

IPO Flash

October 03, 2025

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Tata Capital Ltd

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Tata Capital Ltd

IPO Details:	
Issue opens	October 6, 2025
Issue closes	October 8, 2025
Issue size	Rs. 15,512 Crore
Type of issue	Fresh Issue – Rs. 6,846 crore and offer for sale Rs. 8666 crore
Offer size	Total size 47.58 crore shares (Fresh issue; 21 crore, Offer for sale; 26.58 crore)
Face value	Rs. 10 per share
Price band	Rs. 310 – 326
Bid lot	46 shares and in multiple thereof
QIB portion	Not more than 50% of the net offer
Non-Institution portion	Not less than 15%
Retail portion	Not less than 35%

Source: Company RHP

About the IPO

Tata Capital Ltd. is coming up with a book build issue of Rs. 15,512 crore. The IPO combines a fresh issue of 21 crore shares aggregating to Rs. 6,846.00 crore and offer for sale of 26.58 crore shares aggregating to Rs. 8,665.87 crore. The issue opens for subscription on Oct 6, 2025 and closes on Oct 8, 2025. Tata Capital IPO will list on the BSE, NSE with a tentative listing date fixed as Oct 13, 2025. The IPO price band is set at Rs. 310-326 per share.

Valuation and View

Tata Capital has a resilient business model focused on sustained growth, supported by a diversified asset mix. Its AUM reached Rs. 2,33,363 crore in FY25, reflecting significant scalability with a 37.3% CAGR (FY23-25, including TMFL merger). Strong risk management, including stable underwriting and an ~80% secured book, maintains steady asset quality. A robust branch network further enables future growth. The company is currently valued at about 3.5x P/B post-issue.

Peer Comparison

Peer Valuation	Tata Capital	Bajaj Finance	HDB Financial	L&T Finance
CMP	326	988	770	259
Market Cap	138,224	61,5000	64,000	66,000
AUM (Rs. Crore)	2,26,550	4,14,830	1,06,880	97,760
RoA (%)	1.8	4.5	2.3	3
RoE (%)	12.6	19.2	14.7	10.8
PE	35.1	36.9	28.2	24.4
PB	3.5*	6.4	3.8	2.4
EPS	9.3	26.8	27.3	10.6

Source: Company RHP; *PE and PB are calculated on upper band, # Market cap is calculated on upper band

Offer details

Particulars	Issue size
Fresh Issue	Rs. 6,846 crore
Offer for Sale	Rs. 8,666 crore
Total	Rs. 15,512 Crore

Source: Company RHP

October 03, 2025

Shareholding pattern

Particulars	Number of shares	Pre offer holding (%)	Number of share Post-Offer Holding (%)	Post-Offer Holding (%)
Promoter and Promoter Group		95.56%		85.41%
Public		4.44%		14.59%
Total	4,034,869,037	100.0%	4,24,48,69,037	100%

Source: Company RHP; Note: the company is professionally managed and does not have any promoter.

Pre-Offer Total number of issued shares	4,034,869,037
Post-Offer Total number of issued shares	4,24,48,69,037

Source: Company RHP

Utilization of Proceeds

Fresh issue (100%) will be used to augment Tier I capital.

- ◆ Expand lending operations to support demand.
- ◆ Maintain a comfortable Capital Adequacy Ratio (CRAR) in line with RBI's scale-based regulations, which impose stricter norms on large NBFCs.

BRLMs: A large consortium including Kotak Mahindra Capital, Axis Capital, BNP Paribas, Citigroup, HDFC Bank, HSBC, ICICI Securities, IIFL Capital, JP Morgan, and SBI Capital Markets.

About the company

Established in 2007 as the flagship financial services arm of the Tata Group and a key subsidiary of Tata Sons Limited (categorised as an Upper Layer NBFC by the RBI), Tata Capital Limited operates as one of the leading non-banking financial company (NBFC), delivering a comprehensive and diversified portfolio of financial solutions. The company's core services encompass consumer loan, housing loan, commercial loan and other loans, besides it provides wealth management services & investment banking services. It also works as agency for distribution of other financial products. The company's gross loan book stood at Rs. 233000 crore, out of which ~80% is secured.

