

IPO Note: Tata Capital Ltd.

Industry: Finance

Date: October 03, 2025

Issue Snapshot		Issue Break up		
Company Name	Tata Capital Ltd.	QIB ex Anchor	20%	9,49,24,856
Issue Opens	October 06, 2025 to October 08, 2025	Anchor Investor	30%	14,23,87,284
Price Band	Rs. 310 – Rs. 326	HNI<Rs. 10 Lakhs	5%	2,37,31,214
Bid Lot	46 Equity Shares and in multiples thereof.	HNI>Rs. 10 Lakhs	10%	4,74,62,428
The Offer	Public issue of 47,58,24,280 Equity shares of Face value Rs. 10 each, (Comprising of fresh issue of 21,00,00,000 Equity Shares (Rs. 6,846 cr.*) and Offer for Sale of 26,58,24,280 Equity Shares (Rs. 8,666 cr.*) by Selling Shareholder).	RII	35%	16,61,18,498
		Total Public	100%	47,46,24,280
Issue Size	Rs. 14,750.6 – 15,511.9 Crores	Employee Reservation		12,00,000
IPO Process	100% Book Building	Total		47,58,24,280
Face Value	Rs. 10.00			
Exchanges	NSE & BSE	Equity Share Pre Issue (Nos. Cr.)		403.5
BRLM	Kotak Mahindra Capital Co. Ltd., Axis Capital Ltd., BNP Paribas, Citigroup Global Markets India Pvt. Ltd., HDFC Bank Ltd., HSBC Securities and Capital Markets (India) Pvt. Ltd., ICICI Securities Ltd., IIFL Capital Services Ltd., J.P. Morgan India Pvt. Ltd., SBI Capital Markets Ltd.	Fresh Share (Nos. Cr.)		21.0
		OFS Share (Nos. Cr.)		26.6
Registrar	MUFG Intime India Pvt. Ltd.	Equity Share Post Issue (Nos. Cr.)		424.5
		Market Cap (Rs. Cr.)		1,38,382.7
		Equity Dilution		4.9%
		Stake Sale by OFS		6.3%

Objects of the Offer

Offer for Sale

The Company will not receive any proceeds of the Offer for Sale by the Selling Shareholder. (up to 230,000,000 equity shares by Tata Sons Private Limited and up to 35,824,280 equity shares by International Finance Corporation)

Fresh Issue

- Augmenting its capital base to meet its future capital requirements; and
- General corporate purposes.

