

TATA CAPITAL LTD.

'SUBSCRIBE'

06-10-2025 TO 08-10-2025

Industry: NBFC / Financial services

Price Band: ₹310 to ₹326

Recommendation: Subscribe for long term

Post Implied Market Cap: ₹1,31,591 Cr - ₹1,38,383 Cr

Key Data

Issue Size (₹ Cr)	₹15,511.87
Fresh (₹ Cr)	₹6,846.00
OFS (₹ Cr)	₹8,665.87
No of shares offered (total issue)	47,58,24,280
Face Value (₹ /share)	10
Bid Lot	46 Shares

Indicative Timetable

IPO Open Date	Mon, Oct 6, 2025
IPO Close Date	Wed, Oct 8, 2025
Tentative Allotment	Thu, Oct 9, 2025
Initiation of Refunds	Fri, Oct 10, 2025
Credit of Shares to Demat	Fri, Oct 10, 2025
Tentative Listing Date	Mon, Oct 13, 2025
Cut-off time for UPI mandate confirmation	5 PM on Wed, Oct 8, 2025

Shareholding (No. of shares)

Pre-Issue	4,03,48,69,037
Post-Issue	4,24,48,69,037

Issue Breakup

QIB	50%
NII	15%
Retail	35%

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters & Promoter Group	95.56%	85.41%
Public – Selling S/h	1.78%	0.84%
Public – Others*	2.67%	13.75%
Total	100%	100%

Other Details

BRLMs: Kotak Mahindra Capital Company Ltd., Axis Capital Ltd., BNP Paribas, Citigroup Global Markets India Private Ltd., HDFC Bank Ltd., HSBC Securities and Capital Markets (India) Private Ltd., ICICI Securities Ltd., IIFL Capital Services Ltd., J.P. Morgan India Private Ltd., SBI Capital Markets Ltd.

Registrar: MUFG Intime India Private Limited (formerly Link Intime India Private Limited)

Listing: BSE & NSE

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About the company

Tata Capital Ltd. is the highly-rated financial services arm of the Tata Group. It's a diversified Non-Banking Financial Company (NBFC) offering a wide array of products across Retail, SME, Corporate, and Green Finance. 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.

Investment Rationales

Strong Tata Group Parentage: Benefits from the unmatched trust, brand equity, and high credit rating (AAA) of the Tata Group, ensuring a low cost of funds and strong capital support.

Diversified Lending Portfolio: Mitigates risk by offering a wide range of products across Retail, SME, Corporate, and Green Finance, tapping into various growth engines of the Indian economy.

Robust Financial Growth: Consistent track record of high growth in Loan Book and PAT (e.g., strong double-digit growth in recent years) supported by prudent risk management.

Digital-First Operations: Uses a digital-first, data-driven "phygital" model for underwriting and customer onboarding, leading to high operational efficiency and scalability.

Strategic Merger & Compliance: The recent merger with Tata Motors Finance enhances its scale, and the IPO ensures RBI regulatory compliance while strengthening its Tier-1 capital for future expansion.

Risk

Required to maintain capital adequacy ratios such as CET1 and CRAR. Inaccurate data from credit bureaus or customers may affect the assessment of creditworthiness and collateral value, considering the reliance on them.

Our views

We believe the Tata Capital IPO offers a compelling opportunity to invest in a market-leading, highly diversified financial services platform, directly leveraging the unmatched trust and stability of the Tata Group parentage. The company has successfully established itself as a "phygital" powerhouse, catering to the massive and rapidly growing needs of India's retail, SME, and corporate sectors.

Tata Capital Ltd. boasts an impressive financial track record, with total income surging by 56% and Profit After Tax (PAT) reaching ₹3,655 Cr. in FY25. This superior performance is underpinned by a well-diversified loan book and strong asset quality metrics. The business is fundamentally supported by its high credit rating, which ensures a low cost of funds, and its integrated model, which includes the strategic merger with Tata Motors Finance to enhance its scale.

