



MSEARCH

INITIAL PUBLIC OFFER (IPO)
03-10-2025

TATA CAPITAL LTD

06-10-2025 TO 08-10-2025

Recommendation: Subscribe for Long Term
Industry: NBFC

Price Band: ₹ 310 - 326
Post Implied Market Cap: ₹1,31,591 - 1,38,383 Cr

Key Data

Issue Size (₹ Cr)	14,751 - 15,512
Fresh (₹)	6,846
OFS (₹)	8,666
No of shares	21,00,00,000
Face Value (₹ /share)	10
Bid Lot	46

Indicative Timetable

Activity	On or about
Finalisation of Basis of	09-10-2025
Refunds/Unblocking ASBA	10-10-2025
Credit of equity shares to	10-10-2025
DP A/c	
Trading commences	13-10-2025

Shareholding (No. of shares)

Pre-Issue	4,03,48,69,037
Post Issue (Lower price band)	4,25,57,07,747
Post Issue (Higher price band)	4,24,48,69,037

Shareholding Pattern

Promoters	
Pre Issue	95.56%
Post Issue	85.41%
Public - Selling S/H:	
Pre Issue	1.78%
Post Issue	0.84%
Public - Others:	
Pre Issue	2.67%
Post Issue	13.75%

Issue Breakup

QIB	50%
NIB	15%
Retail	35%

Other Details

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

Registrar: MUFG Intime India Pvt. Ltd.

Listing: BSE & NSE

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About the Company

Tata Capital, the flagship financial services arm of the Tata Group, is classified as an Upper Layer NBFC by RBI and ranks as the 3rd largest diversified NBFC in India. With a gross loan book of ₹2,334 billion (as of June 30, 2025), it serves salaried and self-employed individuals, entrepreneurs, SMEs, and corporates through a suite of 25+ lending products.

Investment Rationales

1)Flagship financial services company of the Tata group, with a legacy of over 150 years: Tata Capital is the flagship financial services arm of the Tata Group, India's most diversified business conglomerate with a 150+ year legacy, presence in 100+ countries, over 1 million employees, and a market cap of ₹27.8 trillion (Mar 2025) across 26 listed companies. The Tata brand was ranked India's most valuable brand (2025) by Brand Finance. Its promoter, Tata Sons Pvt. Ltd., has infused ₹89.7 billion since 2007 and holds 88.6% stake in the company.

2)Third largest diversified NBFC in India, with the most comprehensive lending product suite: Company is India's 3rd largest diversified NBFC with a gross loan book of ₹2,334 billion (June 30, 2025). It offers 25+ lending products across ticket sizes from ₹10,000 to over ₹1 billion, serving salaried and self-employed individuals, entrepreneurs, SMEs, and corporates—making it the most comprehensive among large NBFCs in India.

3)Omni-channel distribution model, comprising the company's pan-India branch network, partnerships and digital platforms: Company has built a strong omni-channel distribution network with 1,516 branches across 1,109 locations in 27 States/UTs, supported by 30,000+ DSAs, 400+ OEMs, 8,000+ dealers, 60+ digital partners, and its own digital platforms (website, apps, and partner interfaces).

4)Digital and analytics at the core of the business, driving high-quality experience and business outcomes: Company has embedded technology across the customer lifecycle—covering onboarding, underwriting, collections, servicing, and cross-selling—to boost efficiency, enhance customer experience, and drive growth. Its strong digital and analytics capabilities support revenue generation, cross-selling, cost optimization, and credit risk management. Collections are powered by a fully digital system with UPI and e-NACH integrations, while its mobile apps had 21.9 million+ downloads as of June 30, 2025.

5)Harness the merger with TATA MOTORS FINANCE LIMITED (TMFL) to become a full-stack provider of vehicle finance, while leveraging the capabilities towards superior business outcomes: Tata Capital's merger with Tata Motors Finance Ltd (TMFL) positions it as a leading, full-spectrum vehicle financier with a diversified loan portfolio across commercial and passenger vehicles. The merger expands the business from a single OEM to a multi-OEM, pan-India model, enhances cross-sell opportunities, and aims to lower borrowing costs by leveraging Tata Capital's strong credit profile. With stronger risk management, collections, and digital integration, the company targets improved asset quality, reduced cost-to-income ratio, and higher returns on assets.