Company Highlights

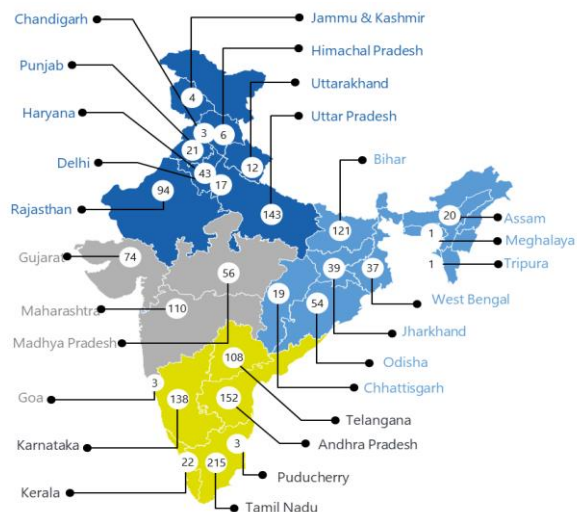
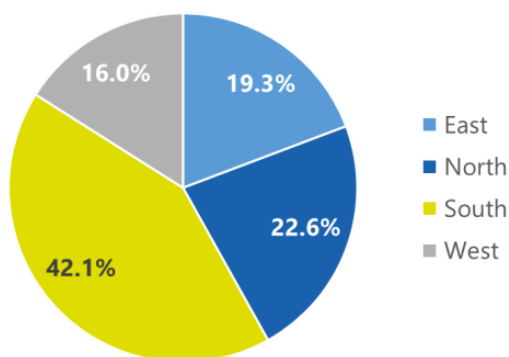
- Tata Capital is the flagship financial services company of the Tata group and a subsidiary of Tata Sons Private Limited, the holding company of the Tata group and the Promoter of the company. As per the CRISIL report, the company is the 3rd largest diversified NBFC in India with Total Gross Loans of Rs. 2,334 billion as of June 30, 2025. The company is among the fastest-growing large diversified NBFCs in India based on growth in Total Gross Loans, with Total Gross Loans growing at a CAGR of 37.3% from March 31, 2023, to March 31, 2025.
- The company has track record of sustained growth while maintaining its asset quality, as evidenced by its metrics such as, Gross Stage 3 Loans Ratio of 2.1%, Net Stage 3 Loans Ratio of 1.0% and Provision Coverage Ratio (PCR) of 53.9%, which are among the best across large diversified NBFCs in India as of June 30, 2025.
- The company's Total Gross Loans (excluding TMFL) grew at a CAGR of 28.4% from March 31, 2023, to March 31, 2025. The company's asset quality (excluding TMFL) stood at Gross Stage 3 Loans Ratio of 1.5%, Net Stage 3 Loans Ratio of 0.5% and PCR of 65.8% as of March 31, 2025.
- Since commencing its lending operations in 2007, the company has served 7.3 million customers up to June 30, 2025. Through its comprehensive suite of 25+ lending products (the Lending Business), the company caters to a diverse customer base comprising salaried and self-employed individuals, entrepreneurs, small businesses, small and medium enterprises and corporates.
- The company is focused on Retail and SME Customers, with loans to such customers forming 87.5% of its Total Gross Loans as of June 30, 2025. The company's loan portfolio is highly granular, with ticket sizes ranging from Rs.10,000 to over Rs.1 billion, and over 98% of its Loan accounts have a ticket size of less than Rs.10 million, as at June 30, 2025. In addition, 80% of the company's Total Gross Loans were secured, and its Organic Book accounted for over 99% of its Total Gross Loans, as at June 30, 2025.

- The company has an extensive pan-India distribution network comprising 1,516 branches across 27 States and Union Territories, as at June 30, 2025. The company's branch network has grown at a CAGR of 58.3% from March 31, 2023, to June 30, 2025. Moreover, the company has established partnerships with direct selling agents (DSAs), original equipment manufacturers (OEMs), dealers, and digital partners to broaden its reach.
- The company has a diversified borrowing mix of short and long-term loans from banks, non-convertible debentures, sub-ordinated and perpetual debt, external commercial borrowings and commercial papers. The company's Average Cost of Borrowings Rate was 7.8% and the Total Borrowings to Total Equity ratio was 6.6 times in FY 2025 and as at March 31, 2025, respectively. The company's Average Cost of Borrowings Rate was 7.8% and Total Borrowings to Total Equity ratio was 6.5 times in the three months ended June 30, 2025 and as at June 30, 2025, respectively.
- Additionally, the company has a 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 business, wherein the company is currently focused on 2 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).

View

- Tata Capital is the flagship financial services company of the Tata group, which is one of India's most distinguished business groups, with a legacy of over 150 years. The company is the 3rd largest diversified NBFC in India based on its Total Gross Loans of ₹ 2,334.0 billion as at June 30, 2025 and the most comprehensive amongst large diversified NBFCs in India based on the number of loan product offerings, as at March 31, 2025.
- The company has adopted new and emerging technologies such as AI, ML and GenAI across its platforms, and continues to invest in them and expand the application of these technologies across businesses and functions. The company's digital advancements are central to its objectives of enhancing operational efficiency, increasing employee productivity and improving the customer experience. Additionally, the company will continue to deploy advanced technology infrastructure and cybersecurity controls to safeguard it from potential technological lapses and other threats and ensure that the systems remain protected against information and cybersecurity threats.
- The company has made substantial investments in expanding its distribution network, resulting in a 2.1x increase in its branch count (excluding TMFL branches) since FY 2023. The company will also focus on improving the productivity of existing branches and extending its product suite across all locations. The company aims to scale recently launched offerings—such as Affordable Housing Loans, Affordable Loan Against Property, and Secured Business Loans—and increase their share in Total Gross Loans. Additionally, the company will strengthen current relationships and onboard new partnerships, including DSAs, OEMs, and dealers. Simultaneously, it will enhance digital channels like mobile apps, the company's website, and digital partnerships to broaden reach and deliver a seamless, cost-effective customer experience.
- The company's robust risk management framework enables it to navigate evolving market conditions, customer expectations, and regulatory changes. The company remains focused on maintaining high asset quality by continuously enhancing its risk practices, credit underwriting, and collections infrastructure, as it grows the loan portfolio. The company plans to refine its underwriting using advanced analytics and data-driven insights for better credit decisions. Simultaneously, the company will optimize its analytical models and digital tools to improve risk assessment and collection efficiency, thereby safeguarding the quality of its loan portfolio.
- The company's merger with TMFL will strategically position the company's combined business as a leading, full-spectrum provider of vehicle finance, focused on a broader customer base with an expanded suite of product offerings and a more diversified, combined loan portfolio. The merger has complemented and expanded the company's portfolio of vehicle finance products across both commercial and passenger vehicles. The company has expanded from a single OEM to a multi-OEM model spanning pan-India to diversify the acquired vehicle finance business. Furthermore, the company intends to leverage TMFL's customer base for more cross-sell opportunities.
- In terms of the valuations, on the higher price band, Tata Capital demands P/BV multiple of 3.42x post issue Q1FY26 annualized Book Value.

