-denominated bond issuance, marking its entry into the overseas debt capital market. Owing to its robust credit ratings, diversified funding sources, and established lender relationships, TCL has been able to maintain cost of funds (CoF) at 7.8% as of FY25 and 7.7% in 1QFY26. Correspondingly, the company recorded yields (on on-book AUM) of 12.5% in FY25 and 12.3% in 1QFY26, leading to NIMs of 5.2% and 5.0%, respectively.

Exhibit 50. Borrowings growth to moderate post IPO infusion



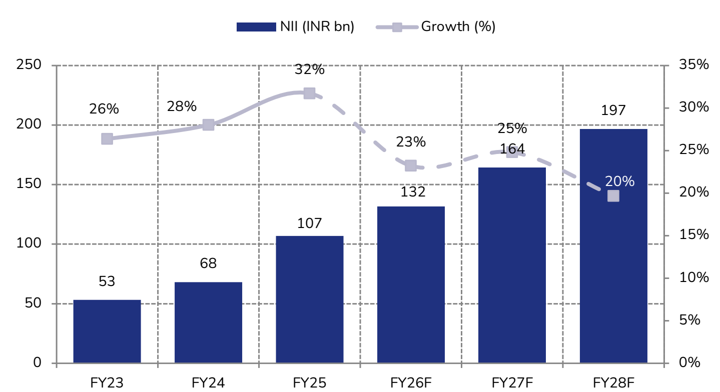
Source: Company, JM Financial; Note: FY25 growth is calculated on FY24 number as TCL+TMFL

Exhibit 51. Diversified borrowings mix



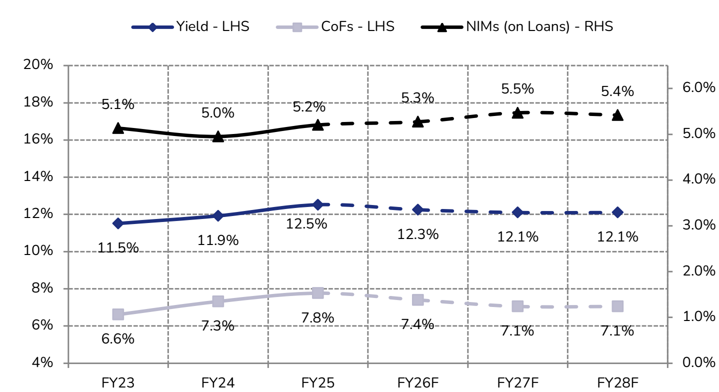
Source: Company, JM Financial; Note: FY25 and 1QFY26 numbers are post TCL+TMFL merger

Exhibit 52. NII to grow 24% over FY25-27E



Source: Company, JM Financial; Note: FY25 growth is calculated on FY24 number as TCL+TMFL

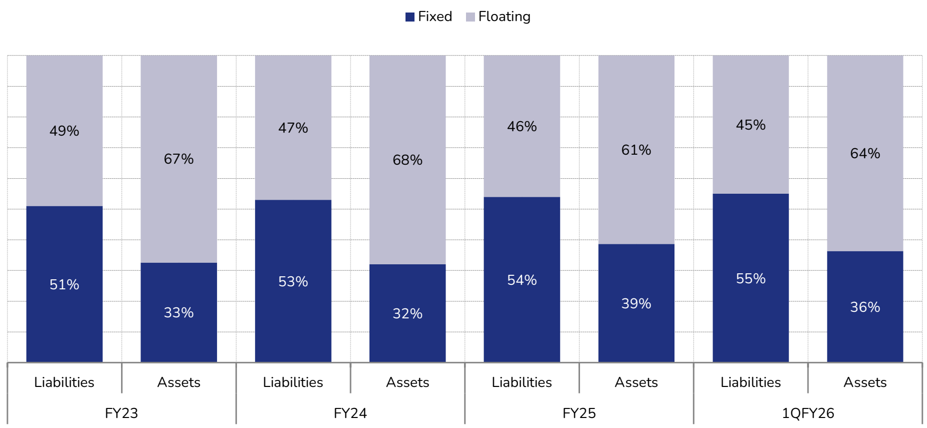
Exhibit 53. NIMs to improve with rate cut benefits and mix change



Source: Company, JM Financial; Note: FY25 ratios calculated on proforma FY24 AUM and borrowings (TCL+TMFL)

Against 36% fixed rate assets, the company has 55% fixed rate borrowings. So far, it has been able to maintain its margin at 5% levels; however, we believe that margin will remain under pressure over the near term until the rate cuts are passed on. However, over the medium term, the change in mix towards unsecured mix as stress cycle ends and will lead to a gradual expansion in NIMs. We build in ~30bps expansion in NIMs over FY25-FY27E.

Exhibit 54. Lower fixed rate assets vs. borrowings to keep NIMs under pressure in near term



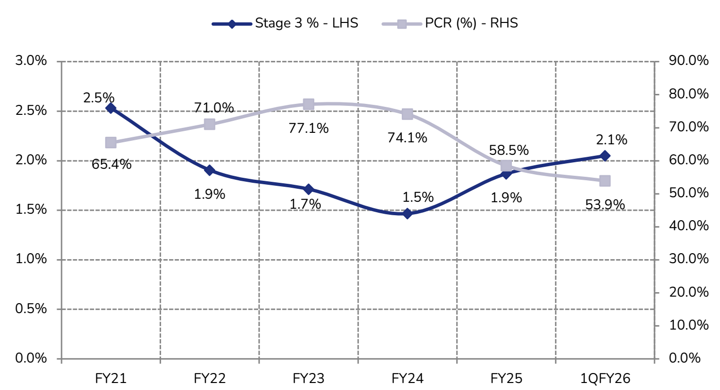
Source: Company, JM Financial; Note: FY25 and 1QFY26 numbers are post TCL+TMFL merger

Captive TMFL book to keep credit costs range-bound over the near term

Post Covid, TCL (ex-TMFL) Stage-3 declined from 2.5% in FY21 to 1.5% in FY25; however, its merger with TMFL, which is a largely captive book, resulted in stage-3 ratio rising to 1.9%. At the same time, with a seasonally weak quarter and stress across the unsecured space (MFI, PL and BL), GS3 moved up to 2.1% in 1QFY26. TCL's total ECL cover has been declining (3.4% in FY21 to 2.0% in 1QFY26) with lower ECL requirements based on historical data. We believe that with its strong underwriting and collections mechanism, and with gradual integration of the TMFL book into TCL's operations, credit costs will start improving post FY26E.

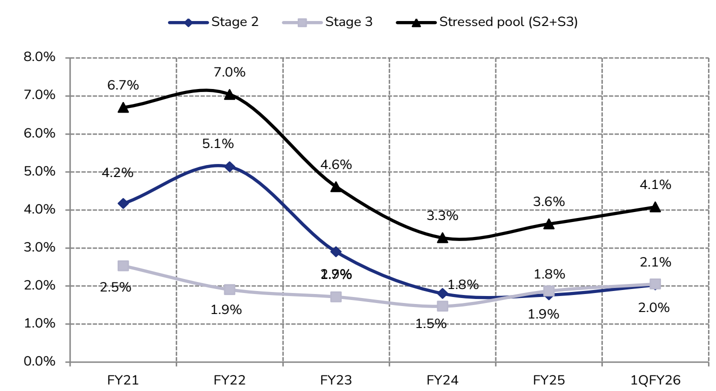
In addition, the company maintains one of the highest PCR on its stage 3 book (~54% as of 1QFY26) despite 80% of the business being secured. The company also offers loans that are backed with government guarantees like Credit Guarantee Fund Trust for MSEs (CGMSE) and Credit Guarantee fund for Micro Units (CGFMU). We expect credit costs to be steady in FY26E and build in average credit costs of 1.3% over FY26-27E.

Exhibit 55. Stage 3 assets moved up in FY25 led by TMFL merger



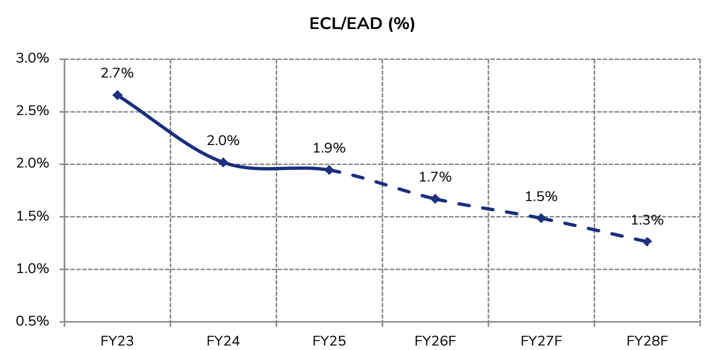
Source: Company, JM Financial; Note: FY25 and 1QFY26 numbers are post TCL+TMFL merger

Exhibit 56. Stressed pool (GS2 + GS3) to be range-bound over near term



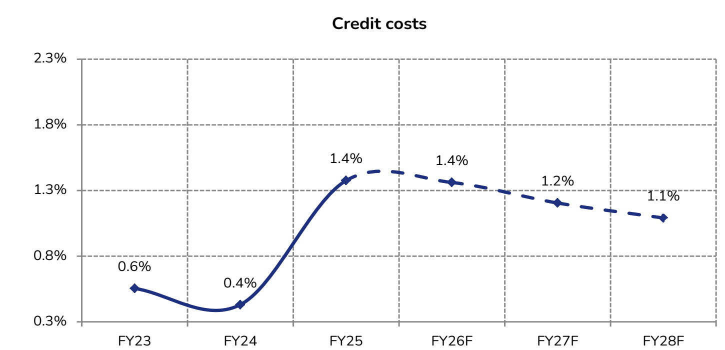
Source: Company, JM Financial; Note: FY25 and 1QFY26 numbers are post TCL+TMFL merger

Exhibit 57. ECL cover declining due to rising mix of secured loans



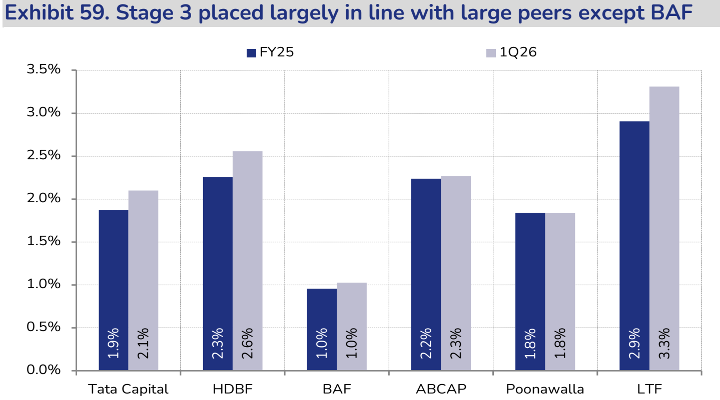
Source: Company, JM Financial; Note: FY25 and forward numbers are post TCL+TMFL merger

Exhibit 58. Credit cost (% of AUM) to decline over the medium term



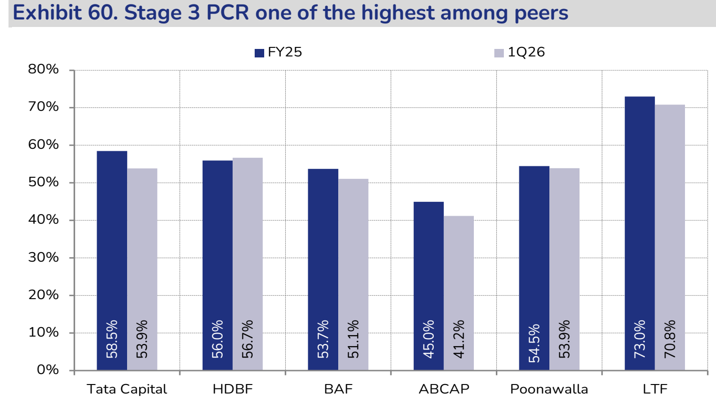
Source: Company, JM Financial; Note: FY25 ratios calculated on proforma FY24 AUM (TCL+TMFL)

Exhibit 59. Stage 3 placed largely in line with large peers except BAF



Source: Company, JM Financial

Exhibit 60. Stage 3 PCR one of the highest among peers



Source: Company, JM Financial

Prudent underwriting approach

TCL's underwriting function operates independently of the sales team and follows defined credit policies for loan origination. The company employs a product-specific approach, tailoring underwriting processes to each lending product to optimise risk assessment and deliver customised solutions.

TCL follows a conservative lending strategy, emphasising financial stability and prudent risk management across all its business segments. TCL's comprehensive underwriting platforms integrate diverse data inputs—including demographic information, credit bureau records, financial and bank statements, collateral valuations, and data from account aggregators—to enable accurate and efficient credit assessments. The company further leverages advanced data analytics, scorecards, and business rule engines (BREs) to drive objective and streamlined credit decision-making.

During 1QFY26, more than 96% of disbursements in the retail finance segment were processed through scorecards or BREs. Additionally, TCL has introduced Generative AI (GenAI) engines for select products to automate credit memo generation, utilising capabilities such as summarisation, risk evaluation, comparative analysis, and contextual interpretation. As of Jun'25, new-to-credit (NTC) customers (excluding TMFL) accounted for 3.5% of total gross loans, with over 90% of this concentrated in home loans, loans against property, and two-wheeler loans.

