

03rd Oct 2025

Tata Capital Ltd

Company Background

Tata Capital Ltd (TCL) is a diversified financial services company and a subsidiary of Tata Sons Private Limited. TCL operates as a non-banking financial company (NBFC) in India, offering a wide range of financial products and services to retail, corporate, and institutional customers. Company's operations are underpinned by advanced digital and technological tools integrated into its platform, which span the entire customer lifecycle for all products. This drives efficiency, enhances customer experience, and fosters sustainable growth. The Company offered its customers over 200 online services across multiple channels, including its website, mobile apps, WhatsApp, email, chatbot ('TIA'), and interactive voice response ('IVR') system, as of June 30, 2025, enabling them to deliver omni-channel customer support. Leveraging the Tata brand's immense trust and a digital-first strategy, the company aims to be a one-stop solution for the financial needs of individuals and businesses across India, driving strong, consistent growth in the sector. With comprehensive suite of 25+ lending products, catering to a diverse customer base the company has an extensive PAN-India distribution network comprising 1,516 branches spanning 1,109 locations across 27 States & UTs.

Issue Details

TCL IPO is a bookbuilding of ₹15,511.87 crore. The issue is a combination of fresh issue of 21,00,00,000 shares aggregating to ₹6,846 crore and offer for sale of 26,58,24,280 shares aggregating to ₹8,665.87 crore.

Issue Objectives

The issue objectives (Objects of the Offer) for this IPO, as given in the document, is:

- Augmentation of the Company's Tier –I capital base to meet the Company's future capital requirements including onward lending.

Outlook

TCL benefits significantly from the unmatched trust, brand equity, and high credit rating (AAA) of the Tata Group parentage, which translates to a low cost of funds and robust capital support. This strong foundation enables a diversified lending portfolio across Retail, SME, Corporate, and Green Finance, mitigating risk and tapping into various Indian economic growth engines.

The firm has demonstrated robust financial growth, evidenced by a consistent track record of strong double-digit increases in Loan Book and PAT, underpinned by prudent risk management. Its digital-first, data-driven "phygital" operating model ensures high operational efficiency and scalability in underwriting and customer onboarding.

Furthermore, the recent merger with Tata Motors Finance and the subsequent IPO have enhanced its scale, ensured RBI regulatory compliance, and strengthened its Tier-1 capital for future strategic expansion.

IPO Share Issue Structure

Category	Allocation	Number of Shares	Value at upper band
			(Rs. in Cr.)
QIB	50.00%	237312140	7736.38
NII	15.00%	71193642	2320.91
Retail	35.00%	166118498	5415.46
Employee		12,00,000	39.12
Total	100.00%	475824280	15511.87

Source: Company RHP, ACMIIL Retail Research

Issue Detail

Price Band (Rs.)	₹310 to ₹326
Face Value (Rs.)	₹10 per share
Issue Size (Rs. In Cr.)	₹15,511.87
Issue Type	Book Built
Lot Size	46 Shares
Issue Opens	Oct 06, 2025
Issue Closes	Oct 08, 2025
Listing on	BSE, NSE

Indicative Timeline

On or before

Finalization of Basis of Allotment	Oct 9, 2025
Unblocking of Funds	Oct 10, 2025
Credit of shares to Demat Account	Oct 10, 2025
Listing on exchange	Oct 13, 2025

Other Detail

Book Running Lead Managers	• Kotak Mahindra Capital Co.Ltd. • BNP Paribas • Citigroup Global Markets India Pvt.Ltd. • HDFC Bank Ltd. • HSBC Securities & Capital Markets (India) Pvt.Ltd. • ICICI Securities Ltd. • IIFL Capital Services Ltd. • JP Morgan India Pvt.Ltd. • SBI Capital Markets Ltd. • Axis Capital Ltd.		
Registrar	• MUFG Private Intime	Intime Limited	India (Link Intime)

Shareholding Pattern	Pre-Issue holding	Post-Issue holding
Promoters & Promoter Group	95.56%	85.41%
Public- Others	4.44%	14.59%
Total	100%	100%

Source: Company RHP, ACMIIL Retail Research

Distribution Team

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Company Overview

TCL is the flagship financial services company of the Tata group and a subsidiary of Tata Sons Private Limited, the holding company of the Tata group and the Promoter of company. With a legacy spanning over 150 years, the Tata group is one of India's most distinguished business groups, comprising companies across 10 verticals such as automotive, technology, steel, financial services, aerospace and defence, and consumer and retail. The "Tata Group" brand was recognised as the most valuable brand in India as per the Brand Finance India 100 2025 report.

