



LONG TERM SUBSCRIBE

IPO Report

04th Oct '25

Snapshot

Company is the flagship financial services company of the Tata group and a subsidiary of Tata Sons Private Limited, the holding company of the Tata group and the Promoter of Company. According to the CRISIL Report, with a legacy spanning over 150 years, the Tata group is one of India's most distinguished business groups, comprising companies across 10 verticals such as automotive, technology, steel, financial services, aerospace and defence, and consumer and retail. The "Tata Group" brand was recognised as the most valuable brand in India as per the Brand Finance India 100 2025 report.

VALUATION

Company is bringing the issue at price band of Rs 310-326 per share at p/b multiple of approx. 3.7x on post issue basis. Company is flagship financial services company of the Tata Group, with a legacy of over 150 years. Company is third largest diversified NBFC in India, with the most comprehensive lending product suite. Company has omni-channel distribution model, comprising its pan-India branch network, partnerships and digital platforms. Company has prudent risk culture and credit underwriting and collections capabilities, resulting in stable asset quality. Company is digital and analytics at the core of company's business, driving high quality experience and business outcomes. Hence we recommend "Long Term Subscribe" to this ipo.

Price Band (Rs./Share)	310-326
Opening date of the issue	06 th Oct '2025
Closing Date of the issue	08 th Oct '2025
No of shares pre issue	4,034,869,037 Eq Shares
Issue Size	Rs 14751-15512 Cr
Fresh Issue	210,000,000 Eq Shares
Offer For Sale	265,824,280 Eq Shares
Face Value (Rs/ share)	Rs 10/share
Bid Lot	46
BIDDING DETAILS	
QIBs (Including Anchor)	50% of the offer (Approx 23,73,12,140 Eq Shares)
Non-Institutional	15% of the offer (Approx 7,11,93,642 Eq Shares)
Retail	35% of the offer (Approx 16,61,18,498 Eq Shares)
Employee Reservation	12,00,000 Eq Shares
Lead managers	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 to the issue	MUFG Intime India Pvt Ltd

WHAT WE LIKE

Flagship financial services company of the Tata group, with a legacy of over 150 years

According to the CRISIL Report, company is the flagship financial services company of the Tata group, which is one of India's most distinguished business groups, with a legacy of over 150 years. Company's Promoter, Tata Sons Private Limited, is the holding company of the Tata group. According to the CRISIL Report, the Tata group (a) comprised companies across 10 verticals such as automotive, technology, steel, financial services, aerospace and defence, and consumer and retail; (b) is a global enterprise headquartered in India, with operations in more than 100 countries across six continents and collectively employed over 1 million employees, as at March 31, 2025; and (c) has the most diversified presence across industries in India as at March 31, 2025, and is the largest group in India with 26 equity listed companies with a combined market capitalisation of ₹27.8 trillion, as at March 31, 2025.

Third largest diversified NBFC in India, with the most comprehensive lending product suite.

Company is the third largest diversified NBFC in India based on its Total Gross Loans of ₹2,334.0 billion as at June 30, 2025, and the most comprehensive amongst large diversified NBFCs in India based on the number of loan product offerings, as at March 31, 2025.

Omni-channel distribution model, comprising its pan-India branch network, partnerships and digital platforms

Company have built an omni-channel distribution network which combines its pan-India branch network with an extensive network of external partners and its digital platforms. This 'phygital' model enables company to customise company's distribution strategy based on the customer profile, type of product, and location, thereby optimising company's distribution efforts and facilitating a seamless customer experience..



COMPANY BACKGROUND

Company is the third largest diversified NBFC in India with Total Gross Loans of ₹2,334.0 billion as at June 30, 2025 is among the fastest growing large diversified NBFCs in India based on growth in Total Gross Loans, with Total Gross Loans growing at a CAGR of 37.3% from March 31, 2023 to March 31, 2025; and have a track record of sustained growth while maintaining its asset quality, as evidenced by company's metrics such as, Gross Stage 3 Loans Ratio of 2.1%, Net Stage 3 Loans Ratio of 1.0% and Provision Coverage Ratio ("PCR") of 53.9%, which are among the best across large diversified NBFCs in India as at June 30, 2025. Company's Total Gross Loans (excluding TMFL) grew at a CAGR of 28.4% from March 31, 2023 to March 31, 2025. Its asset quality (excluding TMFL) stood at Gross Stage 3 Loans Ratio of 1.5%, Net Stage 3 Loans Ratio of 0.5% and PCR of 65.8% as at March 31, 2025.

