



Retail Research	: IPO Note
Sector	: NBFC
Price Band (INR)	: ₹122 to ₹129
Issue Type	: Bookbuilding IPO

About The Company

Ye company ek NBFC – Middle Layer hai. Matlab bank nahi hai, lekin bank jaisa kaam karti hai loan dena. Company ka main focus micro aur small businesses par hai, jaise chhoti manufacturing units, traders, service providers (garage, repair shop, dukaan) aur allied agriculture businesses jaise dairy aur poultry. Ye mostly un logon ko loan deti hai jinka annual turnover ₹20 lakh se ₹1 crore ke beech hota hai, jo semi-urban areas me kaam karte hain, jinke paas 5 ya usse kam employees hote hain aur jo kam se kam 2 saal se business chala rahe hote hain.

Company ka average loan size sirf ₹1.5 lakh hai, matlab ye small-ticket, high-volume lending ka business hai. Company secured aur unsecured dono type ke loans deti hai. Hypothecation loans me stock, machinery ya working assets ke against chhote loans (<₹5 lakh) diye jaate hain, jabki Loan Against Property (LAP) me ghar ya shop girvi rakhkar ₹3–10 lakh tak ke bigger loans milte hain. Small loans se yield high hoti hai aur property loans se stability aur longer tenure milta hai dono ka mix business ko balanced banata hai.

Ye company sirf balance sheet ya ITR par depend nahi karti, kyunki micro businesses zyada tar cash-based hote hain aur proper books maintain nahi karte. Is problem ka solution company ne Business Cluster Based Underwriting ke through nikala hai. Company ne India ke 70+ business clusters study kiye hain jaise Agra ke shoe makers, Patna ke garment traders, Channapatna ke wooden toy makers, dairy clusters, etc. Har cluster ke margins, cash cycle, seasonality aur risk points company ko pata hote hain. Is data ke basis par company actual cash flow estimate karti hai. Ye model copy karna mushkil hai, isi liye ye ek strong moat banata hai.

Company ka model na sirf digital hai, na sirf physical balki dono ka combination hai. Physical side par 499 branches, local staff aur field verification hoti hai, jisse local language aur ground understanding ka fayda milta hai. Digital side par 100% paperless loans, ML/AI based underwriting aur auto collections (NACH/ACH) use hote hain. 97% loans e-sign se hote hain, 91% customers NACH registered hain aur 32% loans straight-through AI models se approve ho jaate hain. Iska result hai low cost, fast disbursement aur easy scalability.

Company ka collections framework kaafi strong hai. Ye 3-tier system follow karti hai pehle digital reminders (SMS, voice bots), phir tele-calling (244 callers), aur last me field collection (4000+ staff). AI/ML model decide karta hai kaunse customer ko call karna hai, kaunse par visit chahiye aur kaunse case me legal action lena hai. Is disciplined approach ka result ye hai ki Stage-2 assets sirf 1.67% hain, jo industry me lowest levels me se ek hai. Small ticket loans aur monthly EMI structure se control bana rehta hai.

Company ne last kuch saalon me aggressive growth dikhayi hai. FY22 se FY24 ke beech AUM 60%+ CAGR se grow hua. FY24 me AUM ₹44,633 crore tha, jo Sept-24 tak ₹49,798 crore pahunch gaya. Customer base bhi FY22 ke 1.9 lakh se badhkar FY24 me 4.5 lakh aur Sept-24 me 5.08 lakh ho gaya. Total AUM ka 42% repeat customers se aata hai, jo trust aur better asset quality ka signal deta hai.

Company 18 states aur 3 UTs me present hai. Koi bhi single state AUM ka 15% se zyada contribute nahi karta aur top 3 states milkar bhi 40% se kam AUM banate hain. Industry me generally ye number 70% ke aas-paas hota hai. Is diversification ka fayda ye hai ki flood, election ya kisi ek state ke slowdown ka impact overall business par kam padta hai.

Issue Details	
IPO Open Date	09-Feb-26
IPO Close Date	11-Feb-26
Price Band (Rs)	₹122 to ₹129
Lot Size	116 Shares
Issue Size (Rs Cr)	7,82,94,572 shares
Face Value	₹2 per share
Sales Type	Fresh Capital & OFS
Issue Type	Bookbuilding IPO
Listing At	BSE, NSE
Share Holding Pre Issue	19,17,45,507 shares
Share Holding Post Issue	24,67,84,266 shares
QIB	75.00%
Retail Share	10.00%
NII Share	15.00%
Promoter Holding Pre Issue	79.71%
Promoter Holding Post Issue	

About The Company

Company ka ROA lagbhag 4.3% hai, jo NBFCs ke liye kaafi strong mana jaata hai. ROE FY22 me -7% tha, jo FY24 me 17% aur Sept-24 me 15% ho gaya. Ye clearly dikhata hai ki jaise-jaise scale badh raha hai, operating leverage kick-in ho raha hai aur profitability improve ho rahi hai.

Company ke paas 83 lenders ka diversified base hai banks, NCDs, ECBs aur securitization sab include hain. Cost of borrowing FY22 me ~13% thi, jo FY24 me girkar ~11.4% ho gayi hai. Credit rating A/A+ trajectory par hai. Jaise-jaise scale aur stability badhegi, borrowing cost aur kam hogi, jisse margins aur improve honge.

Company ke founders IIT aur IIM background se hain aur leadership team me HSBC, Standard Chartered, ICICI aur Bajaj Finance jaise institutions ka experience hai. Investors me Elevation Capital, CapitalG (Google), British International Investment, A91 aur Alpha Wave jaise reputed names shamil hain. Iska matlab hai strong governance aur long-term execution par smart money ka bharosa.

Company ka poora tech stack cloud-based hai LOS, LMS aur CMS systems ke saath advanced data science models use hote hain. Ye models default prediction, repeat loan risk, early payment behaviour aur bureau screening me kaam aate hain. Aaj ke time par 32% loans straight-through processing se approve ho jaate hain, jo scalability aur efficiency ka clear indicator hai.

RISK

Key Risks – Point Wise Explanation (Investor Lens)

1 Borrower Default Risk ⚠️

Company ka core business lending hai. Agar borrower EMI pay nahi karta ya default karta hai, to interest income ruk jaati hai, NPAs badhte hain aur profitability hit hoti hai. Micro MSME segment me income irregular aur cash-based hoti hai, isliye default risk structurally high rehta hai.

2 Incorrect / Incomplete Information Risk 📄

Customers ka income, business size aur property data largely self-declared ya third-party verified hota hai. Agar data misleading ho ya property title clear na ho, to company galat credit decision le sakti hai jo micro lending ka inherent risk hai.

3 Asset Quality Deterioration Risk 📉

Agar GNPA ya Stage-3 assets badhte hain aur provisioning sufficient nahi rahi, to profits aur capital adequacy dono par pressure aata hai. NBFC ke liye asset quality hi survival ka base hota hai.

4 High Unsecured Loan Exposure 🔥

Unsecured loans AUM ka ~30–41% hissa hain. Economic slowdown me sabse pehle unsecured book stress me aati hai. High yield ke saath high risk ka trade-off clearly present hai.

5 Interest Rate Risk 📊

Company short-term aur long-term borrowings par depend karti hai. Agar funding cost fast badhe aur lending rates turant revise na ho paaye, to Net Interest Margin (NIM) squeeze ho jaata hai.

6 Capital Availability Risk 💰

NBFC growth ke liye lagataar debt aur equity capital chahiye. Agar market tight ho, lenders cautious ho jaayein ya credit rating pressure me aaye, to growth slow ho sakti hai.

