



IPO Note

TATA CAPITAL LIMITED

Oct 06rd, 2025



Oct 06th, 2025**Details of the Issue**

Price Band	₹ 310 - ₹ 326
Issue Size	₹ 15,511.87 Cr
Face Value	₹ 10
Bid Lot	46
Listing on	BSE,NSE
Post Issue Mcap	₹ 1,38,383 Cr
Investment Range	₹ 14,260 - ₹ 14,996

Important Indicative Dates (2025)

Opening	06 - Oct
Closing	08 - Oct
Basis of Allotment	09 - Oct
Refund Initiation	10 - Oct
Credit to Demat	10 - Oct
Listing Date	13 - Oct

Lead Manager

Kotak Mahindra Capital Company Ltd
Axis Capital Ltd
BNP Paribas
Citigroup Global Markets India Pvt Ltd
HDFC Bank Ltd

Offer Details

Offer Size	₹ 15,512 Cr
Fresh Issue	₹ 6,846 Cr
OFS	₹ 8,665.87 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	7,756	238	250	50
NII	2,327	71.37	75.06	15
Retail	5,429	167	175	35
Em- ploy.	-	-	-	-
Total	15,512	476	500	100

Invest Now**Company Profile**

Tata Capital Limited (TCL), a subsidiary of Tata Sons Private Limited, is a diversified NBFC in India offering a broad range of financial products and services to retail, corporate, and institutional clients. Its offerings include consumer loans (personal, home, auto, education, and loans against property), commercial finance (term loans, working capital, equipment financing, and lease rental discounting), wealth management (portfolio management, investment advisory, and financial product distribution), investment banking (equity capital markets, M&A advisory, structured finance), private equity (investing in high-growth companies), and cleantech finance (renewable energy, energy efficiency, waste and water management projects). As of March 31, 2025, TCL provides 25+ lending products to a diverse clientele, including salaried and self-employed individuals, entrepreneurs, SMEs, and corporates. By June 30, 2025, it operated 1,516 branches across 1,109 locations in 27 States and Union Territories. Beyond lending, TCL also offers non-lending services like third-party product distribution, insurance, credit cards, wealth management for HNIs and retail clients, and private equity investments.

GEPL's Insights & Investment Thesis:

- Tata Capital Ltd is the third largest NBFC in India and has delivered strong AUM growth, driven by retail lending, rising home loan disbursements, and deeper penetration in emerging markets. The merger with Tata Motors Finance has further boosted scale, balance sheet strength, and customer reach.
- The company offers 25+ products, from small loans of ₹10,000 to large-ticket financing of ₹100 crore. Its well-diversified portfolio across segments, sectors, geographies, and ticket sizes ensures a balanced loan book with low concentration risk.
- Based on the FY25 book value, relative to the company's post-IPO paid up capital, the issue is priced at a P/B ratio of 4.1x. We believe that the company is one of the largest NBFC in India with a strong parentage of Tata group, delivered strong AUM growth, and has a diversified product portfolio. Therefore, we recommend a "Subscribe" rating for the issue.

Business Highlights & Services

Tata Capital Limited the flagship financial services company of the Tata Group, leverages the legacy and credibility of one of India's most distinguished business conglomerates with over 150 years of history. The Group is India's largest with 26 listed companies and a combined market capitalization of ₹27.8 trillion (as of March 31, 2025), while the "Tata" brand remains India's most valuable. TCL's strong positioning within the Group ecosystem allows access to over 70 Group companies and 950+ dealer and vendor partners, enhancing cross-selling and market reach. TCL is the third-largest diversified NBFC in India with Total Gross Loans of ₹2,334 Bn (June 30, 2025) and is the most comprehensive among large NBFCs in terms of product offerings. Its material subsidiary, TCHFL, operating in housing finance, has demonstrated robust growth with Total Gross Loans of ₹711.5 billion and a 32.6% CAGR over two years. TCL offers 25+ lending products catering to salaried and self-employed individuals, entrepreneurs, SMEs, and corporates, with loan sizes ranging from ₹10,000 to over ₹1 billion. The company maintains a well-diversified loan portfolio, ensuring no single product contributes more than 20% of total loans, and spreads risk across customer segments, sectors, and geographies.



