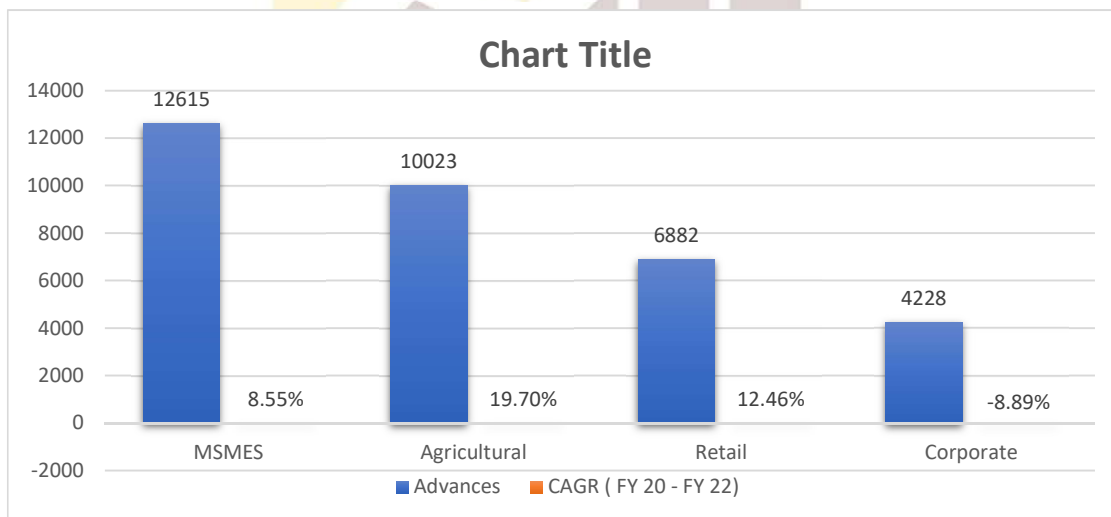


### Overall Review on Tamilnad Mercantile Bank (TMB):-

Tamilnad Mercantile Bank (TMB) is one of the **oldest private sector banks** in India. It offers an array of **banking and financial services** to retail customers, micro, small, and medium enterprises (MSMEs), and more. TMB has a strong portfolio of advances and deposits from a diversified customer base including retail customers, agricultural customers, and MSMEs.

Issue Size	831.6 Cr
Issue Date	5 <sup>th</sup> Sept 2022-7 <sup>th</sup> Sept 2022
Lot Size	28 Shares
Price Band	Rs.500 – Rs. 525
Minimum Amount	Rs.14700 /-

### Asset Portfolio (Advances) :-



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Note :-

Negative Return From Corporate Advances and Lower return From MSMES where Almost 38% of Total Advances are being Advanced.

### Valuations: -

PE Ratio is at 12.4x at Upper band and 1.35x of its Book value which is lower when compared to its peers.

### Positive :-

- Net Interest income is growing at 17% YoY.
- Return on Assets is High at 1.3% when compared to its peer.
- Return on Equity is at 14.1%.
- NPA is at 1.98% , which shows Assets quality is good.
- Provision Coverage Ratio is also at 80% and 99.31% Advances are secured and only 0.69% Advances are unsecured.
- Strong Track Record.

### Negatives :-

- Negative Cash Flows
- Networth of the Bank is Rs. 4580 Cr and almost Rs.11387 Cr of Contingent Liability showed in the Balance sheet. If it is Materialise, then can have Adverse effect.
- 317 Criminal Cases are Filed and Litigation Amount Involved is 6200 Cr and if Bank Need to pay those litigation amount then again can have adverse effect.
- Low CASA Ratio
- Low Credit to Deposit Ratio i.e only at 75% whereas its Peers CDR is at 80-85%. That Shows only 75% of Deposits are being advanced upon which good Interest Income opportunity is being loosing.
- 85% Customers are From Tamilnadu and almost 76% of Deposits and Advances are from Tamilnadu only. Highly Dependent on One State.

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- No Chairman is Appointed yet. However, 2<sup>nd</sup> member is Nominated for the Post of Chairman of Bank whose Decision is pending.

### Final Call :-

- From Long Term view, avoid considering Too many Litigations Pending against Bank and one can prefer its peers over this Bank for Long Term Purpose. However Aggressive Investors who want to bet on Company can consider after listing as expecting some fall after listing.
- From Listing Day perspective, Right now Avoid and one shall consider the response of Investors in 2 days and will be taking Final Call on Last day itself considering response of investors and will be applying ( Being Aggressive Investor ) only if 8-12% listing Day Returns are feasible against 4% - 8% Listing Day Loss.

Disclaimer:- We are not SEBI Registered and All the Views expressed are based on our study . Consult Your Financial Advisor before taking any Decision.



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