7 Growth Execution Risk 🚧

Rapid expansion (new branches, geographies, products) ke saath control loose hone ka risk hota hai. Underperforming branches aur high fixed costs profitability ko hurt kar sakte hain.

8 Operational Efficiency Risk ⚙️

Cost control, employee productivity aur technology adoption agar effective na raha, to operating expenses badhenge aur ROA/ROE par negative impact padega.

9 Financing Covenants Risk 📜

Borrowings ke saath capital ratios aur NPA limits jaise covenants attached hote hain. Covenant breach par penalties, loan recall ya reputation damage ka risk hota hai.

RISK

10 New Branch Break-Even Risk 🏢

Har naya branch shuru me loss banata hai. Agar location ya local staff weak hua, to branch profitability aur overall margins impact hote hain.

1 1 RBI Inspection & Compliance Risk 🏛️

NBFC-ML hone ke kaaran RBI regular inspections hoti hain. Compliance gaps ya weak processes par penalties, business restrictions ya growth cap lag sakta hai.

1 2 Collateral Recovery Risk 🏠

Mortgage aur hypothecation loans me property valuation kam ho sakti hai ya legal disputes aa sakte hain, jisse recovery delay aur haircut ka risk hota hai.

1 3 Legal & Regulatory Proceedings Risk ⚖️

Company ya directors par adverse legal verdict aane par financial loss, reputation damage aur regulatory scrutiny badh sakti hai.

1 4 Technology Disruption Risk 💻

Fintech players better tech aur faster approvals ke saath competition badha rahe hain. Tech upgrade slow hua to competitive position weak ho sakti hai.

1 5 Auditor Remarks Risk 📄

Past audit remarks (FY22 emphasis of matter, FY24 observations) internal controls ya accounting issues ka signal dete hain — investor ko closely monitor karna chahiye.

1 6 Regulatory Change Risk 📜

RBI ke capital norms, provisioning rules ya lending restrictions me change NBFC profitability ko directly impact kar sakte hain.

1 7 Negative Operating Cash Flow Risk 🚨

Agar accounting profit ke bawajood cash generation weak rahi, to growth debt-dependent ho jaata hai aur liquidity risk badhta hai.

1 8 No Identifiable Promoter Risk 👤

Clear promoter structure na hone se “skin in the game” aur long-term accountability par governance concerns raise hote hain.

1 9 Asset–Liability Mismatch Risk ⏳

Short-term borrowing aur long-term lending ka mismatch liquidity stress create kar sakta hai, especially funding rollover risk me.

2 0 Employee Cost & Attrition Risk 👥

Large field force ke kaaran salary inflation aur attrition cost control ko challenging bana dete hain.

2 1 Seasonality Risk 📅

MSME businesses festive seasons me strong aur off-season me weak hote hain, jisse EMI delays aur income volatility aa sakti hai.

DETAILS OF CRAR AND OTHER KEY METRICS

Particulars	As of September 30, 2024	As of September 30, 2023	As of March 31, 2024	As of March 31, 2023	As of March 31, 2022
(₹ million, except percentages)					
Total assets (₹ million)	58,225.05	41,159.80	48,730.52	31,294.58	23,156.43
Tier I Capital	13,976.85	6,968.49	10,587.63	6,563.76	6,426.20
Tier II Capital	-	-	-	-	-
Total Capital	13,976.85	6,968.49	10,587.63	6,563.76	6,426.20
Risk Weighted Assets	37,163.92	23,250.25	32,292.76	21,124.92	17,834.20

Particulars	As of September 30, 2024	As of September 30, 2023	As of March 31, 2024	As of March 31, 2023	As of March 31, 2022
(₹ million, except percentages)					
Capital Adequacy Ratio (%)	37.61%	29.97%	32.79%	31.07%	36.03%
CRAR – Tier I Capital (%)	37.61%	29.97%	32.79%	31.07%	36.03%
CRAR – Tier II Capital (%)	-	-	-	-	-
Total Borrowings ⁽¹⁾ to Tangible Equity ⁽²⁾ Ratio ⁽³⁾	2.56	3.78	2.83	3.03	2.16

Notes:

- Total Borrowings represents the aggregate of debt securities, borrowings (other than debt securities) and collateralized borrowing principal outstanding as of the last day of the relevant period.
- Total Tangible Equity represents the aggregate of Equity share capital and Other equity balance less goodwill as of the last day of the relevant period.
- Total Borrowings to Tangible Equity ratio represents Total Borrowings as of the last day of the relevant period upon tangible net worth as of the last day of the relevant period.

PORTFOLIO AT RISK OVER 90 DAYS RATES (STAGE 3 GNPA) AND ROTA RATIOS

Particulars	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
Stage 3 GNPA (%) ⁽¹⁾	3.32%	2.69%	3.19%	2.49%	3.29%
ROTA ⁽²⁾ (%)	4.03%*	4.35%*	4.29%	1.61%	(2.31%)

*Annualized

Notes:

- ⁽¹⁾ Gross NPA represents gross loan book pertaining to loans which are required to be classified as NPA as per the income recognition, asset classification and provisioning norms issued and modified by RBI from time to time.
- ⁽²⁾ ROTA is calculated as the profit after tax for the relevant year as a percentage of Average Total Assets in such year.

COLLECTION EFFICIENCY AND PORTFOLIO AT RISK OVER 30 DAYS RATES

Particulars	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
Collection Efficiency ⁽¹⁾ (%)	92.38%	94.51%	93.95%	93.10%	85.75%
PAR 30+ ⁽²⁾ (%)	4.98%	3.68%	4.06%	3.35%	5.99%

CERTAIN INFORMATION OF BRANCH NETWORK BY STATE AS OF SEPTEMBER 30,2024

State	Year of Entry	Number of Branches	AUM (₹ million)	Percentage of Total AUM (%)
Delhi	2013	2	249.46	0.50%
Uttar Pradesh	2014	64	6,885.96	13.83%
Rajasthan	2015	54	5,842.16	11.73%
Haryana	2015	23	2,840.03	5.70%
Punjab	2015	21	2,504.80	5.03%
Uttarakhand	2016	7	821.05	1.65%
Karnataka	2016	40	2,540.90	5.10%
Tamil Nadu	2017	40	3,081.23	6.19%

State	Year of Entry	Number of Branches	AUM (₹ million)	Percentage of Total AUM (%)
Andhra Pradesh	2017	19	1,640.06	3.29%
Madhya Pradesh	2017	30	3,594.60	7.22%
Telangana	2018	14	1,007.44	2.02%
Himachal Pradesh	2019	6	290.73	0.58%
Chandigarh	2019	1	109.12	0.22%
Maharashtra	2019	40	3,140.38	6.31%
Gujarat	2019	20	1,830.26	3.68%
Bihar	2019	43	7,196.16	14.45%
Jharkhand	2019	20	3,121.83	6.27%
Chhattisgarh	2019	8	387.56	0.78%
West Bengal	2021	21	1,557.07	3.13%
Jammu	2021	1	89.29	0.18%
Orissa	2022	25	1,067.55	2.14%
Total	-	499	49,797.64	100.00%

CERTAIN INFORMATION IN RELATION TO DISBURSEMENTS IN UNSECURED HYPOTHECATION LOAN SEGMENT

Particulars*	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
Disbursements (₹ million)	9,103.62	6,182.01	15,728.98	6,795.97	4,193.61
Disbursement Yield (%)	27.98%	27.89%	28.05%	28.19%	26.28%
Disbursements as a percentage of total disbursements (%)	45.79%	38.22%	40.02%	28.83%	32.15%

* Excluding loans disbursed through SwitchPe.