Since commencing its lending operations in 2007, company have served 7.3 million customers up to June 30, 2025. Through its comprehensive suite of 25+ lending products (the "**Lending Business**"), company cater to a diverse customer base comprising salaried and self-employed individuals, entrepreneurs, small businesses, small and medium enterprises and corporates. Company is focused on Retail and SME Customers, with loans to such customers forming 87.5% of its Total Gross Loans as at June 30, 2025. Company's loan portfolio is highly granular, with ticket sizes ranging from ₹10,000 to over ₹1 billion, and over 98% of its Loan accounts have a ticket size of less than ₹10 million, as at June 30, 2025. In addition, 80.0% of company's Total Gross Loans were secured and its Organic Book accounted for over 99% of company's Total Gross Loans, as at June 30, 2025.

Company operate an omni-channel distribution model that combines its wide branch network, a robust partner ecosystem, and a strong digital presence, all of which work together to deliver a superior customer experience. Company have an extensive pan-India distribution network comprising 1,516 branches across 27 States and Union Territories, as at June 30, 2025. Company's branches are typically staffed with an in-house team responsible for customer engagement, acquisition, loan processing, documentation and servicing.

Company have undertaken branch additions in the preceding three fiscal years, resulting in its branch network growing at a CAGR of 58.3% from March 31, 2023 to June 30, 2025. Company's branch network is complemented by its proprietary digital platforms, including company's website and mobile apps, which work together to support company's 'phygital' strategy. Furthermore, company have established partnerships with direct selling agents ("**DSAs**"), original equipment manufacturers ("**OEMs**"), dealers, and digital partners to broaden its reach.

Company's Lending Business comprises the following verticals, each focused on distinct customer needs:

- **Retail Finance:** Company typically offer to salaried and self-employed individuals and owners of small businesses ("**Retail Customers**") a wide range of loans, such as home loans, loans against property, personal loans, business loans, two-wheeler loans, car loans, commercial vehicle loans, construction equipment loans, loans against securities, microfinance loans, and education loans. As at June 30, 2025, Retail Finance comprised 61.3% of its Total Gross Loans.
- **SME Finance:** Company offer supply chain finance, equipment finance, and leasing solutions to its customers. Further, company offer term loans, cleantech and infrastructure finance, and developer finance to businesses with latest available turnover of less than or equal to ₹2.5 billion ("**SME Customers**"). As at June 30, 2025, SME Finance comprised 26.2% of company's Total Gross Loans.
- **Corporate Finance:** Company offer term loans, cleantech and infrastructure finance, and developer finance to businesses with latest available turnover of more than ₹2.5 billion ("**Corporate Customers**"). As at June 30, 2025, Corporate Finance comprised 12.5% of its Total Gross Loans

Company's operations are underpinned by advanced digital and technological tools integrated into company's platform, which span the entire customer lifecycle for all products. This drives efficiency, enhances customer experience, and fosters sustainable growth. Company leverage its website and mobile apps to engage with and acquire customers, providing both assisted and completely online journeys for various products. 97.8% and 97.1% of its customers were onboarded through company's digital platforms in Fiscal 2025 and the three months period ended June 30, 2025, respectively. Company offered its customers over 200 online services across multiple channels, including company's website, mobile apps, WhatsApp, email, chatbot ('TIA'), and interactive voice response ("**IVR**") system, as at June 30, 2025, enabling company to deliver omni-channel customer support. This has also helped company's customers manage their servicing needs independently, resulting in a Digital Service Adoption Rate (excluding erstwhile TMFL) of over 80% both during Fiscal 2025 and during the three months period ended June 30, 2025.

