TATA CAPITAL

Samriddhi Investment Fund

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IPO Snapshot

Offer Details

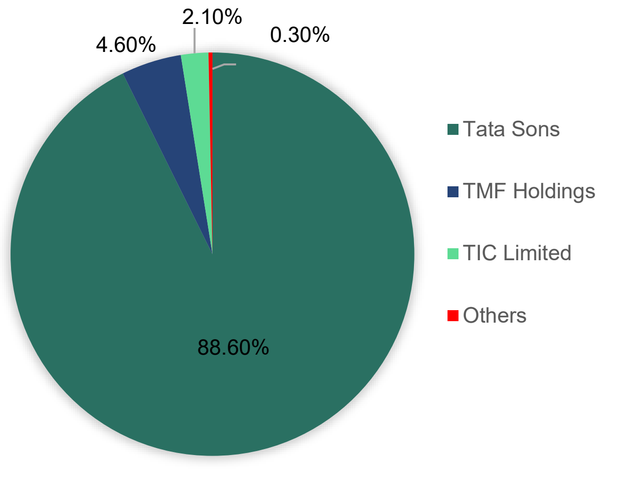
- The total size of the IPO for Tata Capital is **₹15,511** crores
- The IPO has fresh issue of **21 crore** shares aggregating to **₹6,846** crores
- An 'Offer for Sale' of up to **26.58 crore** shares by existing shareholders aggregating to **₹8,665** crores
- The company has set the price band for the issue at **₹310 – ₹326 per share**
- Book running lead managers include Kotak IB, JP Morgan, HSBC, Axis Capital, ICICI Securities, Citigroup

Key Highlights

- Tata Capital is the flagship financial services arm of the Tata Group. The company operates across four core business verticals: **Retail Finance, SME (Small and Medium Enterprise) Finance, Corporate Finance and Asset & wealth management**
- The company operates a well-diversified, robust omni-channel network of **1,496 branches** across 27 States and UTs, with 42% in South, 23.3% North, 19.2% East, and 15.6% West.
- Tata Capital's loan portfolio is highly granular, with ticket sizes spanning from ₹10,000 to over ₹100 crore, and **over 98%+** of loan accounts having a **ticket size below ₹1 crore**.
- The company demonstrates a highly efficient growth model, onboarding **97.8% of its customers digitally in Fiscal 2025**. A powerful acquisition funnel is evident from its **21 million app downloads versus a 7 million customer base**, creating a scalable and low-cost pipeline for future conversions.
- Tata Capital has a deeply ingrained risk culture, demonstrated by its superior asset quality. As of Fiscal 2025, its **Gross Stage 3 Loans Ratio was just 1.9%** and its **Net Stage 3 Loans Ratio was 0.8%**, which is one of the best across large diversified NBFCs in India, underscoring a sustainable and high-quality growth model.

Opening Date	6th Oct 2025
Closing Date	8th Oct 2025
Market Lot	46
Listing on	NSE, BSE
Price Band	₹310 – ₹326
Listing Date (Tentative)	13th Oct 2025

Exhibit 1: Share Holding Pattern (Pre-IPO)



Source: TATA Capital's DRHP

Particulars	FY2025	FY2024	FY2023
Loan Book(₹ in million)	22,65,529.6	16,12,310.8	12,01,968.6
Profitability (Return on Assets)	1.8%	2.3%	2.9%
No of Branches	1496	867	539
Gross Stage 3 Loan Ratio	1.9	1.5	1.7
Number of Customers (₹ in million)	7	4.5	3.2
PAT YoY Growth	16.3%	4%	79.5%
Net Profit (₹ in million)	36,646.6	31,502.1	30,292
Net Profit Margin (%)	12.9%	17.3%	22.2%