The IPO is driven by both strategic growth plans and the regulatory mandate for Upper Layer NBFCs to list. Proceeds from the fresh issue will strategically strengthen the company's Tier-1 capital base, providing necessary fuel for onward lending and aggressive expansion in high-growth areas like retail and green finance. At an anticipated valuation that reflects its quality and brand premium, we recommend that investors seeking exposure to a stable, blue-chip player in India's crucial financial services sector consider SUBSCRIBING for a long-term perspective.

CONSOLIDATED FINANCIALS – BASIC FINANCIAL DETAILS

KPIs	Units	Fiscal 2023	Fiscal 2024	Fiscal 2025
Number of Branches	Number	539.00	867.00	1496.00
Number of Customers	in Cr.	0.32	0.45	0.70
Disbursements	₹ in Cr.	74766.66	104994.37	142301.68
Disbursements YoY Growth	%	39.90%	40.40%	35.50%
Total Gross Loans	₹ in Cr.	120196.86	161231.08	226552.96
Total Gross Loans YoY Growth	%	28.80%	34.10%	40.50%
Secured Gross Loans as Percentage of Total Gross Loans	%	76.90%	75.50%	79.00%
Interest Income	₹ in Cr.	11910.90	16366.47	25719.77
Finance Cost	₹ in Cr.	6600.64	9568.23	15029.64
Net Interest Income	₹ in Cr.	5310.26	6798.24	10690.13
Fee Income	₹ in Cr.	847.48	1272.85	2345.60
Total Income	₹ in Cr.	13637.49	18198.38	28369.87
NIM + Fee Income Margin	₹ in Cr.	6157.74	8071.09	13035.73
Net Total Income	₹ in Cr.	7036.85	8630.15	13340.23
Operating Expenses	₹ in Cr.	2665.05	3624.20	5613.42
Credit Cost	₹ in Cr.	574.29	592.26	2826.83
Profit After Tax	₹ in Cr.	3029.20	3150.21	3664.66
Profit After Tax YoY Growth	%	79.50%	4.00%	16.30%
Basic Earnings Per Equity Share	(in ₹)	8.40	8.60	9.30
Average Yield	%	11.50%	11.90%	12.60%
Average Cost of Borrowings Ratio	%	6.60%	7.30%	7.80%
Net Interest Margin Ratio	%	5.10%	5.00%	5.20%
NIM + Fee Income Ratio	%	6.00%	5.90%	6.40%
Cost to Income Ratio	%	37.90%	42.00%	42.10%
Operating Expenses Ratio	%	2.60%	2.60%	2.70%
Credit Cost Ratio	%	0.60%	0.40%	1.40%
Return On Equity	%	20.60%	15.50%	12.60%
Return On Assets	%	2.90%	2.30%	1.80%
Gross Stage 3 Loans Ratio	%	1.70%	1.50%	1.90%
Net Stage 3 Loans Ratio	%	0.40%	0.40%	0.80%
Provision Coverage Ratio	%	77.10%	74.10%	58.50%
Total Borrowings	₹ in Cr.	113335.91	148185.29	208414.93
CRAR	%	NA	16.70%	16.90%

Source: Company RHP

Tata Capital Ltd. IPO Peer Comparison

(As on March 31, 2025)

Company Name	EPS (Basic)	EPS (Diluted)	NAV (per share) (Rs)	P/E (x)	RoNW (%)
Tata Capital Ltd.	9.3	9.3	79.50	35.05	11.2
Bajaj Finance Ltd.	26.89	26.82	155.6	37.8	17.35
Shriram Finance Ltd.	50.82	50.75	300.3	12.1	16.83
Cholamandalam Investment and Finance Co. Ltd.	50.72	50.6	281.5	31.5	18.01
L&t Finance Limited Ltd.	10.61	10.57	102.5	23.1	10.34
Sundaram Finance Ltd.	170.53	170.53	1187.8	26.9	13.74
HDB Financial Services Ltd	27.4	27.3	198.8	28.1	14.57

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 listed industry peers has been 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 our Company has been derived from the Restated Consolidated Financial Information.

To be included in respect of our 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.

P/E Ratio of Tata Capital Ltd. Is implied and not actual.

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