Tata Capital's digital ecosystem, including website and mobile apps, recorded over 21.9 million app downloads and 75.8 million website visits in FY25, further strengthening customer reach and engagement. This combination of strong brand equity, diversified product portfolio, broad distribution network, and digital integration positions TCL as a resilient, growth-oriented NBFC capable of delivering sustainable returns across economic cycles.

TCL is a highly rated, diversified NBFC with AAA/Stable ratings from CRISIL, ICRA, CARE, and India Ratings, and strong international ratings from S&P and Fitch, enabling access to a broad and competitive funding base across banks, financial institutions, mutual funds, insurance and pension funds, and debt instruments, with no single lender contributing more than 10% of total borrowings. TCL's disciplined ALM and diversified funding, including NHB borrowings via TCHFL and a \$400 million maiden dollar bond, support a sustainable cost of borrowings of 7.8% (FY25). The company is a digital and analytics-driven lender, integrating technology across onboarding, underwriting, collections, servicing, and cross-selling. Over 97% of customers are onboarded digitally, underwriting leverages credit bureaus, financial statements, scorecards, business rule engines, and Generative AI, while 98%+ of collections are processed online using predictive ML models and geo-fencing. TCL's digital ecosystem, including mobile apps with 21.9 million downloads, web, chat, WhatsApp, and IVR, handles 95%+ of customer requests, offering 200+ self-service options. This combination of strong credit profile, diversified funding, robust risk management, and advanced digital capabilities positions TCL to deliver scalable, profitable, and resilient growth across economic cycles.

TCL has achieved robust growth through a diversified portfolio of 25+ lending products and an extensive pan-India presence with 1,516 branches, serving a wide range of customer segments. The company's growth strategy focuses on expanding its product suite and distribution network, both physical and digital, to capture emerging market opportunities and enhance revenue streams. TCL has demonstrated agility in launching new products, including microfinance loans (FY22-23), secured business and education loans (FY24), and new car loans (FY25), while scaling recently introduced offerings such as Affordable Housing Loans, Affordable Loan Against Property, and Secured Business Loans to increase their contribution to Total Gross Loans. The company has strategically invested in expanding its branch network, achieving a 2.1x increase since FY23, while its digital platforms have experienced substantial traction, with mobile app downloads exceeding 21.9 million and website traffic reaching 75.8 million visits in FY25. TCL's 'Phygital' model integrates branch and digital channels to enhance reach, customer engagement, and cost-effective distribution, thereby supporting higher margins and profitable growth.

TCL's growth is underpinned by disciplined risk management, robust credit underwriting, and advanced collections infrastructure, ensuring high asset quality and sustainable profitability across economic cycles. The company leverages advanced analytics, AI, ML, and Generative AI for data-driven credit decisions, enhanced collections efficiency, and optimized operational costs, strengthening margins and supporting PAT growth. Continued investments in digital infrastructure, cybersecurity, and analytics enable TCL to drive productivity, improve customer experience, cross-sell effectively, and maintain operational resilience, positioning the company to sustainably expand revenue, protect margins, and deliver long-term profitability. (TCL) is focused on optimizing its funding strategy to support business growth, profitability, and enhanced Net Interest Margin (NIM). The company plans to diversify its funding sources, leveraging long-term debt instruments such as NCDs and external commercial borrowings (ECBs) to secure competitive financing. By broadening its liability base and extending the tenor of borrowings, TCL aims to maintain prudent asset-liability management, mitigate liquidity risks, and preserve its strong credit ratings, thereby ensuring lower borrowing costs and price-competitive lending products. Equally, TCL recognizes its people as a critical driver of success. The company invests in attracting, retaining, and developing top talent through career progression, leadership programs, and a culture of innovation, diversity, and inclusion. The expertise and engagement of its Key Managerial Personnel and Senior Management are central to executing strategic initiatives, sustaining operational excellence, and driving long-term profitability. This dual focus on funding efficiency and human capital positions TCL to support sustainable growth, strengthen margins, and deliver consistent returns to stakeholders.