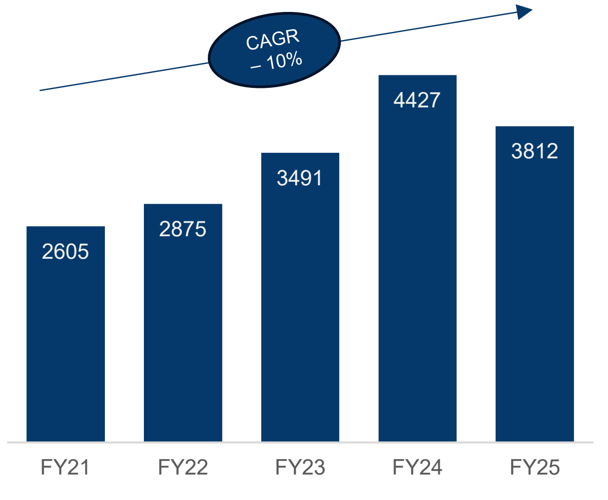
Source: TATA Capital's DRHP

Industry Overview

The Indian NBFC sector has become a vital growth engine within the financial services landscape, expanding its assets under management from under ₹2 trillion in FY2000 to nearly ₹48 trillion in FY25. The sector has consistently delivered credit growth higher than GDP growth, with CRISIL projecting a 15–17% CAGR between FY25–FY28. NBFCs play a crucial role in complementing banks by reaching underserved retail, MSME, and rural markets, thereby enhancing financial inclusion.

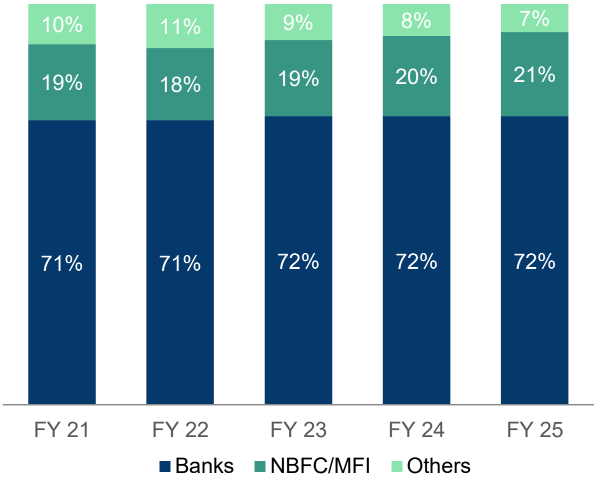
Robust demand in housing finance, vehicle loans, SME credit, and consumer lending has driven growth momentum. The sector is witnessing rapid digital adoption, with fintech tie-ups and technology-led platforms improving credit assessment, disbursement speed, and customer reach.

Exhibit 2: Growth of Microfinance Industry between 2020 and 2025 (₹ in Billion)



Source: TATA Capital's DRHP

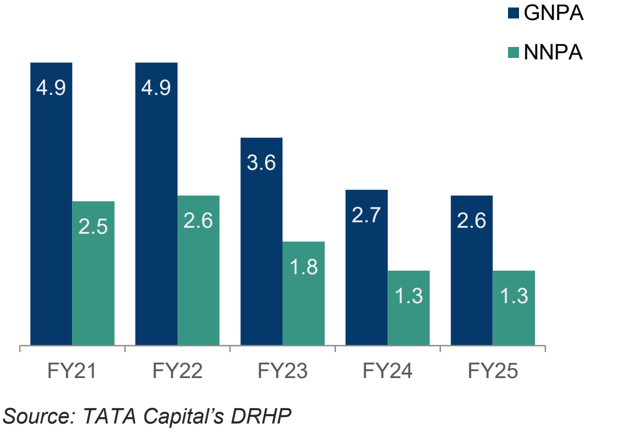
Exhibit 3: Share of NBFC Credit in overall Systemic credit