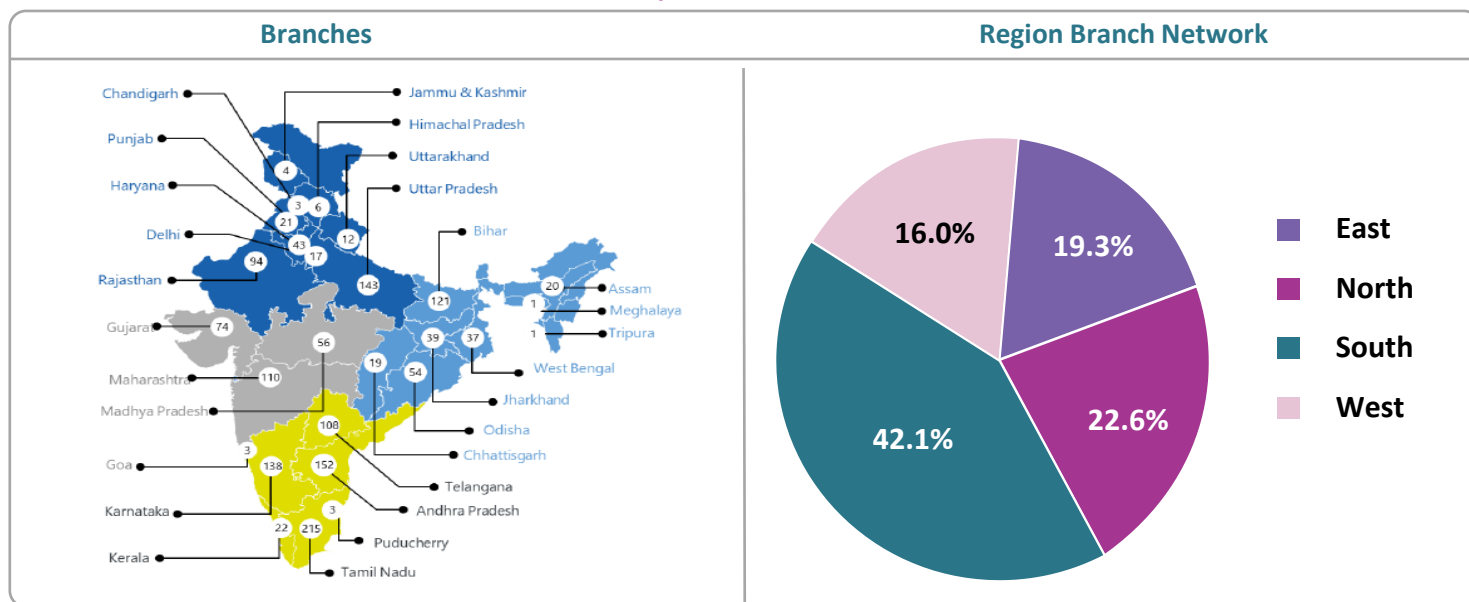
Since commencing its lending operations in 2007, TCL has served 7.3 million customers up to June 30, 2025. Through its comprehensive suite of 25+ lending products (the "Lending Business"), company cater to a diverse customer base comprising salaried and self-employed individuals, entrepreneurs, small businesses, small and medium enterprises and corporates. Company is focused on Retail and SME Customers, with loans to such customers forming 87.5% of its Total Gross Loans as at June 30, 2025. Its loan portfolio is highly granular, with ticket sizes ranging from ₹10,000 to over ₹1 billion, and over 98% of Loan accounts have a ticket size of less than ₹10 million, as at June 30, 2025. In addition, 80.0% of Total Gross Loans were secured and Organic Book accounted for over 99% of Total Gross Loans, as at June 30, 2025.