CERTAIN INFORMATION IN RELATION TO DISBURSEMENTS IN HYPOTHECATION LOAN SEGMENT

Particulars*	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
Disbursements (₹ million)	8,823.89	8,697.41	19,819.87	15,619.71	8,339.00
Disbursement Yield (%)	29.83%	30.10%	30.05%	30.12%	27.97%
Disbursements as a percentage of total disbursements (%)	44.38%	53.77%	50.43%	66.27%	63.94%

* Excluding loans disbursed through SwitchPe.

CERTAIN INFORMATION IN RELATION TO DISBURSEMENTS IN SARAL PROPERTY LOAN SEGMENT

Particulars*	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
Disbursements (₹ million)	276.24	337.68	709.37	688.58	482.18
Disbursement Yield (%)	26.71%	26.79%	26.78%	26.92%	25.16%
Disbursements as a percentage of total disbursements (%)	1.39%	2.09%	1.80%	2.92%	3.70%

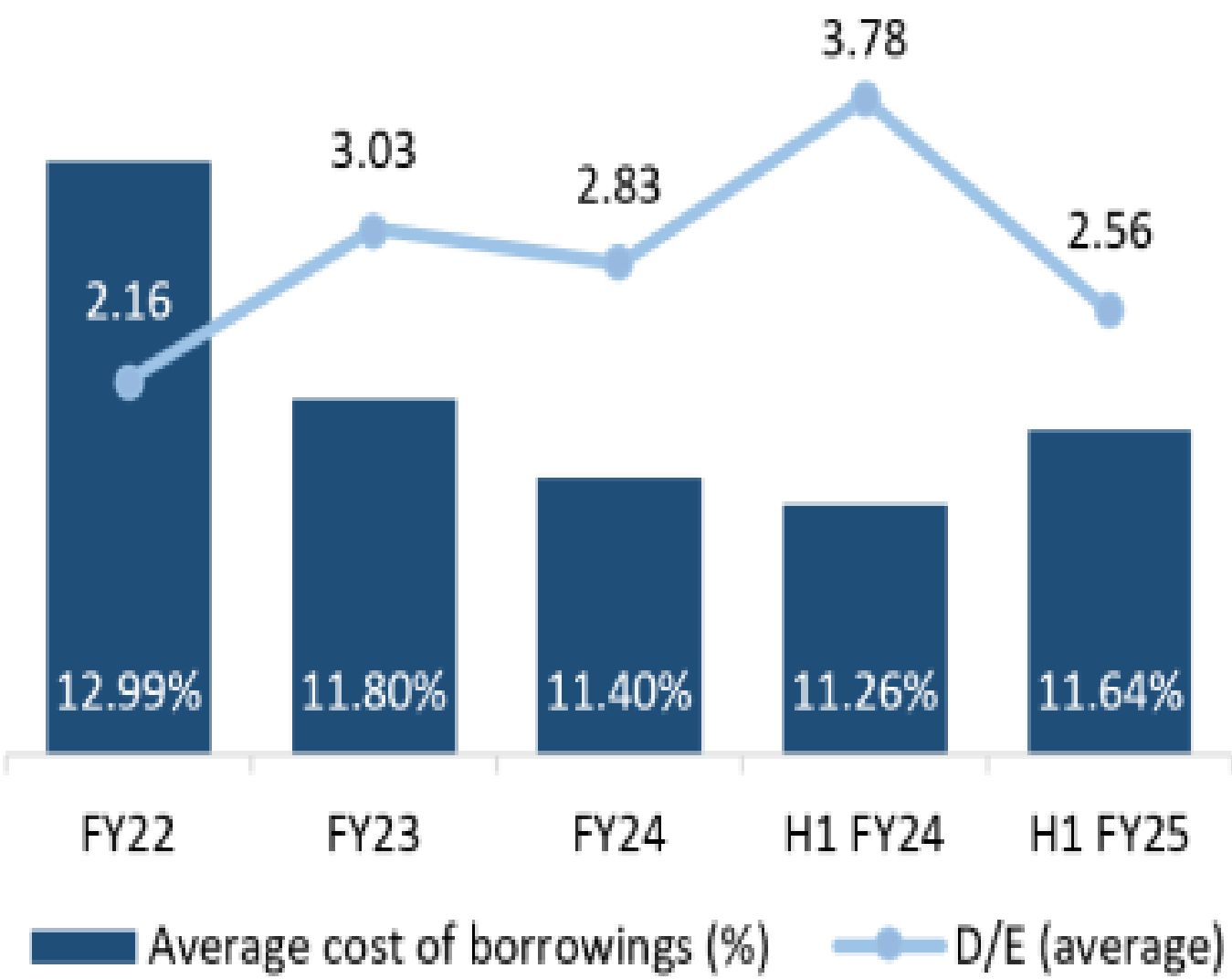
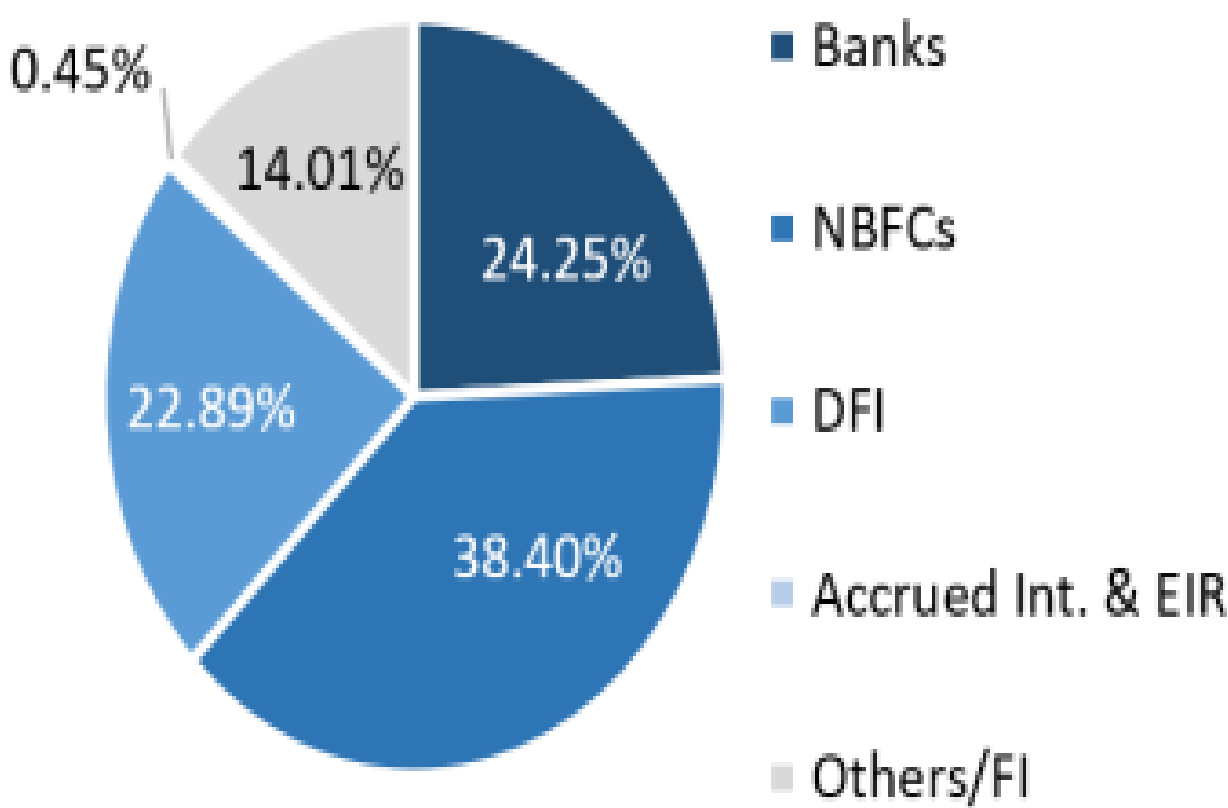
*Excluding loans disbursed through SwitchPe.