Source: TATA Capital's DRHP

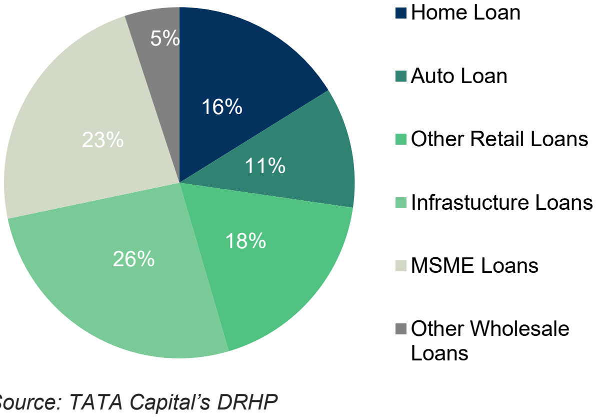
Regulatory oversight by the RBI has been strengthened post recent sectoral stress, ensuring better governance, liquidity management, and asset quality. Rising formalization of credit, evolving risk management frameworks, and the government's push for inclusive growth provide strong structural tailwinds. Moreover, improving asset quality indicators, declining GNPA levels, and diversified funding sources reflect sectoral resilience. Going forward, NBFCs are expected to play an increasingly significant role in India's financial ecosystem, catering to rising consumer aspirations, expanding rural penetration, and supporting long-term economic growth.

Exhibit 4: NBFC Asset-Quality Improvement: GNPA & NNPA Trends (in %)



Source: TATA Capital's DRHP

Exhibit 5: Distribution of NBFC Credit across asset classes as of FY25



Source: TATA Capital's DRHP

Company Overview

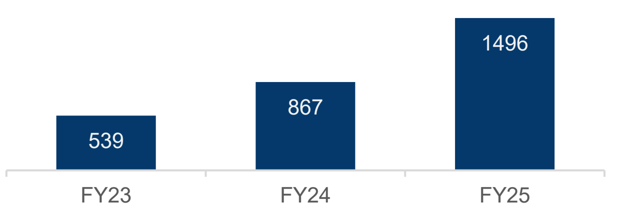
Incorporated in 2007, Tata Capital Limited is registered as an NBFC; subsidiary of Tata Sons Private Limited, offering a wide range of financial products and services to retail, corporate, and institutional customers. The company offers 25+ lending products across retail finance, SME and corporate finance, catering to a wide range of financial needs with large customer base. Tata Capital benefits from strong brand equity, robust governance, and wide distribution through digital and physical channels.

The company is focused on Retail and SME Customers, with loans to such customers forming 88.5% of their Total Gross Loans as at March 31, 2025. Tata Capital's loan portfolio is highly granular, with ticket sizes ranging from ₹10,000 to over ₹1 billion, and over 99.0% of the Loan accounts have a ticket size of less than ₹10 million, as at March 31, 2025. In addition, 79.0% of the Total Gross Loans were secured and the Organic Book accounted for over 99% of Total Gross Loans.

Tata Capital operates as an omni-channel distribution model that combines their wide branch network, a robust partner ecosystem, and a strong digital presence, all of which work together to deliver a superior customer experience. The company has an extensive pan-India distribution network comprising 1,496 branches across 27 States and Union Territories. Tata Capital branches are typically staffed with an in-house team responsible for customer engagement, acquisition, loan processing, documentation and servicing. The company's IPO is significant given its scale, strong growth trajectory, and market positioning among top NBFCs in India.

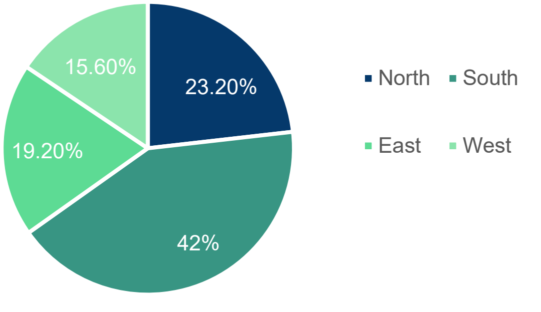
73 lakhs + Customers across a *broad pan India network*	**2,33 ,000 crores** **+** *Assets under Management in FY25*	**1,496 +** *Branches across 27 states/UTs*	**80%** Secured loan book

Exhibit 6: Number of Branches



Source: Tata Capital's DRHP

Exhibit 7: Pan India Distribution Network (%)



Source: Tata Capital's DRHP

Competitive Edge: Tata Capital is the only large NBFC with a universal product suite across retail, MSME, vehicle, housing finance, wealth management, and private equity under the trusted Tata brand. Most NBFCs in India are specialized like Bajaj Finance focuses on consumer loans, Shriram Finance in vehicle finance and LIC Housing in housing loans, but Tata Capital is positioned as a full-spectrum financial services platform.

