



TATA CAPITAL



Tata Capital Ltd.

Tata Capital Ltd.

Rating NEUTRAL	Issue Opens On Oct 06, 2025	Issue Closes On Oct 08, 2025	Listing Date Oct 13, 2025	Price Band (INR) 310 - 326	Issue Size (INR Mn.) 155,119
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Company Overview:

Tata Capital, incorporated in 2007, is a diversified NBFC, operating as a systemically important core investment company regulated by the Reserve Bank of India (RBI).

The Company provides a broad spectrum of financial services of more than 25 lending products, catering to retail, corporate, and institutional customers, with a presence of **over 1500+ branches across India**.

The lending business is diversified primarily into retail finance (home loans, personal loans, vehicle finance, education loans, microfinance) comprising ~60.0% of AUM, and SME finance (supply chain finance, equipment finance, leasing, cleantech finance) contributing ~25.0% of AUM. Beyond lending, it also distributes third-party products such as insurance and credit cards, provides wealth management services, and acts as a sponsor and investment manager to private equity funds.

Outlook:

The Company is one the leading Indian diversified NBFC, catering to range of customers spanning across diverse end-sectors. Being a "Tata" Group Company, it has easy access to borrowing at lower cost of capital, while has entrenched trust of its existing and prospective customers on the brand and business ethics. It offers range of financial products both in lending and non-lending businesses, through its large network of 1,500+ offline branches and integrated digital platform encompassing website, mobile app, and WhatsApp chatbot, for end-to-end loan processing, customer onboarding, and self-service.

It has recently acquired Tata Motor Finance to build its presence in passenger and commercial vehicle financing. The Company aims to improve its market share through expanding its presence across Tier-2 cities and beyond, by deploying its phygital platform. Over FY23-25, it has been able to scale its loan book at ~37.0% CAGR, while the NII and PPOp has witnessed a growth of 41.9% and 33.2% CAGR, driven by its omni-presence strategy.

Tata Capital's initial issue is priced at 4.1x TTM P/B, compared to peer avg. of 3.7x TTM P/B. On comparing its valuation and return profile of ~4.1x P/B and ~1.9% RoA, compared to peer average of ~3.7x P/B and ~3.0% RoA, it appears fairly valued. Although, we believe that it will be able to scale its loan book at healthy pace, driven by its omni channel presence and strong parentage, its returns appear low compared to other listed NBFC's. We assign a "NEUTRAL" rating to the issue.

Particulars (INR Mn.)	FY23	FY24	FY25
Net Interest Income (NII)	53,103	67,982	1,06,901
PROP	43,642	49,959	77,480
Provisions	5,743	5,923	28,268
Profit After Tax	29,458	33,270	36,550

Source: IPO Prospectus, DevenChoksey Research

OFFER STRUCTURE

Particulars	IPO Details
No. of shares under IPO (Mn.)	475.8
Fresh issue (# shares) (Mn.)	210.0
Offer for sale (# shares) (Mn.)	265.8
Price band (INR)	310 – 326
Post issue MCAP (INR Mn.)	13,15,909 – 13,85,827

Issue	# Shares	INR Mn.	%
QIB	23,79,12,140	77,559	50%
NIB	7,13,73,642	23,268	15%
Retail	16,65,38,498	54,292	35%
Net Offer	47,58,24,280	1,55,119	100%

Shareholding Pattern	Pre Issue (%)	Post Issue (%)
Promoters	95.6%	85.4%
Public	4.4%	14.6%
Total	100.0%	100.0%

Objects of the Offer	INR Mn.
Augmentation of the company's Tier – I capital base to meet the company's future capital requirements including onward lending	68,460

BRLM

Kotak Mahindra Capital Company Ltd
Axis Capital Limited
BNP Paribas
Citigroup Global Markets India Private Limited
HDFC Bank Limited
HSBC Securities & Capital Markets (India) Pvt Ltd.
ICICI Securities Limited
IIFL Capital Services Limited
J.P. Morgan India Private Limited
SBI Capital Markets Ltd

Indicative Timetable

Offer Closing Date	Wednesday, Oct 8, 2025
Basis of Allotment	Thursday, Oct 9, 2025
Initiation of Refunds	Friday, Oct 10, 2025
Credit of Shares to Demat	Friday, Oct 10, 2025
Listing Date	Monday, Oct 13, 2025

Source: IPO Prospectus

Tata Capital Ltd.

Industry Overview

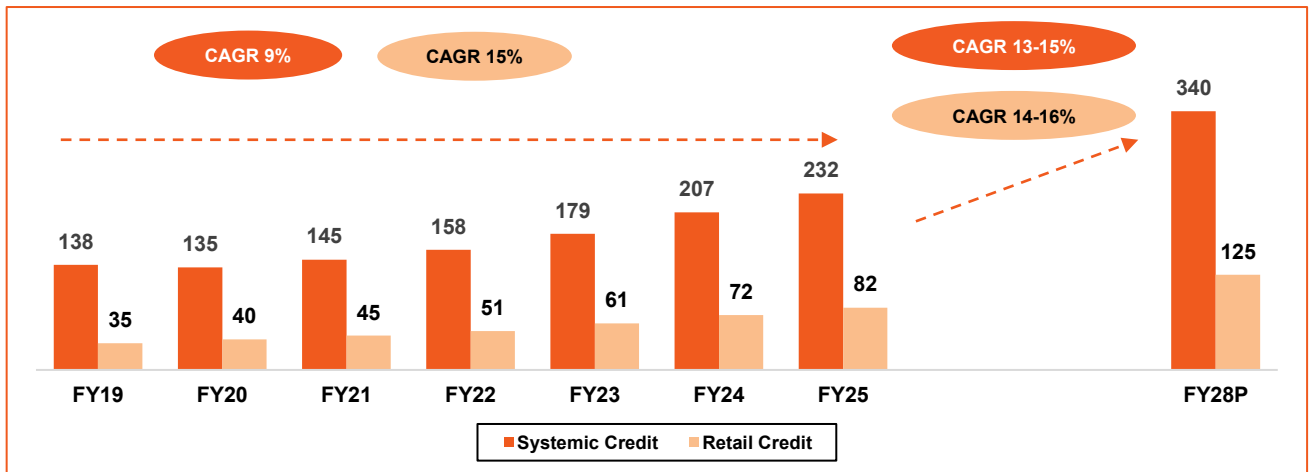
Evolution and Growth of NBFCs:

- The Non-Banking Financial Company (NBFC) sector in India has witnessed substantial evolution in terms of scale, operational sophistication, technological adoption, and the breadth of financial products offered.
- Assets Under Management (AUM) has witnessed significant expansion from less than INR 2tn in 2000 to ~INR 48tn as of FY25.
- NBFC credit has observed expansion at 13.2% CAGR over FY19-25, driven by strong demand across retail, MSME, and corporate segments.
- Moreover, the credit growth is expected to grow at a healthy pace of 15.0–17.0% CAGR over FY25-28E, led by stronger consumer demand and increasing financial inclusion, particularly in the underserved segments. The ongoing recovery in consumption trends is also anticipated to contribute meaningfully to the credit momentum in FY26.

