

## Tata IPO Alert: Is Tata Capital's Public Offer The Biggest Ever By Tata Group? 10 Points To Know

By Pooja Jaiswar | Updated: Tuesday, February 25, 2025, 14:18 [IST]

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Tata IPO Alert: Tata Group-backed Tata Sons have likely approved to launch of the initial public offering (IPO) of their NBFC arm, Tata Capital. The upcoming Tata IPO is likely to be a mixture of both fresh issues and offers for sale (OFS). However, the quantum of stake sale by Tata Sons and other shareholders was not known immediately. Apart from this, the board has approved a rights issue worth Rs 1,504 crore in Tata Capital for existing shareholders. Tata Capital could be Tata Group's biggest-ever IPO!

**Here are 10 key points to know about the upcoming Tata Capital IPO:**



1. As per Reuters report, Tata Capital IPO will comprise of fresh issue of 230 million equity shares. Tata Capital did not share any further details on its proposed public float.

2. On February 25, the board also approved to carry rights issue worth Rs 1,504 crore for existing shareholders.

3. Last year, in December, as per MoneyControl report, Tata Capital IPO is expected to be a big-bang one in excess of Rs 15,000 crore. The news agency also reported that law firm Cyril Amarchand Mangaldas and investment bank Kotak Mahindra Capital are likely appointed as advisors.

4. Tata Capital IPO was expected to be listed after its conversion into NBFC-ICC from NBFC-Core Investment Company ("CIC"). Last year, in August, RBI approved the scheme of Scheme of Arrangement for the Amalgamation of Tata Capital Financial Services Limited ("TCFSL") and Tata Cleantech Capital Limited ("TCCL"), with Tata Capital Limited ("TCL/Company"). This led to the

conversion of TCL into NBFC-ICC from NBFC-Core Investment Company ("CIC") and the Certificate of Registration issued to TCFSL and TCCL were surrendered to RBI and cancelled. RBI has issued the Certificate of Registration as NBFC-ICC accordingly.

5. As per RBI's latest list of NBFCs in the Upper Layer (NBFC-UL) under Scale Based Regulation, Tata Capital was included as Non-deposit taking NBFC-ICC category. In terms of the framework, once an NBFC is classified as NBFC-UL, it shall be subject to enhanced regulatory requirement, at least for a period of five years from its classification in the layer, even in case it does not meet the parametric criteria in the subsequent year/s.

6. One of the key points to note in RBI's NBFC upper layer list is that it makes it mandatory for these NBFCs to list on stock exchanges.

As per Nishith Desai Associates report, the Scale Based Regulations mandate the RBI to specifically identify upper layer NBFCs ("NBFC-ULs") based on certain qualitative and quantitative parameters and supervisory judgment as per their position as on March 31 of the immediately preceding financial year. One of the noteworthy conditions of the Scale Based Regulations requires an NBFC-UL to mandatorily list its shares on the Indian stock exchanges ("IPO") within three years of being classified as an NBFC-UL ("Mandatory Listing Requirement").

Under the RBI's 2022 guideline, Non-Banking Financial Company - Investment and Credit Company (NBFC-ICC)" means any company which is a financial institution carrying on as its principal business - asset finance, the providing of finance whether by making loans or advances or otherwise for any activity other than its own and the acquisition of securities, and granted a CoR under Section 45IA of the Reserve Bank of India Act, 1934 (2 of 1934); and is not any other category of NBFCs as defined by the Reserve Bank in any of its Master Directions.

7. If Tata Capital's IPO is announced to Rs 15,000 crore, then it will be the biggest ever IPO under Tata Group's ambit. It is also the first IPO since Tata Technologies that debuted in 2023.

8. The last IPO launched by Tata was in November 2023, Tata Technologies which was worth Rs 3,042.51 crore in size. Tata Technologies was the latest IPO by Tata Group since 2004 when Tata Consultancy Services (TCS) IPO was launched. TCS which is now the flagship company of Tata Group, had an IPO size of Rs 4,713.47 crore. Hence, Tata Capital at a Rs 15,000 IPO would emerge as the largest by Tata Group.

9. As per the annual report for 2023-24, Tata Capital crossed 1 lakh year disbursements which is for the first time by the company. It recorded disbursements of Rs 1,05,244 crore, up 40% YoY. The company's loan book growth was 35% YoY to Rs 1,57,761 crore as of March 2024. It also posted the highest-ever net profit after tax to Rs 3,150 crore, up by 37% YoY. Its return on equity remains healthy at 17.6%.

10. For FY25, Saurabh Agarwal chairman of Tata Capital said in FY24 annual report, "The demand for credit remains robust supported by a conducive operating environment and a strong regulatory framework. I also expect the interest rates to moderate over the next few quarters, further aiding in credit growth. Given our investments in people and processes and availability of a wide range of products, I firmly believe that Tata Capital remains well positioned for success."

Tata Capital Limited ("TCL"), the flagship financial services company of the Tata Group, is a subsidiary of Tata Sons Private Limited and is carrying on business as a non-banking financial company.

Tata Capital and its subsidiaries are engaged in providing/supplying a wide array of services/products in the financial services sector and operate across various areas of business: Commercial Finance, Consumer Loans, Wealth Services and distribution and marketing of Tata Cards.

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