Exhibit 61. Technology driven and data-backed underwriting methodology

Step	Description
Independent Credit Evaluation	The credit team operates independently from sales and is evaluated based on portfolio quality. Dedicated underwriting teams exist across branches, regions, and central locations for Retail Finance, SME Finance, and Corporate Finance.
Customer Identification & KYC Verification	Comprehensive KYC checks are performed, interfacing with regulatory databases (KYC, GST, PAN, Account Aggregator framework) for seamless credential validation.
Credit Assessment & Data Analysis	Use of credit bureau reports, fraud detection, financial statement analysis, Loan-to-Value (LTV), and Fixed Obligation-to-Income Ratio (FOIR) assessments. Customised scorecards and advanced rule engines help segment customers by risk and streamline decision-making.
Automation with GenAI Credit Note Generation	GenAI-driven automation generates credit assessment notes using diverse data inputs like demographics, financial and auditor reports, collateral valuations, and public information, reducing turnaround time and improving productivity.
Due Diligence & Verification	Field investigations, collateral valuations, and legal enforceability checks are conducted for secured loans. For SME and Corporate loans, site visits, business assessments, and financial reviews evaluate operational viability and sector-specific risks.
Risk-Based Loan Pricing	Loan pricing is determined using a board-approved matrix factoring credit rating, loan tenure, and collateral security, ensuring fair and appropriate pricing based on risk profiles.
Credit Approval & Delegation of Authority	Loans are approved based on exposure levels and security offered, with thresholds determining if sanctioning is done at branch, regional, zonal, or board level. Higher exposure or lower security loans require approval by senior credit heads, committees, or the Board.
Risk Containment & Fraud Detection	The Risk Containment Unit (RCU) performs trigger-based screening to detect fraud and manage portfolio risk, ensuring robust monitoring throughout the underwriting process.
Digital Onboarding for Top-up & Cross-sell Loans	Rule-based decision engines integrated with digital onboarding streamline underwriting for top-up and cross-sell loans to existing customers, ensuring speed and convenience.
Real-Time Execution & Monitoring	Custom scorecards enable real-time segmentation and credit decisioning. Credit managers conduct site visits and prepare credit appraisal memorandums with cash flow analyses to support final decisions, balancing risk with business growth.

Source: Company, JM Financial

Robust collections framework

TCL's collections infrastructure plays a critical role in maintaining asset quality. The company employs a combination of in-house collections teams and external agencies across pre-delinquency management, early delinquency, and recovery stages. Advanced analytical tools, including ML-based models and dashboards, enable continuous monitoring of repayment behaviour and portfolio performance, covering early warning signals, rating movements, vintage and bounce analysis, missed payments, and delinquency trends. As of Jun'25, TCL had deployed over 80 predictive analytical models across its collections operations.

TCL's collections framework is anchored in a fully digital ecosystem that enables seamless online payments through platforms such as UPI and e-NACH. As a result, 98.6% of collections in FY25 and 98.5% during 1QFY26 were processed via digital channels. The company employs multiple machine learning (ML) models across both pre- and post-delinquency stages, with a strong focus on early-stage resolution. These models leverage predictive analytics to assess customers' repayment capacity and intent, facilitating the deployment of the most effective collection channels to optimise recovery outcomes. Additionally, geo-fencing and location intelligence technologies enhance the efficiency of field collection operations. Through this disciplined, data-driven approach, Tata Capital seeks to minimise default risks and ensure a high-quality lending portfolio by targeting borrowers with robust financial stability.

Exhibit 62. Five-layer collections infrastructure

Layer	Description
Pre-Delinquency Management (PDM)	Uses 30+ machine learning/statistical models to predict bounce likelihood and trigger proactive outreach via SMS, IVR, and call centres. Customers are encouraged to use multiple payment channels such as UPI, QR codes, BBPS, and e-NACH for timely payments.
Bounce Management	Engages customers immediately after bounced payments through digital communication, tele-calling, and field visits. Multiple digital payment options continue to be promoted to prevent repeat defaults.
Pre-NPAs (Non-Performing Assets)	Intensifies follow-ups using behavioural data to guide recovery efforts and payment normalization. Digital and offline payment methods remain available to support customer repayments.
NPAs	Implements asset protection, settlement offers, and waivers according to Board-approved guidelines. Legal enforcement, including repossession under the SARFAESI Act, is employed for delinquent accounts.
Write-offs	Manages written-off accounts through amicable settlements, waivers, and regulatory/legal recovery methods, including collateral disposal. Customers retain access to multiple payment modes wherever feasible.

Source: Company, JM Financial

Peer Comparison

Exhibit 63. Peer comparable – During FY22-25, Tata Capital delivered broadly similar RoE compared to HDB but with higher AUM growth

	Tata Capital*				HDB Financial				Bajaj Finance			
CAGR/ YoY	1QFY26	FY25	FY22-25	FY15-25	1QFY26	FY25	FY22-25	FY15-25	1QFY26	FY25	FY22-25	FY15-25
Disbursements	12.7%	18.6%	34.4%	NA	-8.1%	8.6%	31.6%	19.3%	NA	NA	NA	NA
AUM	17.4%	17.0%	28.1%	19.2%	14.7%	18.9%	20.4%	18.9%	24.6%	26.0%	28.3%	29.1%
PAT	120.4%	8.9%	27.2%	28.3%	-2.4%	-11.6%	29.1%	20.1%	21.8%	16.1%	33.7%	34.0%
Ratios (%)												
Yield on AUM (%)	12.3%	12.5%	11.7%	11.7%	14.7%	14.6%	14.5%	14.3%	16.3%	16.4%	16.2%	16.7%
Cost of funds (%)	7.7%	7.8%	7.0%	8.1%	7.8%	7.9%	7.2%	8.0%	7.5%	7.6%	7.0%	7.9%
NIM on AUM (%)	5.0%	5.2%	5.1%	4.6%	7.7%	7.5%	8.0%	7.3%	9.5%	9.7%	10.1%	10.0%
Credit cost (%)	1.6%	1.4%	0.8%	1.1%	2.5%	2.1%	2.4%	2.1%	2.0%	2.1%	2.0%	2.0%
ECL/EAD (%)	2.0%	1.9%	2.4%	NA	3.3%	3.3%	4.8%	NA	1.7%	1.7%	1.8%	NA
Du Pont (%)												
NII	**4.6%**	**4.6%**	**4.5%**	**4.1%**	**7.1%**	**7.4%**	**7.9%**	**7.2%**	**8.6%**	**8.5%**	**8.9%**	**8.8%**
Total income	5.8%	5.8%	5.7%	5.4%	9.3%	9.9%	11.9%	10.9%	10.6%	10.5%	11.0%	10.7%
Opex	2.1%	2.4%	2.3%	2.4%	4.5%	4.8%	6.3%	5.8%	3.5%	3.5%	3.8%	3.9%
PPOP	3.7%	3.3%	3.4%	3.0%	4.8%	5.0%	5.6%	5.1%	7.2%	7.0%	7.2%	6.7%
Provision	1.5%	1.2%	0.7%	1.0%	2.3%	2.1%	2.3%	2.0%	1.8%	1.9%	1.7%	1.8%
RoA (%)	**1.7%**	**1.6%**	**2.1%**	**1.4%**	**1.9%**	**2.2%**	**2.4%**	**2.1%**	**4.0%**	**3.9%**	**4.1%**	**3.5%**
RoE (%)	**12.0%**	**12.6%**	**16.9%**	**12.8%**	**13.1%**	**14.7%**	**16.0%**	**14.8%**	**18.9%**	**19.4%**	**20.6%**	**20.1%**
Valuation-FY27												
P/E				20.8				18.4				23.6
P/B				2.7				2.5				4.6

Source: Bloomberg, Company, JM Financial; Note: Priced as of 8 Oct'25; *Note: 1) For Tata Capital, FY22-25 and FY15-25 data is taken excluding TMFL; FY25/1Q26 data is including TMFL; 2) For Tata Capital, PE, PB has been calculated considering IPO price of INR326/share

Exhibit 64. Peer comparable – During FY22-25, Tata Capital delivered lower AUM growth/RoE compared to CIFC

	CIFC				AB Cap				LTFH			
CAGR/ YoY	1QFY26	FY25	FY22-25	FY15-25	1QFY26	FY25	FY22-25	FY15-25	1QFY26	FY25	FY22-25	FY15-25
Disbursements	0.0%	13.7%	41.7%	22.9%	17.9%	4.9%	41.1%	40.4%	16.7%	7.1%	21.9%	6.4%
AUM	23.6%	26.9%	33.9%	21.9%	22.3%	19.6%	31.8%	21.8%	15.3%	14.3%	3.4%	7.9%
PAT	20.6%	24.4%	25.6%	25.6%	8.8%	0.8%	38.7%	27.0%	2.3%	13.9%	46.0%	12.3%
Ratios (%)												
Yield on AUM (%)	14.1%	14.4%	13.6%	14.1%	11.8%	12.4%	12.1%	11.6%	14.8%	15.4%	14.3%	13.5%
Cost of funds (%)	7.8%	8.1%	7.4%	9.1%	7.7%	7.8%	7.2%	7.8%	7.0%	7.1%	6.8%	7.8%
NIM on AUM (%)	6.8%	6.8%	6.9%	7.0%	5.0%	5.2%	5.6%	4.6%	8.2%	9.5%	8.3%	6.4%
Credit cost (%)	1.9%	1.5%	1.2%	1.2%	1.2%	1.2%	1.3%	0.9%	2.2%	2.7%	2.3%	2.2%
ECL/EAD (%)	2.0%	1.8%	2.2%	NA	NA	1.4%	1.8%	NA	3.4%	3.7%	4.8%	NA
Du Pont (%)												
NII	**6.2%**	**6.3%**	**6.0%**	**6.4%**	**4.6%**	**4.7%**	**5.3%**	**4.4%**	**6.7%**	**7.8%**	**6.7%**	**5.5%**
Total income	7.5%	7.6%	7.0%	7.0%	5.3%	5.5%	6.2%	5.2%	8.3%	8.9%	7.1%	6.3%
Opex	2.8%	3.0%	2.9%	2.9%	1.6%	1.5%	1.9%	1.6%	3.4%	3.6%	2.9%	2.3%
PPOP	4.7%	4.6%	4.6%	4.5%	3.7%	4.2%	4.4%	3.6%	4.9%	5.3%	4.2%	4.1%
Provision	1.7%	1.4%	1.1%	1.2%	1.1%	1.1%	1.2%	0.9%	1.8%	2.2%	1.9%	1.9%
RoA (%)	**2.2%**	**2.4%**	**2.6%**	**2.3%**	**1.9%**	**2.3%**	**2.4%**	**2.0%**	**2.3%**	**2.4%**	**1.7%**	**1.6%**
RoE (%)	**18.8%**	**19.7%**	**20.2%**	**18.8%**	**10.6%**	**12.5%**	**14.1%**	**13.4%**	**11.0%**	**10.8%**	**8.2%**	**10.9%**
Valuation-FY27												
P/E				20.1				10.4				16.8
P/B				3.7				1.7				2.1

Source: Bloomberg, Company, JM Financial; Note: Priced as of 8 Oct'25; *Note: 1) For Tata Capital, FY22-25 and FY15-25 data is taken excluding TMFL; FY25/1Q26 data is including TMFL; 2) For Tata Capital, PE, PB has been calculated considering IPO price of INR326/share

Keys risks

- **Unsecured loan portfolio not backed by any collateral:** Tata Capital's unsecured loan portfolio, which represents 20% of its total gross loans in 1QFY26, poses significant risk. Failure to recover receivables in a timely manner or not at all may adversely affect the business, leading to rise in GS-3 assets. In addition, a significant increase in the NS-3 loans may result in a breach of covenants stipulated in financing agreements with lenders or a rating downgrade by credit rating agencies, either of which may restrict its ability to raise new debt.
- **Dependence on the Tata Brand and associated risks:** The business relies on the strength and reputation of the "Tata" brand, which it uses under a licensing agreement with its promoter, Tata Sons Private Limited. This agreement is revocable and requires payment of an annual subscription fee of 0.25% of its annual net revenue to Tata Sons Private Limited. Any misuse of the brand by third parties, negative publicity affecting the Tata brand, or termination of the licensing agreement—due to breach, non-payment, or other reasons—could significantly damage its reputation and adversely impact its business, financial condition, and results of operations.
- **Risks related to integration of TMFL amalgamation**: The successful integration of TMFL's business and other acquisitions is critical to achieving expected operational and cost efficiencies. Failure to effectively integrate these operations or capitalise on growth opportunities may hinder revenue growth and profitability, adversely affecting business and financial performance.
- **Regulatory risk due to excess holders of NCDs and CRPS:** Certain NCDs issued by TMFL and CRPS issued by Tata Capital were initially within holder limits but later exceeded prescribed limits due to secondary sales. SEBI advised early redemption of these NCDs, which TMFL completed in Apr'25, with a settlement application pending. This may expose the firm to regulatory action, impacting its business and reputation.

Highly experienced and professional leadership

TCL is led by a seasoned management team comprising individuals with extensive experience in the financial services industry, including retail, commercial and corporate lending. The management team is guided by the board of directors, comprising eight directors, of whom five are independent directors. Each of the businesses is led by a member of the management team and supported by a dedicated team with domain knowledge and operational skills.