Company have a well-diversified liability base supported by a credit rating of AAA from CRISIL, ICRA, CARE and India Ratings. According to the CRISIL Report, this is the highest possible credit rating that can be assigned to any NBFC in India. In addition, S&P Global Ratings assigned 'BBB-' long-term and 'A-3' short-term issuer credit ratings to Company in February 2024, with a stable outlook on the long-term rating. Fitch Ratings also assigned company long-term foreign- and local-currency Issuer Default Ratings ("**IDRs**") of 'BBB-', with a stable outlook. In August 2024, S&P Global Ratings revised its outlook on the long-term rating from stable to positive. Subsequently, in August 2025, S&P Global Ratings upgraded the long-term rating from 'BBB-/Positive' to 'BBB/Stable' and the short-term rating from 'A-3' to 'A-2'. Company have a diversified borrowing mix of short and long-term loans from banks, non-convertible debentures, sub-ordinated and perpetual debt, external commercial borrowings and commercial papers. Company's Average Cost of Borrowings Ratio was 7.8% and Total Borrowings to Total Equity ratio was 6.6 times in Fiscal 2025 and as at March 31, 2025, respectively. Company's Average Cost of Borrowings Ratio was 7.8% and Total Borrowings to Total Equity ratio was 6.5 times in the three months period ended June 30, 2025 and as at June 30, 2025, respectively. Company follow a prudent asset-liability management ("**ALM**") strategy, maintaining a balanced mix of short-term and long-term assets and liabilities.



INVESTMENT RATIONALE

<i>Prudent risk culture and robust credit underwriting and collections capabilities, resulting in stable asset quality</i>	According to the CRISIL Report, company had one of the lowest Gross Stage 3 and Net Stage 3 Loans Ratio, and the third highest PCR among large diversified NBFCs in India as at June 30, 2025. This is attributable to company's agile and responsive risk function which fosters a prudent risk culture across Company. Company's strong risk management framework covers a wide range of risks including credit, operational, market, information security, fraud and reputational risk among others. Risk management accountability and oversight form an integral part of Company's governance, reinforcing its responsible business practices. Company's proactive risk management approach with multiple layers of defence, backed by advanced data analytics capabilities has enabled it to maintain company's asset quality.
<i>Digital and analytics at the core of its business, driving high quality experience and business outcomes</i>	Digital and analytics form the foundation of company's approach to business. Company have integrated technology across the entire customer lifecycle for all lending products in company's three business verticals, including onboarding, underwriting, collections, customer servicing and cross-selling, to enable company to meet the evolving needs of its customers, enhance the customer experience and drive sustainable business growth and operational efficiency. Company's digital and analytics capabilities enable it to enhance revenue streams, cross-sell capabilities and drive productivity to optimize company's operating costs and credit costs, strengthening company's efforts to become a digital leader in the financial services industry
<i>Highest credit rating with a diverse liability profile</i>	Company is rated "AAA with stable outlook" from each of CRISIL, ICRA, CARE and India Ratings, and its commercial papers are rated "A1+" by each of CRISIL, ICRA and India Ratings, as at June 30, 2025. According to the CRISIL Report, this is the highest possible credit rating for NBFCs in India . In addition, S&P Global Ratings assigned 'BBB-' long-term and 'A-3' short-term issuer credit ratings to Company in February 2024, with a stable outlook on the long-term rating. Fitch Ratings also assigned company long-term foreign- and local-currency Issuer Default Ratings ("IDRs") of 'BBB-', with a stable outlook. In August 2024, S&P Global Ratings revised its outlook on the long-term rating from stable to positive. Subsequently, in August 2025, S&P Global Ratings upgraded the long-term rating from 'BBB-/Positive' to 'BBB/Stable' and the short-term rating from 'A-3' to 'A-2'.
<i>Experienced management backed by a team of dedicated professionals</i>	Company is led by a seasoned management team comprising individuals with extensive experience in the financial services industry, including retail, commercial and corporate lending. Company's management team is guided by its Board of Directors comprising eight directors, of which five are independent directors. Company's independent directors provide governance oversight on its functioning. Under the guidance of its Board of Directors, company's management team has built a business that has delivered sustained growth and profitability across business cycles since the commencement of company's lending operations in 2007. Each of company's businesses is led by a member of the management team and supported by a dedicated team with domain knowledge and operational skills. Company place strong emphasis on maintaining its culture of innovation and nurturing talent through internal opportunities for learning, development and mobility, which align with its long-term growth. Company have been certified "Great Place To Work" for three consecutive years from 2023 to 2025 by "Great Place To Work®" which is a certification for workplace culture and employee engagement.



