



TATA CAPITAL



TATA CAPITAL LTD.



Price Band

₹310 to ₹326

Issue Opens

October 6, to October 8, 2025

Face Value

₹10

Issue Size

₹15,511.87 Cr

Lot Size

46 Shares

Listing At

NSE, BSE

Tata Capital Ltd. Info

Issue Size

47,58,24,280 shares / ₹15,511.87 Cr

Fresh Issue

21,00,00,000 shares / ₹6,846.00 Cr

Offer for Sale

26,58,24,280 shares of ₹10 / ₹8,665.87 Cr

Retail Quota

Not Less than 34.91% of the Net Issue

Retail/S-HNI Min

₹14,996 / ₹1,94,948

Tata Capital Ltd. Timeline

Tentative Allotment

Thu, Oct 9, 2025

Initiation of Refunds

Fri, Oct 10, 2025

Credit of Shares to Demat

Fri, Oct 10, 2025

"Tata Capital Ltd." Listing Day

Mon, Oct 13, 2025

Objects of The Offer



The offer consists of a fresh issue of equity shares by the company and an offer for sale by the promoter selling shareholders.

- **Augment Tier-I Capital Base:** The net proceeds from the fresh issue will be used to increase Tata Capital's Tier-I capital, which ensures regulatory compliance and gives the company the financial headroom for future growth and increased lending activities as India's credit market expands.
- **Support Future Business Expansion:** By bolstering its capital base, the company can meet anticipated capital needs arising from the growth of its loan portfolio across retail, SME, and corporate segments.
- **Enhance Brand and Market Presence:** Listing on the stock exchanges aims to enhance Tata Capital's brand name, improve visibility among investors and customers, and establish a public market for its shares in India.

About The Company and Business Overview

Tata Capital was founded in 2007 and is registered with the RBI as a Core Investment Company. Headquartered in Mumbai, the company and its subsidiaries offer a range of fund and fee-based services. As of June 2025, they have built a customer base of 7.3 million, served through a network of over 1,500 branches and a robust digital platform. The firm employs between 5,000 and 10,000 people.

Tata Capital's business model is centered on being a comprehensive provider of financial solutions:

- **Lending Business:** This is the company's backbone, accounting for nearly 97.5% of revenue in FY2025 and a loan book of ₹2.33 trillion. Lending is diversified:
 - *Retail Finance* (about 61%): Home, personal, consumer durable, education, and vehicle loans.
 - *SME Finance* (about 26%): Working capital, equipment loans, and supply chain finance.
 - *Corporate and Infrastructure Lending.*
 - Post-merger with Tata Motors Finance Ltd, Tata Capital has become a major player in vehicle finance.
- **Non-Lending Business:** These add diversification and stability to the income mix, including:
 - Wealth management, with ₹69.8 billion AUM (June 2025).
 - Insurance and mutual fund distribution.
 - Private equity and fund management via domestic and offshore units.
 - Advisory and investment banking services.
- **Hybrid Distribution:** Tata Capital relies on an omnichannel presence through both physical branches and digital distribution, enabling rapid scalability without proportionate cost increases.



Positioning and Strengths: The company is one of India's largest diversified NBFCs, currently the third-largest by loan book, showing a rapid CAGR in gross loans (37% between FY2023–25). Over 77% of its loans are secured, contributing to lower risk. Its broad reach is supported by a reputation for trust and strong brand value as part of the Tata Group.

Operations and Strategy Tata Capital's strategic priorities are focused on:

- Growing its retail and SME book, leveraging digital and physical channels.
- Diversifying further into fee-based and advisory businesses.
- Managing risk through high proportions of secured loans.
- Supporting growth for Indian consumers and businesses, aligning with India's rising consumption and SME ecosystem

Tata capital with Merger with TMFL Pursuant to a scheme of arrangement sanctioned by the National Company Law Tribunal, Mumbai on May 1, 2025, our Board approved on May 13, 2025, the issue and allotment of 183,867,495 equity shares to TMF Holdings Limited. The arrangement, effective May 8, 2025, with an appointed date of April 1, 2024, resulted in the transfer of the entire business of Tata Motors Finance Limited (TMFL), including assets, liabilities, and undertakings, to our Company. TMFL, a leading commercial and passenger vehicle loan provider with 353 branches across 27 states and union territories, previously operated as a wholly-owned subsidiary of TMF Holdings Limited, which is itself a subsidiary of Tata Motors Limited. As of March 31, 2025, TMFL employed 6,351 personnel and maintained over 450 touchpoints at Tata Motors dealer outlets, catering to suppliers, dealers, transporters, fleet operators, and retail customers, including first-time users and sub-retail operators.