Gross Loan Mix Details

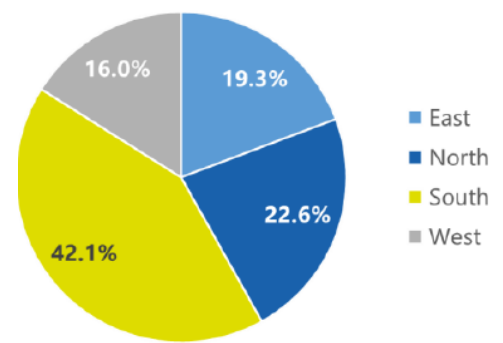
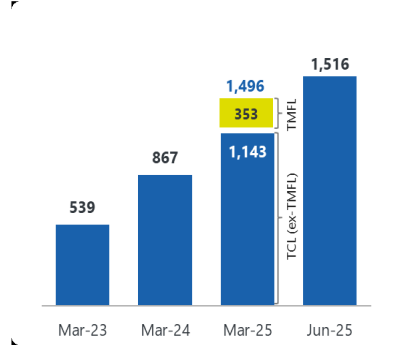
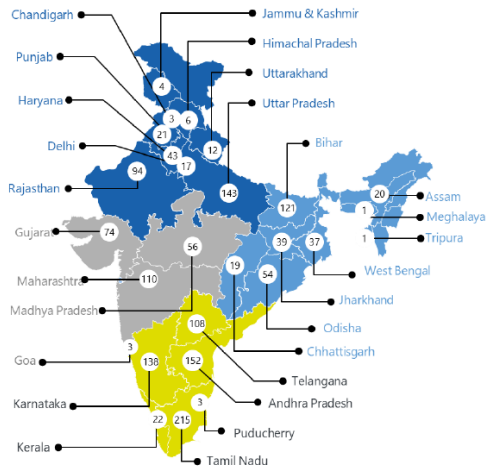
Particular	FY25		FY24		FY23	
	Amount (in Cr)	%	Amount (in Cr)	%	Amount (in Cr)	%
Retail Finance	1,41,114	62.29%	95,032	58.94%	68,188	56.73%
SME Finance	59,463	26.25%	46,762	29.00%	39,203	32.62%
Corporate Finance	25,976	11.47%	19,438	12.06%	12,806	10.65%
Total	2,26,553	100%	1,61,231	100%	1,20,197	100%



Lending vs Non-Lending Business breakup

Particular	FY25		FY24		FY23	
	Amount (in Cr)	%	Amount (in Cr)	%	Amount (in Cr)	%
Lending Business	27,647	97.45%	17,635	96.91%	12,590	92.32%
Non-Lending Business	723	2.55%	563	3.09%	1,047	7.68%
Total	28,370	100%	18,198	100%	13,637	100%

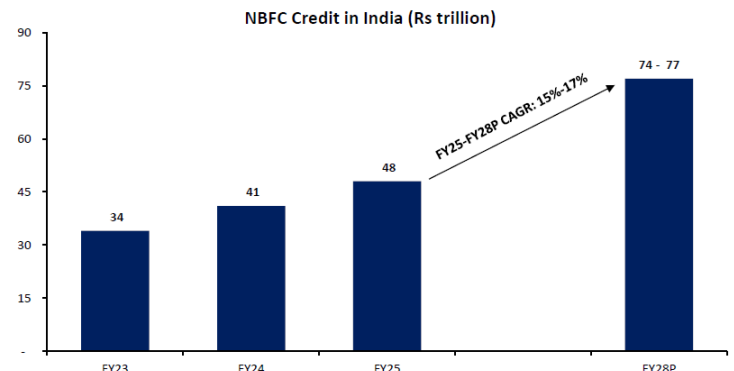
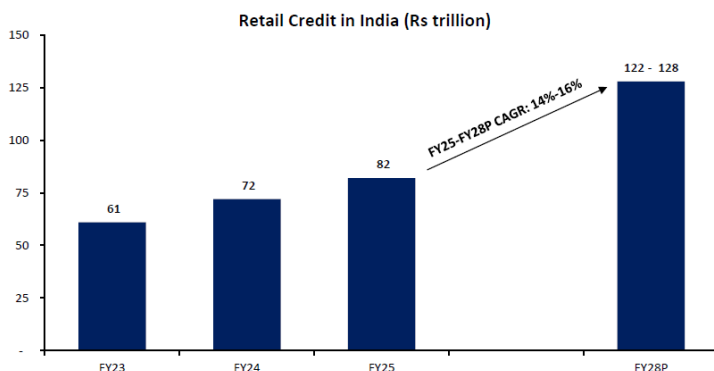
Geographical Footprint and Branch Network