In addition to its Lending Business, company has non-lending businesses ("Non-lending Businesses") which comprise (i) distribution of third-party products such as insurance and credit cards, (ii) wealth management services catering to high-net-worth individuals and retail clients, and (iii) private equity ("PE") business, wherein company is currently focused on two themes viz. (a) Growth (focused on urbanisation, manufacturing and strategic services), and (b) Healthcare (focused on pharmaceuticals, hospitals, contract research and manufacturing services, diagnostic chains and other healthcare services). Backed by the performance of the Growth and Healthcare Funds I and II, it is in the midst of raising Fund III for both these themes. In addition to these funds, company is also the sponsor and investment manager to three other thematic funds (Opportunities, Innovations and Special Situations), which are in the process of being fully exited. Recently, its Board has also approved the launch of another thematic fund, the Decarbonization Fund.

Branch network:

As at June 30, 2025, they had a pan-India presence through 1,516 branches spanning 1,109 locations across 27 States and Union Territories. Branch network is an integral part of strategy to expand its presence in relevant markets across location tiers, regions and customer segments. Through wide branch network, which offers on-the-ground presence to attract, service and engage with customers, company is able to develop deeper customer relationships that enable them to develop and tailor products and distribution strategy to customers in each location.

Number of branches in each State and Union Territory in India, as at June 30, 2025.



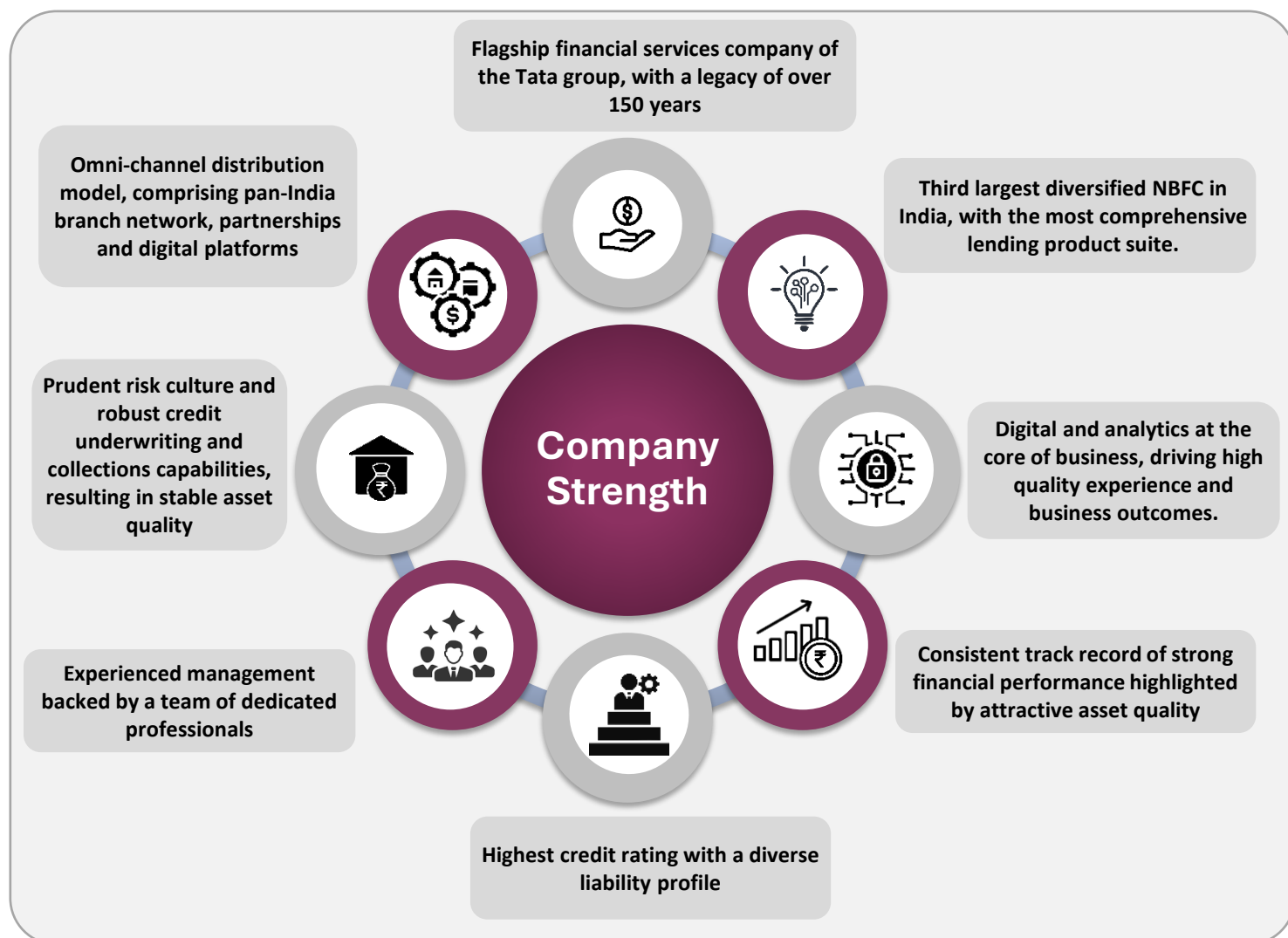
Source: Company RHP, ACMIIL Retail Research