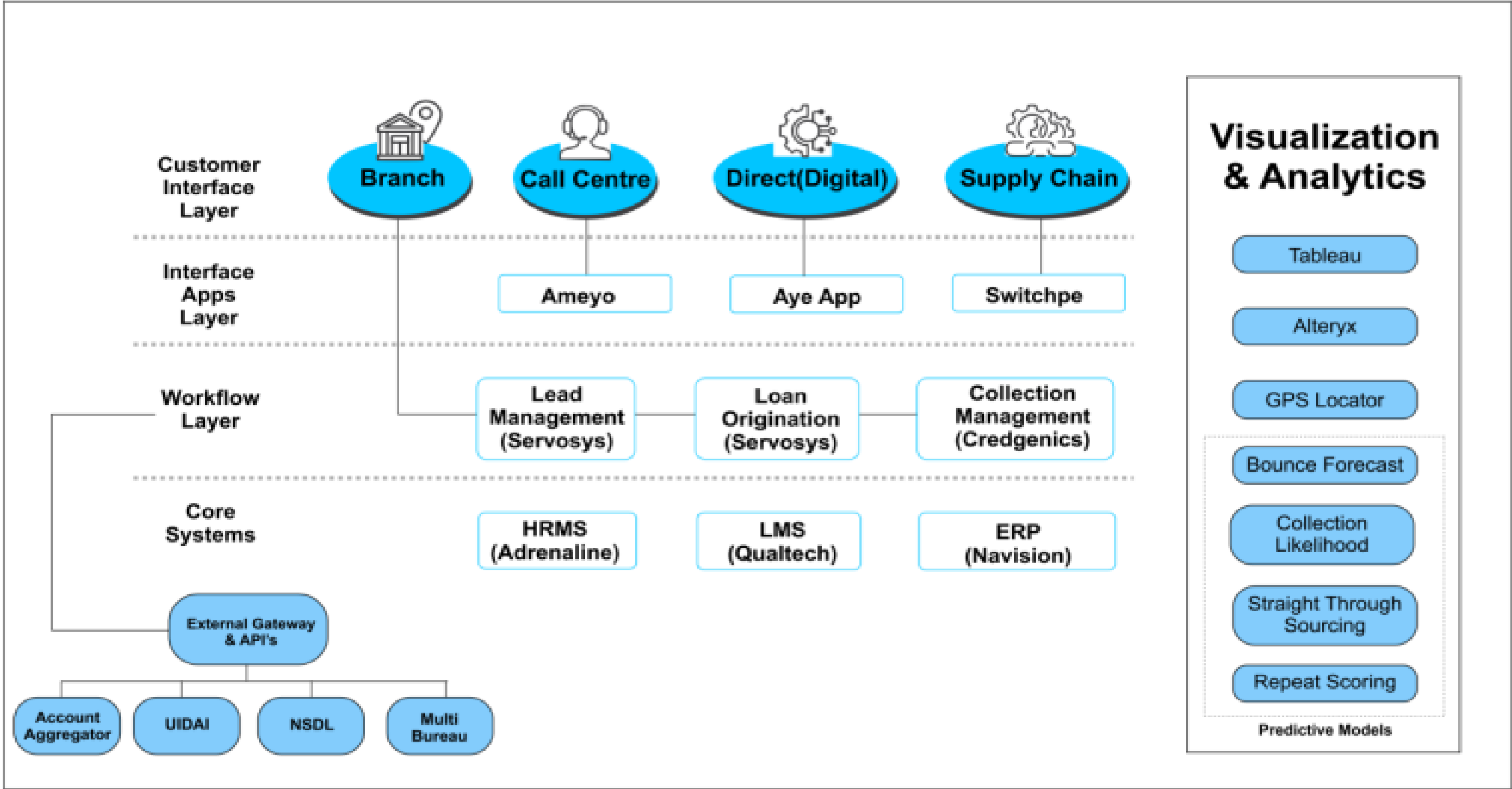
CERTAIN INFORMATION IN RELATION TO DISBURSEMENTS IN MORTGAGE LOAN SEGMENT

Particulars*	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
Disbursements (₹ million)	1,678.90	959.25	3,046.03	465.46	27.69
Disbursement Yield (%)	24.32%	23.52%	23.61%	23.71%	23.52%
Disbursements as a percentage of total disbursements (%)	8.44%	5.93%	7.75%	1.97%	0.21%

