



# IPO INSIGHTS



## Tamilnad Mercantile Bank Ltd

**Issue Dates - Opens: 05-09-2022 | Closes: 07-09-2022**

<b>IPO Note</b>	<ol style="list-style-type: none"> <li>1. One of the oldest leading private sector bank in India</li> <li>2. History close to 100 years with strong presence in South India</li> <li>3. Reported second highest net profit in FY22</li> <li>4. Consistently Growing Deposit Base with low-cost CASA</li> <li>5. Outperformed peers in ROE in FY22</li> <li>6. No Identifiable Promoters</li> <li>7. Few Corporate Governance issues</li> </ol>
<b>Rating</b>	★★ (AVERAGE)

### IPO SNAPSHOT

Issue Size	₹ 831.60 Crores
Issue Type	Fresh Issue
Face Value Per Share	₹ 10
Price Band Per Share	₹ 500 - ₹ 525
Minimum Lot Size	28 shares
Listing On	BSE & NSE
Registrar to the Issue	Link Intime Private Ltd

# IPO SNAPSHOT – Tamilnad Mercantile Bank Ltd

<b>About the Company</b>	<ul style="list-style-type: none"> <li>▪ Incorporated as ‘Nadar Bank Ltd’ on May 11, 1921</li> <li>▪ Name changed to ‘Tamilnad Mercantile Bank’ in 1962</li> <li>▪ Headquartered in Thoothukudi</li> <li>▪ One of the oldest and leading private sector bank in India with over 100 years of history</li> <li>▪ Advances portfolio consists of Retail, Agricultural and MSMEs (RAM) Clients</li> <li>▪ Deposits increased at Healthy CAGR of 10.46% falls in top 5 of its peers</li> <li>▪ Advances increased at CAGR of 9.93%</li> <li>▪ CASA to total deposits at 30.50%</li> <li>▪ Net profits increased at CAGR of 41.99% during FY 2020-2022</li> <li>▪ Reported second highest net profit at ₹ 820 crores during fiscal 2022</li> <li>▪ Reported comparatively low credit cost ratio of 0.27%</li> <li>▪ Outperformed Peers in RoE with 16.58% in FY22</li> <li>▪ Well-Capitalized with a Tier-1 Capital Adequacy Ratio of 20.44% in FY22</li> <li>▪ As of March 31, 2022, bank has 509 branches – 106 in rural, 247 in semi-urban, 80 in urban and 76 in metro-politan centres.</li> <li>▪ Strong presence in Tamil Nadu with 369 branches, 949 automated teller machines and 255 cash recycler machines, 91 E-Lobbies, 3,939 point of sales as on March 31, 2022</li> </ul>																																			
<b>Competitive Strengths</b>	<ul style="list-style-type: none"> <li>▪ Strong Legacy, Loyal Customer-Base and focus on improving servicing framework</li> <li>▪ Strong presence in Tamil Nadu with focus on increasing presence in other strategic regions</li> <li>▪ Advances with focus on MSME, Retail and Agricultural Segments</li> <li>▪ Consistently growing deposit base with low-cost retail CASA</li> <li>▪ Strong asset quality, underwriting practices &amp; risk management procedures</li> <li>▪ Consistent financial performance</li> </ul>																																			
<b>Financials (₹ in Millions)</b>	<table border="1"> <thead> <tr> <th>Particulars</th> <th>31-3-2020</th> <th>31-3-2021</th> <th>31-3-2022</th> <th>Y-o-Y</th> </tr> </thead> <tbody> <tr> <td>Net Interest Income</td> <td>13195.1</td> <td>15375.3</td> <td>18152.3</td> <td>18.06%</td> </tr> <tr> <td>Net Interest Margin</td> <td>3.64%</td> <td>3.77%</td> <td>4.10%</td> <td></td> </tr> <tr> <td>PAT</td> <td>4076.9</td> <td>6033.3</td> <td>8219.1</td> <td>37.42%</td> </tr> <tr> <td>GNPA</td> <td>3.62%</td> <td>3.44%</td> <td>1.69%</td> <td></td> </tr> <tr> <td>NNPA</td> <td>1.80%</td> <td>1.98%</td> <td>0.95%</td> <td></td> </tr> <tr> <td>Provision Coverage Ratio</td> <td>80.75%</td> <td>79.53%</td> <td>87.92%</td> <td></td> </tr> </tbody> </table>	Particulars	31-3-2020	31-3-2021	31-3-2022	Y-o-Y	Net Interest Income	13195.1	15375.3	18152.3	18.06%	Net Interest Margin	3.64%	3.77%	4.10%		PAT	4076.9	6033.3	8219.1	37.42%	GNPA	3.62%	3.44%	1.69%		NNPA	1.80%	1.98%	0.95%		Provision Coverage Ratio	80.75%	79.53%	87.92%	
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<b>Valuation</b>	<ul style="list-style-type: none"> <li>▪ Issue Priced at P/BV of 1.40 based on NAV of ₹ 374.41 as on 31-03-2022</li> <li>▪ Post IPO fully diluted paid up equity takes asking price P/E to 9.22 (upper band)</li> </ul>																																			
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<b>Promoters</b>	<ul style="list-style-type: none"> <li>▪ Professionally Managed Bank with no identifiable promoters</li> </ul>																																			

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