Key Lending Product

Loan Type	Gross Loans as of Jun'25 (cr)	as a % of Total Gross Loans	Average Ticket Size (lakh)	Average Tenor (years)	Average Rate of Interest
Home Loans	40,159	17.20%	32	30	9.80%
Term Loans	36,940	15.80%	2,583	8	10.90%
Loans against Property	27,811	11.90%	16	20	11.40%
Commercial Vehicle Loans	24,700	10.60%	16	5	12.10%
Cleantech & Infrastructure Finance	20,566	8.80%	13,733	23	10.40%
Personal Loans	15,282	6.50%	4	7	16.00%
Supply Chain Finance	14,905	6.40%	335	1	10.90%
Developer Finance	12,919	5.50%	6,300	7	12.50%
Business Loans	9,373	4.00%	12	5	17.80%
Two-wheeler Loans	7,100	3.00%	1	5	20.30%
Others	23,645	10.10%	-	-	-
Total	2,33,399	100.00%	-	-	-

Industry Outlook





Peers Comparisons

Name of the company	Face Value (₹)	Total Revenue (In Cr)	EPS	P/E (x)	RoNW(%)
Tata Capital Ltd	10	28,313	9.3	NA	11.2
Peers Group					
Bajaj Finance Ltd	1	69,684	26.8	37.8	17.4
Shriram Finance Ltd	2	41,834	50.8	12.1	16.8
Cholamandalam Investment and Finance Company Ltd	2	25,846	50.6	31.5	18
L&T Finance Ltd	10	15,924	10.6	23.1	10.3
Sundaram Finance Ltd	10	8,486	170.5	26.9	13.8
HDB Financial Services Ltd	10	16,300	27.3	28.1	14.6

Company's Competitive Strength

- Flagship financial services company of the Tata group, with a legacy of over 150 years.
- Third largest diversified NBFC in India, with the most comprehensive lending product suite.
- Omni-channel distribution model, comprising our pan-India branch network, partnerships and digital platforms.
- Prudent risk culture and robust credit underwriting and collections capabilities, resulting in stable asset quality.
- Digital and analytics at the core of the business, driving high quality experience and business outcomes.
- Highest credit rating with a diverse liability profile.
- Consistent track record of strong financial performance highlighted by attractive asset quality.
- Experienced management backed by a team of dedicated professionals.

Key Strategies Implemented by Company

- Continue the growth trajectory by enhancing the product offerings and strengthening the distribution network.
- Continue to strengthen the risk management framework, credit underwriting and collections infrastructure to maintain high asset quality.
- Continue to leverage technology and data analytics across the lending value chain to enhance efficiency, reduce costs, improve customer experience and manage risks.
- Continue to maintain the credit ratings and a diversified liability mix to optimise the borrowing costs.
- Continue to attract, train and retain talented employees.
- Harness the merger with TMFL to become a full-stack provider of vehicle finance, while leveraging the capabilities towards superior business outcomes.

Particular (INR in Cr)	Q1 FY26	FY25	FY24	FY23
Equity Capital	3,951	3,762	3,703	3,579
Reserves and Surplus	29,638	29,430	19,714	13,761
Net Worth	33,589	33,192	23,417	17,340
Interest Income	6,932	25,720	16,366	11,911
NII	2,866	10,690	6,798	5,310
Growth (%)		57%	28%	
Operating Profit before Provision	2,291	7,722	4,994	4,519
PAT	1,041	3,655	3,327	2,946
PATM (%)	15.0%	14.2%	20.3%	24.7%
ROE (%)	12.5%	12.6%	15.5%	20.6%
ROA (%)	1.8%	1.8%	2.3%	2.9%
GNPA(%)	2.1%	1.9%	1.5%	1.7%
NPA(%)	1.0%	0.8%	0.4%	0.4%



Notes

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