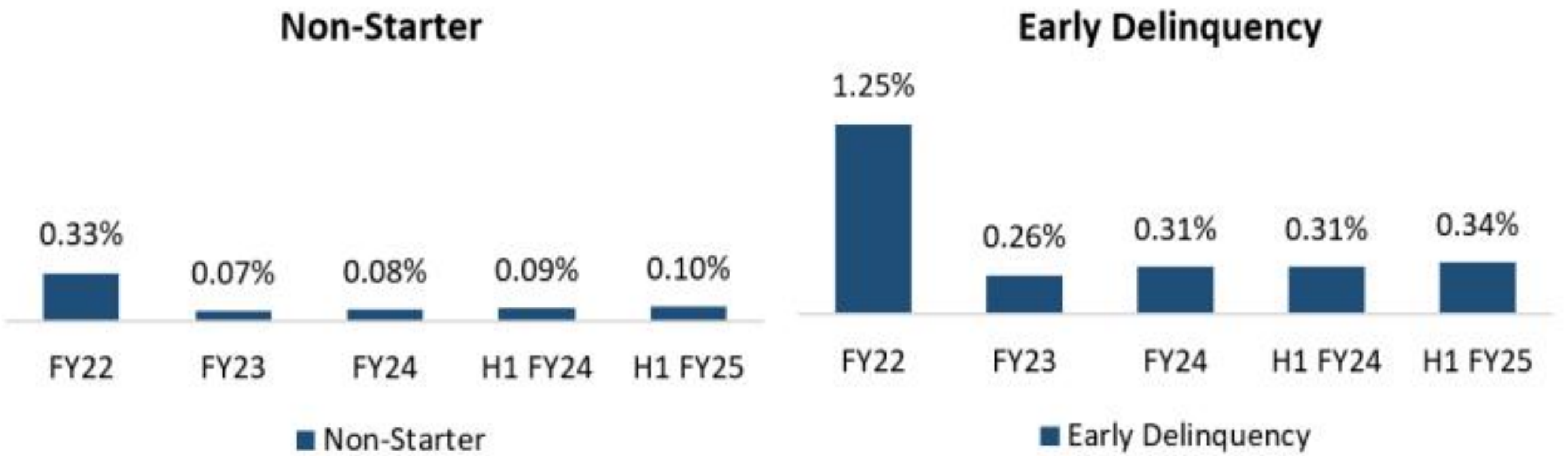
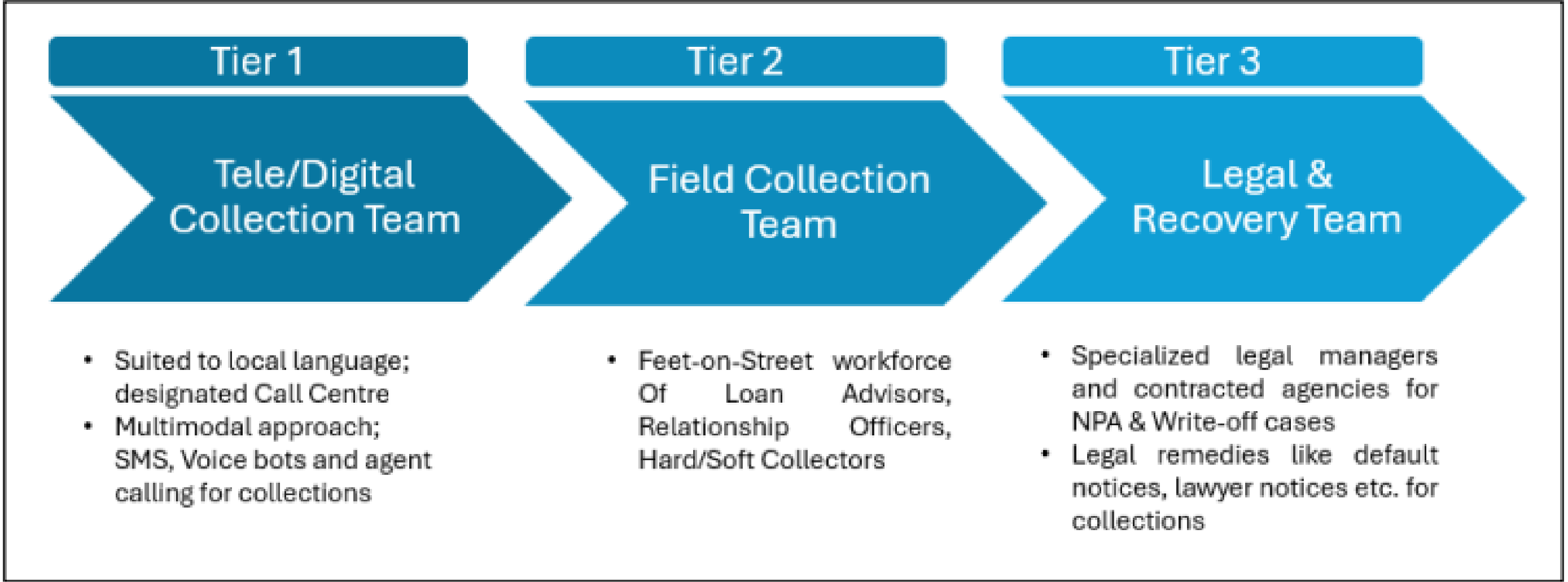
*Excluding loans disbursed through SwitchPe.