Risk

- 1)High regulated industry
- 2)Asset quality risk
- 3)Loan concentration towards retail segment.

MView

We believe Tata Capital Ltd IPO brings investors an opportunity to invest in India's financial services space, combining scale, diversification, and strong brand credibility under the Tata Group. We think its advanced technology and analytics capabilities enhance underwriting, collections, and cross-selling, while the merger with TMFL expands its vehicle finance portfolio and strengthens operational efficiency. By looking at the financials, the company has delivered strong growth with revenue from operations rising 33.4% in FY2024 and 55.8% in FY2025, alongside steady profitability improvement with net profits up 4% in FY2024 and 16.3% in FY2025. On valuation parse at the upper price band of ₹ 326/-, the issue is asking for a market cap of ₹ 1,38,383 cr. Based on FY 2026 annualised earnings and fully diluted post- IPO paid up capital, the company is asking for a PB of 3.2x which appears reasonably priced compare to ~4x average of its comparable listed peers, leaving healthy scope for decent listing gains and long-term value creation. With India's rising credit penetration, formalisation of the economy, and increasing demand for consumer and business financing, we believe Tata Capital offers investors a credible and scalable proxy to participate in the broader NBFC growth cycle. Hence, looking at all attributes we recommend investors to "SUBSCRIBE" the Tata Capital Ltd IPO for Long-term perspective.

BASIC FINANCIAL DETAILS

CONSOLIDATED FINANCIAL TABLES

Particulars	As at Jun'30		As at Mar'31		
	2025	2024	2025	2024	2023
Equity share Capital	3,951.36	3,703.63	3,762.44	3,703.05	3,507.07
Net worth	32,761.73	28,839.00	32,587.82	23,540.19	17,959.06
Total Borrowing	2,11,851.60	1,83,166.63	2,08,414.93	1,48,185.29	1,13,335.91
Disbursements	34,714.28	30,804.06	1,42,301.68	1,04,994.37	74,766.66
Total Income	7,691.65	6,557.40	28,369.87	18,198.38	13,637.49
Revenue from Operation	7,664.81	6,546.28	28,312.74	18,174.82	13,628.85
EBITDA	5,565.86	4,272.63	20,338.22	14,247.76	10,763.22
Profit After Tax	989.89	416.66	3,664.66	3,150.21	3,029.20
ESP-Basic & Diluted (₹)	2.50*	1.20*	9.30	8.60	8.40
Return on Equity (%)	12.5%*	6.90%	12.6%	15.5%	20.6%
Return on Net Worth (%)	3.00	1.60	11.20	13.40	16.90
NAV per share (₹)	82.00	69.60	79.50	63.20	49.40

(Source: Company RHP)

COMPARISON WITH INDUSTRY LISTED PEERS ₹ (in Cr)

Companies	Total Revenue from Ops (₹ cr)	Mcap (in Cr)	FV	EPS	NAV (₹ per share)	P/B	P/E	RoNW
Tata Capital	28312.74	138383	10	9.35	100.33	3.25	34.9	11.20%
Bajaj Finance	69683.51	611826	1	26.8	155.6	6.4	35.2	17.40%
Shriram Finance	41834.42	120676	2	50.8	300.3	2.2	14.1	16.80%
Cholamandalam Inv. & Finance Co.	25845.98	131477	2	50.6	281.5	5.5	29.5	18.00%
L&T Finance	15924.24	65109	10	10.6	102.5	2.5	24.5	10.30%
Sundaram Finance	8485.63	48990	10	170.5	1187.8	3.7	25.5	13.80%
HDB Financial Services	16300.28	62939	10	27.3	198.8	3.5	28.9	14.60%



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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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