
TATA
TATA CAPITAL
IPO

Rating

Business	★★★★
Financials	★★★
Valuation	★★★
Management	★★★★

Ranking 1 to 5 , denoting lowest to highest

Date: 8 October, 2025

FIN2RESEARCH Investment Advisor Pvt. Ltd.

TATA CAPITAL

Tata Capital Limited

IPO: Tata Capital Ltd. **Sector: NBFC** **Target Price: Rs 500**

Stock Info	
Issue Size	Rs 15,511.87 Cr
Lot Size	46 Shares
Face Value (per sh.)	Rs 10
Min. Investment	Rs 14,996
Issue Price Band	Rs 310 to 326
Listing At	NSE, BSE
QIB	50%
HNI	15%
Retail	35%
Sales Type	Fresh Capital-cum-Offer for Sale
Fresh Issue	Rs 6,846.00 Cr
OFS	Rs 8,665.87 Cr
Issue Type	Bookbuilding IPO
BRLM	Kotak Mahindra Capital, Axis Capital, BNP Paribas, Citigroup Global, HDFC Bank, HSBC Securities, ICICI Securities, IIFL Capital, J.P. Morgan India, SBI Capital Market
Registrar	MUFG Intime India

IPO Timeline	
Opening Date	Mon, 06 October, 2025
Closing Date	Wed, 08 October, 2025
Allotment	Thu, 09 October, 2025
Initiation of Refund	Fri, 10 October, 2025
Credit of shares	Fri, 10 October, 2025
Listing Date	Mon, 13 October, 2025

Shareholding Pattern (Promoters)	
Tata Sons Private Limited	89%
Promoter Group	7%

Objective of Issue

- **The Net Proceeds are proposed to be utilized to strengthen the Company's Tier-I capital base, supporting future capital requirements, including onward lending, in line with the anticipated business growth.**

Tata Capital Limited is the flagship financial services arm of the Tata Group and a subsidiary of Tata Sons Private Limited, the group's holding company and promoter. Tata Group one of India's oldest and most diversified business conglomerates with a legacy of over 150 years operates across 10 key verticals including automotive, technology, steel, financial services, aerospace & defence, and consumer & retail. The "Tata Group" brand was ranked as India's most valuable brand in the Brand Finance India 100 2025 report. Tata Capital Limited is the third-largest diversified NBFC in India with Total Gross Loans of Rs 2,334 billion as of June 30, 2025. It is also among the fastest-growing large diversified NBFCs, delivering a CAGR of 37.3% in Total Gross Loans between FY2023 and FY2025.

Key Highlights:

- **Strong parentage and brand equity under the Tata Group umbrella:** Tata Capital Limited (TCL) is a core financial services arm of Tata Sons Pvt. Ltd., India's most trusted and diversified conglomerate. The Tata brand lends TCL unmatched credibility, governance standards, and access to a wide consumer base. The association enhances customer confidence, facilitates strong partnerships, and supports funding access at competitive rates.
- **Diversified and balanced business portfolio across retail, SME, and corporate segments:** TCL operates through a well-diversified lending model spread across retail finance (61.3%), SME finance (26.2%), and corporate finance (12.5%) as of June 30, 2025. The retail book includes home loans, loan against property, personal and education loans, consumer durable financing, vehicle and equipment finance, and microfinance. SME lending focuses on term loans, equipment finance, supply chain, and working capital products, while corporate finance covers infrastructure, clean energy, and developer loans. This broad-based mix minimizes dependence on any single segment, thereby reducing cyclicality in earnings and asset risk.
- **Expanding digital and phygital distribution footprint:** TCL operates an extensive physical network of ~1,516 branches across 27 states, complemented by advanced digital lending platforms and API integrations with ecosystem partners. The company is focusing on an omni-channel "phygital" model to blend human advisory with digital convenience. This approach is expected to drive customer acquisition efficiency, reduce turnaround time, and improve customer experience particularly in unsecured retail and SME segments. Digital initiatives are also aimed at enhancing underwriting through AI/ML tools and analytics-based risk scoring.
- **Healthy capital position and improved funding profile:** As of March 2025, TCL reported a Capital Adequacy Ratio (CRAR) of ~16.9%, well above RBI's regulatory requirement. Post-IPO, the CRAR is expected to rise above 20%, providing ample headroom for growth. The company maintains a diversified funding mix comprising term loans, NCDs, ECBs, and bank borrowings. Tata Capital's AAA credit rating and strong parentage enable it to access funds at competitive rates, improving cost of borrowing and enhancing profitability margins.

Valuation & Investment Recommendation

Tata Capital presents a resilient and well-diversified business model, underpinned by sustained growth across retail and SME segments. At this valuation, the issue is priced at around 3.4–4.1x FY25 book value and 32–38x FY25 earnings, broadly in line with other large diversified NBFCs.

Given the company's strong parentage, robust growth trajectory, healthy asset quality, and well-balanced portfolio, the valuation appears reasonable at the upper end of the price band. We recommend investors to SUBSCRIBE to the issue from a medium- to long-term investment perspective.