Breakdown of income from Lending Business and Non-lending Business for the Fiscals/ periods indicated.

Particulars	For the three months period ended June 30,				Fiscals					
	2025		2024		2025		2024		2023	
	(₹ in million)	(% of total income)	(₹ in mn.)	(% of total income)	(₹ in million)	(% of total income)	(₹ in million)	(% of total income)	(₹ in million)	(% of total income)
Lending Business	74,998.0	97.5%	64,068.0	97.7%	276,465.8	97.5%	176,350.2	96.9%	125,904.0	92.3%
Non-lending Business	1,918.5	2.5%	1,506.0	2.3%	7,232.9	2.5%	5,633.6	3.1%	10,470.9	7.7%
Total income	76,916.5	100.0%	65,574.0	100.0%	283,698.7	100.0%	181,983.8	100.0%	136,374.9	100.0%

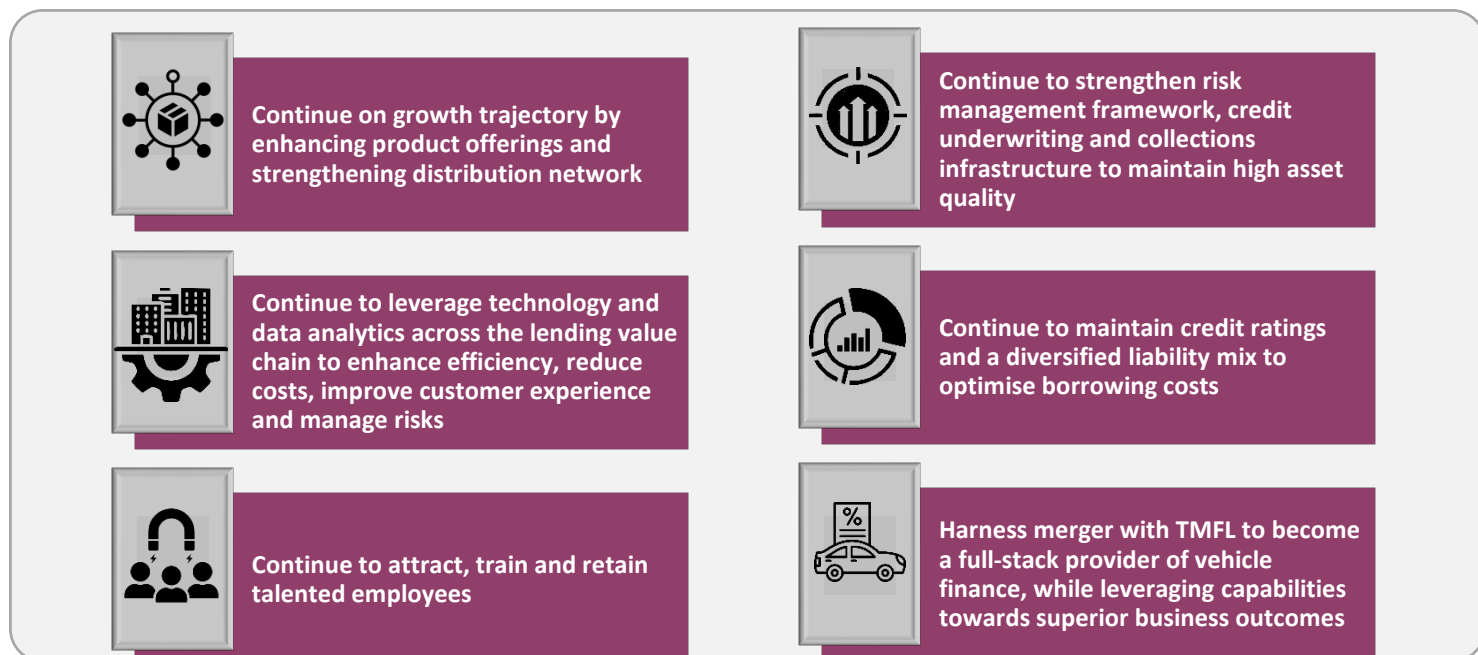
Source: Company RHP, ACMIIL Retail Research