Exhibit 65. TCL- Key management personnel

Name	Designation	Description
Rajiv Sabharwal	Managing Director and CEO	He holds a B.Tech in Mechanical Engineering from IIT Delhi and a PGDM from IIM Lucknow. He has previously served as a partner at True North Managers LLP, chairman of ICICI Home Finance, and served on the boards of ICICI Prudential Life Insurance and ICICI Bank as an executive director.
Rakesh Bhatia	Chief Financial Officer	He has been with the Company since March 2020. He holds a B.Com (Hons) from the University of Delhi, is a Chartered Accountant, and a Company Secretary. Previously, he was CFO at Kamatan Farm Tech and held roles including Financial Controller and Rural Business Head at Tata Capital. He has also worked with RvaluE Consulting, Tupperware India, American Express India, I-flex Solutions, Escorts Yamaha, and IDBI. He currently serves as a director of International Asset Reconstruction Company Pvt. Ltd.
Sarita Kamath	Chief Legal and Compliance Officer & Company Secretary	She has been with the company since June 2009. She holds a B.Com and LLB from the University of Mumbai and is an associate member of the Institute of Company Secretaries of India. Previously with Tata Services Limited, she joined the Company as Assistant Vice President – Legal and has experience in legal, compliance, and secretarial functions.
Abonty Banerjee	Chief Operating Officer - IT, Digital, Operations and Marketing	She has been associated with the company since April 2018. She holds a B.Sc. in Economics from the University of Calcutta and has completed the MBA examination there. She previously served as Senior General Manager at ICICI Bank and as a partner at Ernst & Young LLP.
Nitin Dharma	Chief Risk Officer	He has been associated with the company since December 2008. He holds a B.Com and M.Com (Accounts & Taxation) from Devi Ahilya Vishwavidyalaya, an LLB from the University of Mumbai, and a management diploma from IGNOU. He is an associate member of the Indian Institute of Banking and Finance and has previously worked with ICICI Bank and Birla Global Asset Finance.
Manish Chourasia	Chief Operating Officer - Corporate and Cleantech Finance	He has been with Tata Cleantech Capital Limited (now merged with the company) since July 2015 and with Tata Capital since January 2024. He holds a B.Tech in Mechanical Engineering from University of Roorkee and an MBA from University of Delhi. He has also worked with IL&FS Infra Asset Management and ICICI Bank.
Vivek Chopra	Chief Operating Officer - Retail Finance	He has been associated with the company since August 2018. He holds a B.Tech in Mechanical Engineering from the University of Kerala and a PGDM from Goa Institute of Management. He previously worked with ICICI Bank, managing products, sales, credit, and debt in retail business.
Narendra Kamath	Chief Operating Officer - SME Finance	He has been associated with the company since July 2008. He holds a B.Tech in Mechanical Engineering from DY Patil College (Shivaji University) and a PGDM from IMDR Pune. He has previously worked with ELGI Equipments, Tata Motors, and Tata Motors Finance.
Saurav Basu	Chief Business Officer - Wealth and Advisory Business	He has been associated with the company since August 2018. He holds a B.Tech in Mechanical Engineering from Mangalore University and a PGDM from IIM Lucknow. He previously worked with Citibank NA, handling business strategy, development, sales, risk, and team management.
Abha Sarda	Chief Internal Auditor	She joined the company on September 15, 2008, and was transferred to its erstwhile subsidiary TCCL in August 2015. She later joined Tata Capital Housing Finance Limited in 2019 and has been with Tata Capital Financial Services Limited (now merged with the company) since November 2023. She is a qualified Chartered Accountant and previously served as Deputy Manager at the Times of India Group.
Sandeep Tripathy	Head of Strategy and Investor Relations	He has been associated with the company since February 2025. He holds a B.Tech in Computer Science from College of Engineering and Technology, Bhubaneshwar, and an MBA from ICFAI University, Dehradun. He previously worked as General Manager at Tata Sons, Vice President at JM Financial Institutional Securities, and Associate at Goldman Sachs India in investment banking.
Neeraj Dhawan	Chief Operating Officer – Motor Finance and Debt Service Management Group	He has been associated with the company since June 2024. He holds a B.Com (Honours) from St. Xavier's College, Calcutta and an associate of the ICAI. He has a graduate degree from the ICWAI and a licentiate of the Institute of Company Secretaries of India. He has previously worked with Jio Finance Limited, Experian Credit Information Company of India Private Limited, CSB Bank, Yes Bank, ICICI Bank, HDFC Bank, ABN AMRO Bank NV and GE Capital Transportation Financial Services Limited.

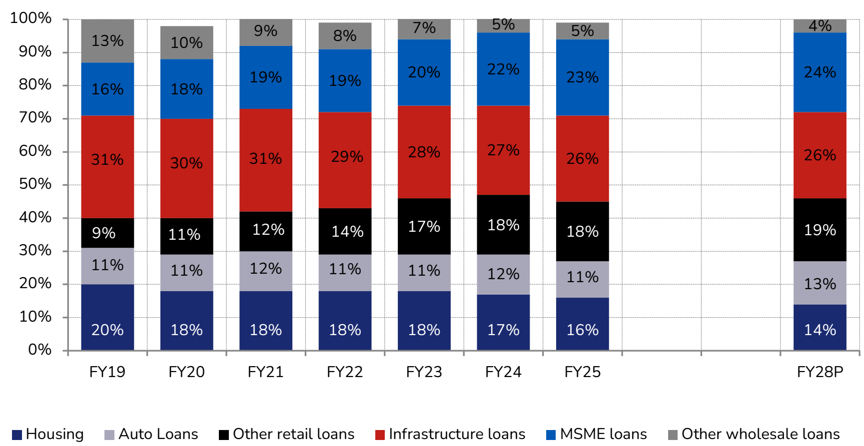
Source: Company, JM Financial

Industry overview

MSME, auto and other retail loans contributed approximately 51% to overall NBFC credit in FY25

Although infrastructure holds the largest share of NBFC credit at 26% as of FY25, its share has declined from 31% in FY19. The retail and MSME segments are poised for higher growth. MSME credit, in particular, has seen its share rise to 23% in FY25 from 16% in FY19. Retail loan growth is projected at 17-18% in FY26, driven by housing, vehicle, and consumer durable loans. However, NBFCs are likely to remain cautious on unsecured lending due to pressures in the microfinance and personal loan sectors. Gold loan growth is expected to normalise following the exceptional surge in FY25.

Exhibit 66. Distribution of NBFC credit across asset classes



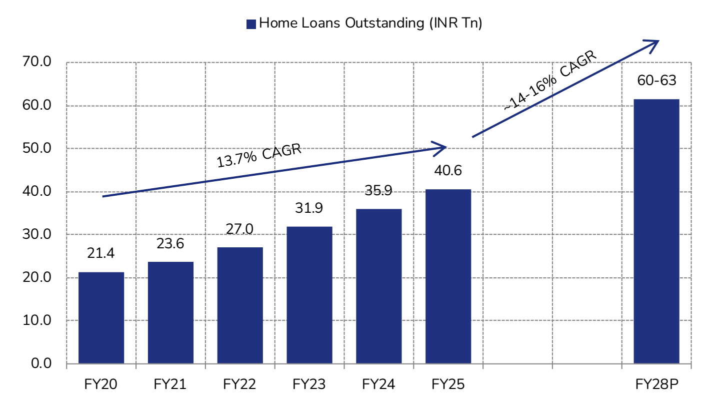
Note: Other retail loans include gold loans, microfinance loans, personal loans, consumer durable loans, education loans, Other wholesale loans include wholesale loan and construction equipment loan;
Source: Company reports, CRISIL MI&A

Home loans market in India

The Indian housing finance sector includes various financial institutions such as banks, housing finance companies (HFCs), and NBFCs. From FY20-25, the home loans market grew at a healthy 13.7% CAGR, driven by rising disposable incomes, increased demand, and more market entrants. As of Mar'24, outstanding credit in the sector stood at ~INR 35.9trln, with 12.8% YoY growth in FY24, fuelled by young, aspirational consumers and government initiatives. The home loan segment reached ~INR 40.6trln by FY25, growing 13.1% YoY. Key drivers included rate cuts and government programs like the Interest Subsidy Scheme under Pradhan Mantri Awas Yojana. Recent tax reforms and interest rate reductions are expected to enhance affordability further. Crisil Intelligence projects 14-16% CAGR for the housing sector from FY25-28, supported by continued government efforts to boost homeownership and credit flow.

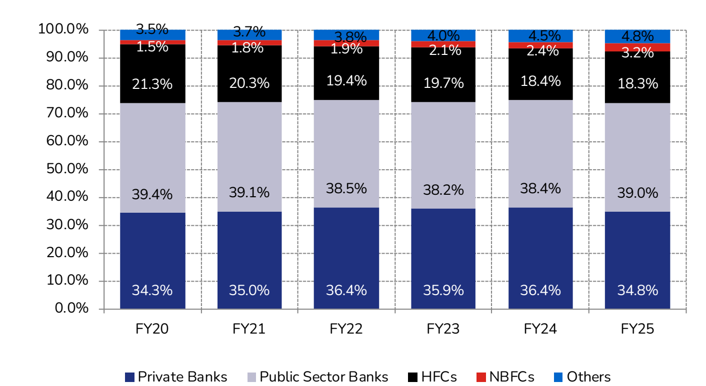
Public sector banks hold the largest share of housing credit at 39% as of FY25, followed by private sector banks (34.8%) and home loan companies (18.3%). Over FY20-25, private sector banks led in growth, with 14.0% CAGR in home loan credit, followed by public sector banks at 13.5% CAGR and home loan companies at 10.3% CAGR.

Exhibit 67. Home Loans outstanding witnessed a CAGR of 13.7% from FY20-25



Source: CRIF Highmark, Crisil Intelligence

Exhibit 68. PSBs account for highest share (%) among lenders in overall home loans credit as of FY25



Source: CRIF Highmark, Crisil Intelligence
Note: Others includes other financial institutions, Small Finance Banks and foreign banks.

As of FY25, urban regions held the largest share of home loan credit at 64.1%, followed by rural (20.5%) and semi-urban regions (9.5%). During FY20–25, rural areas recorded the fastest credit growth with a CAGR of 16.4%, followed by semi-urban regions at 15.9%, and urban regions at 12.4%.

In FY21, the overall housing loan GNPAs rose from 2.4% to 2.6%, driven by economic uncertainty, job losses, and the impact of lockdowns on self-employed individuals and MSMEs. By FY25, GNPAs improved to 2.1%. Private sector banks maintained the highest asset quality, with 90+ DPD at ~1.1%, followed by public sector banks at ~1.4%, and NBFCs at ~2.4% as of FY25.

Exhibit 69. Private banks had the best asset quality among lenders as of FY25

Lender Wise NPA (%)	FY20	FY21	FY22	FY23	FY24	FY25
Private Banks	1.2%	1.8%	1.4%	1.3%	1.1%	1.1%
Public Sector Banks	2.5%	2.1%	2.1%	2.0%	1.6%	1.4%
HFCs	3.1%	3.7%	4.1%	4.6%	5.0%	3.3%
NBFCs	5.6%	3.9%	5.2%	3.8%	2.0%	2.4%
Others	7.9%	8.9%	7.5%	6.5%	7.0%	10.3%
Industry	**2.4%**	**2.6%**	**2.5%**	**2.5%**	**2.3%**	**2.1%**

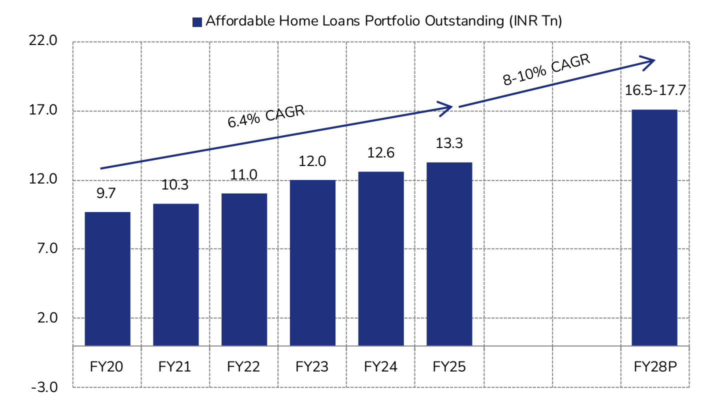
Source: CRIF Highmark, Crisil Intelligence
Note: Others includes other financial institutions, Small Finance Banks and foreign banks

Affordable home loans market in India

As of FY25, the affordable housing loans market, defined as loans under INR 2.5mn, stood at INR 13.3trln, accounting for 33% of the overall home loans market. However, between FY19 and FY25, the segment grew at a subdued 6.4% CAGR, compared to 13.7% for the overall home loan market. This slow growth was driven by economic slowdown, the NBFC crisis, and the Covid-19 pandemic, along with shifting consumer preferences towards larger homes due to the rise of remote work. Going forward, the INR 2.2trln allocation for PMAY-Urban in the Union Budget 2024-25 and a cumulative 100bps rate cut between Feb'25 and Jun'25 are expected to support the affordable housing sector. Crisil Intelligence forecasts the segment to grow at 8-10% CAGR, reaching INR 16.5trln-17.7trln by FY28.