Market Share and Role in the Financial Ecosystem:

- NBFCs accounted for ~21.0% share of the overall systemic credit as of FY25, compared to ~72.0% contribution of banks. Its share is expected to increase to 22.0% by FY28E, led by healthy credit growth.
- NBFCs compete with banks, microfinance institutions, digital lenders and Fintechs, by leveraging their strengths in last-mile credit delivery, faster processing, and tailored solutions. With deep rural and semi-urban penetration, NBFCs play a key role in financial inclusion by serving underserved segments, including informal sector borrowers and those without credit histories.

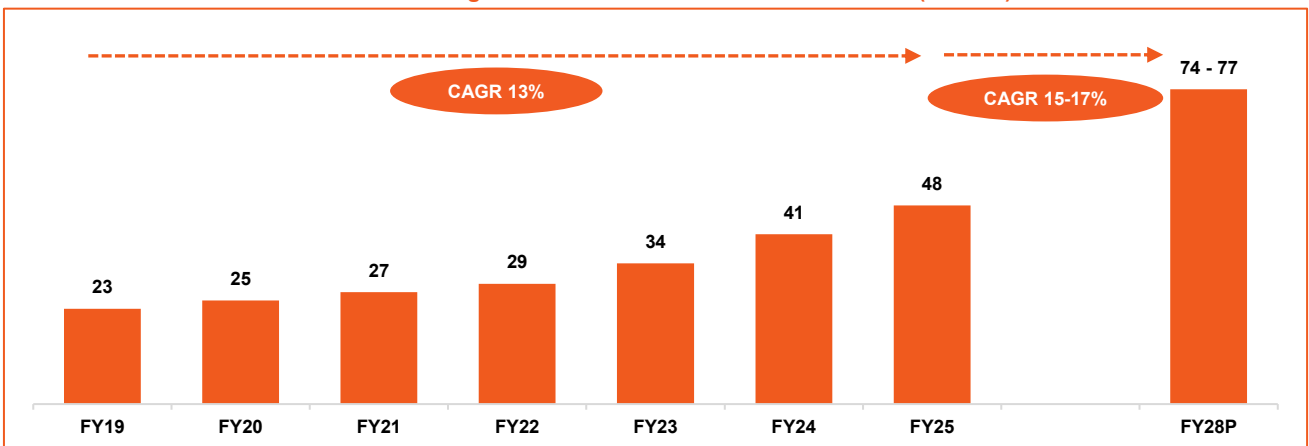
Systemic credit to grow by 13-15% between FY25 and FY28 (INR Tn.)



Note: P: Projected; systemic credit includes domestic banking credit (after deduction of bank lending to NBFC), NBFC credit, commercial papers, external borrowings, corporate bonds excluding those issued by banks and NBFCs

Source: IPO Prospectus, Deven Choksey Research

NBFC credit to grow at 15-17% between FY 25 and FY 28 (INR Tn.)