The merger consolidated the lending operations of TMFL and our Company, creating a stronger financial services entity with an expanded distribution network, larger capital base, and enhanced geographic reach. This integration improved scale, diversification, and synergy, while broadening the vehicle finance portfolio across commercial and passenger segments. Following the merger, TMFL contributed 92.5% of Gross Loans in commercial vehicle finance, 16.8% in car loans, and 12.8% in supply chain finance as of March 31, 2025. With the auto financing market valued at ₹18.4 trillion, the combined entity is positioned as a full-stack vehicle finance provider with the ability to serve a wider customer base and capture greater market share.

Financial Ratios



Name of the Company	Outstanding Debt Securities as of March 2025	Capital Adequacy Ratio (Q1FY26)	Tier 1 Capital	Asset – Liability Ratio
Tata capital LTD	80,142	16.6%	12.8%	105.5%
Bajaj Finance Limited	1,54,640	22.0%	21.2%	127.1%
Shriram Finance Limited	54,149	20.8%	20.2%	94.2%
Cholamandalam Investment and Finance Company Limited	30,223	20.0%	14.3%	123.2%
L&T Finance Limited	28,854	20.7%	19.5%	170.3%
Sundaram Finance Limited	22,930	20.0%	N/A	N/A
HDB Financial Services Limited	39,465	20.2%	15.7%	142.6%

Brief profile of the Directors

Mr. Saurabh Agrawal The position of Chairman and Non-Executive Director of the Company is being served by Mr. Saurabh Agrawal. A bachelor's degree in chemical engineering from the University of Roorkee and a postgraduate diploma in management from the Indian Institute of Management, Calcutta were obtained by him. Expertise in corporate finance and strategy has been developed by him. The role of providing strategic direction and governance oversight is being fulfilled by him.

Mr. Sujit Kumar Varma The position of Independent Director of the Company is being served by Mr. Sujit Kumar Varma. A bachelor's degree in English Honours from Ranchi University was obtained by him. Certification as an associate of the Indian Institute of Bankers has also been completed by him. Experience of 34 years in the banking sector has been acquired by him. Oversight in governance, risk management, and financial operations is being provided by him.

Mr. Nagaraj Ijari The position of Independent Director of the Company is being served by Mr. Nagaraj Ijari. A bachelor's degree in technology (textiles) from Bangalore University was obtained by him, and the Advanced Management Program at Harvard Business School was completed by him. Expertise in the IT sector, with over 29 years at Tata Consultancy Services Limited, has been gained by him. Strategic guidance in technology-driven businesses is being provided by him.

Dr. Punita Kumar Sinha The position of Independent Director of the Company is being served by Dr. Punita Kumar Sinha. A bachelor's degree in chemical engineering from the Indian Institute of Technology, Delhi, a master's degree in business administration from Drexel University, and a Ph.D. in finance from the Wharton School, University of Pennsylvania were obtained by her. A Chartered Financial Analyst charter is also held by her. Expertise in investment management, financial markets, and corporate governance has been acquired by her. Guidance in financial strategy and risk management is being provided by her.

Strengths



- **Tata Group Backing and Governance** Tata Capital is backed by the trusted Tata Group, which provides immense brand equity, robust corporate governance practices, and helps secure AAA/stable credit ratings from leading agencies.
- **Diversified Loan Portfolio** Its highly diversified loan portfolio covers retail, SME, corporate, and vehicle finance, spanning over 25 different lending products with no single product contributing over 20% of gross loans. This broad suite minimizes risk concentration and ensures stability across economic cycles.
- **Omni-Channel Distribution** The company operates an extensive omni-channel presence through more than 1,500 branches nationwide, strong digital platforms, and thousands of partnerships with DSAs, OEMs, and digital partners. This connectivity significantly enhances market penetration and customer reach.
- **Revenue Diversification Beyond Lending** Tata Capital generates additional revenue from fee-based businesses such as insurance distribution, wealth management, and private equity funds, creating a diversified stream beyond traditional lending spreads.
- **Scale and Capital Efficiency** The company achieved a robust 37.3% CAGR in loan book growth from FY23 to FY25, which, combined with AAA credit ratings, allows it to raise capital at highly competitive rates for continued expansion.
- **Strong Risk Management and Secured Lending** A large portion (about 80%) of Tata Capital's lending book is secured, supported by prudent risk management practices and advanced credit models. This approach helps limit credit losses and preserves financial resilience even in challenging environments.

Key Risk Factors

- **Rising NPAs:** Gross Stage 3 loans increased to 1.9% in FY25 (from 1.5% in FY24); provision coverage ratio weakened to 58.5% (from 77.1% FY23), and loan write-offs surged significantly.
- **TMFL (Tata Motors Finance) integration** brings higher asset quality risks, especially as its GNPA stands at 7.1% for FY25, stressing the consolidated loan book.
- **Margin compression:** Net margins fell from 22% (FY23) to 13% (FY25), reflecting increased cost of funds and fierce competition.
- **Higher exposure** to unsecured lending (20% of gross loans as of June 2025), which brings more credit risk, especially in an adverse macro environment.
- **Vulnerability to interest rate** spikes and funding costs, common in NBFC business models, which can compress margins and affect overall profitability during economic stress.
- **Highly competitive market:** Faces intense competition from large NBFCs (Bajaj Finance, Shriram Finance, Cholamandalam, etc.), which may pressure loan growth and pricing power.