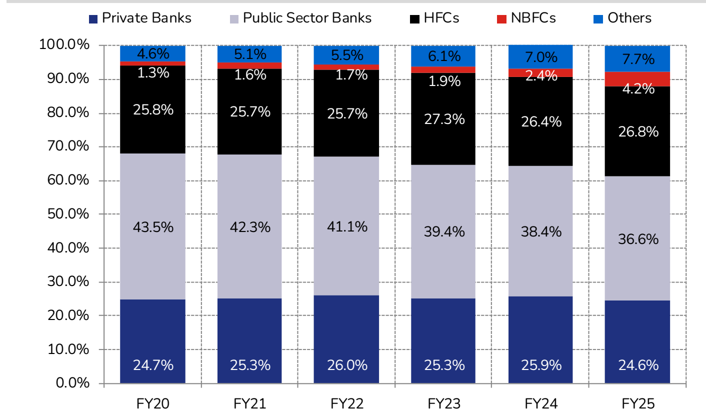
As of FY25, public sector banks hold the largest share of affordable housing credit at 36.6%, followed by HFCs with 26.8%, and private sector banks with 24.6%. During FY20-25, NBFCs led in growth, with 34.9% CAGR in affordable housing loans, followed by HFCs at 7.2% and private sector banks at 6.3%.

Exhibit 70. Encouraging and favourable trends in affordable home loans market



Source: CRIF Highmark, Crisil Intelligence

Exhibit 71. PSBs account for highest share in affordable home loans segment as of FY25



Source: CRIF Highmark, Crisil Intelligence

Note: Others include other financial institutions, Small Finance Banks and foreign banks.

Urban regions accounted for the largest share of affordable housing credit at 53.6% as of FY25, followed by rural regions at 29.3% and semi-urban regions at 12.0%. Over FY20–25, rural areas saw the fastest growth in affordable housing credit with a CAGR of 10.0%, followed by semi-urban regions at 8.0%, while urban areas grew at a slower pace of 4.5%.

As of FY25, private sector banks reported the lowest GNPA in the affordable housing segment at 1.8%, followed by public sector banks at 2.1%. In comparison, NBFCs and HFCs reported higher GNPAs at 2.8% and 3.8%, respectively. The overall industry GNPA for affordable home loans stood at 3.3%.

Exhibit 72. Among major lenders in affordable home loans segment, private banks had the best asset quality (~1.8%) among lenders as of FY25.

Lender Wise NPA (%)	FY20	FY21	FY22	FY23	FY24	FY25
Private Banks	1.4%	2.1%	1.8%	1.8%	1.6%	1.8%
Public Sector Banks	2.9%	2.5%	2.6%	2.6%	2.3%	2.1%
HFCs	2.7%	3.3%	3.7%	4.3%	5.8%	3.8%
NBFCs	4.5%	3.6%	4.3%	3.5%	2.4%	2.8%
Others	9.5%	10.6%	9.0%	8.1%	8.6%	12.4%
Industry	**2.8%**	**3.0%**	**3.1%**	**3.2%**	**3.5%**	**3.3%**

Source: CRIF Highmark, Crisil Intelligence

Note: Others includes other financial institutions, Small Finance Banks and foreign banks.

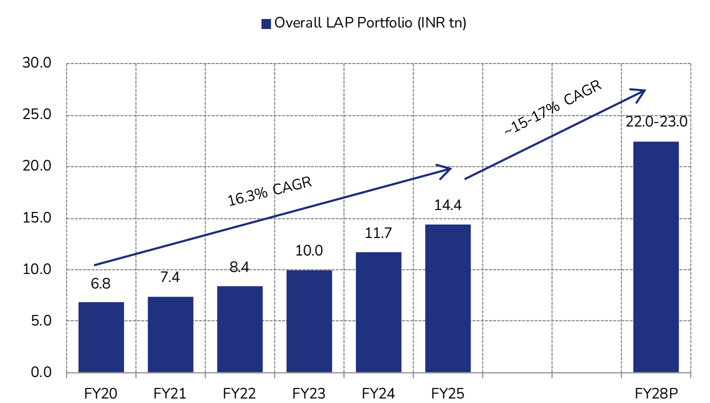
Loans against property (LAP) financing market

Overall LAP portfolio outstanding is projected to grow by 15-17% over FY25-28

The LAP market expanded from INR 6.8trln in FY20 to INR 14.4trln in FY25, driven by increased financial penetration and more market players. Growth slowed to 10% YoY in FY21 due to the pandemic but rebounded to 19% YoY in FY22-23 with economic recovery. In FY25, bank-led LAP growth moderated to 17.2% as banks prioritised higher-yield products, while NBFCs and HFCs grew their LAP portfolios strongly at 36.0% and 29.3% YoY, respectively, focusing on secured lending for asset quality and better yields. Crisil Intelligence projects the LAP segment to grow at a 15-17% CAGR between FY25-FY28, supported by greater lender focus, improved data availability, technology adoption, new entrants, and government initiatives.

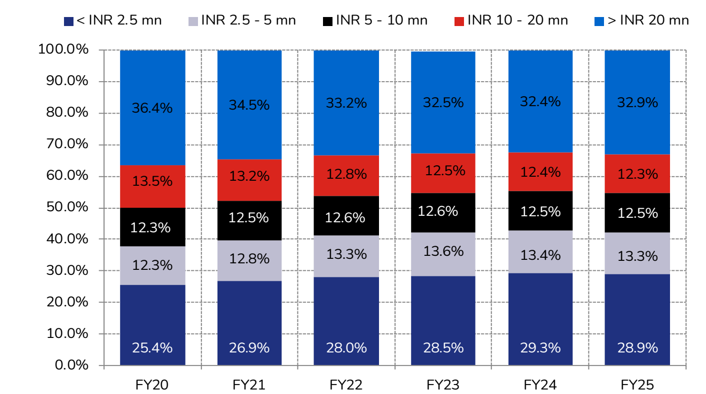
Over FY20-25, the LAP portfolio under INR 2.5mn saw the fastest growth, expanding at a CAGR of 19.4%, followed by the INR 2.5mn-5mn segment at 18.2% CAGR, and the INR 5mn-10mn segment at 16.6% CAGR. As of FY25, the largest share of the LAP market by value was in the INR 20mn+ segment (32.9%), followed by the <INR 2.5mn segment (28.9%) and the INR 2.5mn-5mn segment (13.3%).

Exhibit 73. Outstanding overall LAP portfolio



Source: CRIF Highmark, Crisil Intelligence

Exhibit 74. LAP portfolio (< INR 2.5mn) witnessed a CAGR of 19.4% growth between FY20-25



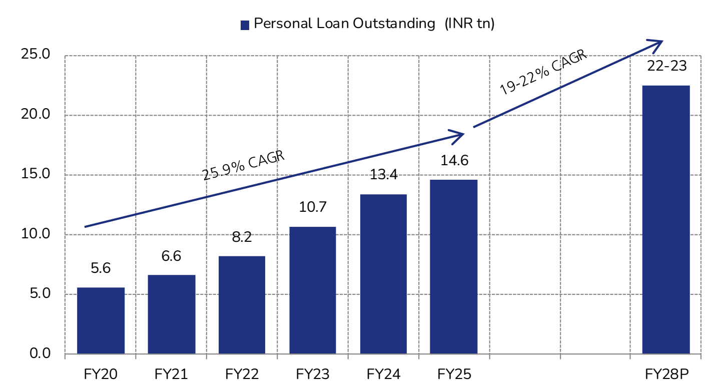
Source: CRIF Highmark, Crisil Intelligence

As of FY25, private sector banks hold the largest share of LAP outstanding credit at 40.9%, followed by NBFCs at 23.3% and HFCs at 17.2%. During FY20-25, NBFCs led in growth with a 19.7% CAGR, followed by private sector banks at 17.8%, while public sector banks and HFCs grew at 10.3% and 13.4%, respectively.

Personal loans

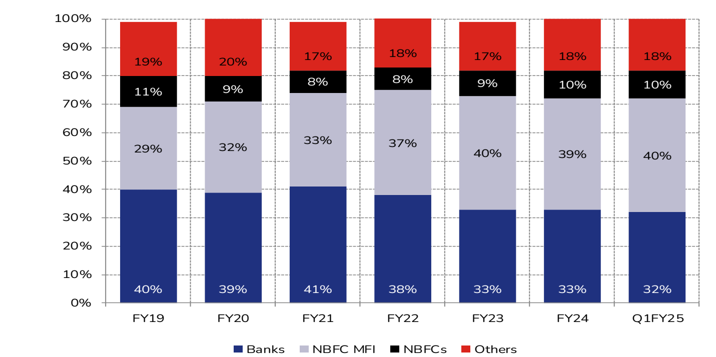
The personal loans market grew from INR 5.6trln in FY20 to INR 14.6trln in FY25, at a CAGR of ~21.3%, driven by new-age lenders, a focus on Tier 1 customers, and a shift towards a consumption-driven economy. The segment saw strong growth in FY23 and early FY24, with banks and NBFCs favouring retail loans over wholesale, aided by technology, changing consumption patterns, and reduced income-related risks post the pandemic. However, the RBI's decision to raise risk weights on unsecured loans in 2HFY24 led to a slowdown. Despite this, the segment rebounded with 9% growth to INR 14.6trln in FY25. Looking ahead, the personal loan industry is expected to maintain steady growth, with a projected growth of 13-15% in FY26, driven by tax relief under the new regime and a boost to retail consumption.

Exhibit 75. PLs outstanding stood at INR 14.6trln as of FY25



Source: CRIF Highmark, Crisil Intelligence

Exhibit 76. Share of NBFCs in PLs o/s has increased in the past few years



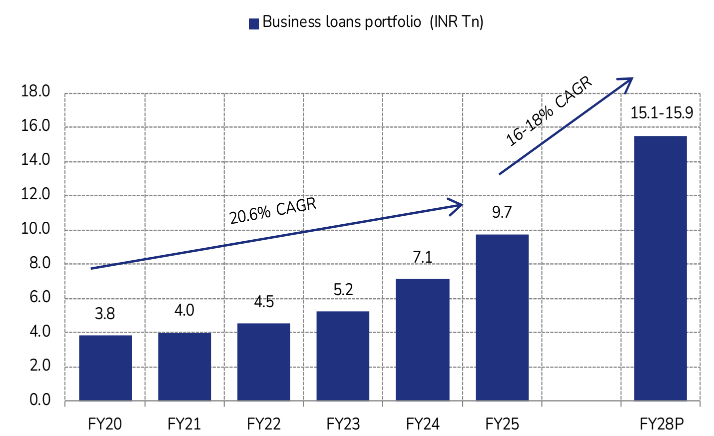
Source: CRIF Highmark, Crisil Intelligence
Note: Others includes other financial institutions, Small Finance Banks and foreign banks.

The personal loans segment has become highly competitive, with aggressive competition from both banks and NBFCs. Banks dominate the market due to their large customer base, wide presence, and lower interest rates. However, smaller NBFCs and fintech firms have gained traction by offering small-ticket loans with higher interest rates, targeting customers with lower or no credit scores. These players have also introduced innovative products, such as "pay as you go" and short-tenure loans, enabling them to remain relevant despite higher rates. NBFCs have outpaced banks in credit growth, driven by their specialised focus, extensive branch networks, and strong digital platforms, leading to 48% YoY increase in FY24. In comparison, banks posted a healthy 19% growth, benefiting from demand for retail credit and a more stable salaried customer base. While banks enjoy better asset quality, NBFCs face higher interest rates and weaker asset quality due to their focus on tier-2/3 cities and lower-ticket loans. With NBFCs growing faster than banks, Crisil Intelligence expects them to continue capturing market share, supported by aggressive strategies, digital investments, and a low base.

Business loans

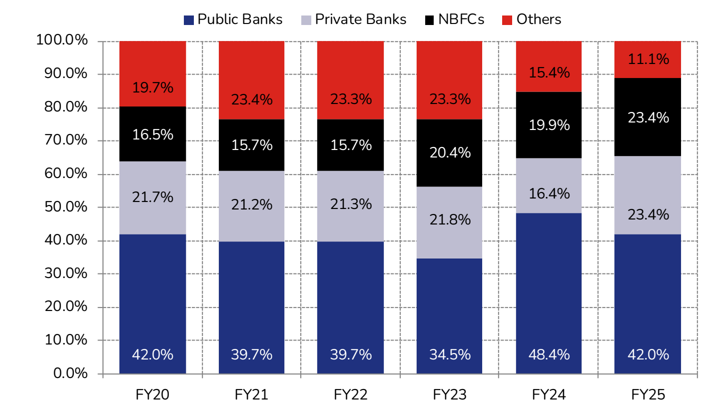
As of FY25, the unsecured business-loan segment in India (comprising general business loans, business credit, and professional loans without collateral) stood at ~INR 9.7trln, growing at a CAGR of ~20.6% since FY20. The portfolio saw strong YoY growth of 14.8% in FY23 and 37.5% in FY24, with momentum continuing at 36.9% in FY25. Looking ahead, Crisil Intelligence forecasts 16-18% CAGR through FY28, driven by rising number of enterprises, deeper financial outreach in rural/urban markets, and more advanced underwriting models beyond mere credit bureau scoring.