Overview of Number of Branches



Key Operational and Financial Performance

(Rs. in Cr. Unless Stated)	FY23	FY24	FY25	Q1FY25	Q1FY26
Return On Equity and Assets					
Interest Income as a % of Average Total Net Loans	11.5%	11.9%	12.6%	12.6%	12.3%
Finance Cost as a % of Average Total Net Loans	6.4%	7.0%	7.3%	7.4%	7.2%
Net Interest Income as a % of Average Total Net Loans	5.1%	5.0%	5.2%	5.2%	5.1%
Fee Income as a % of Average Total Net Loans	0.8%	0.9%	1.1%	0.9%	1.0%
NIM + Fee Income as a % of Average Total Net Loans	6.0%	5.9%	6.4%	6.0%	6.1%
Employee Benefit Expense as a % of Average Total Net Loans	1.3%	1.3%	1.4%	1.5%	1.1%
Other Operating Expense as a % of Average Total Net Loans	1.3%	1.3%	1.4%	1.5%	1.2%
Credit Cost as a % of Average Total Net Loans	0.6%	0.4%	1.4%	2.0%	1.6%
Profit Before Tax as a % of Average Total Net Loans	3.8%	3.2%	2.4%	1.3%	2.5%
Cost to Income Ratio	37.9%	42.0%	42.1%	46.8%	36.8%
Return On Equity	20.6%	15.5%	12.6%	6.9%	12.5%
Return On Assets	2.9%	2.3%	1.8%	1.0%	1.8%
Stage 3 Loans and Ratio					
Gross Stage 3 Loans	2,060	2,364	4,234	3,281	4,788
Gross Stage 3 Loans Ratio	1.7%	1.5%	1.9%	1.7%	2.1%
Net Stage 3 Loans	472	612	1,757	1,199	2,208
Net Stage 3 Loans Ratio	0.4%	0.4%	0.8%	0.6%	1.0%
Provision Coverage Ratio ("PCR")	77.1%	74.1%	58.5%	63.5%	53.9%
Capital to Risk-Weighted Assets Ratio					
Tier I Capital (A)	NA	14,266	21,786	18,007	22,371
Tier II Capital (B)	NA	5,838	6,993	7,501	6,678
Total Capital (Tier-I and Tier-II) (C=A+B)	NA	20,104	28,780	25,508	29,049
Total risk-weighted assets (D)	NA	1,20,230	1,70,242	1,53,925	1,75,096
CRAR (E = C/D)	NA	16.70%	16.90%	16.60%	16.60%
CRAR – Tier-I (F=A/D)	NA	11.90%	12.80%	11.70%	12.80%
CRAR – Tier-II (G=B/D)	NA	4.90%	4.10%	4.90%	3.80%