Tata Capital aims to implement the following growth strategies:

- **Strengthen risk management, credit underwriting & collections:** Refine underwriting using advanced analytics & data-driven insights. Enhance collection infrastructure through improved digital tools and models.
- **Leverage technology & data analytics:** Adopt AI, ML & GenAI to personalize experiences, enhance cross-sell, improve efficiency, reduce costs, and manage risks**.**
- **Maintain credit ratings & diversify liability mix:** Broaden funding sources, Optimize borrowing costs and improve net interest margins and focus on prudent asset-liability management across time buckets to mitigate liquidity risks.
- **Harness merger synergies with TMFL (Tata Motors Finance Limited):** Position as full-stack provider of vehicle finance across commercial and passenger vehicles, diversify portfolio, cross-sell to TMFL's customer base and reduce borrowing cost of TMFL debt using Tata Capital's superior rating.
- **Enhance product offerings & strengthen distribution:** Scale recently launched products and expand product portfolio.

Financial Analysis

Income Statement

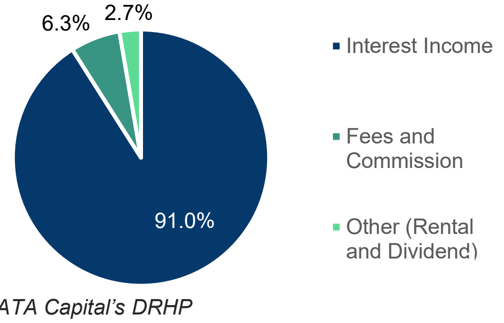
Between FY23 and FY25, Tata Capital delivered strong revenue growth but faced narrowed margins. Total income rose from ₹136,375 million in FY23 to ₹283,699 million in FY25, with a 57% jump in FY25 alone, driven largely by interest income, which formed about 91% of revenue, while fee and commission income tripled to ₹17,798 million and other sources such as rental, dividend and fair-value gains remained below 3%. Growth was supported by expansion in retail and wholesale lending and rising fee-based contributions from investment banking, wealth management, and distribution services.

Alongside the topline surge, expenses rose sharply. Operating efficiency remained tight, with the cost to income moving from 19.5% in FY23 to 19.8% in FY25, reflecting disciplined cost control. Finance costs surged by around 57% to ₹150,296 million in FY25, reflecting both larger borrowings and elevated funding rates. They now account for 53% of total income, underscoring heightened reliance on borrowings as the loan book scales. Though the profit before tax increased from ₹39,366 million in FY23 to ₹49,186 million in FY25 and profit after tax rose from ₹29,458 million to ₹36,550 million, these gains were not proportional to revenue growth. Profitability ratios weakened, with the PAT margin shrinking steadily from 21.6% in FY23 to 12.9% in FY25, driven by rising funding costs and sharply higher credit provisioning. Earnings per share rose only modestly from ₹8.4 per share to ₹9.3 per share over the same period, while return on net worth declined from 16.9% to 11.2%, reflecting the impact of equity infusions and rising expenses.

Management points out that net interest margins have remained broadly stable despite funding cost pressures, supported by liability diversification helping offset part of the expense burden. An emergent drag on the profitability is the steep rise in credit provisions, jumping nearly fivefold from ₹5,923 million in FY24 to ₹28,268 million in FY25 driven by the application of RBI's Expected Credit Loss framework and a deliberately conservative stance on asset quality, especially as the loan mix tilts more toward retail and vehicle finance. Tata Capital's CRAR remained steady at ~17% in FY24–25, comfortably above RBI norms, with capital quality improving as Tier I capital improved to 12.8% in FY25 from 11.9% in FY24.