Exhibit 77. Business loans witnessed a CAGR of 20.6% from FY20-25



Source: CRIF Highmark, Crisil Intelligence
Note: Business loans portfolio includes business loan general, business loan unsecured, and loans to professional as per bureau.

Exhibit 78. NBFCs witnessed the fastest growth among lender in BLs from FY20-25, while PSU banks had the highest share in overall BL portfolio



Source: CRIF Highmark, Crisil Intelligence
Note: Business Loans portfolio includes business loan general, business loan unsecured, and loans to professional as per bureau. Others includes SFBs, foreign banks and other small players

Between FY20 and FY25, NBFCs delivered the fastest growth in business loans, expanding at a CAGR of ~ 29.3%, followed by public banks at ~ 20.6%. In FY25, public sector banks still held the largest share of outstanding business credit at ~ 42.0%, with NBFCs and private banks together accounting for ~23.4%.

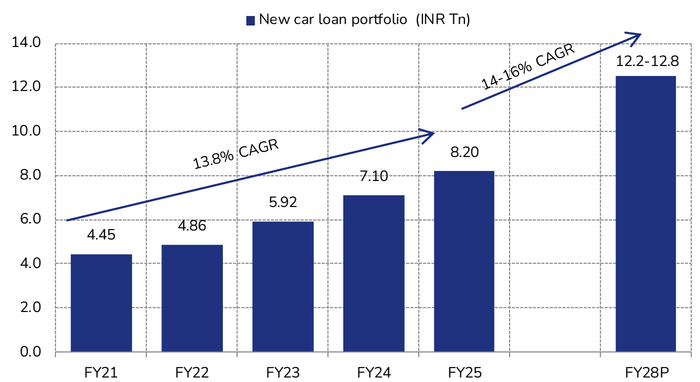
Auto loans financing market

India's auto sector spans two-wheelers, three-wheelers, passenger vehicles and commercial vehicles. It accounts for ~ 6.8% of GDP (up from ~2.8% in FY 93). The industry was hit in FY21-22 by Covid and chip shortages, rebounded in FY 23, but moderated in FY 24 due to high rates and weak demand. In 1HFY25, CV demand stayed soft, PV inventories weighed on sales, while 2/3-wheelers showed resilience. Auto finance grew ~14.8% CAGR over FY20-25. NBFCs face stiff bank competition in PV/UV financing but remain strong in CV financing and in segments with informal income profiles.

Car loan financing market

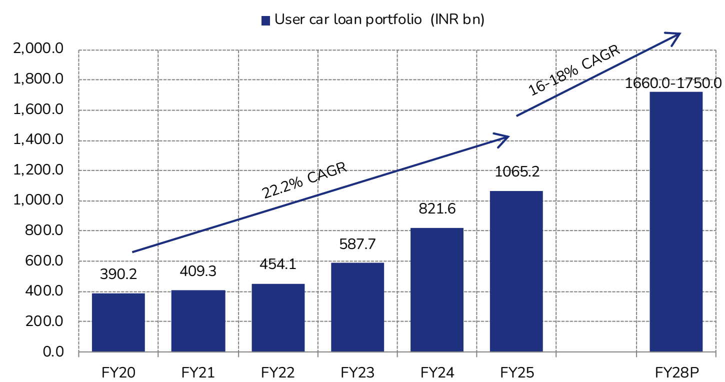
New car loans grew at a CAGR of ~13.8% between FY20 and FY25. The segment expanded 21.9% YoY in FY23, followed by 19.8% in FY24, and 15.6% in FY25. Passenger vehicle sales underperformed in FY24–25, weighed down by weak consumer sentiment, elevated inventory (71–76 days in Q3 FY25), extreme heat and extended rains, persistently high interest rates since Feb 2023, and the tapering of pent-up demand. Uneven rural rainfall also harmed cash flows and demand. However, 2HFY25 saw a rebound aided by festive demand and inventory clearance discounts. Crisil Intelligence projects auto finance penetration at 75–80%, with further improvement expected.

Exhibit 79. New car loan portfolio expected to grow at 14-16% CAGR from FY25 to FY28



Source: CRIF Highmark, Crisil Intelligence

Exhibit 80. Used car loan portfolio expected to grow at 16-18% CAGR from FY25 to FY28

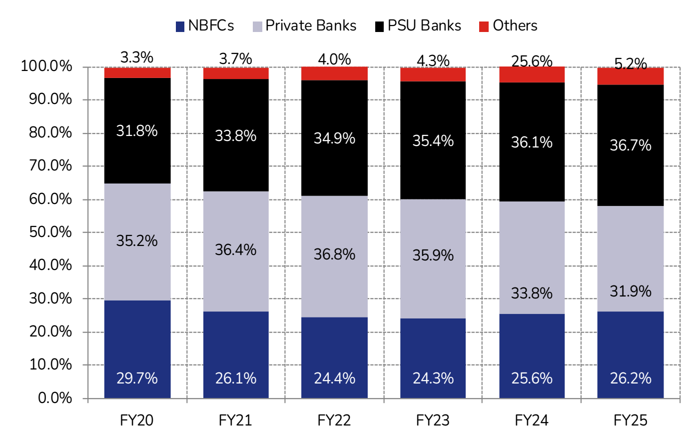


Source: CRIF Highmark, Crisil Intelligence

Banks have steadily deepened their footprint in new-auto lending, squeezing out non-captive NBFCs—even though captive financiers maintain share via dealer relationships. NBFCs continue to favour new/used car lending due to lower credit risk in the PV segment, better reach in Tier-2/3 markets, and ability to serve under-banked borrowers. But banks benefit from cheaper cost of funds and cross-sell advantages, allowing them to offer more competitive rates and become more aggressive in the segment. Meanwhile, NBFCs retain strength in rural and semi-urban areas less accessible to banks.

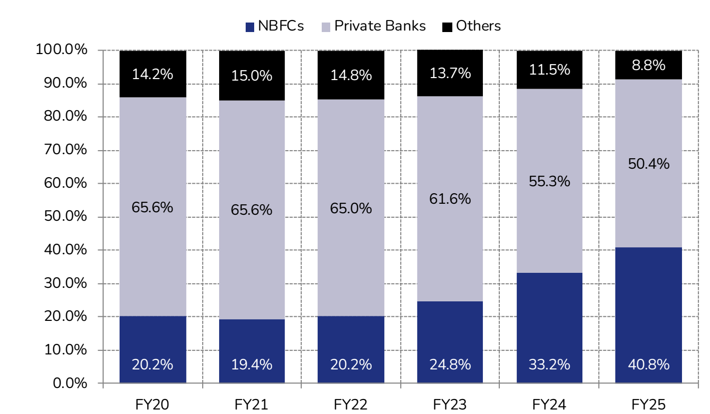
As of FY25, private banks accounted for 50.4% of the total used car financing market, followed by NBFCs with 40.8%. Banks have witnessed a significant contraction in market share with their share falling from 65.6% in FY20 to 50.4% in FY25; this share has been primarily taken by NBFCs operating in the segment.

Exhibit 81. Lender-wise share of new car loan portfolio outstanding



Source: CRIF Highmark, Crisil Intelligence
Note: Others includes other financial institutions, Small Finance Banks and foreign bank

Exhibit 82. Private banks account for 50.4% of overall used car financing as of Mar'25

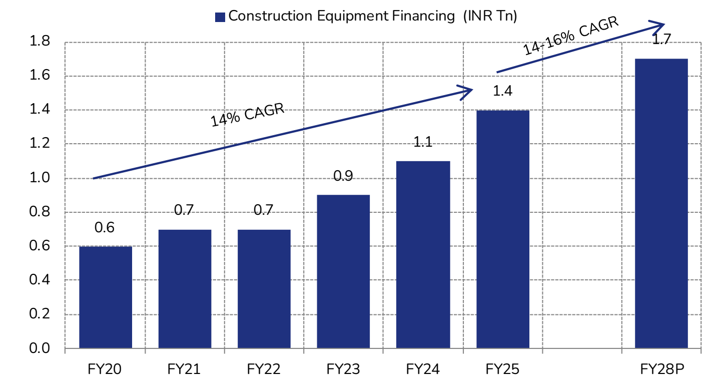


Source: CRIF Highmark, Crisil Intelligence
Note: Others includes other financial institutions, Small Finance Banks and foreign bank

Construction equipment loans

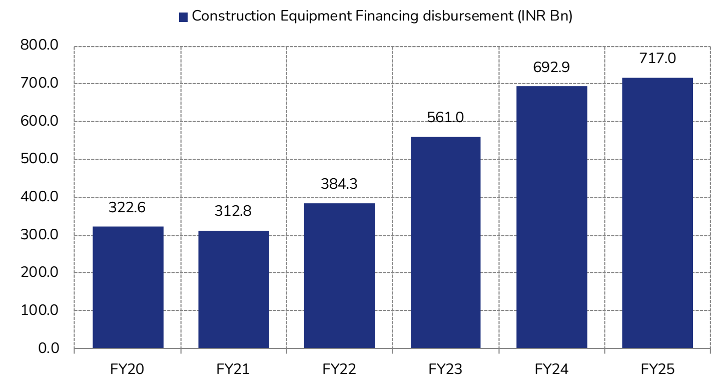
The CE finance market expanded ~26.1% YoY in FY 25, reaching ~INR 1.4trln. Over FY20–25, it posted a CAGR of ~17.5%. Going forward, the segment is projected to grow at ~14–16% CAGR through FY28, underpinned by higher new construction equipment sales.

Exhibit 83. Construction equipment financing credit outstanding is expected to grow at a CAGR of ~14-16% from FY25-28



Source: CRIF Highmark, Crisil Intelligence

Exhibit 84. Construction equipment financing disbursement over the years

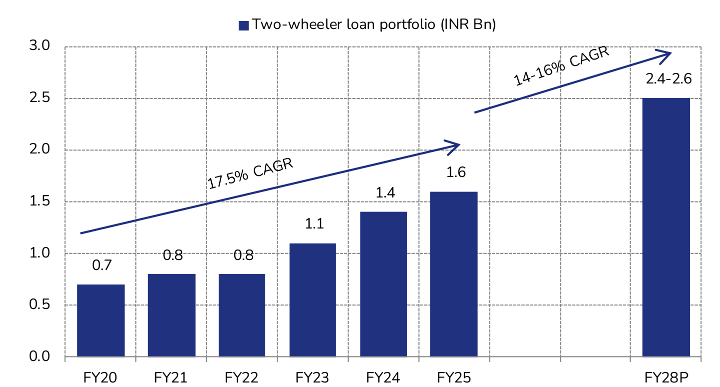


Source: CRIF Highmark, Crisil Intelligence

Two-wheeler loans

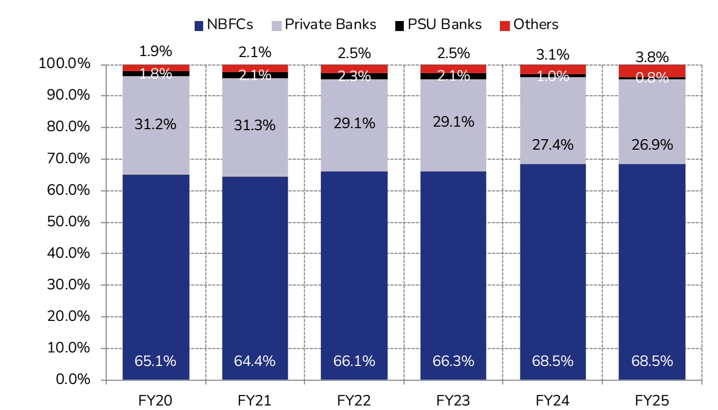
India's two-wheeler financing market expanded at a CAGR of ~17.5% from FY20-25, reaching ~INR 1.6trln by FY25. Growth was robust in FY21 (~8.9%) but slowed in FY22 (+1.7%) due to the Covid-19 pandemic. Recovery resumed in FY23 (~29.2%) and continued in FY25 (+18.2%). Looking ahead, the segment is projected to grow at a CAGR of 14–16% through FY28, potentially reaching INR 2.4trln–2.6trln. This growth is supported by increased finance penetration, especially in rural areas, and enhanced by digital inclusion and fin-tech solutions that improve credit assessment and reduce default rates. The market remains competitive, with NBFCs targeting underserved rural and semi-urban segments, while banks leverage lower financing costs and stronger cross-selling capabilities. Financiers are offering various schemes, including low down-payments and attractive EMI options, to stimulate demand, particularly for small-ticket purchases.