OBJECTS OF OFFER

Offer for Sale

Each of the Selling Shareholders shall be entitled to its respective portion of the proceeds from the Offer for Sale in proportion of the Equity Shares of face value of ₹10 each offered by the respective Selling Shareholders as part of the Offer for Sale after deducting their proportion of Offer related expenses and relevant taxes thereon, as applicable.

The Fresh Issue

Company proposes to utilize the Net Proceeds from the Fresh Issue towards augmenting Company's Tier – I capital base to meet company's future capital requirements including onward lending, arising out of the growth of company's business

RISKS

Company's Gross Stage 3 Loans comprised 2.1%, 1.7%, 1.9%, 1.5% and 1.7% of its Total Gross Loans as at June 30, 2025, June 30, 2024, March 31, 2025, March 31, 2024 and March 31, 2023, respectively. Non-payment or default by its customers may adversely affect company's business, results of operations, cash flows and financial condition.

Source:RHP

INDUSTRY OVERVIEW

Outlook for Flexible Workspace Sector in India

Flexible workspace stock addition by operators has witnessed growth over the years and approximately 18 – 22 Mn sq. ft. of stock was added in 2024, highest annual stock addition in a calendar year.

Features and benefits such as flexibility, capital efficiency, cost optimization, employee well-being and operational outsourcing are some of the key demand drivers of flexible workspace solutions amongst both startups and enterprises. Through a widespread network of centres across the country and with the assistance of various inhouse or aggregator owned hybrid digital products, leading flexible workspace operators may possess the ability to support various organizations in a more effective implementation of their hybrid and distributed working policies.

Total Addressable Market (TAM) for flexible workspace segment

TAM for flexible workspaces is defined as the existing/estimated area taken up by flexible workspace operators within the overall office inventory, plus the vacant stock of non-SEZ office spaces that is available for take-up in the market both by flexible workspaces and other CRE end users/companies.

As illustrated above, the total office stock of non-SEZ office space is expected to be approximately 884 Mn sq. ft. while the occupied stock is expected to be approximately 735 Mn sq. ft. by 2027F. It is also known that the current stock of flexible workspaces within the office stock is over 82 Mn sq. ft. (CY2024) across Tier 1 cities which is estimated to be approximately 140 - 144 Mn sq. ft. by end of CY2027F.



Financials (Mn)	FY23	FY24	FY25	Q1FY26
Total Income	70368.50	86301.50	133402.30	36260.30
Total Expenses	26727.00	36342.90	55922.60	13347.10
Pre Provision Profit	43641.50	49958.60	77479.70	22913.20
Provisions	5742.90	5922.60	28268.30	9085.80
PBT	37898.60	44036.00	49211.40	13827.40
Share of Earning	1467	-115.7	-25.8	-5.5
Adjusted PBT	39365.60	43920.30	49185.60	13821.90
Tax	9907.90	10650.70	12635.40	3412.60
PAT	29457.70	33269.60	36550.20	10409.30
Eq Cap	35070.70	37030.50	37624.40	39513.60
Net Worth	1,73,398.60	2,34,171.30	3,31,918.10	3,35,888.10
EPS	8.4	8.6	9.3	2.5
Book value	49.44	63.24	88.22	85.01
NIM %	5.1	5.0	5.2	5.1
ROE%	20.6	15.5	12.6	12.5
ROA%	1.7	1.5	1.9	2.1
CRAR%	--	16.7	16.9	16.6

(Source: RHP)

Peer Comparison

Company Name	Face Value	EPS	P/B	ROE %	NAV
<i>Company</i>	<i>10.00</i>	<i>9.3</i>	<i>--</i>	<i>11.2</i>	<i>79.5</i>
Peers					
Bajaj Finance Limited	1.00	26.9	6.5	17.4	155.6
Shriram Finance Limited	2.00	50.8	2.0	16.8	300.3
Cholamandalam Investment and Finance Company Limited	2.00	50.7	5.7	18.0	281.5
L&T Finance Limited	10.00	10.6	2.4	10.3	102.5
Sundaram Finance Limited	10.00	170.5	3.9	13.8	1187.8
HDB Financial Services Limited	10.00	27.4	3.9	14.6	198.8

(Source: RHP)



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