Company Strengths



Source: Company RHP, ACMIIL Retail Research

Company's Strategies



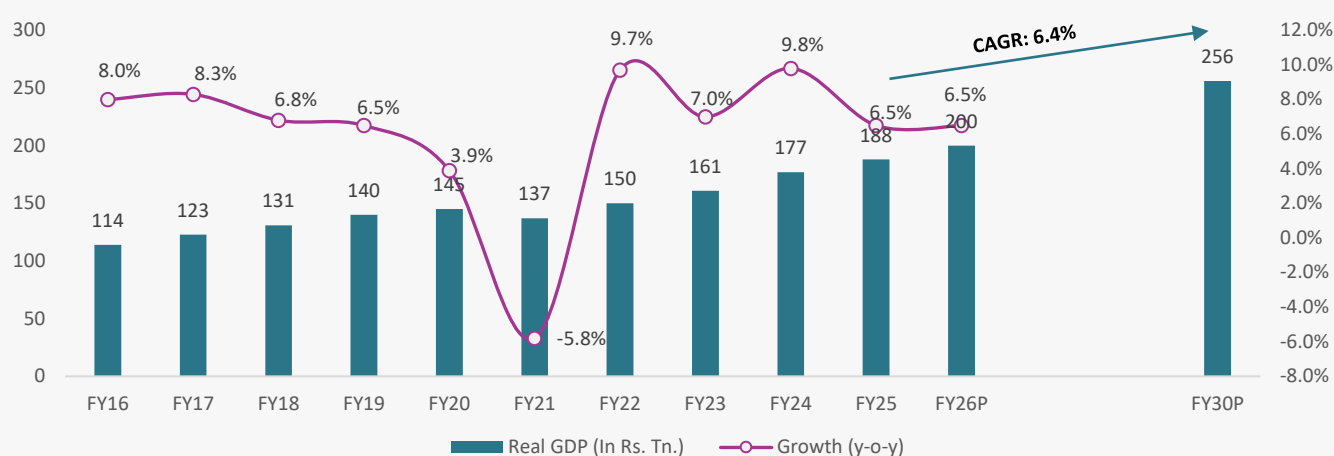
Source: Company RHP, ACMIIL Retail Research

Industry Overview

Macroeconomic Scenario

As per the International Monetary Fund (IMF) (World Economic Outlook – July 2025 outlook), global GDP growth is projected at 3.0% in CY2025 and 3.1% in CY2026 as compared to 2.9% projected in April 2025 for CY2025 and 3.0% projected for CY2026. Global growth numbers have been revised upwards on account of stronger-than-expected front-loading in anticipation of higher tariffs, lower average effective US tariff rates than announced in April, an improvement in financial conditions, including due to a weaker US dollar; and fiscal expansion in some major jurisdictions. Going forward, the expectation of slower global growth, along with anticipated reciprocal tariffs on India after three months, is likely to exert downside risks to Crisil's 6.5% growth forecast for fiscal 2026. Uncertainty about the duration and frequent changes in tariffs could also hinder domestic investments. expect India's GDP to grow at 6.5%, with one of the key risks being the downside from tariff hikes by the US. The tariff impact may get more pronounced in the second half of this fiscal as the rates get finalised. However, domestic demand is expected to offset external headwinds. RBI's rate cuts in this calendar year combined with the expected GST slab rationalisation effectively reducing tax on goods and services, will be pivotal in improving domestic demand, especially in urban areas.