Key Operational and Financial Performance

(Rs. in Cr. Unless Stated)	FY23	FY24	FY25	Q1FY25	Q1FY26
Number of Branches	539	867	1,496	1,289	1,516
Number of Employees	14,490	19,250	29,397	28,079	28,813
Number of Customers (mn)	3.2	4.5	7.0	4.8	7.3
Disbursements (Rs. Cr)	74,767	1,04,994	1,42,302	30,804	34,714
Disbursements YoY Growth	39.9%	40.4%	35.5%	NA	12.7%
Total Gross Loans (Rs. Cr)	1,20,197	1,61,231	2,26,553	1,98,787	2,33,399
-Retail Finance (Rs. Cr)	68,188	95,032	1,41,114	1,27,565	1,43,095
-SME Finance (Rs. Cr)	39,203	46,761	59,463	50,903	61,227
-Corporate Finance (Rs. Cr)	12,806	19,438	25,976	20,318	29,076
Total Gross Loans YoY Growth (7)	28.8%	34.1%	40.5%	NA	17.4%
Secured Gross Loans as % of Total Gross Loans	76.9%	75.5%	79.0%	77.6%	80.0%
Interest Income (Rs. Cr)	11,911	16,366	25,720	5,995	6,932
Finance Cost (Rs. Cr)	6,601	9,568	15,030	3,541	4,066
Net Interest Income (Rs. Cr)	5,310	6,798	10,690	2,454	2,866
Fee Income (Rs. Cr)	847	1,273	2,346	408	576
Investment Income (Rs. Cr)	879	559	305	154	184
Total Income ((Rs. Cr)	13,637	18,198	28,370	6,557	7,692
NIM + Fee Income Margin (Rs. Cr)	6,158	8,071	13,036	2,862	3,442
Net Total Income ((Rs. Cr)	7,037	8,630	13,340	3,016	3,626
Operating Expenses ((Rs. Cr)	2,665	3,624	5,613	1,413	1,335
Credit Cost (Rs. Cr)	574	592	2,827	960	909
Profit After Tax (Rs. Cr)	3,029	3,150	3,665	462	990
Profit After Tax YoY Growth	79.5%	4.0%	16.3%	NA	114.4%
Basic Earnings Per Equity Share	8.4	8.6	9.3	1.2	2.5
Average Yield	11.5%	11.9%	12.6%	12.6%	12.3%
Average Cost of Borrowings Ratio	6.6%	7.3%	7.8%	7.8%	7.8%
Net Interest Margin Ratio	5.1%	5.0%	5.2%	5.2%	5.1%
NIM + Fee Income Ratio	6.0%	5.9%	6.4%	6.0%	6.1%
Cost to Income Ratio	37.9%	42.0%	42.1%	46.8%	36.8%
Operating Expenses Ratio	2.6%	2.6%	2.7%	3.0%	2.4%
Credit Cost Ratio	0.6%	0.4%	1.4%	2.0%	1.6%
Return On Equity	20.6%	15.5%	12.6%	6.9%	12.5%
Return On Assets	2.9%	2.3%	1.8%	1.0%	1.8%
Gross Stage 3 Loans Ratio	1.7%	1.5%	1.9%	1.7%	2.1%
Net Stage 3 Loans Ratio	0.4%	0.4%	0.8%	0.6%	1.0%
Provision Coverage Ratio	77.1%	74.1%	58.5%	63.5%	53.9%
Total Equity	17,340	23,417	31,384	27,065	32,386
Total Borrowings	1,13,336	1,48,185	2,08,415	1,83,167	2,11,852
Total Borrowings to Total Equity	6.5	6.3	6.6	6.8	6.5
CRAR	NA	16.7%	16.9%	16.6%	16.6%
CRAR – Tier I	NA	11.9%	12.8%	11.7%	12.8%
CRAR – Tier II	NA	4.9%	4.1%	4.9%	3.8%