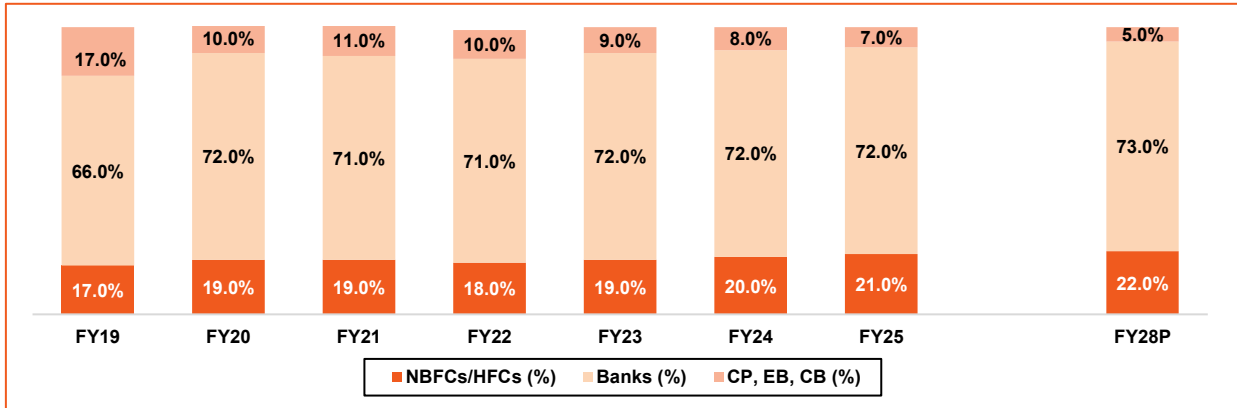


Source: IPO Prospectus, DevenChoksey Research

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Industry Overview

Share of NBFC Credit in overall Systemic credit to reach 22% by FY28P

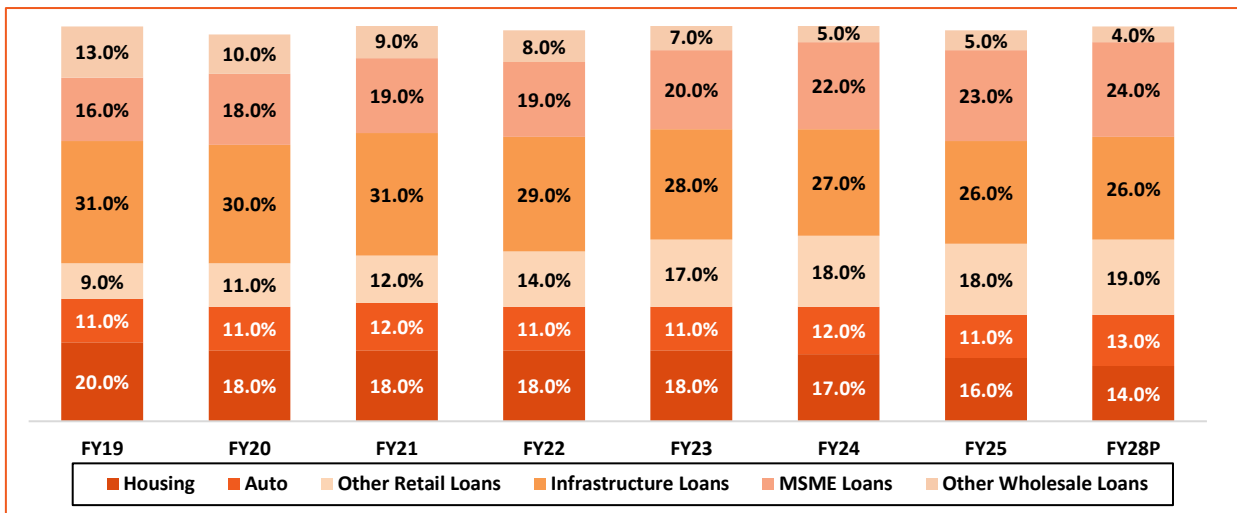


Note: P: Projected; systemic credit includes domestic banking credit (after deduction of bank lending to NBFC), NBFC credit, commercial papers, external borrowings, corporate bonds excluding those issued by banks and NBFCs
Source: IPO Prospectus, Deven Choksey Research

NBFC-Focused Asset Classes:

- MSME loans credit outstanding stood at ~INR 42tn as of FY25 and it holds a larger market share in overall credit landscape of India, due to the high significance of the MSME sector in the overall Indian GDP. The sector's demand is driven by diverse set categories and segments including secured LAP, cash credit, unsecured business loans, and others.
- The credit outstanding of the LAP portfolio stood at ~INR 14tn as of FY25. In parallel, credit outstanding of the unsecured business loans (which are included in the overall business loans segment, alongside general business loans and loans to professionals) has grown at 20.6% CAGR over FY20-25 to reach INR 10tn as of FY25, while is expected to expand at 16.0–18.0% CAGR over FY25-28.
- Housing Loan segment remains a critical segment for lenders, as the credit outstanding has witnessed a steady growth of 13.7% CAGR over FY20-25 to INR 41tn as of FY25, and is anticipated to grow at healthy pace of 14.0-16.0% CAGR over FY25-28 to reach INR 60–63tn FY28. Segment growth and credit demand has been supported by strong demand for quality and larger homes, affordable housing segment and deleveraging of the household debt levels.
- Credit outstanding of auto segment, along with commercial vehicle (CV) financing stood at INR 6tn as of FY25 and is expected to grow at 11.0–13.0% CAGR over FY25-28. NBFCs maintain a dominant position in vehicle financing, and accounts for ~59.0% of the CV loans outstanding and ~69.0% of the two-wheeler loans outstanding as of FY25. Higher market share in the niche categories is led by their strength, deep underwriting expertise and large distribution network, which enables it to penetrate deeper into geographies, and sharpen their focus on underserved segments.

Distribution of NBFC Credit across asset classes



Source: IPO Prospectus, Deven Choksey Research

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Industry Overview

- Personal Loan segment's credit outstanding stood at INR 15tn as of FY25, while the category is expected to grow at 14.0–16.0% CAGR over FY25-28E to reach INR 22–23tn by FY28. NBFCs have continued to focus higher on the category and has witnessed aggressive growth over past few years, led by their strength in offering lower-ticket-size loans across Tier 2 cities and beyond, and regulatory restrictions in place over banking institutions by the RBI.
- Microfinance segment's credit outstanding has witnessed a steady growth of 9.6% CAGR over FY20-25 to reach INR 4tn as of FY25. Although the industry de-grew by 13.9% YoY in FY25, led by many external factors including regulatory developments and increased write-offs due to heightened delinquencies on account of over leveraged balance sheets of households and individuals. As the MFI institutions remain cautious, microfinance credit is expected to grow at moderated growth of 5.0-6.0% CAGR over FY25-28E to reach INR 4–5tn by FY28. NBFC-MFIs continue to expand their footprint and hold ~39.0% of the overall MFI outstanding as of March 2025.
- Education credit outstanding has grown at a robust pace of 18.2% CAGR over FY20-25 to reach INR 2tn as of FY25, while is expected to continue its strong growth in the range of 15.0–17.0% CAGR over FY25–28E to reach ~INR 3-4tn by March 2028.

Historical Growth trend of Loan Segments and Categories

Asset Class	Credit Outstanding as of FY25 (INR Tn.)	Share of NBFCs/HFCs/NBFC-MFIs (as of FY25)	Overall Portfolio CAGR (FY20–FY25)	NBFCs/HFCs Portfolio CAGR (FY20–FY25)
MSME Loans	42	27.0%	18.2%	19.6%
Housing Loans	41	21.5%	13.7%	32.7%
LAP	14	40.5%	16.3%	19.7%
Two Wheeler	2	68.5%	17.5%	17.9%
Used Car	1	40.8%	22.2%	40.7%
Commercial Vehicle	6	58.7%	13.9%	12.0%
Personal Loans	15	24.4%	21.3%	30.1%
Microfinance Loans	4	50.7%	9.6%	13.5%
Education Loans	2	28.2%	18.2%	46.8%

Source: IPO Prospectus, Deven Choksey Research

Challenges in the NBFC Sector:

- Competition:** NBFCs compete with banks, HFCs, Fintechs, and private lenders across product categories. Larger competitors often enjoy lower funding costs and stronger brands, putting pressure on pricing and margins. Intense competition risks market share loss and reduced profitability.
- Regulatory Environment:** NBFCs are regulated by RBI, SEBI, and NHB, facing evolving rules on CRAR, Tier I capital, and liquidity ratios (like LCR). Past non-compliance (e.g., oversubscription in NCDs/CRPS issuances) highlights exposure to penal action. New regulatory changes may demand restructuring, raise compliance costs, and divert management focus.
- Asset Quality and Recovery Risk:** Unsecured loans carry high risk, making recovery difficult in some case of defaults. Lack of an established and transparent secondary market can make asset recovery challenging.
- Data Insufficiency for prudent underwriting:** As NBFC's cater to underserved borrowers and MSMEs with inadequate credit history, credit underwriting process remains challenging, and wrong credit appraisals can significantly impact the asset quality during economic downturns and slowdown.
- Operational and Legal Challenges:** Operational lapses can materially disrupt customer service, and can expose the business towards litigation risks and challenges. Moreover, significant litigation consumes management bandwidth, with adverse rulings posing material risks.