Indian economy expected to grow at 6.5% in Fiscal 2026

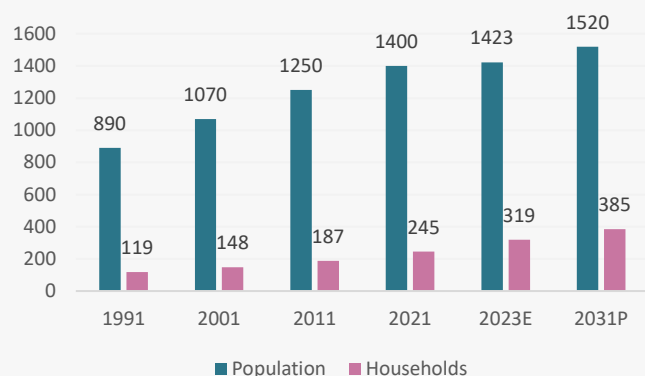


Note: E – estimated, P – projected. GDP growth until Fiscal 2024 is actual. GDP estimate for Fiscal 2025 is based on the NSO's second advance estimates. GDP projection for Fiscal 2026 is based on Crisil Intelligence estimates and that for Fiscals 2026-2029 is based on International Monetary Fund (IMF) estimates.

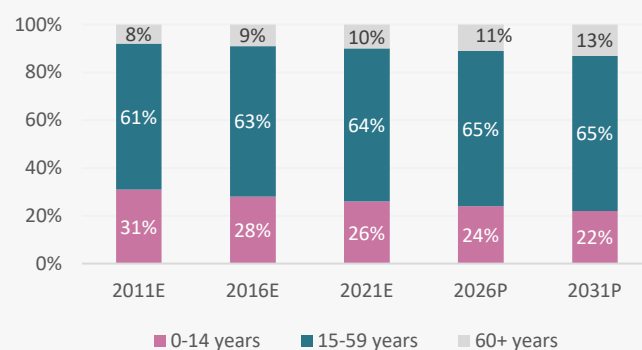
Source: Company RHP, ACMIIL Retail Research

Key growth drivers

India has the world's largest population (Growth trajectory and number of households)



India's demographic division (share of different age groups in population)



Source: Company RHP, ACMIIL Retail Research

Rising Urbanization :Urbanization is one of India's most important economic growth drivers. It is expected to drive substantial investments in infrastructure development, which in turn is expected to create jobs, develop modern consumer services, and increase the ability to mobilize savings. India's urban population has been rising consistently over the decades. As per the 2018 revision of World Urbanization Prospects, the urban population was estimated at 36% of India's total population in 2023. According to the World Urbanization Prospects, the percentage of the population residing in urban areas in India is expected to increase to 40% by 2030.

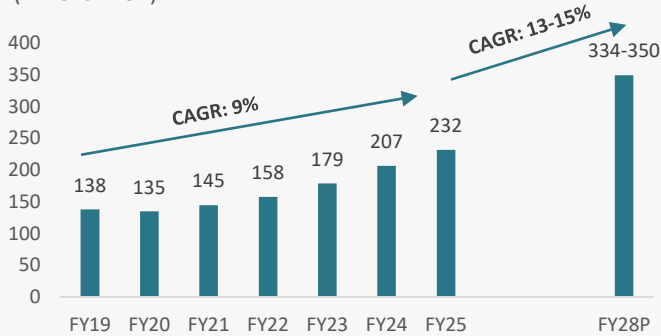
Rural sector supporting India growth story: India's rural segment has been a key driver of the country's consumption growth story in recent years. In the past decade, the rural segment in India has expanded at a rapid pace, driven by factors, such as rising disposable income, urbanisation, and the proliferation of e-commerce.