Borrowings as of September 30, 2024



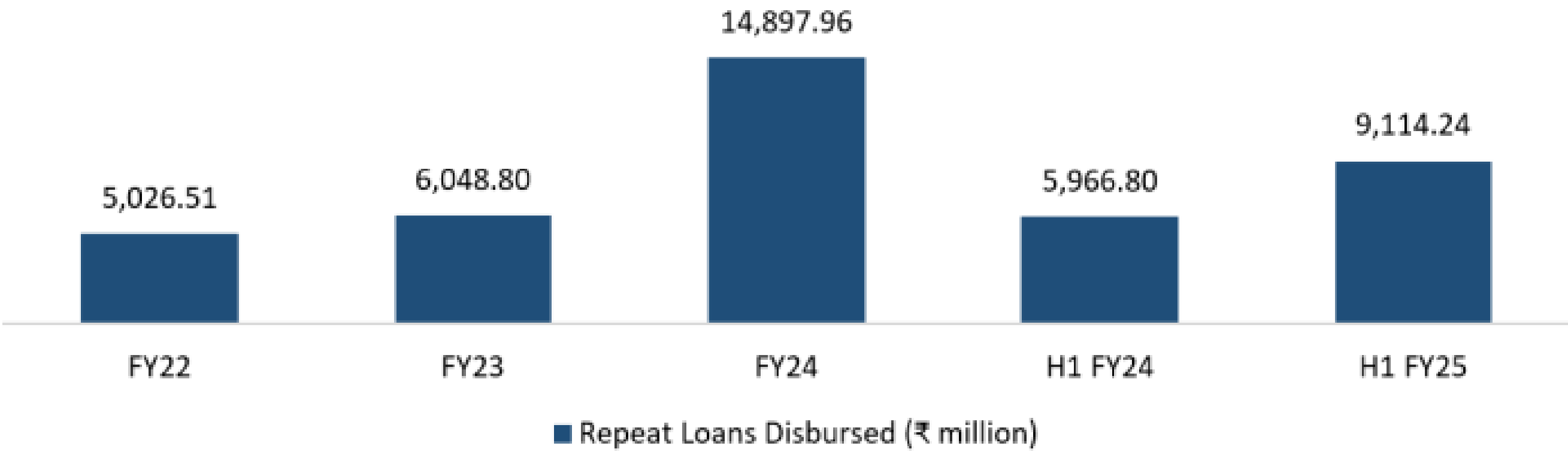


COLLECTION STRATEGY COMPRISES A THREE-TIERED-IN-HOUSE COLLECTION INFRASTRUCTURE

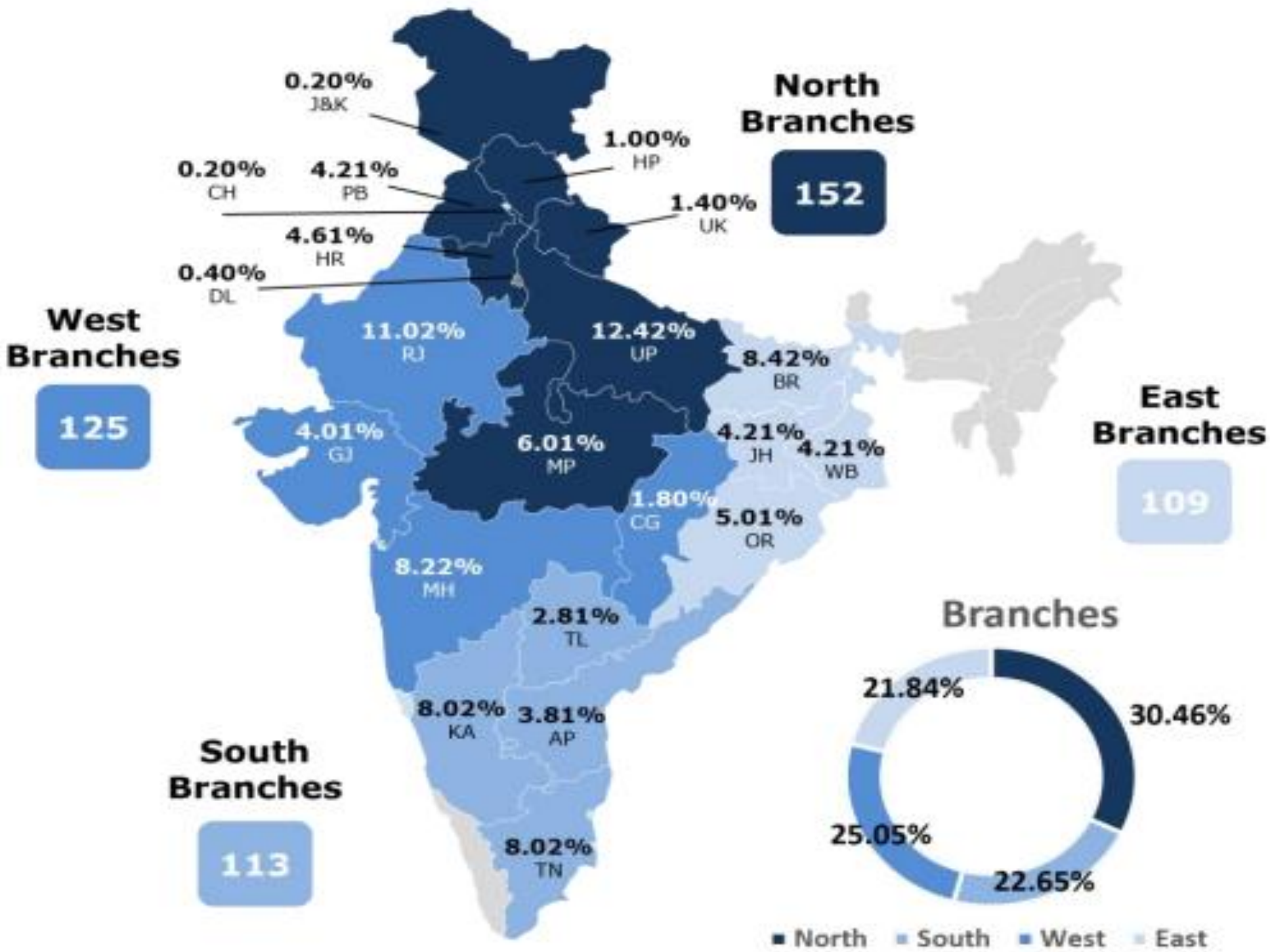
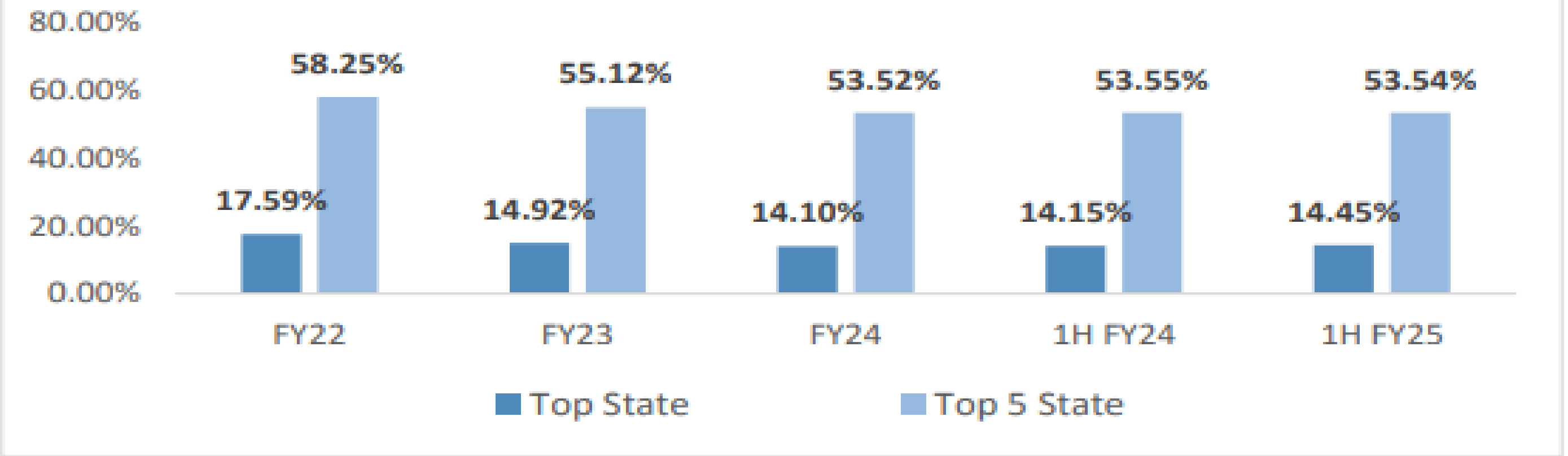


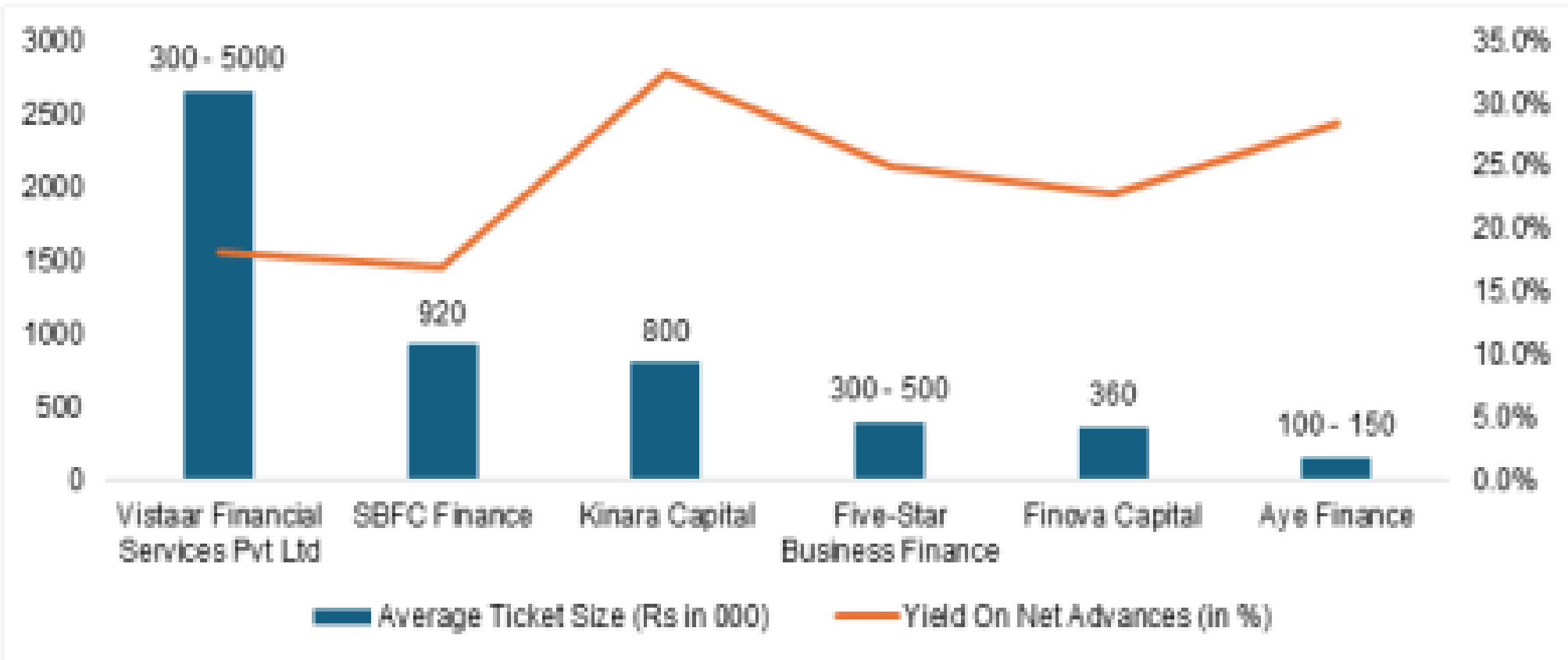
*Non-Starter: Delinquent in first month EMI, Early Delinquency: delinquent in any of first three EMIs.