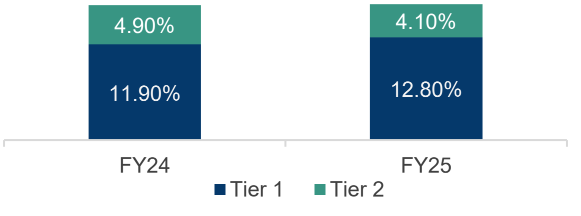
The proposed amalgamation with Tata Motors Finance is expected to further expand the loan book and add significant vehicle financing exposure. While this will create opportunities for higher fee generation and cross-selling within the Tata ecosystem, it may also add to finance costs, and to provisioning needs. Overall, the income statement reflects rapid revenue scale-up, fee diversification, and prudent provisioning, but also highlights key investor watchpoints: margin compression, elevated credit costs, heavy reliance on interest spreads, and pressure on sustaining returns.

Exhibit 8: Segment-Wise Revenue Contribution FY25



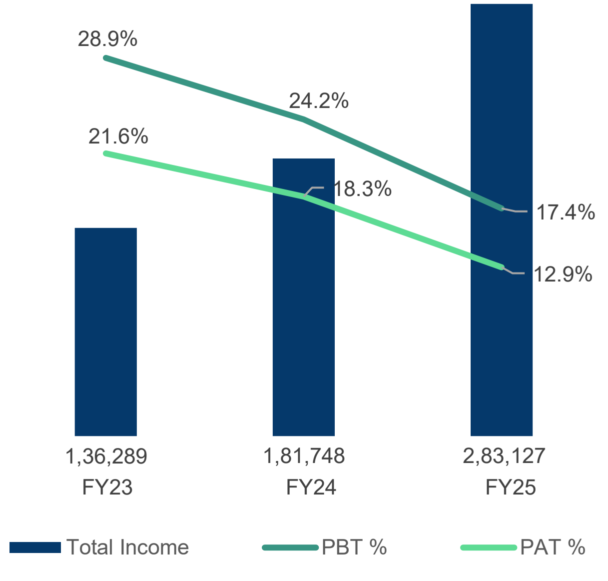
Source: TATA Capital's DRHP

Exhibit 10: Capital Risk Adequacy Ratio (CRAR)



Source: TATA Capital's DRHP

Exhibit 9: Revenue (₹ in Million) & Profitability (%) over the years



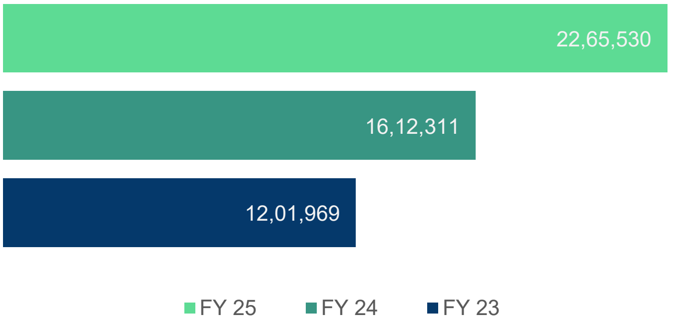
Source: TATA Capital's DRHP

Balance Sheet

Tata Capital has witnessed robust balance sheet growth over the last three years, largely driven by the rapid expansion of its lending operations. The gross loan book increased from ₹1.2 trillion in FY23 to ₹1.6 trillion in FY24, and further surged to ₹2.2 trillion in FY25, reflecting a y-o-y growth of more than 40% in FY25. This acceleration was fueled by strong momentum across retail, SME, and corporate lending segments, with secured loans continuing to form the majority of the portfolio. To support this growth, borrowings rose proportionately from ₹1.13 trillion in FY23 to ₹2.08 trillion in FY25. Equity levels also strengthened, increasing from ₹173 billion in FY23 to ₹314 billion in FY25, aided by retained earnings, which helped maintain capital adequacy despite the sharp rise in leverage.