Other key details

- ◆ The company has comprehensive suite of 25+ lending products
- ◆ Large customer base and has served to 7.3 million customers
- ◆ It is the third-largest diversified NBFC in India, with total gross loans of Rs. 2.3 lakh crore.
- ◆ It has extensive pan-India distribution network comprising 1,516 branches across 27 States and Union Territories
- ◆ It has a well-diversified liability base supported by a credit rating of AAA which is the highest possible credit rating that can be assigned to any NBFC in India.

Business Segments

Segments	AUM (Rs. crore)	Stake (%)
Home Loans	40,159	17.2%
Loans Against Property	27,811	11.9%
Personal Loans	15,282	6.5%
Business Loans	9,373	4.0%
Secured Business Loans	55	0.0%
Two-Wheeler Loans	7,100	3.0%
Car Loans	5,662	2.4%
Commercial Vehicle Loans	24,700	10.6%
Construction Equipment Loans	5,883	2.5%
Loans Against Securities	4,209	1.8%
Micro Finance Loans	2,380	1.0%
Education Loans	447	0.2%
Supply Chain Finance	14,905	6.4%
Equipment Finance	2,017	0.9%
Leasing Solutions	2,957	1.3%
Term Loans	36,940	15.8%
Cleantech and Infra Finance	20,566	8.8%
Developer Finance	12,919	5.5%
Total	2,33,365	100.0%

Source: Company RHP

Total Income	FY24	FY25	Q1FY25	Q1FY26
Lending Business	17,635	27,647	6,407	7,500
Growth (%)	40%	57%		17%
Non-Lending Business	563	723	151	192
Growth (%)	-46%	28%		27%
Total	18,198	28,370	6,557	7,692
Growth (%)	33%	56%		17%

Source: Company RHP

Brief profile of directors, senior management and KMPs

- ♦ **Mr. Saurabh Agrawal, Chairman and Non-Executive Director:** He holds a bachelor's degree in chemical engineering from the University of Roorkee and a post-graduate diploma in management from the Indian Institute of Management, Calcutta. Presently, he also serves as the executive director and group chief financial officer of Tata Sons Private Limited. He has previously served as the chief strategy officer – corporate strategy & business development cell with Aditya Birla Management Corporation Private Limited and head of corporate advisory and finance (South Asia and SEA) with Standard Chartered Bank.
- ♦ **Mr. Rajiv Sabharwal, Managing Director & CEO:** He has previously served as a partner at True North Managers LLP and as the chairman of ICICI Home Finance Company Ltd. He was also on the board of ICICI Prudential Life Insurance Company Ltd and served as an executive director on the board of ICICI Bank Ltd.
- ♦ **Mr Rakesh Bhatia, Chief Financial Officer:** He has been associated with the Company since March 2, 2020. Previously, he has served as the president and CFO at Kamatan Farm Tech Pvt. Ltd, and financial controller and rural business head at Tata Capital. He has also previously worked with RvaluE Consulting, Tupperware India Pvt. Ltd, American Express (India) Pvt. Ltd, I-flex Solutions Ltd, Escorts Yamaha Motor Ltd and Industrial Development Bank of India. He also serves as a director on the board of International Asset Reconstruction Company Pvt. Ltd.

- ♦ **Mr. Sujit Kumar Varma, Independent Director:** He is a certified associate of the Indian Institute of Bankers. He had been associated with State Bank of India for 34 years in various capacities. He has held board positions in several banks, such as State Bank of India as the deputy managing director (corporate accounts group), SBI, New York branch as the chief executive officer, SBI (Mauritius) Limited and State Bank of India (UK) Limited as director.
- ♦ **Mr. Nagaraj Ijari, Independent Director:** He holds a Bachelor's degree in technology, and has completed the advanced management program from the Harvard Business School. Prior to joining the Company, he was associated with Tata Consultancy Services Limited for more than 29 years.
- ♦ **Dr. Punita Kumar Sinha, Independent Director:** She holds a bachelor's of technology degree in chemical engineering from IIT, Delhi, and an MBA from Drexel University. She also holds a Ph.D in finance from the Wharton School University of Pennsylvania. She is the co-founder of the Pacific Paradigm Advisors LLP and has also served as senior managing director with Blackstone. She has several years of experience in the field of management and financial markets. She has also chaired the CFA Institute's Investment sub-committee. She has also served as an independent director on the boards of several companies including Infosys Limited and JSW Steel Limited.
- ♦ **Mr. Ramanathan Viswanathan, Independent Director:** He is a certified associate of the Indian Institute of Bankers. He had been associated with the State Bank of India for 37 years in various capacities such as the deputy managing director (internal audit department), deputy managing director and group compliance officer, chief general manager (commercial clients group- South), chief executive officer (SBI, New York), regional manager, and assistant general manager and head (centralised credit processing cell, MCRO). He has also served as president and chief operating officer and whole time director, SBI Capital Markets Limited.