Exhibit 85. Two-wheeler financing is expected to grow at a CAGR of 14-16% from FY25-28



Source: CRIF Highmark, Crisil Intelligence

Exhibit 86. NBFCs share in two-wheeler financing market stands at 68.5% as of FY25

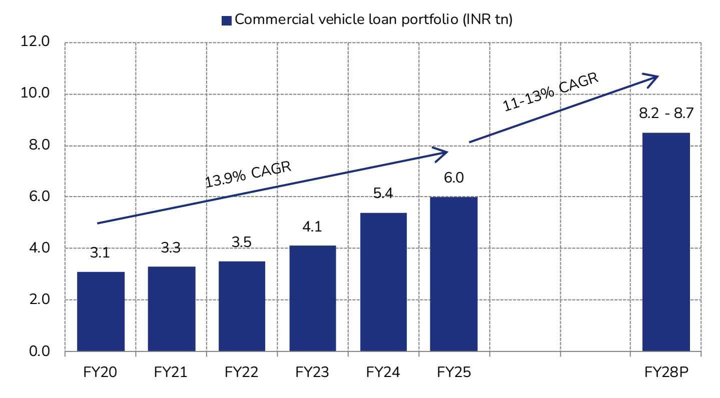


Source: CRIF Highmark, Crisil Intelligence
Note: Others includes other financial institutions, Small Finance Banks and foreign banks

Commercial vehicle loans

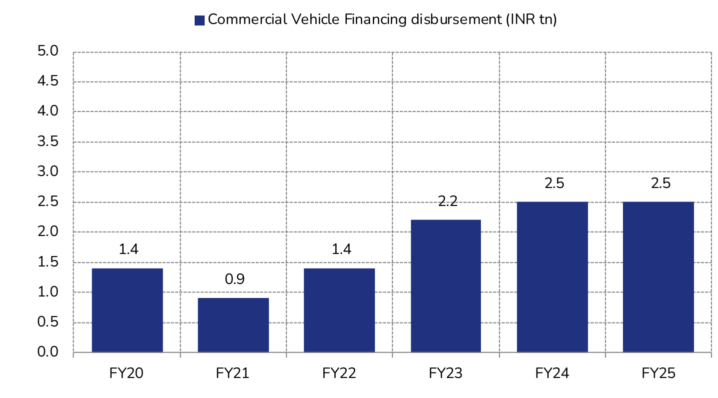
The new commercial vehicle (CV) financing segment in India grew at a CAGR of ~13.9% from FY20-25, reaching a market size of ~INR 1.4trln by FY25. This growth was primarily driven by increased private consumption and freight demand. Looking ahead, the segment is expected to grow at a CAGR of 11–13% from FY25 to FY28, supported by rising demand for light commercial vehicles (LCVs) due to increased private consumption, greater availability of redistribution freight, and improved financing options. Additionally, demand for medium and heavy commercial vehicles (M&HCVs) is anticipated to grow due to improvement in economic activity across the country, steady agricultural output, and the government's focus on infrastructural development.

Exhibit 87. CV financing is expected to witness a CAGR of 11-13% from FY25-28



Source: CRIF Highmark, Crisil Intelligence

Exhibit 88. Growth in the segment is expected to be supported by rising demand for LCVs



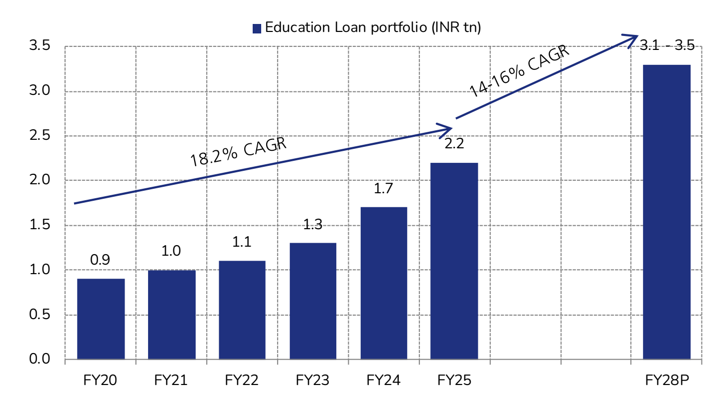
Source: CRIF Highmark, Crisil Intelligence

Education loan financing market

India's education loan market has seen strong growth in recent years, driven by rising demand for higher education, especially overseas. After a tepid ~4% YoY growth in FY21 due to Covid-19 disruptions, the sector rebounded sharply with ~12% growth in FY22 and a robust ~23% in FY23, aided by increased NBFC and bank lending. FY24 saw continued momentum with the loan book growing ~28% YoY to ~INR 1.7trln, led by pent-up demand, rising overseas applications, and strong traction from tier-1/2 cities. In FY25, the market crossed the ~INR 2trln mark, with the outstanding portfolio rising ~26.1% YoY to ~INR 2.2trln. NBFCs remained key contributors, with their loan books expanding ~38% to ~INR 610bn.

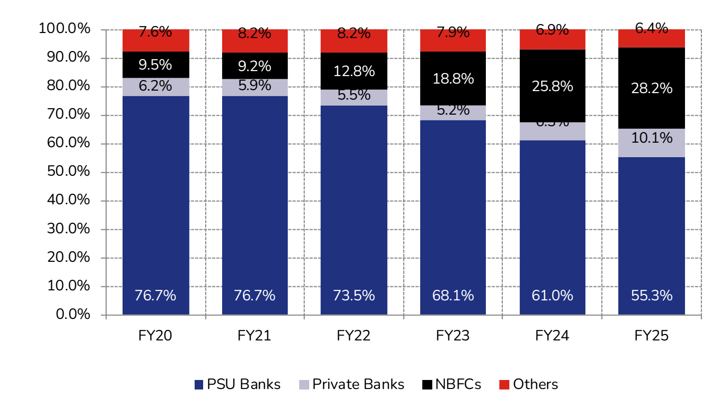
However, growth is expected to moderate as per Crisil intelligence in FY26 (~15–17% YoY) due to global headwinds, including geopolitical tensions, immigration policy changes, employment uncertainty, and the expiry of pandemic-era moratoriums. Overseas loan demand is likely to be particularly impacted.

Exhibit 89. Overall education loans portfolio witnessed CAGR of 18.2% during FY20-25



Source: CRIF Highmark, Crisil Intelligence

Exhibit 90. NBFCs' share in overall education loans market increased from 9.5% in FY20 to 28.2% as of FY25

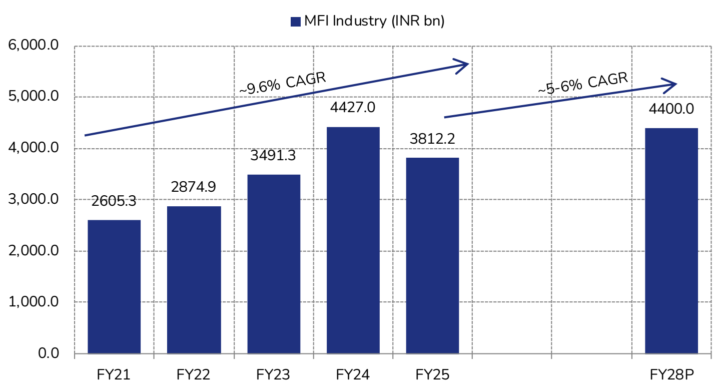


Source: CRIF Highmark, Crisil Intelligence
Note: Others includes other financial institutions, Small Finance Banks and foreign banks.

Microfinance loan financing market

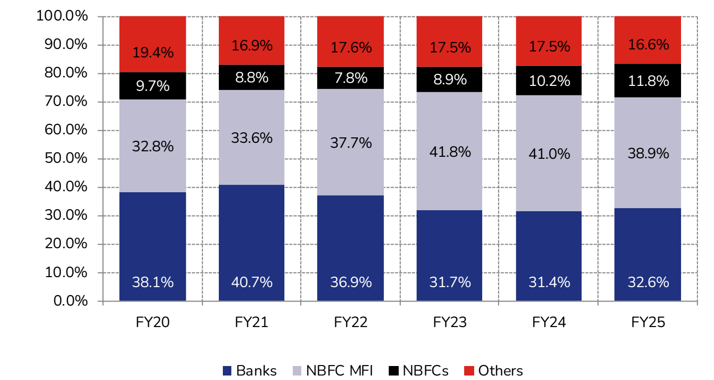
In FY25, the overall microfinance industry portfolio shrank by ~13.9% YoY to ~INR 3,812.2bn. The decline was driven by lower disbursements and higher write-offs of delinquent accounts. Regulatory developments in Karnataka, including the ordinance against coercive recoveries, adversely impacted NBFC-MFIs. Disbursement contraction was further exacerbated by environmental and socio-political issues, rising borrower over-indebtedness, and the implementation of MFIN's guardrails.

Exhibit 91. MFI Loans portfolio clocked 9.6% CAGR between Mar'20 and Mar'25



Source: CRIF Highmark, Crisil Intelligence

Exhibit 92. NBFCs account for 11.8% of the portfolio outstanding as of Mar'25

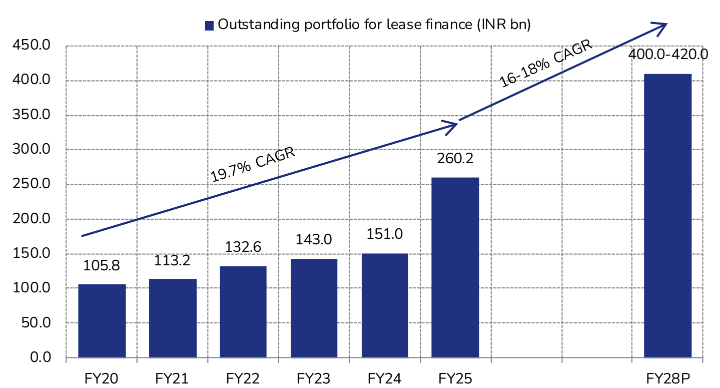


Source: CRIF Highmark, Crisil Intelligence
Note: Others includes other financial institutions, Small Finance Banks and foreign banks.

Leasing solutions market

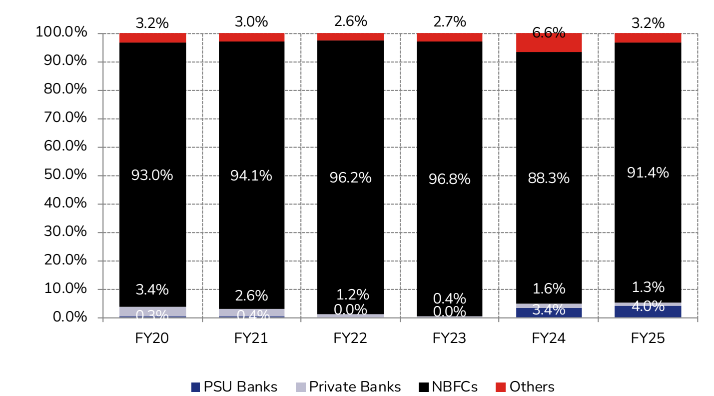
The leasing solutions industry in India is expanding rapidly, driven by evolving financial needs, regulatory support, and technological advancements. The overall leasing solutions market in India stood at INR 260.2bn as of FY25, witnessing a CAGR of ~19.7% from FY20. Going forward, as per Crisil Intelligence estimates, the segment is expected to grow at a CAGR of 16-18% till FY28.

Exhibit 93. Leasing solutions segment witnessed a CAGR of ~19.7% from FY20-25



Source: CRIF Highmark, Crisil Intelligence

Exhibit 94. Among lenders, NBFCs accounted for the highest share in credit outstanding with a share of ~91.4 as of FY25



Source: CRIF Highmark, Crisil Intelligence
Note: Others includes other financial institutions, Small Finance Banks and foreign banks.

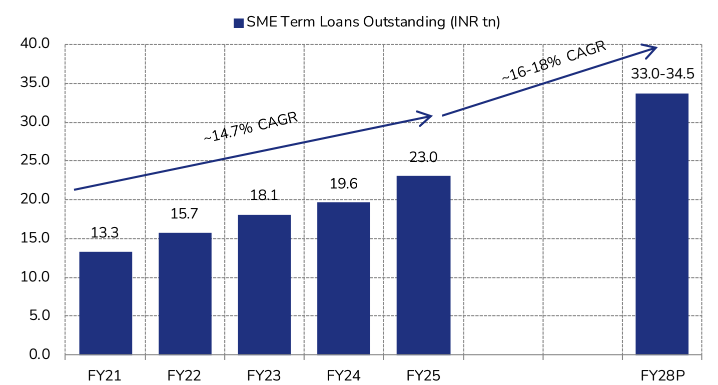
Term Loans market

SME term loans

The overall SME term loans segment in India stood at INR 23.0trln as of FY25, at a CAGR of ~14.7% from FY20. The segment has witnessed continuous growth across fiscals, with the fastest year-on-year growth in outstanding credit witnessed in FY21, FY22 and FY23. Going forward, as per Crisil Intelligence estimates, the segment is expected to grow at a CAGR of 16-18% till FY28.

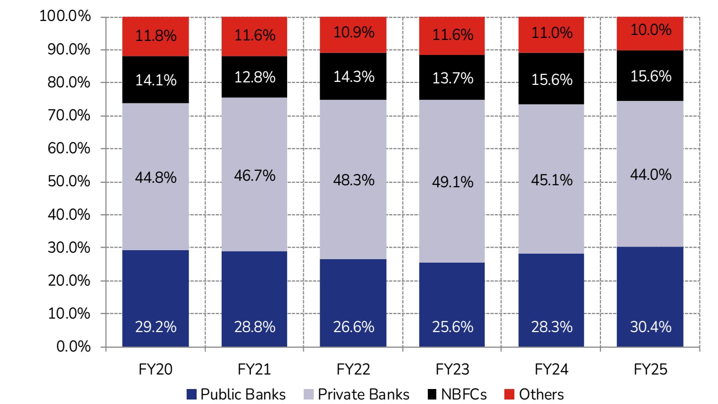
Among lenders, NBFCs witnessed the fastest growth during FY20-25, growing at a CAGR of ~17.0% which was followed by private banks growing at a CAGR of ~14.3% from FY20-25. Among lenders, private sector banks accounted for the highest share in credit outstanding with a share of ~44.0% as of FY25.