Repeat Loans Disbursed (₹ million)

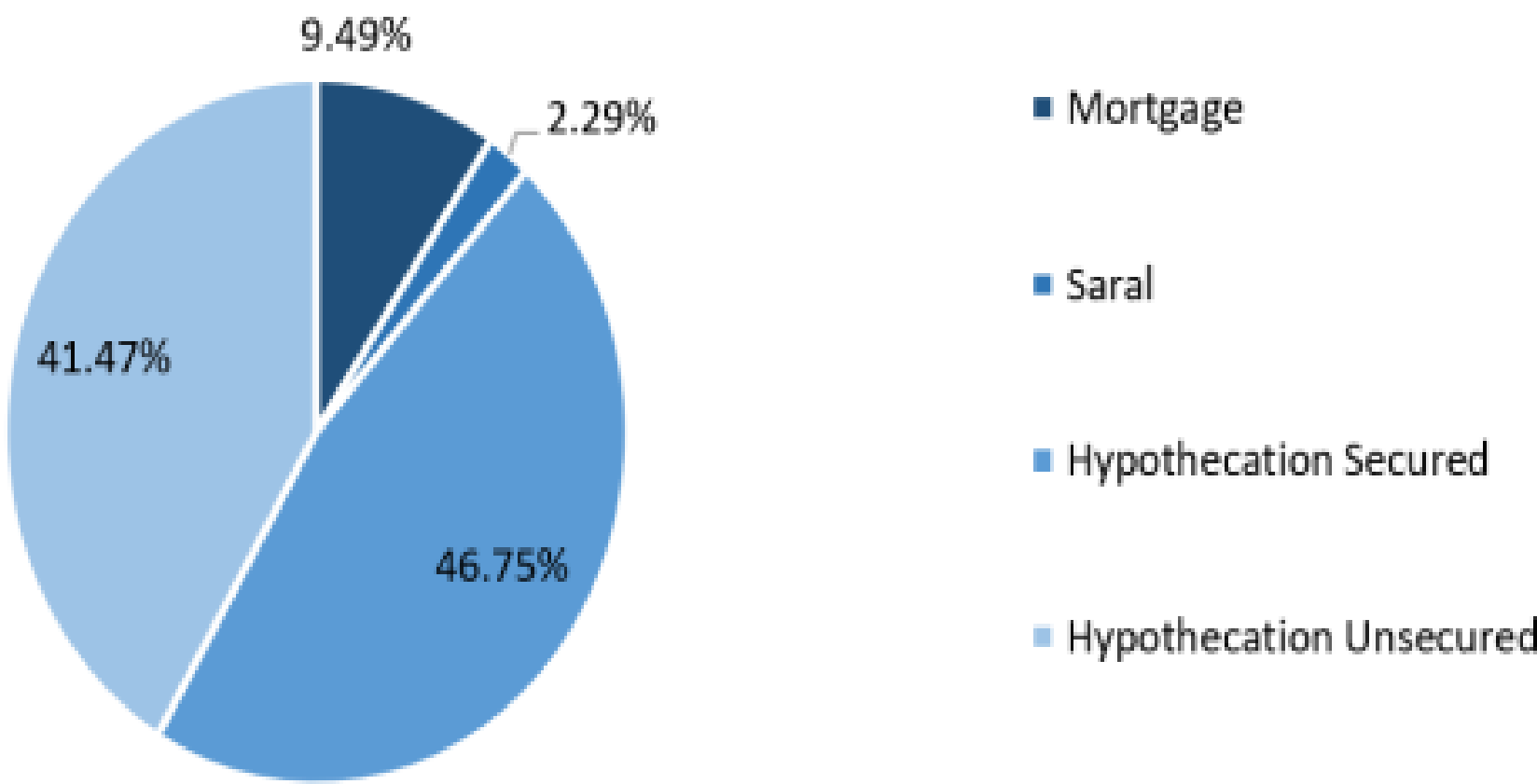


Geographic Concentration of Portfolio

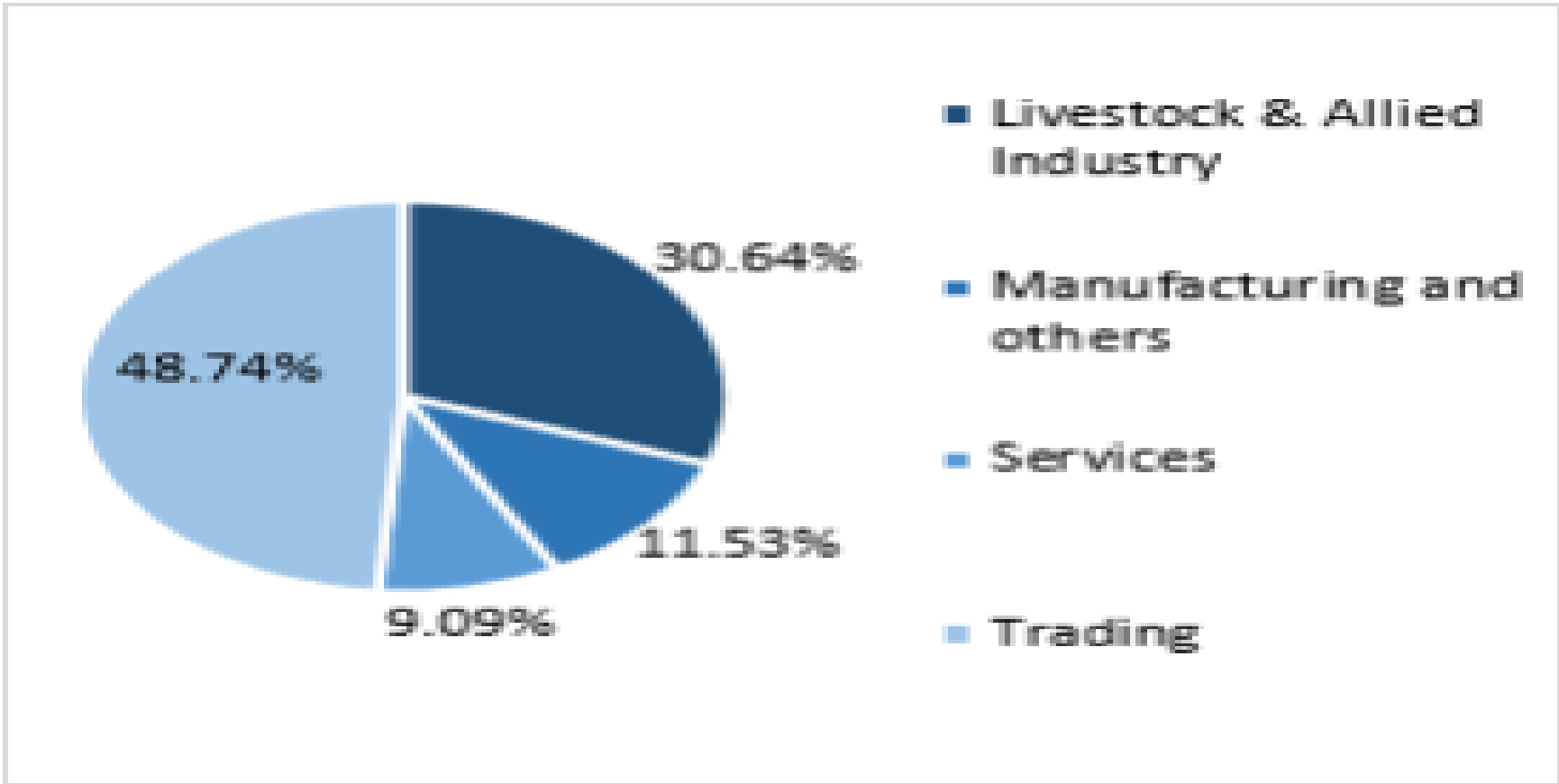
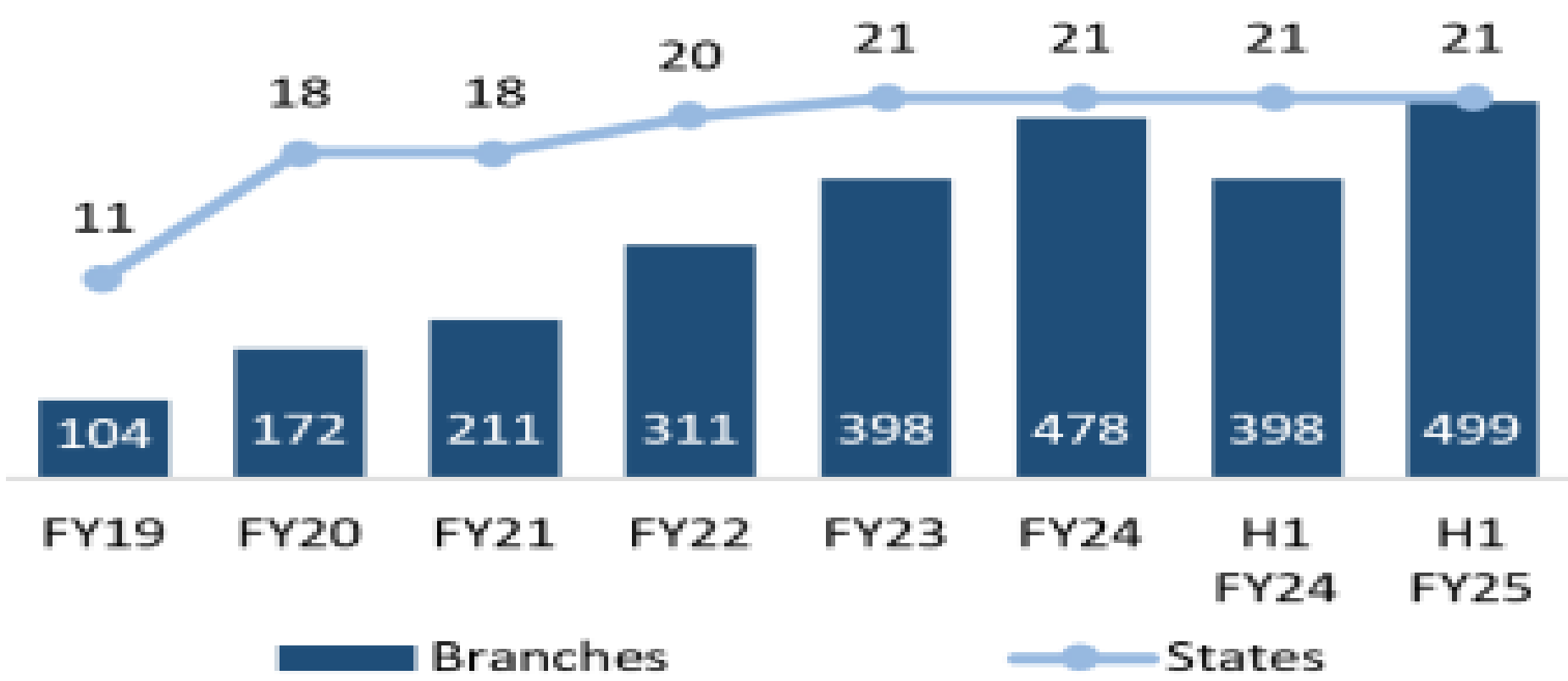