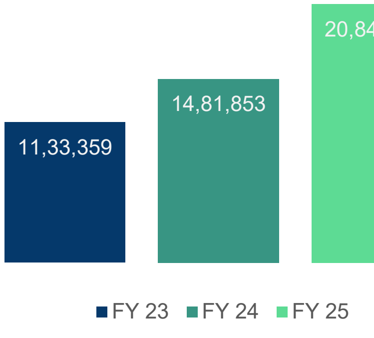
The total asset base expanded in line with loan book growth, increasing from ₹1.3 trillion in FY23 to ₹2.5 trillion in FY25. At the same time, liquidity on the balance sheet improved, with cash and cash equivalents of about ₹94 billion as of March 2025. The company maintained a well-diversified borrowing mix, spread across bank loans, non-convertible debentures, commercial papers, and subordinated instruments, demonstrating its ability to access multiple funding channels. While leverage remained high at approximately 6.6 times equity in FY25, this is in line with industry benchmarks for large NBFCs. Overall, the balance sheet highlights both the company's aggressive growth strategy and its reliance on external funding markets, balanced by a strong equity base and the backing of the Tata Group.

Exhibit 11: Loan Book (₹ in Mn)



Source: TATA Capital's DRHP

Exhibit 12: Borrowings (₹ in Mn)



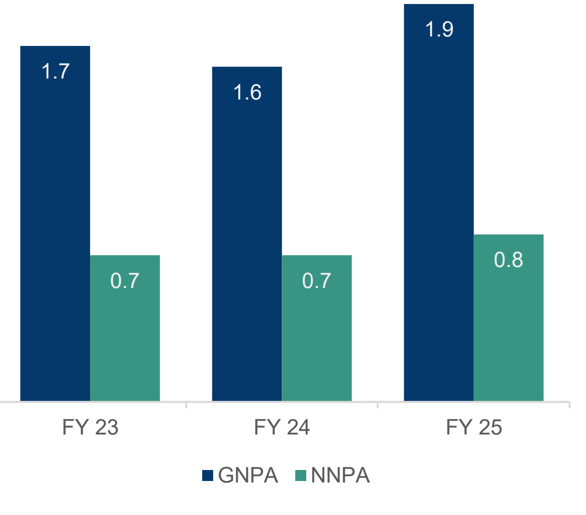
Source: TATA Capital's DRHP

Cash Flow Statement

Tata Capital's operating cash flows were consistently negative, at about ₹232 billion in FY23, ₹380 billion in FY24, and ₹299 billion in FY25, reflecting heavy loan disbursements and higher working capital tied to rapid portfolio growth. This indicates that internal accruals were insufficient to fund expansion, requiring dependence on external borrowings. Investing cash flows varied — an outflow of ~₹23 billion in FY23, a sizeable inflow of ~₹58 billion in FY24 from investment activity, and a small outflow of less than ₹1 billion in FY25.

Financing cash flows remained strongly positive, providing ~₹294 billion of net inflows in FY25, largely offsetting operating outflows and enabling liquidity to remain stable, with cash and equivalents of ~₹74 billion at March 2025. This pattern, typical of large NBFCs, underscores the company's reliance on debt refinancing and capital market access, though its diversified funding base and the Tata brand have helped manage refinancing risks.

Exhibit 13: GNPA and NNPA (in %)



Source: TATA Capital's DRHP

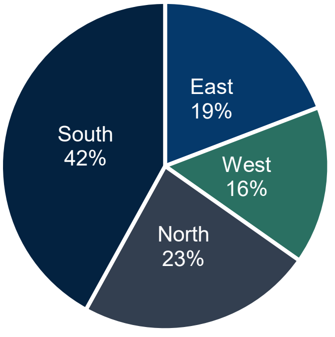
SWOT Analysis

Strengths	Weaknesses
• Promoter Tata Sons ownership, long Tata legacy and brand equity provide strong trust and group synergies • Third largest diversified NBFC in India with a broad product suite (25+ lending products) and a large, granular loan book (Total Gross Loans ₹2,265.5bn as at Mar 31, 2025) • Pan-India distribution + "phygital" model; 1,496 branches across 27 states with 30k+ DSAs, OEM and dealer partnerships and strong digital sourcing (97.8% customers onboarded digitally in FY25) • Strong asset quality metrics; Low Gross Stage 3 and Net Stage 3 ratios and healthy provision coverage relative to peers (PCR among the best for large diversified NBFCs) • Rated AAA with stable outlook from each of CRISIL, ICRA, CARE and India Ratings; highest possible rating for NBFCs in India	• Promoter (Tata Sons) holds a very large stake (cited as 88.6% at the DRHP date), which may limit public float and investor governance perceptions • Total borrowings are large(Debt to Assets is 77.3%); the business remains dependent on access to wholesale funding and market conditions • The DRHP explicitly notes business dependence on KMPs and senior management; attrition or failure to retain talent is flagged as a risk. • The company relies on external vendors for application processing, document/data processing, back-office work, cash collection, and IT services. Any disruption, negligence, fraud, or inefficiency from these vendors could harm Tata Capital's business, reputation, financial condition, or cash flows