Exhibit 95. SME term loans segment witnessed a CAGR of ~14.7% from FY20-25



Source: CRIF Highmark, Crisil Intelligence
Note: SME Term Loans include Working capital and Term loan financing portfolio outstanding as reported in the commercial bureau for Medium small, Mudra and SME borrower

Exhibit 96. Lender-wise outstanding portfolio for SME term loans



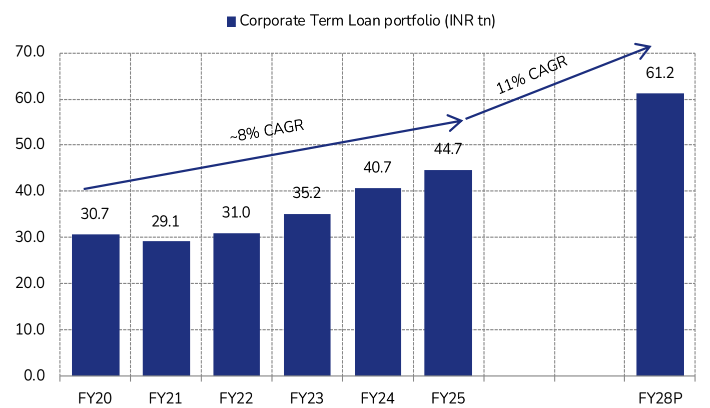
Source: CRIF Highmark, Crisil Intelligence
Note: SME Term Loans include Working capital and Term loan financing portfolio outstanding as reported in the commercial bureau for Medium small, Mudra and SME borrower. Others includes other financial institutions, Small Finance Banks and foreign banks.

Corporate term loans

Corporate term loans cater to medium and large corporates through banks and financial institutions, covering both short- and long-term funding needs, with long-term loans forming the bulk of the book. While long-term lending is capex-driven, short-term loans are influenced by business revenue and working capital needs. These loans offer flexible structures, including revolving and tailored credit solutions.

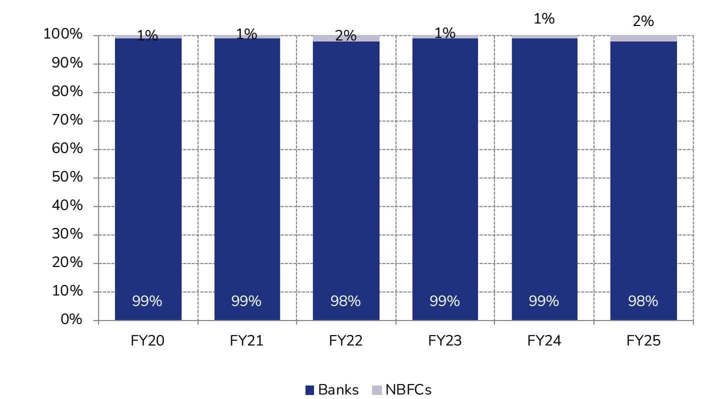
AS per CRISIL Intelligence, the corporate term loan book is expected to grow at a CAGR of ~11% till FY28, supported by rising consumption, improving investment cycles, and recent interest rate cuts. Banks dominate the corporate credit space with ~98% market share, while NBFCs hold ~2%, having adopted a cautious stance. However, AIFs and private credit players are gaining traction, offering customised financing solutions to mid-market firms and corporates.

Exhibit 97. Corporate term loans portfolio over the years



Source: RBI, Crisil Intelligence

Exhibit 98. For the overall corporate credit industry, bank have the lion's share (~98%) of the market



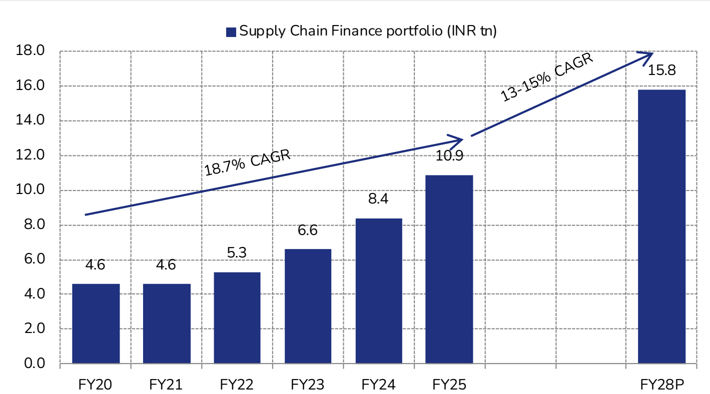
Source: Crisil Estimates

Supply chain finance

Supply chain finance (SCF) portfolio outstanding stood at ~INR 10.9trln as of Mar'25, growing at a robust ~18.7% CAGR over FY20–FY25. Growth was driven by rising adoption among MSMEs, broader product offerings by banks, NBFCs, and fin-techs, and increased digital integration enhancing accessibility and efficiency.

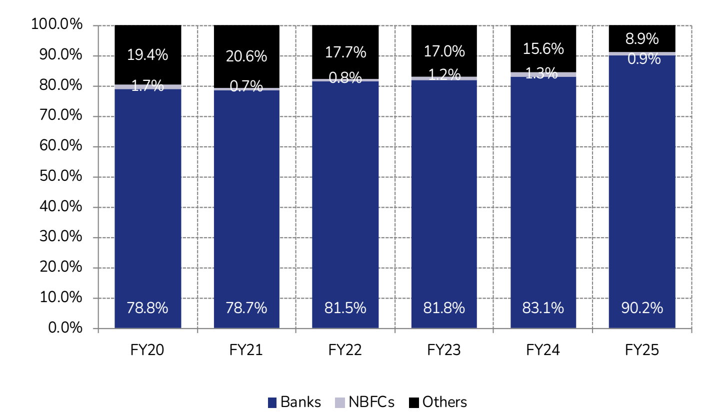
Banks hold the dominant market share in SCF due to their vintage and servicing of large corporates. However, NBFCs are expected to see strong growth supported by ongoing digitisation initiatives in the segment.

Exhibit 99. Supply chain finance portfolio outstanding grew at a CAGR of 18.7% from FY20 to FY25



Source: CRIF Highmark, Crisil Intelligence
Note: Supply Chain Finance includes products like Advances against export cash incentives, Advances against import bills, Cash Credit, Export bills advanced against, Export bills discounted, Export bills purchased, Factoring, Inland bills discounted, Inland bills purchased, Packing credit (all export pre-shipment finance),Seller Financing as reported in the commercial bureau

Exhibit 100. Banks command a major share in supply chain financing



Source: CRIF Highmark, Crisil Intelligence
Note: Supply Chain Finance includes products like Advances against export cash incentives, Advances against import bills, Cash Credit, Export bills advanced against, Export bills discounted, Export bills purchased, Factoring, Inland bills discounted, Inland bills purchased, packing credit (all export pre-shipment finance),Seller Financing as reported in the commercial bureau. Others includes other financial institutions, Small Finance Banks and foreign banks.

Developer Finance market for NBFCs

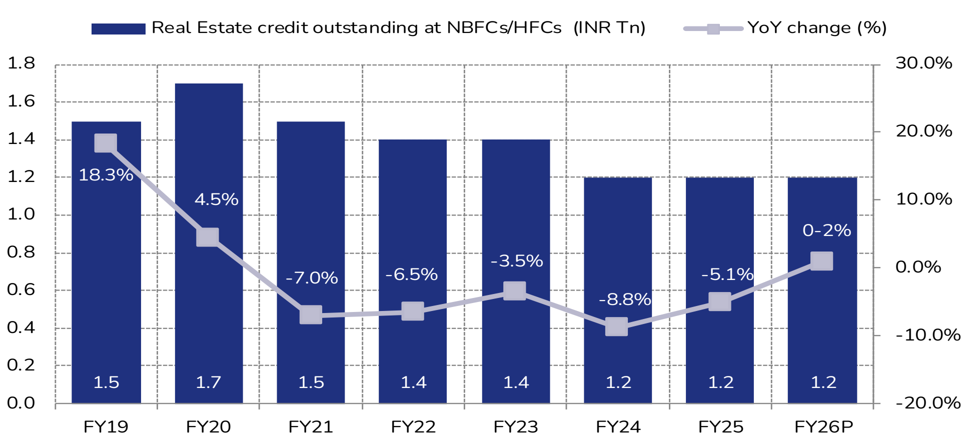
NBFCs' developer finance credit book to change direction owing to increasing developer penetration in the Indian market

NBFCs' lending to real estate has evolved in size and complexity, with many HFCs downsizing portfolios due to asset quality concerns, and a few expanding through strong credit monitoring and diversified customer sourcing. Residential housing demand post-pandemic is supported by supply rationalisation, pent-up demand, tax incentives, stamp duty concessions, sustained economic growth, and the hybrid work model. Top residential markets have shown strong momentum, with FY25 growth expected to continue driven by demand for larger living spaces and lifestyle upgrades. Increased preference for RERA-compliant homes has also boosted buyer confidence. Separately, green finance is gaining traction in India, fuelled by rising investments in renewable energy and sustainable infrastructure as the country pursues low-carbon economy targets.

NBFCs have been cautious in lending to corporate and real estate sectors, prioritising retail credit over wholesale lending due to volatile asset quality and high-ticket-size risks. This has led to a gradual reduction in wholesale portfolios, with defaults driving elevated delinquencies and GNPA pressures. However, resolutions in recent years have helped reduce stress and improve asset quality. NBFCs' real estate lending declined to ~INR 1.2trln in FY25 from ~INR 1.5trln in FY19, impacted by pandemic-induced lockdowns, pre-existing sector stress, and liquidity challenges following the DHFL and IL&FS crises. Government support through low repo rates, stamp duty cuts, and affordable housing incentives helped sustain the sector, with demand shifting towards affordable housing in Tier II/III cities post the pandemic and the recent pickup in luxury housing demand.

The developer finance book shrank ~5.1% in FY25, reflecting further downsizing of wholesale lending. Growth is expected to normalise to ~1-2% in FY26 as NBFCs complete portfolio transitions. The government is promoting diversified funding sources such as REITs to mitigate developer financing risks amid economic volatility.

Exhibit 101. NBFCs' developer finance is estimated to grow by 0-2% in FY26



Source: Company reports, RBI, Crisil Intelligence
Note: Data is of overall real-estate credit (residential and commercial) and is excluding of lease rental discounting (LRD)

Cleantech finance in India

India's climate financing industry has gained significant momentum, backed by strong government support and investments in renewable energy. As of FY25, the two leading power financing companies reported gross loan assets of ~INR 1,390bn in the renewable energy sector. Tata Capital remains a key private NBFC player in cleantech finance.

India's renewable energy capacity reached over 220.1GW as of 31st Mar'25, with solar at ~105.65GW and wind at ~50.04GW. The country aims for 280GW solar capacity by 2030, targeting a total renewable capacity of 500GW to reduce carbon emissions.

Key sectors driving climate finance include:

- Electric vehicles (EVs): Government targets 30% of passenger car sales by 2030, supported by schemes like PM E-DRIVE with INR 109bn funding.
- Biofuels & bioenergy: The National Bio-Energy Mission promotes ethanol blending (targeting 20% by 2025-26), compressed biogas, and biomass energy.
- Energy efficiency & emission reduction: Initiatives include afforestation, reforestation, and energy-efficient technologies.
- Market mechanisms: Programmes like Perform, Achieve, and Trade (PAT) and carbon credit trading support emission reduction.
- Green hydrogen: National Green Hydrogen Mission targets 5mmt production capacity by 2030 with 125GW renewable energy addition.
- Green bonds: Increased issuance by corporations and financial institutions under SEBI guidelines to fund environmental projects.
- Waste management: Innovations in waste-to-energy, plastic recycling, and government initiatives like Swachh Bharat and EPR promote sustainability.
- International climate finance: India receives funds from Green Climate Fund and bilateral partners to support climate resilience.

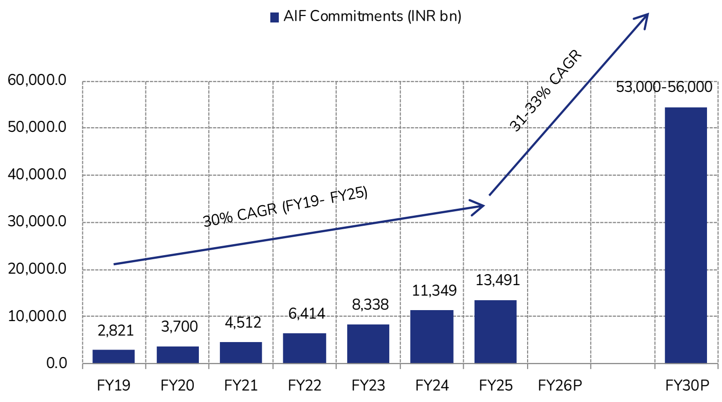
This strong foundation, coupled with India's Net Zero 2070 target and commitments under the Paris Agreement, positions the climate financing sector for sustained growth and environmental impact.