Tata Capital Ltd.

Company Overview

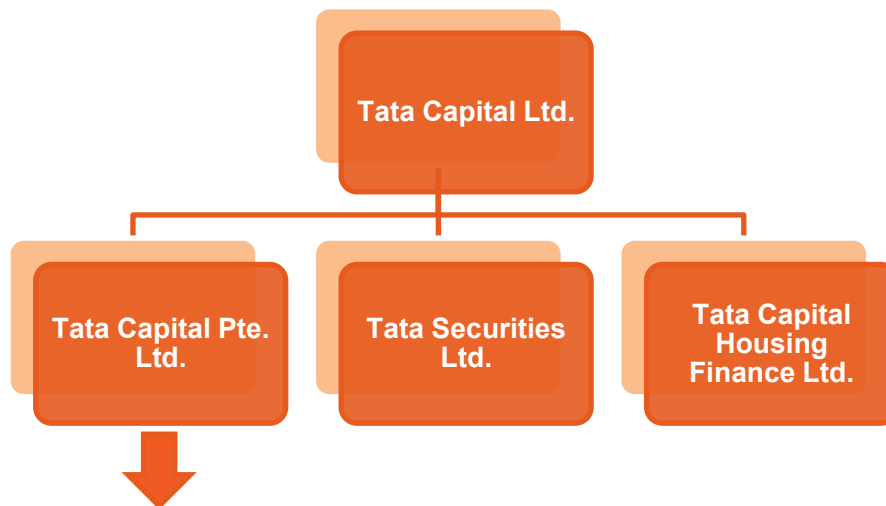
Tata Capital Limited, incorporated in 2007, is a **leading diversified NBFC**, operating as a systemically important core investment company regulated by the Reserve Bank of India (RBI). It functions as both a holding and operating company, registered as a **Non-Banking Financial Company – Investment and Credit Company** (NBFC-ICC). Under the RBI's Scale Based Regulations (SBR) issued in October 2021, it is classified as an **Upper Layer NBFC**.

The Company provides a broad spectrum of financial services catering to retail, corporate, and institutional customers, with a presence of **over 1500+ branches across India**. It offers products and services across commercial finance, consumer loans, housing finance, wealth management, cleantech finance, credit cards, and investment advisory. Its business model focuses on a customer-centric, one-stop financial solutions approach. The loan portfolio is diversified primarily into retail finance (home loans, personal loans, vehicle finance, education loans, microfinance) comprising ~60.0% of AUM, and SME finance (supply chain finance, equipment finance, leasing, cleantech finance) contributing ~25.0% of AUM.

Corporate Structure:

In addition to lending, the group has subsidiaries engaged in non-lending businesses:

- **Tata Securities Limited** – a wholly owned subsidiary that distributes mutual funds and other financial products.
- **Tata Capital Pte. Ltd. (TCPL), Singapore** – a wholly owned subsidiary that undertakes fund management and proprietary investments, both directly and through its step-down subsidiaries, including **Tata Capital Advisors Pte. Ltd. (TCAPL)**, which manages offshore private equity funds.
- **Domestic Private Equity Funds** – TCL also manages several domestic private equity funds structured as subsidiaries under IndAS, including **Tata Capital Growth Fund I and II, Tata Capital Healthcare Fund I and II, Tata Capital Innovation Fund, Tata Capital Special Situations Fund**, and, with effect from September 2025, **Tata Capital Growth Fund III**.
- **Overseas Private Equity Funds** – managed through TCPL's Singapore platform, including **Tata Capital Growth Fund Limited Partnership, Tata Capital HBM Healthcare Fund I LP**, and **Tata Opportunities Fund LP**.



Step-down Subsidiaries of Tata Capital Pte. Ltd.

- Tata Capital Advisors Pte. Ltd. ("TCAPL")
- Tata Capital General Partners Limited Liability Partnership ("TCGPLLP")
- 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: IPO Prospectus, Deven Choksey Research

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Company Overview

Product Portfolio:

The Company operates under two broad business categories including **Lending** and **Non-lending** activities.

1. Lending Business

The lending business consists of a wide portfolio of more than 25 loan products that address the requirements of salaried individuals, self-employed professionals, entrepreneurs, small and medium enterprises (SMEs), and large corporates. Loan ticket sizes vary substantially, from INR 10,000 to over INR 1bn. As of June 30, 2025, approximately ~88.0% of the total gross loan book was attributable to Retail and SME customers, reflecting the granularity of its portfolio.

Key lending products include:

- **Home Loans:** They are offered through its subsidiary Tata Capital Housing Finance Limited (TCHFL), covering purchase of new or resale properties, construction, and balance transfers. Home loans accounted for ~17.0% of total gross loans with an average ticket size of INR 3.2 Mn., tenors up to 30 years, and an average interest rate of 9.8%. Within this, affordable home loans focus on underserved markets, factoring in both formal and informal income streams, comprising of ~4.0% of total gross loans, with an average ticket size of INR 1.9 Mn. and an interest rate of 11.3%.
- **Loans Against Property (LAP):** Secured loans against residential or commercial property for business or personal requirements. LAP represented ~12.0% of total gross loans, with an average ticket size of INR 1.6 Mn, tenor up to 20 years, and an interest rate of 11.4%. The affordable LAP sub-segment is targeted to deepen its presence across geographies, while it accounted for ~2.0% of gross loans with ticket sizes of INR 0.7 Mn., with an avg. interest of 12.9%.
- **Commercial Vehicle Loans:** Expanded following the merger with Tata Motors Finance Limited, this segment finances light and heavy commercial vehicles for individuals and fleet operators. It contributed ~11.0% of gross loans, with an average ticket size of INR 1.6 Mn. and an average rate of 12.1%.
- **Cleantech and Infrastructure Finance:** Offers term loans for renewable energy, energy efficiency, and water and waste management projects. Over 540 projects have been financed, with the segment accounting for ~9.0% of gross loans, with an average ticket size of INR 1,373 Mn. and long tenors of up to 23 years.
- **Personal Loans:** Unsecured loans primarily for salaried customers to meet needs such as weddings, medical expenses, or travel. They accounted for ~7.0% of total Gross Loans, with an average ticket size of INR 0.4 Mn, tenors up to seven years, and an average rate of 11.8%.
- **Supply Chain Finance:** Offers working capital solutions for corporates and their distributors, dealers, and suppliers through products such as channel finance, vendor finance, and factoring, accounting for ~6.0% of gross loans, with an average ticket size of ~INR 33 Mn. and an interest rate of 10.9%.
- **Developer Finance:** Loans are extended to real estate developers, secured by mortgages on the underlying projects. It is primarily focused on mid-market residential developments and accounted for ~5.0% of total gross loans, with an average ticket size of INR 630.0 Mn and tenor of up to seven years.
- **Business Loans:** Offers unsecured credit provided to self-employed individuals and professionals for business expansion, asset purchase, or working capital and accounted for ~4.0% of total gross loans, with an average ticket size of INR 1.2 Mn and interest rates averaging 17.8%.