Financial Statement

(In Rs. Cr)	FY23	FY24	FY25	Q1FY25	Q1FY26
Share Capital	3507.1	3703.1	3762.4	3703.6	3951.4
Net Worth	17339.9	23417.1	33191.8	28872.5	33588.8
Borrowings	54934.1	79142.9	118620.4	108223.3	112489.3
Other Financial Liabilities	61891.0	72193.6	94505.6	79487.5	103909.7
Non-Financial Liabilities	652.3	775.4	968.4	980.4	1027.7
Advances	116788.7	157760.6	221950.4	194588.0	228578.8
Other Financial Assets	17239.7	16633.4	22048.2	20493.6	18704.1
Non-Financial Assets	1597.7	2300.0	4466.5	3655.9	4971.4
Total Assets	135626.1	176694.0	248465.0	218737.4	252254.3
Net Interest Income	5310.3	6798.2	10690.1	2454.0	2866.2
Non Interest Income	1718.0	1808.4	2593.0	551.1	733.0
Net Profit	2945.8	3327.0	3655.0	472.2	1040.9
Earnings Per Share (Rs.)	8.4	8.6	9.3	1.2	2.5
Return on Equity (%)	20.6%	15.5%	12.6%	6.9%	12.5%
Net Asset Value per Share (Rs.)	49.4	63.2	79.5	69.6	82.0

Source: RHP, Ashika Research

Comparison with Listed Industry Peers

	Tata Capital	Bajaj Finance	Shriram Finance	Cholamandalam Investment	L&T Finance	Sundaram Finance	HDB Financial
Number of Branches	1,496	4,263	3,220	1,613	2,297	1,108	1,771
Number of Employees	29,397	64,092	79,872	64,941	36,521	11,977	60,432
Number of Customers (mn)	7	101.8	9.6	4.4	NA	5.1	19.2
Disbursements (Rs. Cr)	1,42,302	NA	NA	1,00,869	60,305	34,922	66,108
Total Gross Loans (Rs. Cr)	2,26,553	4,16,661	2,63,190	1,84,746	97,762	68,904	1,06,878
Interest Income (Rs. Cr)	25,720	61,164	40,308	23,748	14,663	7,139	13,836
Finance Cost (Rs. Cr)	15,030	24,771	18,455	12,495	5,997	4,226	6,390
Net Interest Income (Rs. Cr)	10,690	36,393	21,853	11,253	8,666	2,913	7,446
Total Income ((Rs. Cr)	28,370	69,725	41,859	26,153	15,941	8,563	15,084
Profit After Tax (Rs. Cr)	3,665	16,638	9,761	4,263	2,644	1,879	2,176
Average Yield	12.6%	NA	NA	NA	15.2%	NA	NA
Average Cost of Borrowings Ratio	7.8%	8.0%	NA	NA	NA	NA	7.9%
Net Interest Margin Ratio	5.2%	NA	NA	NA	8.7%	NA	NA
Cost to Income Ratio	42.1%	33.2%	NA	NA	NA	NA	42.8%
Credit Cost Ratio	1.4%	2.2%	NA	NA	2.5%	NA	NA
Return On Equity	12.6%	19.2%	NA	NA	10.9%	NA	14.7%
Return On Assets	1.8%	4.6%	NA	NA	2.4%	NA	2.2%
Gross Stage 3 Loans Ratio	1.9%	1.0%	4.6%	4.0%	3.3%	1.4%	2.3%
Net Stage 3 Loans Ratio	0.8%	0.4%	2.6%	2.6%	1.0%	0.7%	1.0%
Provision Coverage Ratio	58.5%	53.7%	43.3%	34.6%	71.0%	NA	56.0%
Total Borrowings to Total Equity	6.6	3.7	4.2	7.4	3.6	4.6	5.9
CRAR	16.9%	21.9%	20.7%	19.8%	22.3%	20.4%	19.2%

ANALYST CERTIFICATION

The undersigned analyst hereby certifies that all the opinions presented in this report accurately reflect their personal views regarding the subject securities, issuers, products, sectors, or industries. No part of their compensation has been, is, or will be directly or indirectly tied to specific recommendations or views expressed in this report. The analyst assumes primary responsibility for the creation of this research report and has diligently endeavored to establish and maintain independence and objectivity in formulating any recommendations.

Investors are strongly advised to carefully consider all relevant risk factors, including their financial condition and suitability to risk-return profiles, and to seek professional advice before making any investment decisions.



Ashika Stock Broking Limited (ASBL) commenced its operations in 1994 and is currently a trading and clearing member of various prominent stock exchanges, including BSE Limited (BSE), National Stock Exchange of India Limited (NSE), Metropolitan Stock Exchange of India Limited (MSEI), National Commodity and Derivative Exchange (NCDEX), and Multi Commodity Exchange (MCX). ASBL is dedicated to offering a comprehensive range of services to its esteemed clients, encompassing broking services, depository services (both CDSL and NSDL), and the distribution of financial products such as mutual funds, IPOs, and bonds.