Rising Urbanization

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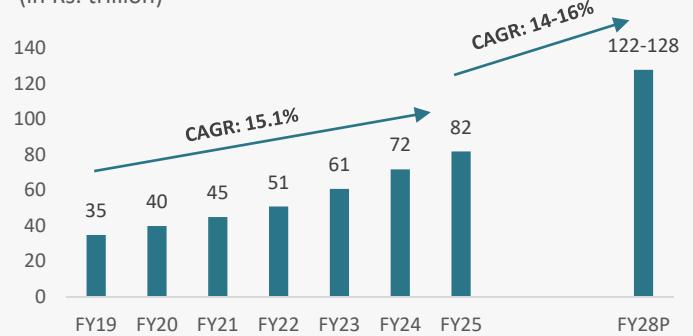
Systemic credit to grow by 13-15% between FY2025 and FY2028

(in Rs. trillion)



Retail credit growth is projected to grow on a strong footing from FY2025 to FY2028

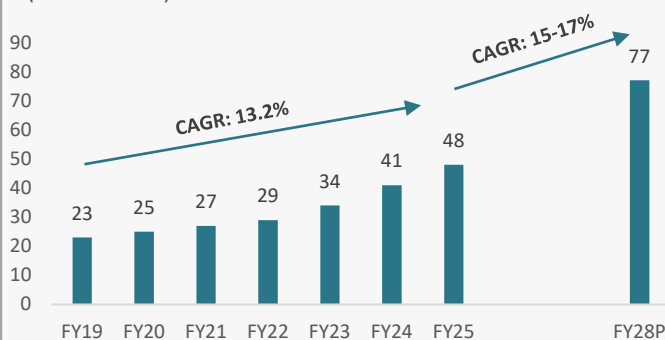
(in Rs. trillion)



Source: Company RHP, ACMIIL Retail Research

NBFC credit to grow at 15 - 17% between FY25 and FY28

(in Rs. trillion)



Trend in Housing loans AUM for key home loans companies

Particulars	Gross Home Loans (in Rs. billions)					ROE
	FY22	FY23	FY24	FY25	CAGR (FY22-25)	FY25
LIC Housing Finance Limited	2,042	2,288	2,441	2,616	8.6%	16.0%
Bajaj Housing Finance Limited	345	427	528	644	23.1%	13.4%
PNB Housing Finance Limited	348	396	456	535	15.4%	12.2%
Tata Capital Housing Finance Limited	200	271	365	462	32.2%	19.3%
Can Fin Homes Limited	239	281	311	336	12.0%	18.2%
Aditya Birla Housing Finance Limited	80	94	117	173	29.3%	10.7%

Source: Company RHP, ACMIIL Retail Research

Peer comparison (Financial Year 2025)

Name of the Company	Revenue from operations for Fiscal 2025 (Rs. In million)	Face value of equity share (Rs.)	Return on Net Worth		NAV (per share In Rs.)	P/E^	P/B\$
			Basic	Diluted			
Tata Capital Ltd.*	2,83,127.40	10	9.3	9.3	11.20%	79.5	#
Listed Peers							
Bajaj Finance Limited	6,96,835.10	1	26.9	26.8	17.40%	155.6	6.5
Shriram Finance Limited	4,18,344.20	2	50.8	50.8	16.80%	300.3	2
Cholamandalam Investment and Finance Company Limited	2,58,459.80	2	50.7	50.6	18.00%	281.5	5.7
L&T Finance Limited	1,59,242.40	10	10.6	10.6	10.30%	102.5	2.4
Sundaram Finance Limited	84,856.30	10	170.5	170.5	13.80%	1,187.80	3.9
HDB Financial Services Limited	1,63,002.80	10	27.4	27.3	14.60%	198.8	3.9

Source: All the financial information for listed industry peers mentioned above is on a consolidated basis (unless otherwise available only on standalone basis) and is sourced from the annual report or financial statements as available of the respective company for the financial year ended March 31, 2025 submitted to stock exchanges. Further, data for HDB Financial Services Limited except for P/E and P/B has been sourced from Prospectus dated June 28, 2025.