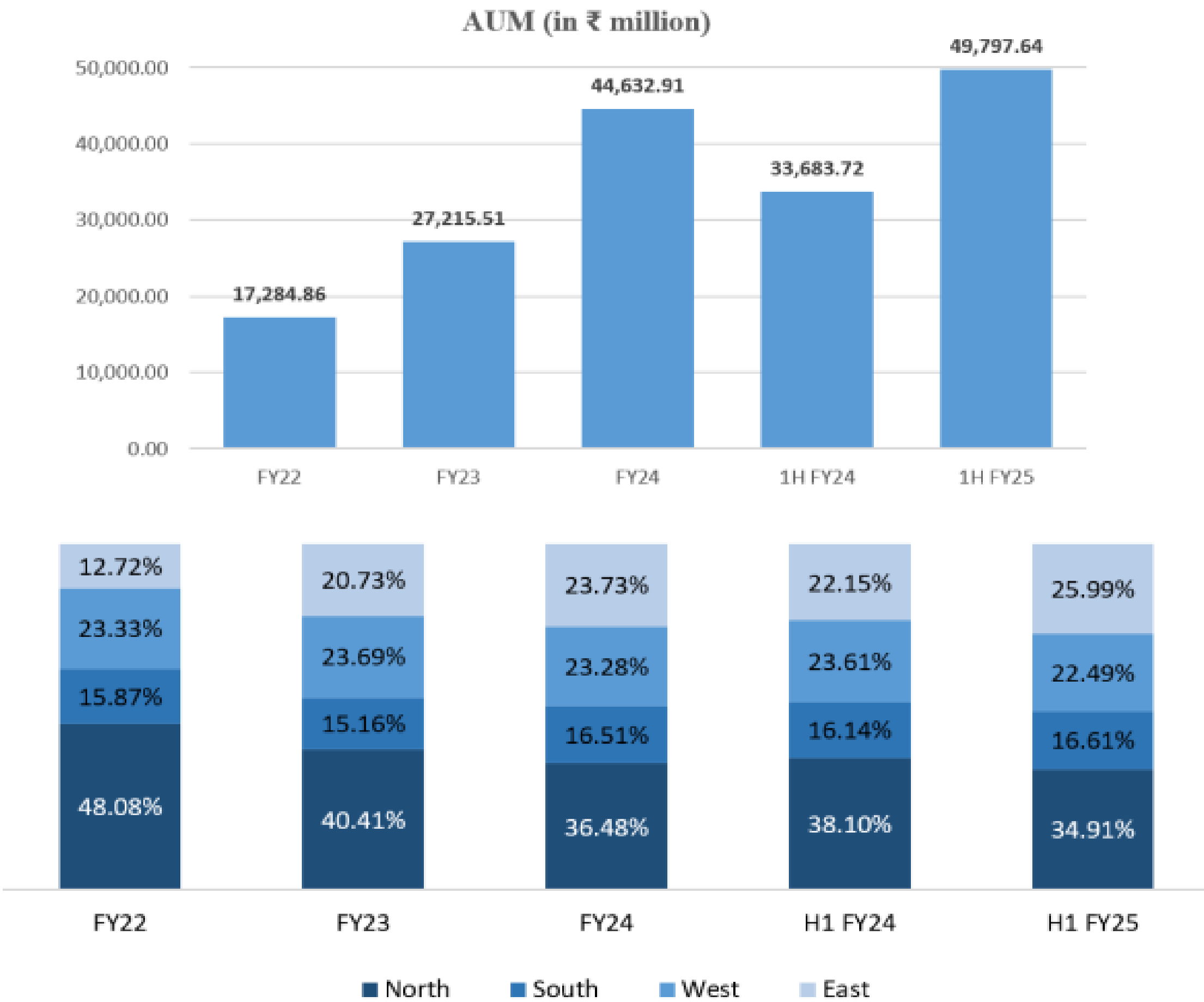


Product Mix (AUM as on September 30, 2024)



Branch Expansion & States Covered





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