Industry Overview

- ♦ NBFCs have become important constituents of India's financial sector and have been recording higher credit growth than scheduled commercial banks (SCBs) in the past few years. They continue to leverage their superior understanding of regional dynamics and customised products and services to expedite financial inclusion. Systemically-important NBFCs have demonstrated agility, innovation and frugality to provide formal financial services to millions of Indians. FY25 has been a tough year for NBFCs due to margin pressures, a moderation in disbursement growth and high credit costs. Within this, 2-3 wheelers and MSMEs sector are posing challenges due to macro headwinds. Regulatory pressures also weighed on the sector, marked by higher risk weights on unsecured personal loans and bank term loans to NBFCs. The regulator's clear focus was on ensuring long-term stability. We see the operational landscape for NBFCs improving in FY26E, which will support healthy loan growth and gradual improvement in asset quality led by a change in the monetary policy, improving system wide liquidity, stress peaking out in unsecured retail loans, relaxation in norms in terms of lowering risk weights for bank finance to NBFCs and microfinance loans. Some NBFCs have also asserted that the underlying environment seems to be improving. We see a lot of value in the NBFC sector, given that they will continue to offer healthy loan growth at reasonable valuations. Operating performance is expected to improve, and asset quality stress will also ease by H2FY26.

Key Concerns

- ♦ Intense competition in India's lending market may pressurise margins and growth
- ♦ Economic slowdown may impact on asset quality and growth

Key Strategies

- ♦ **Capitalise on strong network, focus on affordable housing, secured and LAP:** Tata Capital has established a robust, customer-centric distribution model that seamlessly integrates its physical pan-India branch network—which has seen a 2.1x expansion since FY23 (enhancing reach in Tier II/III markets with external partners and digital platforms. This omni-channel approach has driven significant operating leverage, culminating in approximately 98% of customers being digitally onboarded in FY25. Simultaneously, the company has broadened its product suite by launching microfinance (FY22), factoring (FY23), secured business and education loans (FY24), and new car loans (FY25), and now intends to focus on scaling affordable housing, affordable LAP, and secured business loans, ensuring the balanced phygital strategy supports future growth, customer reach, and operational efficiency.
- ♦ **Capitalise on cross-sales opportunities:** Tata Capital serves as the flagship financial services arm of the highly diversified Tata Group, which provides significant brand credibility and strong capital support through its promoter. Leveraging the Group's ecosystem of over 70 companies and 950 dealer/vendor partners, Tata Capital has grown its total gross loans to Rs. 2,33,363 crore as of June 30, 2025, establishing itself as India's third-largest diversified NBFC. Hence, it would leverage on cross-sales opportunities.
- ♦ **Improvement in cost-to-income ratio:** To improve its cost-to-income ratio in the short term, Tata Capital is prioritizing operational efficiency and cost control. The immediate focus is on reducing operating costs (opex) by leveraging the substantial prior investments already made in technology. By increasing the use of technology across its operations, the company aims to benefit from its large and diversified product suite and extensive customer base, which will allow for greater consolidation and scalability, ultimately driving a more favorable cost structure.