Opportunities	Threats
• CRISIL projects NBFC credit to grow faster than GDP (15–17% FY25–28 in DRHP). Growing retail, MSME and vehicle finance markets create demand opportunities • Large group ecosystem (70+ group companies) and distribution strength permit cross-sell (insurance, cards, wealth) and deeper customer monetisation • High digital onboarding and active investment in tech/analytics can lower cost-to-income and improve risk pricing and collection • Open Credit Enablement Network (OCEN) is introduced to promote financial inclusion facilitating interactions among lending service providers; loans accessible to MSMEs, small vendors and individuals • Growing AUM in wealth and PE/alternative funds provides fee incomes and diversification (commitments to grow at 31-33% in long term)	• As an Upper-Layer NBFC, tighter RBI regulations, SBR changes, or sectoral policy shifts can materially affect operations and capital requirements • Company has 11.4% of total foreign currency borrowings which are subjected to default risks with respect to fluctuations in interest rates or currency exchange rates • The rise of the sharing economy, co-living spaces, and online rental platforms is also contributing to shift in housing market, making it easier and more appealing for millennials to rent rather than buy • Intensifying competition on pricing, distribution, and digital product offerings is a constant sector threat • Consolidation of processes, systems, collections and branches after the TMFL merger could temporarily raise costs or impact asset quality.

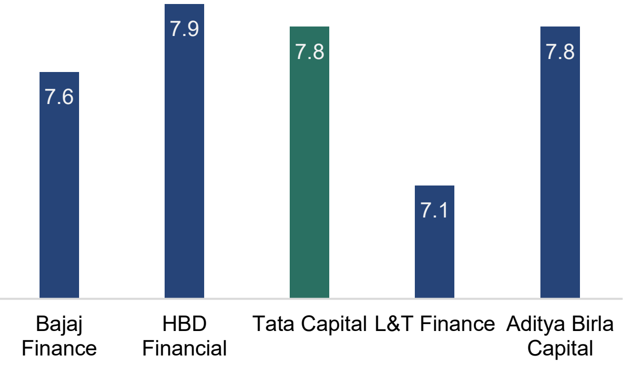
Value Drivers

Exhibit 14: Diversified pan-India footprint (Branches)



Source: TATA Capital's DRHP

Exhibit 15: Competitive Cost of Borrowing (in %)



Source: TATA Capital's DRHP

Tata Brand

- As the flagship financial arm of the **Tata Group**, it leverages unparalleled brand trust to secure a diversified liability profile at a **highly competitive cost of funds**, directly bolstering profitability.
- Gains a significant competitive edge through strategic business access to the vast **Tata ecosystem of over 70 group companies**, creating unique opportunities for **lending, partnerships, and cross-selling.**

Aggressive 'Phygital' Scaling

- Executed an aggressive growth strategy, scaling its physical network from **539 branches (FY23) to 1,496 (FY25)** to more than double its customer base **from 3.2 million to 7.0 million**. This is complemented by a powerful digital funnel with **a 21 million download to 7 million customer ratio**, showing significant upside.
- Offers a resilient portfolio of over **25 lending products**, mitigating concentration risk across retail, SME, and corporate finance.

Growth & Asset Quality

- Ranks as the **3rd largest diversified NBFC in India**, commanding a substantial Total Gross Loan book of **₹2,265.5 billion** which provides significant operating leverage and market presence.
- Demonstrates impressive at-scale growth with a **37.3% CAGR** in its loan book (FY23-FY25), managed prudently while maintaining best-in-class asset quality, evidenced by a Gross Stage 3 Loans Ratio of just **1.9%**.

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