Particulars	FY23		FY24		FY25		Q1FY26	
	INR Mn.	Loan Mix (%)	INR Mn.	Loan Mix (%)	INR Mn.	Loan Mix (%)	INR Mn	Loan Mix (%)
Retail Finance	6,81,879	56.7%	9,50,317	58.9%	14,11,142	62.3%	14,30,954	61.3%
SME Finance	3,92,028	32.6%	4,67,615	29.0%	5,94,630	26.2%	6,12,275	26.2%
Corporate Finance	1,28,061	10.7%	1,94,379	12.1%	2,59,758	11.5%	2,90,756	12.5%
Total Gross Loans	12,01,969	100.0%	16,12,311	100.0%	22,65,530	100.0%	23,33,986	100.0%

Source: IPO Prospectus, Deven Choksey Research

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Company Overview

Product Portfolio:

- **Two-Wheeler Loans:** offers loans for the purchase of two-wheelers, extended to both salaried and self-employed customers, while the segment accounted for ~3.0% of total gross loans, with small ticket sizes (INR 0.1 Mn. on average) and higher interest rates of about 20.3%.
- **Construction Equipment Loans:** Offers financing for equipment used in construction activities, targeting both individuals and fleet operators, accounting for ~3.0% of gross loans, with an avg. ticket size of INR 7.7 Mn. and an avg. rate of 11.5%.
- **Car Loans:** Includes financing offered for purchase of old and new passenger cars, while it accounted for ~2.0% of gross loans, with an average ticket size of INR 0.7 Mn. and an average interest rate of 14.5%.
- **Loans Against Securities:** Includes financing against pledged shares, mutual funds, or bonds, while it accounted for ~2.0% of total gross loans, with an average ticket size of INR 2.8 Mn. and an average interest rate of 10.1%.
- **Leasing Solutions:** Offers leasing options for vehicles, IT equipment, and machinery and the category accounted for ~1.0% of total gross loans, with relatively large average ticket sizes of INR 168.3 Mn.
- **Microfinance Loans:** Financing is offered under the joint liability (JLP) group model, primarily to women from low-income households for small income-generating activities, and it accounted for ~1.0% of total gross loans, with very small ticket sizes averaging INR 0.05 Mn. and higher interest rates of 25.5%.
- **Equipment Finance:** Includes loans offered for acquisition of equipment in industries such as healthcare, engineering, and printing, and accounted for ~1.0% of total gross loans, with an average ticket size of INR 16.3 Mn.
- **Education Loans:** Offers loans for supporting higher education in India and overseas and accounted merely at ~0.2% of total gross loans, with an average ticket size of INR 3.5 Mn. and an average rate of 11.8%.
- **Secured Business Loans:** Offers secured credit against properties to micro-enterprises, and accounted for merely ~0.02% of gross loans, with an average ticket size of INR 0.9 Mn and an average interest rate of 17.9%.
- **Term Loans:** These loans are extended to SMEs and corporates for projects, capital investments, or general corporate purposes. Term Loans formed ~16.0% of total gross loans, with an average ticket size of INR 258.3 Mn.

2. Non-lending Businesses

It also manages several fee-based businesses that complement its financial services offering:

- **Distribution of Third-Party Products:** The company holds a corporate agent license from the IRDAI to distribute insurance across life, general, and health categories. It has partnered with 19 insurers and has 8.6+ Mn. policies in force as of June 30, 2025. It also distributes co-branded corporate credit cards (issued in partnership with SBI Cards), with over 250,000 active cards in force.
- **Wealth Management:** Through its wealth platform, the company provides financial advisory, portfolio management, and investment solutions to HNI and retail clients, and has an AUM of INR 69.8bn as of June 30, 2025.
- **Private Equity (PE) Funds:** It acts as sponsor and investment manager for domestic and offshore private equity funds, with focus on themes such as urbanization, manufacturing, and healthcare (including pharmaceuticals, hospitals, and diagnostics). Since inception, it has raised ~INR 70.0bn across eight funds and continues to expand this business.

Revenue Segmentation:

Particulars	FY23		FY24		FY25		Q1FY26	
	INR Mn	% of Total Income	INR Mn	% of Total Income	INR Mn	% of Total Income	INR Mn	% of Total Income
Lending Business	1,25,904	92.3%	1,76,350	96.9%	2,76,466	97.5%	74,998	97.5%
Non-lending Business	10,471	7.7%	5,634	3.1%	7,233	2.5%	1,919	2.5%
Total Income	1,36,375	100.0%	1,81,984	100.0%	2,83,699	100.0%	76,917	100.0%

Source: IPO Prospectus, Deven Choksey Research

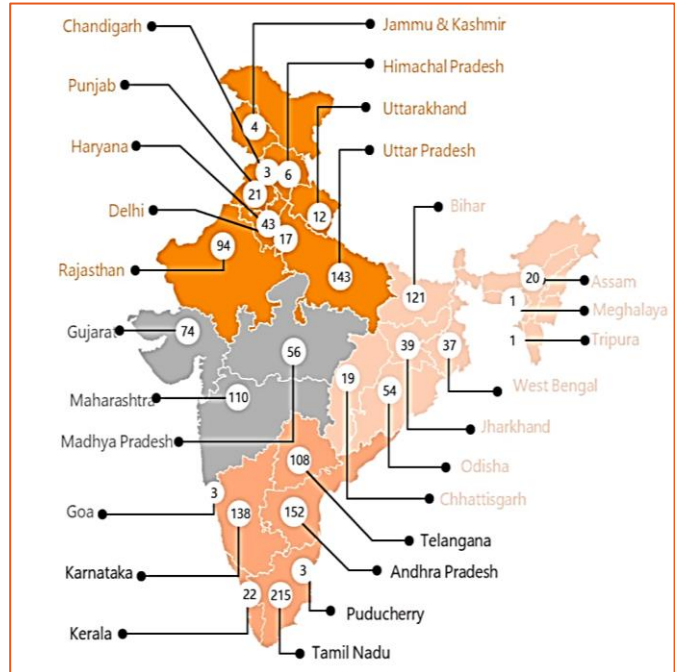
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Distribution Network:

- The company operates a rapidly expanding **omni-channel distribution model** across India integrated with its branch network, digital platform, and partner ecosystem, to serve customers across urban and rural India.
- As of June 30, 2025, it operated **1,516 branches across 27 States and Union Territories**, with a notable presence in South (42%), North (23.3%), East (19.2%), and West (15.6%) India, supported by geo-analytics for targeted expansion. Branches vary by size and function, from acquisition-focused outlets to larger centers handling underwriting and high-value loans.
- It leverages proprietary digital platforms, including websites, mobile apps, and WhatsApp chatbots, for end-to-end loan processing, customer onboarding, and self-service, facilitating a “phygital” customer experience.

Branch Network:



Source: IPO Prospectus, Deven Choksey Research

External Partnerships:

- **Direct Selling Agents (DSAs):** The Company has partners with over **30,000 DSAs**, including corporate agents, retail consultants, and professionals such as chartered accountants. They distribute a wide range of loan products and operate on a success-based commission model. DSAs manage initial customer engagement and documentation, while in-house teams oversee assessment and approvals. Onboarding and monitoring follow **RBI outsourcing guidelines**, with performance tracked on parameters such as loan volumes, turnaround time, fraud, and customer service quality.
- **OEMs and Dealers:** The company has tie-ups with **400+ OEMs** and **8,000+ dealers**, enabling point-of-sale financing for vehicles, equipment, leasing, and supply chain solutions. These partnerships provide customers with convenient and affordable financing options at the time of purchase, strengthening TCL's reach across industries and geographies.
- **Digital Partners:** It has collaborated with **60+ digital partners** using **API integrations** for seamless data exchange and direct onboarding, as the digital ecosystem acts as an extension of the branch network, supporting asset-light expansion into underpenetrated markets while offering customers efficient, accessible, and technology-driven experiences.
- **Channel Assistance Team:** A dedicated channel assistance team coordinates between in-house sales, external partners, and customers. This function ensures smoother engagement, quicker response times, and effective lead conversion, driving cost-efficient growth.

Digital Platforms:

- Company's digital platforms, built on AI/GenAI, advanced analytics, and cloud infrastructure, serve as the backbone of its distribution network, ensuring efficiency and transparency.
- The ecosystem spans the corporate website, mobile apps (21.9M+ downloads), and channels like SMS, email, social media, and IVR, offering both assisted and self-service journeys.
- A robust Loan Origination System (LOS) integrates with CRM and LMS to automate the loan lifecycle and enable real-time data access.
- Key innovations include API-driven onboarding, a multilingual GenAI assistant with 99.9% resolution, and GenAI-enabled service automation. Supported by fintech partnerships, this approach enabled 97%+ of customer onboarding through digital channels in FY25.

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Operational & Financial KPI's:

Particulars (INR Mn.)	FY23	FY24	FY25	Q1FY26
Total Gross Loans	12,01,969	16,12,311	22,61,530	23,33,986
Gross Loans YoY Growth (%)	28.8%	34.1%	40.5%	17.4%
Retail Finance	6,81,879	9,50,317	14,11,142	14,30,954
SME Finance	3,92,028	4,67,615	5,94,630	6,12,275
Corporate Finance	1,28,061	1,94,379	2,59,758	2,90,756
Secured Gross Loans	76.9%	75.5%	79.0%	80.0%
Average Yield (%)	11.5%	11.9%	12.6%	12.3%
Avg. Cost of Borrowing (%)	6.6%	7.3%	7.8%	7.8%
Net Interest Income	53,103	67,982	1,06,901	28,662
Net Interest Margin (NIM)	4.9%	4.9%	5.1%	5.1%
Credit Cost	5,743	12,953	28,268	9,986
Credit Cost Ratio	0.6%	0.4%	1.4%	1.6%
Return on Equity (ROE)	20.6%	15.5%	12.6%	12.5%
Return on Assets (ROA)	1.7%	1.5%	1.9%	1.8%
GNPA	1.7%	1.5%	1.9%	2.1%
NNPA	0.4%	0.4%	0.8%	1.0%

Particulars (INR Mn.)	FY23	FY24	FY25	Q1FY26
Net Total Income	70,369	86,302	1,33,403	36,260
Operating Expenses	39,948	52,032	61,268	19,986
Credit Cost	5,743	12,953	28,268	9,986
Profit After Tax	20,392	31,502	36,647	9,990
Profit After Tax YoY Growth	79.5%	8.0%	16.3%	116.4%
Basic EPS	6.8	9.4	12.2	2.5

Source: IPO Prospectus, Deven Choksey Research

Tata Capital Ltd.**Strategies:****▪ Digital-First, Omni-Channel Growth**

Tata Capital is aggressively adopting a digital-led model to scale efficiently. Over 97% of the customers are onboarded digitally, backed by integrated systems including LOS, LMS, and CRM. It uses AI tools, API integrations, and GenAI-driven chatbots to improve loan processing speed, reduce costs, and enhance customer experience.

▪ Tier 2/3 Market Expansion

The company plans to expand to underserved Tier-2 and Tier-3 cities using geo-analytics to identify high-demand regions, to cater to evolving retail and SME credit demand, through its large 1,500+ branches along with keeping acquisition costs low.

▪ TMFL Merger Execution

With acquisition of Tata Motors Finance, the Company position in vehicle finance has strengthened. It plans to deploy multi-OEM approach and focus higher on used and commercial vehicles to driven AUM growth and improvement in yields.

▪ Data-Driven Risk Management

Tata Capital deploys centralized and data-backed credit decisioning tools to maintain asset quality while growing rapidly. Real-time access to PAN, GST, and banking data helps minimize delinquencies, and in maintaining Gross NPA's at comfortable levels.

▪ Tata Ecosystem Cross-Selling

The Company plans to leverage the Tata brand to cross-sell loans, insurance, and investment products to customers of Tata Motors, Croma, and others. Co-branded credit cards and sponsorships like the Tata Women's Premier League help strengthen visibility and customer engagement.