AIF industry - rapid growth and increasing market share

AIFs have emerged as a key segment in India's private markets, with total commitments growing at ~30% CAGR to INR 13,491bn as of Mar'25 since Mar'19. The segment is expected to remain one of the fastest-growing managed product categories, driven by rising interest from HNIs, ultra-HNIs, and institutional investors seeking higher returns. AIFs are expanding by capturing share from other asset classes (excluding mutual funds), benefiting from relatively higher yields. AUM for alternative investments is projected to grow at ~31-33% CAGR from FY25 to FY30, reaching ~INR 53trln-56trln by Mar'30.

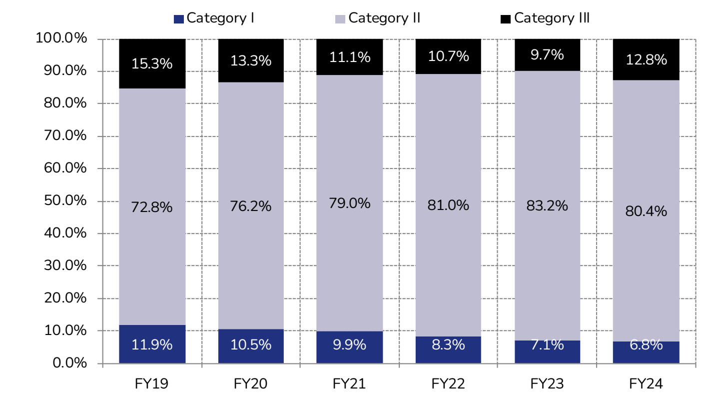
Category II AIFs dominate the space, accounting for ~76.4% of commitments raised in FY25. Investment deployment has also improved, with investments made as a percentage of funds raised increasing from 82% in FY17 to 96% in FY25, indicating efficient capital deployment by managers post fundraising.

Exhibit 102. AIF commitments to grow at ~31-33% in the long-term



Source: SEBI, Crisil Intelligence

Exhibit 103. Category II AIFs constitute the majority share of AIF commitments over the years



Source: SEBI, Crisil Intelligence

Industry outlook for wealth management in India

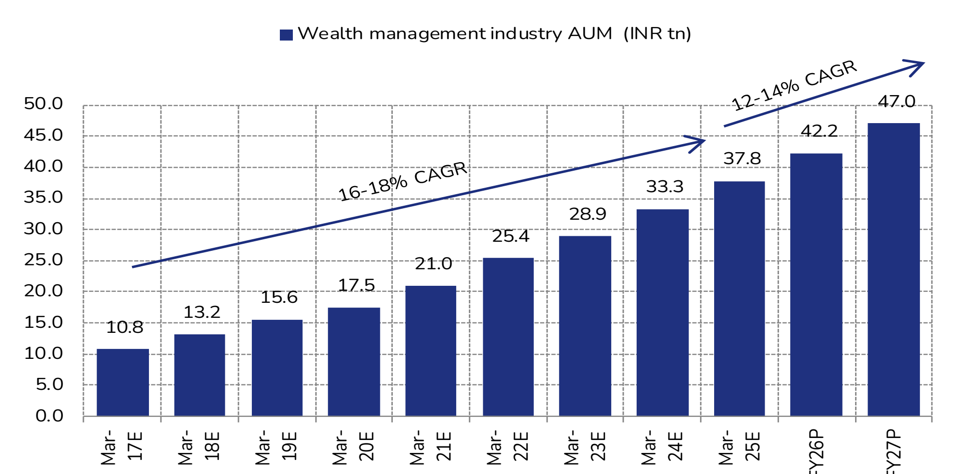
India's wealth management industry, valued at ~INR 37.8trln as of FY25, remains in a nascent stage with significant growth potential driven by a young affluent base, rising wealth levels, improved regulation, and increasing participation of organised players like banks, independent advisors, and brokers. The market is projected to grow at a CAGR of 12-14% from FY25 to ~INR 47trln by FY27, supported by under-penetration (~11.4% of GDP vs. 60-75% in developed markets), a growing affluent population, and a shift from physical to financial assets.

Key growth drivers include:

- Rising penetration in tier 1-3 cities, with >40% of UHNIs residing outside metros, primarily serviced by Independent financial advisors (IFAs) and CAs.
- Sharp increase in affluent and UHNI populations, boosted by economic growth and digital economy sectors.
- Shift in asset allocation towards equities, bonds, and alternative investments.
- Increasing product complexity, necessitating professional financial advice.

Advisory fees range from 30-50bps of Assets Under Administration (AUA), higher for mass affluent and HNI clients, with distribution fees at ~1-1.5% for equity and 0.1-0.5% for debt products. Alternative asset distribution commands upfront fees of 2-3%. Firms focus on optimising cost-income ratios via talent and technology investments.

Exhibit 104. Wealth management industry AUM to grow at 12-14% CAGR over FY25-27



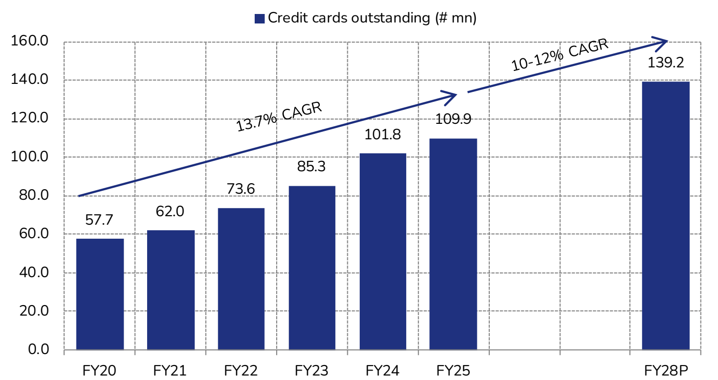
Source: Crisil Intelligence
Note: E: Estimated; P: Projected

Credit cards industry

Credit cards outstanding in India reached ~109.9mn as of Mar'25, growing at 13.7% CAGR from FY20 to FY25. Growth has been propelled by rising digital payment adoption, expanding e-commerce, and banks' focus on cross-selling through pre-approved offers. Co-branded cards and RBI's regulatory move allowing NBFCs (with minimum net owned funds of INR 1 bn subject to RBI approval) to issue credit cards are expected to boost competition and volumes further. Increasing use cases across travel, shopping, healthcare, and utility payments have driven higher spends per card.

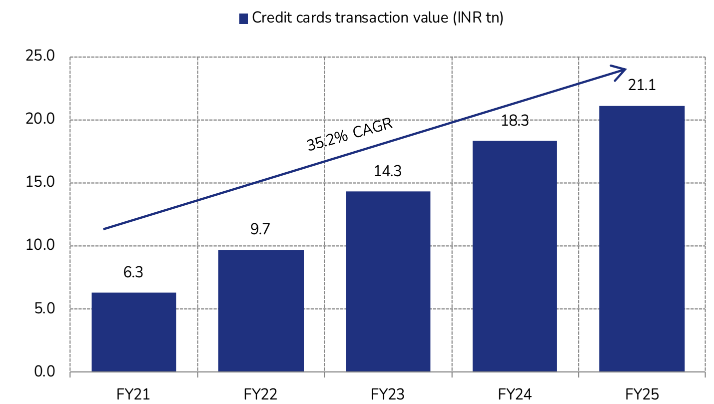
Transaction value grew at a robust 35.2% CAGR and volume at 28.3% CAGR from FY21 to FY25. The push towards a cashless economy, expanding PoS infrastructure, and rising private final consumption expenditure (PFCE) are expected to sustain growth in credit card transaction volumes and values.

Exhibit 105. Growth momentum in number of cards to continue in volumes driven by higher retail growth, increasing presence of e-commerce platforms and usage of EMI facility



Source: RBI, Crisil Intelligence
Note: Nos. outstanding as of March month end, P: Projected

Exhibit 106. Credit card in terms of value reported CAGR of 35.2% from FY21 to FY25



Source: RBI Payment System Indicators, Crisil Intelligence

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Net Interest Income (NII)	67,982	1,06,901	1,31,730	1,64,411	1,96,733
Non Interest Income	18,319	26,501	32,969	40,572	50,823
Total Income	**86,302**	**1,33,402**	**1,64,699**	**2,04,983**	**2,47,555**
Operating Expenses	36,343	55,923	65,599	80,223	95,736
Pre-provisioning Profits	**49,959**	**77,480**	**99,100**	**1,24,760**	**1,51,819**
Loan-Loss Provisions	5,923	28,268	34,005	36,222	39,616
Total Provisions	5,923	28,268	34,005	36,222	39,616
PBT	**44,036**	**49,211**	**65,095**	**88,539**	**1,12,203**
Tax	10,651	12,635	16,397	22,571	28,605
PAT (Pre-Extra ordinaries)	**33,385**	**36,576**	**48,698**	**65,968**	**83,598**
Share in profit/(loss) of associates)	-116	-26	-26	-26	-26
Reported Profits	**33,270**	**36,550**	**48,672**	**65,942**	**83,572**
Dividend	0	0	0	0	0
Retained Profits	**33,270**	**36,550**	**48,672**	**65,942**	**83,572**

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Equity Capital	37,031	37,624	42,124	42,124	42,124
Reserves & Surplus	1,97,141	2,76,214	4,08,253	4,74,195	5,57,768
Borrowed Funds	14,81,853	20,84,149	24,56,756	29,85,608	36,41,219
Preference Shares	50,916	86,663	86,292	92,540	99,412
Total Liabilities	**17,66,940**	**24,84,650**	**29,93,425**	**35,94,467**	**43,40,523**
Net Advances	15,77,606	22,19,504	26,74,272	32,14,234	38,98,628
Investments	87,328	98,664	1,21,345	1,45,846	1,76,900
Cash & Bank Balances	72,382	1,09,828	1,36,486	1,47,640	1,59,179
Fixed Assets	11,956	20,160	22,176	24,393	26,833
Total Assets	**17,66,940**	**24,84,650**	**29,93,425**	**35,94,467**	**43,40,523**

Source: Company, JM Financial

Key Ratios					
Y/E March	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Shares in Issue	3,703.1	3,946.3	4,212.4	4,212.4	4,212.4
EPS (INR)	9.0	9.3	11.6	15.7	19.8
EPS (YoY) (%)	7.0%	3.1%	24.8%	35.5%	26.7%
P/E (x)	36.3	35.2	28.2	20.8	16.4
BV (INR)	63	80	107	123	142
BV (YoY) (%)	27.9%	25.8%	34.4%	14.6%	16.2%
P/BV (x)	5.16	4.10	3.05	2.66	2.29
DPS (INR)	0.0	0.0	0.0	0.0	0.0
Div. yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Growth (YoY) (%)					
Borrowed funds	30.7%	40.6%	17.9%	21.5%	22.0%
Advances	35.1%	40.7%	20.5%	20.2%	21.3%
Total Assets	30.3%	40.6%	20.5%	20.1%	20.8%
NII	28.0%	57.2%	23.2%	24.8%	19.7%
Non-interest Income	6.1%	44.7%	24.4%	23.1%	**25.3%**
Operating Expenses	36.0%	53.9%	17.3%	22.3%	19.3%
Operating Profits	14.5%	55.1%	27.9%	25.9%	21.7%
Core Operating profit	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions	3.1%	377.3%	20.3%	6.5%	9.4%
Reported PAT	12.9%	9.9%	33.2%	35.5%	26.7%
Yields / Margins (%)					
Interest Spread	4.61%	4.76%	4.85%	5.05%	5.05%
NIM	4.95%	5.20%	5.27%	5.47%	5.42%
Profitability (%)					
ROA	2.13%	1.58%	1.78%	2.00%	2.11%
ROE	16.3%	12.6%	12.7%	13.6%	15.0%
Cost to Income	42.1%	41.9%	39.8%	39.1%	38.7%
Asset quality (%)					
Gross NPA	1.47%	1.87%	1.52%	1.18%	0.75%
LLP	0.42%	1.35%	1.36%	1.21%	1.09%
Capital Adequacy (%)					
Tier I	11.90%	12.80%	-	-	-
CAR	16.80%	16.90%	-	-	-

Source: Company, JM Financial

Dupont Analysis					
Y/E March	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
NII / Assets	4.35%	4.61%	4.81%	4.99%	4.96%
Other Income / Assets	1.17%	1.14%	1.20%	1.23%	1.28%
Total Income / Assets	5.53%	5.75%	6.01%	6.22%	6.24%
Cost / Assets	2.33%	2.41%	2.39%	2.44%	2.41%
PPoP / Assets	3.20%	3.34%	3.62%	3.79%	3.83%
Provisions / Assets	0.38%	1.22%	1.24%	1.10%	1.00%
RoA	2.13%	1.58%	1.78%	2.00%	2.11%
Leverage (x)	7.7x	8.0x	7.2x	6.8x	7.1x
RoE	16.3%	12.6%	12.7%	13.6%	15.0%

Source: Company, JM Financial

APPENDIX I

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New Rating System: Definition of ratings	
Rating	**Meaning**
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

Previous Rating System: Definition of ratings	
Rating	**Meaning**
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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