Recognized as a "Research Entity" under SEBI (Research Analyst) Regulations 2014 since 2015 (Registration No. INH000000206), ASBL operates as a wholly-owned subsidiary of Ashika Global Securities (P) Ltd., a non-deposit-taking NBFC company registered with the Reserve Bank of India (RBI). The broader Ashika Group, with detailed information available on our website (www.ashikagroup.com), serves as an integrated financial service provider involved in diverse activities, including Investment Banking, Corporate Lending, Debt Syndication, and other advisory services.

Over the past three years, ASBL has not faced any substantial or material disciplinary actions imposed by regulatory authorities. Nonetheless, routine inspections conducted by SEBI, Exchanges, and Depositories have identified certain operational deviations. In response to these observations, advisory letters or minor penalties have been issued by the relevant authorities.

DISCLOSURE

ASBL prepares and distributes research reports solely in its capacity as a Research Analyst under SEBI (Research Analyst) Regulations 2014. The disclosures and disclaimer provided herein are integral components of all research reports being disseminated.

- 1) ASBL, its associates, and its Research Analysts (including their relatives) may hold a financial interest in the subject company(ies). This financial interest extends beyond merely having an open stock market position and may include acting as an advisor to, or having a loan transaction with, the subject company(ies), in addition to being registered as clients.
- 2) ASBL and its Research Analysts (including their relatives) do not possess any actual or beneficial ownership of 1% or more of securities in the subject company(ies) at the conclusion of the month immediately preceding the publication date of the source research report or the date of the relevant public appearance. Nevertheless, it is noted that associates of ASBL may hold actual or beneficial ownership of 1% or more of securities in the subject company(ies).
- 3) ASBL and its Research Analysts (including their relatives) do not possess any other material conflict of interest at the time of publishing the source research report or the date of the relevant public appearance. It is important to note, however, that associates of ASBL may have an actual or potential conflict of interest, distinct from ownership considerations.
- 4) ASBL or its associates may have received compensation for investment banking, merchant banking, and brokerage services, from the subject companies within the preceding 12 months. However, it is important to clarify that neither ASBL, its associates, nor its Research Analysts (who are part of the Research Desk) have received any compensation or other benefits from the subject companies or third parties in relation to the specific research report or research recommendation. Furthermore, Research Analysts have not received any compensation from the companies mentioned in the research report or recommendation over the past twelve months.
- 5) The subject companies featured in the research report or recommendation may be a current client of ASBL or may have been a client within the twelve months preceding the date of the relevant public appearance, particularly for investment banking, merchant banking, or brokerage services.
- 6) ASBL or its Research Analysts have not been involved in managing or co-managing public offerings of securities for the subject company(ies) within the past twelve months. However, it is worth noting that associates of ASBL may have managed or co-managed public offerings of securities for the subject company(ies) in the past twelve months.
- 7) Research Analysts have not held positions as officers, directors, or employees of the companies mentioned in the report or recommendation.
- 8) Neither ASBL nor its Research Analysts have been engaged in market making activity for the companies mentioned in the report / recommendation.

DISCLAIMER

The research recommendations and information provided herein are intended solely for the personal use of the authorized recipient and should not be construed as an offer document or as investment, legal, or taxation advice, nor should it be considered a solicitation of any action based upon it. This report is strictly not for public distribution or use by any individual or entity in jurisdictions where such distribution, publication, availability, or utilization would contravene the law, regulation, or be subject to registration or licensing requirements.

Recipients of this report will not be treated as customers merely by virtue of receiving it. The content is derived from information obtained from public sources deemed reliable, but we do not guarantee its accuracy or completeness. All estimates, expressions of opinion, and other subjective judgments contained herein are as of the date of this document and are subject to change without notice.

Recipients should conduct their own investigations and due diligence. ASBL disclaims any responsibility for any loss or damage that may result from inadvertent errors in the information contained in this report. Past performance should not be relied upon as a guide for future performance; future returns are not guaranteed, and the possibility of loss of capital exists.