^ P/E ratio for the peer companies are computed based on closing market price as on September 25, 2025 at NSE, divided by Diluted EPS (on consolidated basis) based on the financial results or annual report of the company for the Financial Year 2025, except for Bajaj Finance Limited which has been adjusted for bonus issue and face value split undertaken after March 31, 2025.

* Financial information of Company has been derived from the Restated Consolidated Financial Information.

To be included in respect of Company in the Prospectus based on the Offer Price.

\$ P/B ratio for the listed industry peers has been computed based on the closing market price of equity shares on NSE as on September 25, 2025 divided by the net asset value per equity share as of the last day of the year ended March 31, 2025, except for Bajaj Finance Limited which has been adjusted for bonus issue and face value split undertaken after March 31, 2025.

Financial Statement (Consolidated)

Particulars (₹ in million.)	For the period ended June 30, 2025	For the period ended June 30, 2024	As at March 31st		
			2025	2024	2023
Income					
Interest income	69,318.30	59,951.60	2,57,197.70	1,63,664.70	1,19,109.00
Dividend income	87.5	82.7	240.1	361.90	7.9
Rental income	867.7	630.80	2,722.50	2,034.10	2,692.60
Fees and commission income	3476.3	3,009.00	17,797.50	10,458.80	5,695.80
Net gain on fair value changes	1751.9	1,456.60	2,804.90	4,900.30	637.40
Net gain on derecognition of associates		-	-	328.40	8,145.80
Net Gain on derecognition of financial instruments	1146.4	332.10	2,364.70	-	-
Other income	268.4	111.20	571.30	235.60	86.40
Total income	76,916.50	65,574.00	2,83,698.70	1,81,983.80	1,36,374.90
Expenses					
Employee benefits expenses	6345.5	7143.6	28122.5	18500.9	12941.8
Impairment/(Reversal of impairment) of investment in associates	-	-233.4	-233.4	100.9	76.5
Net (gain) / loss on derecognition of associates	-	223	21.8	-	-
Depreciation and amortisation expenses	1180.5	898.4	3900.2	2875	2260.2
Finance costs	40656.2	35411.6	150296.4	95682.3	66006.4
Impairment on financial instruments	9085.8	9600.3	28268.3	5922.6	5742.9
Other expenses	5821.1	6084	24111.5	14866.1	11448.5
Total Expenses	63,089.10	59,127.50	2,34,487.30	1,37,947.80	98,476.30
Profit before Share of Profit / (Loss) of investment accounted for using equity method and Tax	13,827.40	6,446.50	49,211.40	44,036.00	37,898.60
Share of Profit / (Loss) of Associate	-5.5	-30.2	-25.8	-115.7	1467
Profit / (Loss) before tax	13,821.90	6,416.30	49,185.60	43,920.30	39,365.60
Tax Expenses					
Current tax	4105.8	1464.1	11412.1	10717.6	10703.9
Deferred Tax Expenses/(credit)	-693.2	230.1	1223.3	-66.9	-796
Total Tax Expenses	3412.6	1694.2	12635.4	10650.7	9907.9
Profit/ (loss) after tax	10,409.30	4,722.10	36,550.20	33,269.60	29,457.70
Other Comprehensive Income	143.8	738.9	-1469	11405	18000.4
Total comprehensive income for the year/period	10,553.10	5,461.00	35,081.20	44,674.60	47,458.10
Basic and Diluted Earnings per Equity Share	2.5	1.2	9.3	8.6	8.4

Source: Company RHP, ACMIIL Retail Research

Risks and concerns

- Any downturn in the macroeconomic environment in India could adversely affect the business, results of operations, cash flows, financial condition and profitability.
- Subject to the liquidity risk management rules promulgated by the RBI.
- During FY23/FY24/FY25/1QFY26, the company's unsecured loans stood at 23.1%/24.5%/21.0%/20.0% respectively. Any failure to recover these loans on time may hurt the company's performance.
- Any asset-liability mismatch may cause liquidity concerns, affecting the results of operations and financial condition.

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Weekly Derivatives Synopsis	Stock Basket
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