Risks:**▪ Asset Quality Pressure**

Acquired business of vehicle finance (TMFL), has high gross and net NPA. Any rise in delinquency/defaults by customers may materially affect operations and financial performance.

▪ Operational Risks

Credit appraisal lapses, internal fraud, employee misconduct, or collateral valuation issues can lead to financial losses and reputational damage. Governance issues, customer dissatisfaction could impact trust, brand value, and market access (especially critical for a Tata brand entity).

▪ Technology and Cybersecurity Risk

Increasing digitization can expose to risks of cyberattacks, data breaches, and IT system failures.

▪ Credit Rating Sensitivity

Downgrade in credit ratings can impact its borrowing and leverage capacity. It may also impact its overall borrowing costs and hurt market access.

▪ Outstanding Legal Proceedings

The company and subsidiaries (including erstwhile TCFSL & TMFL) are involved in litigation, tax disputes, and arbitration matters. Any adverse outcome could affect financials and reputation.

Tata Capital Ltd.

SWOT Analysis



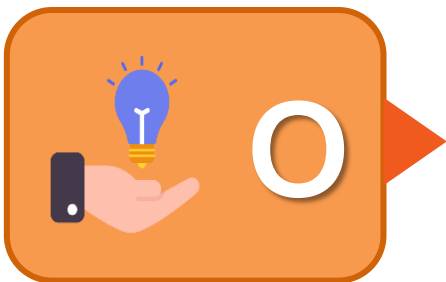
Strengths

- **Strong Parentage:** The Company is a part of “Tata” Group, which provide for strong customer trust, enhances organization credibility, and provides access to low-cost capital.
- **Diversified Lending Portfolio:** It has a diversified AUM comprising of retail, SME, housing, clean-tech and corporate loans. Further, with acquisition of TMFL, it is now present in vehicle financing, reducing its overall concentration.
- **Robust Book Growth:** It has scaled its gross loan book at robust pace of 37.3% CAGR over FY23–25, with maintaining asset quality in financing to diverse end-sectors, reflecting prudent underwriting and risk control mechanism.
- **Healthy Offline and Digital Presence:** The Company has large network of 1,500+ physical branches along with robust digital ecosystem strengthening its phygital presence; as over 97% of the customers are onboarded digitally.



Weaknesses

- **High Dependence on Borrowed Funds :** The Company is highly dependent on external and public borrowings unlike deposit-taking NBFCs or banks.
- **Lower Return Profile to Top NBFCs :** Despite its size, its RoE (~12-13%) and RoA (~1.8-2.0%) are lower, led by its lower NIM margins and higher credit costs (spiked recently) compared to its peers.
- **Modest Share of Fee-Based Income:** It is highly dependent on interest income, while its non-lending verticals including wealth and insurance distribution forms less than 3% of the income, lacking diversification.



Opportunities

- **Massive Credit Demand across Tier 2/3 India:** It is well positioned to capitalize increasing credit demand across SME and retail categories on account of increasing financial inclusion and consumption-led demand.
- **Cross-Selling to Tata Ecosystem:** The Company plans to scale its loan book by banking on the untapped potential, by offering products to customers of its Group brands including Tata Motors, Tata Realty, Tata Croma, etc.
- **Improve its Distribution Income:** It plans to leverage the underpenetrated market of the Insurance and Wealth Management industry; by offering to existing customer base, to build on recurring and diversified revenue stream.
- **Expand Digital Presence:** The Company is in process of integrating its products on Tata Neu application to offer products to a wider base of customers.



Threats

- **Highly Competitive Market:** It faces aggressive competition and pricing pressure from large fintech and NBFC's, which can impact overall profitability.
- **Integration Risks Post Merger :** It may face delay in integrating its platform with recently acquired vehicle finance portfolio (TMFL), which can impact its operational performance and its long-term growth strategies.
- **Regulatory Risk:** The Company being an RBI-regulated “upper-layer NBFC”, faces higher regulation. Any adverse change in capital adequacy or provisioning norms can impact its operations and business.
- **Impact on Asset Quality led by Economic Downturn:** Its overall asset quality can be impacted, as the retail and SME segments are highly vulnerable to delinquencies during a slowdown, especially unsecured loans.
- **Cybersecurity and Tech Risk with Growing Digitalization:** Higher reliance on technology, increases its vulnerability to data breaches and cyber fraud.

Tata Capital Ltd.

Peer Comparison

In INR Mn. (FY25)					
Peers	TATA CAPITAL	BAJAJ FINANCE	L&T FINANCE	HDB FINANCIAL	SHRIRAM FINANCE
Market cap	13,83,827	62,13,773	6,23,218	6,22,258	11,59,453
Book Value	3,35,888	9,66,929	2,55,641	1,58,198	5,64,698
AUM	22,65,529	41,66,610	9,77,620	10,72,620	26,31,900
PPOP	77,480	3,00,279	56,845	50,409	1,62,609
PAT	36,550	1,66,640	26,440	21,760	82,090
Asset Quality					
Gross NPA	1.90%	0.96%	2.90%	2.30%	4.55%
Net NPA	0.80%	0.44%	0.81%	1.00%	2.64%
Credit cost%	1.4%	2.2%	2.5%	2.2%	2.3%
Profitability					
NIM (%)	5.2%	9.9%	8.2%	7.6%	8.3%
ROE (%)	12.6%	17.2%	10.3%	13.8%	14.5%
ROA (%)	1.9%	4.0%	2.7%	2.0%	3.1%
Spreads					
Spread (%)	4.8%	8.7%	8.9%	6.7%	9.0%
Yield on Advances (%)	12.6%	16.7%	16.7%	14.6%	17.8%
Cost of funding (%)	7.8%	8.0%	7.8%	7.9%	8.8%
Operational Efficiency					
Cost to Income (%)	42.1%	33.1%	41.3%	42.8%	27.7%
CRAR (%)	16.9%	21.9%	22.3%	19.3%	20.6%
Valuation					
P/E ratio (TTM)	37.9x	37.3x	23.6x	28.6x	14.1x
P/B (TTM)	4.1x	6.4x	2.4x	3.9x	2.1x

Source: IPO Prospectus, FactSet, Company, Deven Choksey Research

Tata Capital Ltd.