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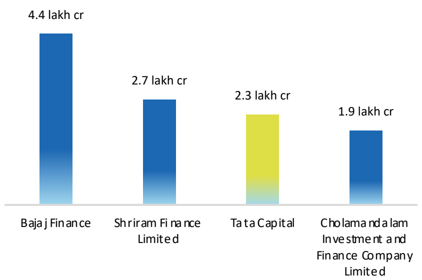
SWOT Analysis

Strengths

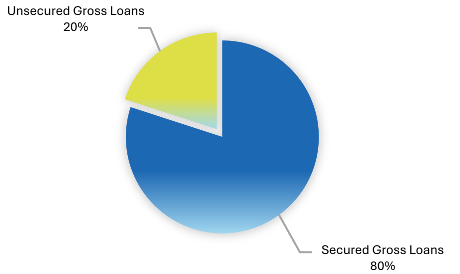
Tata Capital is the 3rd-largest diversified NBFC in India by loan book (₹2.334 tn as of Jun'25). It has among the fastest loan growth in its peer group.

At a gross loan book of 2.3 lakh crore, Tata Capital is the third largest diversified NBFC, its gross loan book has grown 37% between FY23 and FY25.



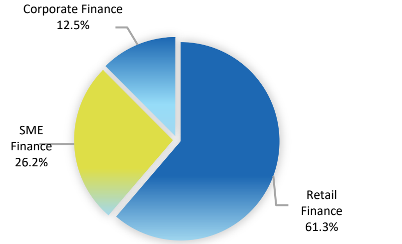
Source: RHP

High proportion of secured loans (~80% of total gross loan) ensures strong asset quality, lower credit risk, and better recovery prospects, reinforcing Tata Capital's conservative risk management and earnings stability.



Source: RHP

Diversified Loan Portfolio Across Customer Segments: TCL has a well-balanced product mix – Retail Finance (61.3%), SME Finance (26.2%), and Corporate Finance (12.5%).

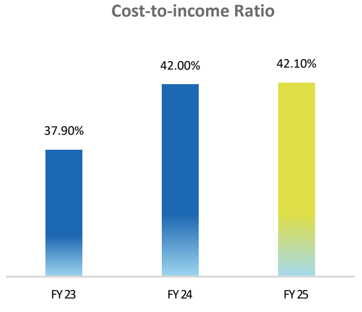


Source: RHP

Weaknesses

High Dependence on Borrowed Funds: Being an NBFC, TCL relies heavily on borrowings (debt-to-equity ~6.5x). Rising interest rates or tightening liquidity could raise funding costs and compress margins. It also lacks access to low-cost retail deposits available to banks.

Moderate Profitability vs. Top-tier Peers
While RoE at ~12.6% is healthy, it trails top NBFC peers like Bajaj Finance (>20%). Higher operating costs (cost-to-income ~42%) and a mix skewed toward secured lending (lower yields) limit margin expansion.



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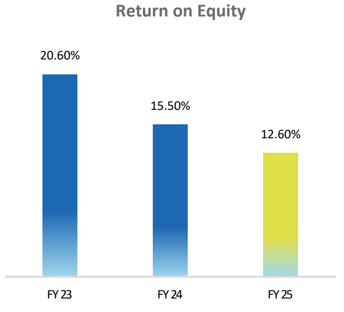


Source: RHP

Threats

Macroeconomic or Interest Rate Risks: A slowdown in GDP, higher inflation, or rising interest rates could affect demand for loans, increase delinquencies, and reduce spreads — particularly in SME and vehicle finance segments.

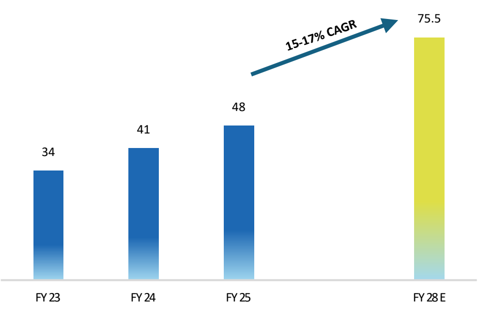
Intense Competition in Lending Space: Competition from banks, large NBFCs (Bajaj Finance, Shriram Finance, Chola, HDB) and new fintechs exerts pressure on pricing and customer acquisition costs.

Regulatory and Compliance Risks: As an Upper Layer NBFC, Tata Capital is subject to evolving RBI regulations on capital, governance, and concentration. Any tightening in norms or delay in compliance could impact growth flexibility.

Opportunities

Expanding Credit Penetration in India: India's growing middle class, rising disposable incomes, and under-penetrated credit markets create vast growth potential across retail, MSME, housing, and vehicle finance segments — areas where Tata Capital is already strong.

NBFC credit to grow at 15-17% between FY25 and FY28 driven by growth across retail, MSME and corporate segments continuing to be the primary drivers.



Source: RHP

Digital Transformation and Data-driven Underwriting: Use of AI, analytics, and partnerships with fintechs can lower acquisition costs, improve turnaround time, and boost customer reach, especially in smaller cities. The "phygital" expansion model is well suited for scalable growth.

Cross-selling via Tata Ecosystem: Synergies across Tata companies (Tata Motors, Tata Housing, Tata Power, Tata AIA) provide access to a large captive customer base for loans, insurance, and investment products, enhancing fee income and stickiness.

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