Competitive Strengths:

- ♦ **Strong brand equity and capital advantage:** Tata Capital benefits significantly from being the flagship financial services arm of the Tata Group, a conglomerate with a 150+ year legacy. This strong parentage backs the company with AAA Credit Ratings, granting it access to low-cost borrowing—among the lowest in the NBFC sector—which helps maintain competitive lending rates and protected margins.
- ♦ **Market leadership and rapid growth:** Positioned as the third-largest diversified NBFC in India, Tata Capital reported a substantial gross loan book of Rs. 2,33,400 crore as of June 30, 2025. It is also one of the fastest-growing large diversified NBFCs, demonstrating a robust and rapid expansion with its loan book achieving a high CAGR of 37.3% between March 2023 and March 2025.
- ♦ **Robust omni-channel distribution and scale:** The company maintains an extensive reach through a robust distribution network, including 1,516 physical branches across 27 states and union territories. This physical presence is strongly augmented by a multi-channel digital strategy, incorporating digital lending platforms, DSAs, OEM tie-ups, and dealer partnerships, all serving a large base of 73 lakh customers.
- ♦ **Strategic vehicle finance capability:** The merger with Tata Motors Finance (TMFL) in May 2025 significantly bolstered Tata Capital's position in the vehicle finance segment. This consolidation integrated 6,351 employees and 353 branches, and critically increased the combined entity's exposure to commercial vehicle loans (92.5%), car loans (16.8%), and supply chain finance (12.8%).

Valuation and View

Tata Capital has a resilient business model focused on sustained growth, supported by a diversified asset mix. Its AUM reached Rs. 2,33,363 crore in FY25, reflecting significant scalability with a 37.3% CAGR (FY23-25, including TMFL merger). Strong risk management, including stable underwriting and an ~80% secured book, maintains steady asset quality. A robust branch network further enables future growth. The company is currently valued at about 3.5x P/B post-issue.

Peer Comparison

Peer Valuation	Tata Capital	Bajaj Finance	HDB Financial	L&T Finance
AUM (Rs. Crore)	2,26,550	4,14,830	1,06,880	97,760
NIM (%)	5.2	9.9	7.8	9.9
Yield (%)	12.6	16.7	14.6	16.7
CoF (%)	7.8	7.6	7.9	7.1
C/I Ratio	42.1	33.2	49.1	40.1
Credit Cost (%)	1.4	2.2	2.2	2.5
GNPA (%)	1.9	1	2.3	3.3
NNPA (%)	0.8	0.4	1	1
RoA (%)	1.8	4.5	2.3	3
RoE (%)	12.6	19.2	14.7	10.8
CMP (₹)	326	988	770	259
PE	35.1	36.9	28.2	24.4
PB	3.5*	6.4	3.8	2.4
EPS	9.3	26.8	27.3	10.6

Source: Company RHP

Financials

Consolidated Income Statement

(Rs. crore)

Particulars	FY23	FY24	FY25	Q1FY26
Interest income	11,911	16,366	25,720	6,932
Other income	1,727	1,832	2,650	760
Total income	13,637	18,198	28,370	7,692
Finance costs	6,601	9,568	15,030	4,066
NII	5,310	6,798	10,690	2,866
Opex	2,665	3,624	5,613	1,335
PPOP	4,372	5,006	7,727	2,291
Credit costs	574	592	2,827	909
PBT	3,937	4,392	4,919	1,382
Tax	991	1,065	1,264	341
PAT	2,946	3,327	3,655	1,041
EPS	8.4	8.6	9.3	2.5

Source: Company RHP

Consolidated Restated Balance Sheet as of March 31,

(Rs. crore)

Assets	FY23	FY24	FY25	Q1FY26
Investments	13,254	8,733	9,866	10,394
Loans	1,16,789	1,57,761	2,21,950	2,28,579
Others	5,583	10,201	16,648	13,282
Total Assets	1,35,626	1,76,694	2,48,465	2,52,254
Liabilities				
Debt	1,13,541	1,48,512	2,08,851	2,12,275
Others	4,745	4,765	6,422	6,390
Net worth	17,340	23,417	33,192	33,589
Total Liabilities	1,35,626	1,76,694	2,48,465	2,52,254

Source: Company RHP

Key Ratio Analysis (Consolidated)

Ratio	FY23	FY24	FY25	Q1FY26
Number of shares	350.7	370.3	376.2	395.1
BPVS	49.4	63.2	79.5	82
GNPA (%)	1.7	1.5	1.9	2.1
NNPA (%)	0.4	0.4	0.8	1
RoE (%)	20.6	15.5	12.6	12.5
RoA (%)	2.9	2.3	1.8	1.8

Source: Company RHP

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