Outlook:

Tata Capital, is one the **leading Indian diversified NBFC**, catering to range of **customers spanning across diverse end-sectors**. Being a **“Tata” Group Company**, it has easy **access to borrowing at lower cost of capital**, while has entrenched **trust** of its existing and prospective **customers** on the brand and business ethics. It offers **over 25 financial products** both in lending and non-lending businesses, through its large **network of 1,500+ offline branches** and **integrated digital platform** encompassing website, mobile app, and WhatsApp chatbot, for end-to-end loan processing, customer onboarding, and self-service.

It has recently acquired Tata Motor Finance to build its presence in passenger and commercial vehicle financing, The Company aims to improve its market share through **expanding its presence across Tier-2 cities and beyond**, by deploying its **phygital platform**. Over FY23-25, it has been able to **scale its loan book at ~37.0% CAGR**, while the NII and PPOP has witnessed a growth of **41.9% and 33.2% CAGR**, driven by its omni-presence strategy.

Through its Initial issue the Company plans to raise ~INR 155.2bn, split across OFS of ~INR 86.7bn and **fresh issue of INR 68.5bn**. Fresh issue of **INR 68.5bn is to be raised to augment its Tier 1 capital**, and **strengthen its balance sheet**, to grow faster, along with maintaining the overall credit quality.

Tata Capital's initial issue is priced at **4.1x TTM P/B**, compared to peer avg. of **3.7x TTM P/B**. On comparing its valuation and **return profile of ~4.1x P/B and ~1.9% RoA**, compared to peer average of **~3.7x P/B and ~3.0% RoA**, it **appears fairly valued**. Although, we believe that it will be **able to scale its loan book at healthy pace**, driven by its **omni channel presence and strong parentage**, its **returns appear low compared to other listed NBFC's**. We assign a **“NEUTRAL”** rating to the issue.

Relative Valuation

Company Name	CMP (INR)	Market Cap (INR Mn)	AUM CAGR	PPoP CAGR	Cost of funding	NIM %	NNPA%	P/B		ROE	ROA
			FY23-25	FY23-25	FY25			FY25	TTM	FY25	FY25
TATA CAPITAL	326	13,83,827	37.3%	33.2%	7.8%	5.2%	0.8%	4.1x	4.1x	12.6%	1.9%
Listed Peers											
BAJAJ FINANCE	999	62,13,773	29.8%	26.7%	8.0%	9.9%	0.4%	4.4x	6.4x	17.2%	4.0%
L&T FINANCE	249	6,23,218	9.9%	14.3%	7.8%	8.2%	0.8%	1.3x	2.4x	10.3%	2.7%
HDB FINANCIAL	750	6,22,258	23.7%	12.9%	7.9%	7.6%	1.0%	NA	3.9x	13.8%	2.0%
SHRIRAM FINANCE	616	11,59,453	19.1%	14.8%	8.8%	8.3%	2.6%	1.9x	2.1x	14.5%	3.1%
Mean			20.6%	17.1%	8.1%	8.5%	1.2%	2.5x	3.7x	14.0%	3.0%
Median			21.4%	14.5%	8.0%	8.3%	0.9%	1.9x	3.2x	14.1%	2.9%

Source: Factset, IPO Prospectus, Deven Choksey Research and Analysis

Tata Capital Ltd.

Financials:

Income Statement (INR Mn.)	FY23	FY24	FY25
Interest Income	1,19,109	1,63,665	2,57,198
Finance Cost	66,006	95,682	1,50,296
Net Interest Income (NII)	53,103	67,982	1,06,901
Other Income	17,266	18,319	26,501
Total Operating Income	70,369	86,302	1,33,402
Operating Expenses	26,727	36,343	55,923
Pre-Provision Operating Profit (PROP)	43,642	49,959	77,480
Provisions	5,743	5,923	28,268
Profit before Tax	39365.6	43920.3	49185.6
Income Tax	9,908	10,651	12,635
Net Profit	29,458	33,270	36,550
Diluted EPS	8.4	8.6	9.3

Cash Flow (INR Mn.)	FY23	FY24	FY25
Net Cash Flow from Operating Activities	(2,31,896)	(3,79,985)	(2,98,725)
Net Cash Flow from Investing Activities	-22,696	57,572	-395
Net Cash Flow from Financing Activities	2,64,296	3,59,524	2,94,124
Net Increase/(Decrease) in Cash	9,704	37,111	-4,996
Cash & Cash Equivalents at the Beginning	20,816	30,589	67,712
Cash taken over in business combination	0	0	32,045
Exchange Diff. on translation of foreign currency cash	69	12	21
Cash & Cash Equivalents at the End	30,589	67,712	94,782

Balance sheet (INR Mn.)	FY23	FY24	FY25
ASSETS			
Financial assets			
Cash and cash equivalents	30,589	67,712	94,782
Bank balances other than above	2,578	2,244	9,649
Derivative financial instruments	2,296	2,426	5,397
Loans	11,67,887	15,77,606	22,19,504
Investments	1,26,590	79,020	87,178
Other financial assets	10,345	14,932	23,476
Total financial assets	13,40,284	17,43,940	24,39,985
Non-financial assets			
Property, plant & equipment	4,863	8,329	15,133
Right to use assets	1,939	3,116	4,100
Other non-financial assets	9,175	11,555	25,432
Total non-financial assets	15,977	23,000	44,665
Total Assets	13,56,261	17,66,940	24,84,650
LIABILITIES & EQUITY			
Liabilities – Financial			
Derivative financial instruments	623	463	2,409
Trade Payables	12,307	13,899	18,213
Debt securities	5,13,756	6,05,037	8,01,416
Borrowings (other than debt securities)	5,49,341	7,91,429	11,86,204
Subordinated liabilities	70,262	85,387	96,530
Other financial liabilities	21,962	17,150	26,489
Total financial liabilities	11,68,252	15,13,365	21,31,260
Liabilities – Non-Financial			
Current tax liabilities (net)	3,380	3,967	3,645
Provisions	1,039	1,137	2,802
Other non-financial liabilities	2,104	2,649	3,237
Total non-financial liabilities	6,523	7,754	9,684
Equity			
Equity share capital	35,071	37,031	37,624
Shares pending for issuance	717	-	41,628
Instruments entirely equity in nature	-	-	18,080
Other equity	1,37,611	1,97,141	2,34,586
Equity attributable to owners	1,73,399	2,34,171	3,31,918
Non-controlling interest	8,088	11,650	11,788
Total Liabilities & Equity	13,56,261	17,66,940	24,84,650

Source: IPO Prospectus, Deven Choksey Research

Tata Capital Ltd.**ANALYST CERTIFICATION:**

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