Statement of Profit and Loss



(All amounts are in Indian Rupees millions, unless otherwise stated)

Particulars	FY25 (31-Mar-25)	FY24 (31-Mar-24)	FY23 (31-Mar-23)
Revenue from operations			
Interest income	2,57,197.70	1,63,664.70	1,19,109.00
Dividend income	240.10	361.90	7.90
Rental income	2,722.50	2,034.10	2,692.60
Fees & commission income	17,797.50	10,458.80	5,695.80
Net gain on fair value changes	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	2,364.70	–	–
Total revenue from operations	2,83,127.40	1,81,748.20	1,36,288.50
Other income	571.30	235.60	86.40
Total income	2,83,698.70	1,81,983.80	1,36,374.90
Expenses			
Finance costs	1,50,296.40	95,682.30	66,006.40
Impairment of investment in associates	(233.40)	100.90	76.50
Net loss on derecognition of associates	21.80	–	–
Impairment on financial instruments	28,268.30	5,922.60	5,742.90
Employee benefit expenses	28,122.50	18,500.90	12,941.80
Depreciation & amortisation	3,900.20	2,875.00	2,260.20
Other expenses	24,111.50	14,866.10	11,448.50
Total expenses	2,34,487.30	1,37,947.80	98,476.30
Profit before tax	49,185.60	43,920.30	39,365.60
Tax expenses			
Current tax	11,412.10	10,717.60	10,703.90
Deferred tax	1,223.30	(66.90)	(796.00)
Total tax expense	12,635.40	10,650.70	9,907.90

Current tax	11,412.10	10,717.60	10,703.90
Deferred tax	1,223.30	(66.90)	(796.00)
Total tax expense	12,635.40	10,650.70	9,907.90
Profit for the year (Continuing Ops.)	36,550.20	33,269.60	29,457.70
Other Comprehensive Income (OCI)			
Remeasurements (net of tax)	(252.60)	(20.50)	(92.70)
FVTOCI – Equity Investments (net)	(703.90)	9,730.00	16,973.30
FVTOCI – Debt/Other (net)	(33.10)	297.00	298.40
Hedging reserves (net)	(738.90)	(603.90)	305.50
FX translation differences	180.40	80.30	476.30
Total OCI	(1,469.00)	11,405.00	18,000.40
Total Comprehensive Income	35,081.20	44,674.60	47,458.10
Attributable to Owners	35,098.70	40,983.10	47,736.90
Attributable to NCI	(17.50)	3,691.50	(278.80)
Earnings per Share (₹10 FV)			
Basic EPS (₹)	9.30	8.60	8.40
Diluted EPS (₹)	9.30	8.60	8.40

Valuation and Outlook



Tata Capital Ltd. IPO is expected to be priced between **₹310 to ₹326** per share. At this price, the company is valued at a Price-to-Earnings (P/E) ratio of **35.05x**, whereas the industry average is **26.6x**

Name of the Company	Revenue from operations for Fiscal 2025 (₹ in million)	Face value of equity shares (₹)	EPS Basic (₹)	EPS Diluted (₹)	Return on Net Worth (%)	NAV (₹ per share)	P/E*	P/B5
Tata Capital Ltd.	283127.4	10	9.3	9.3	11.2	79.5	35.1	NA
Bajaj Finance Limited	696835.1	5	26.9	26.8	17.4	155.6	17.8	6.5
Shriram Finance Limited	418344.2	2	50.8	50.8	16.8	300.9	12.1	2
Cholamandaram Investment and Finance Company Limited	258459.8	2	50.7	50.6	18	281.5	11.5	5.7
L&T Finance Limited	159242.4	10	10.6	10.6	10.3	102.5	23.1	2.4
Sundaram Finance Limited	84856.3	10	170.5	170.5	13.8	1187.8	26.9	3.9
HDB Financial Services Limited	163002.8	10	27.4	27.3	14.6	198.8	28.1	3.9

TCL, the flagship financial services arm of the Tata Group, stands as the third largest diversified NBFC in India with a pan-India presence and AAA credit rating. The company benefits from deep group backing, low funding costs, and a tech-enabled diversified lending model. However, relative efficiency remains a concern—ROE (~10.6%) and PAT margins trail peers like Bajaj Finance (19.2%). Asset quality pressures and competitive pricing have already diluted margins. On valuation, the stock trades at a P/E multiple of 35x, which is at a premium to Bajaj (34.6x) and significantly above L&T Finance (19.5x). While Tata branding, access to capital, and opportunities in SME/MSME credit and green finance remain strong levers, the premium pricing seems to factor in most near-term growth. Given the high competition, regulatory risks, and asset quality sensitivity, the issue prima facie appears aggressively priced despite long-term franchise strength.

"Call us on 8448899576" to find out whether or not you should apply.

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