Press Release

January 30, 2009

CARE ASSIGNS 'AA+' RATING TO NCD ISSE OF TATA CAPITAL LTD.

CARE has assigned a 'CARE AA+' [Double A plus] rating to the proposed Non Convertible debenture issue of Tata Capital Limited (TCL) up to an amount of Rs.1,500 crs having maturity between 1-7 years. Instruments with this rating are considered to offer high safety for timely servicing of debt obligations. Such instruments carry very low credit risk.

The rating factors in TCL's strong parentage (TCL being a wholly owned subsidiary of Tata Sons Ltd.), the demonstrated support of the Tata group, both, by way of capital support as well as offering of in-house business opportunities (lending opportunities offered by the "Tata ecosystem" comprising dealers/vendors and other business constituents/relationships affiliated with the group companies). The rating also factors in the brand equity of the parent company which would aid TCL in scaling up its volumes beyond the group related business as well as render it with strong resource raising capabilities.

The rating is however constrained by TCL's relatively limited track record of operations, it's ability to lend competitively given the presence of established players in an intensely aggressive corporate and retail lending market and its ability to maintain asset quality with rising business volumes and economic slowdown.

Formerly known as 'Primal Investments and Finance Limited', TCL is a wholly owned subsidiary of Tata Sons Limited. TCL proposes to provide a wide spectrum of Financial Services – both fund based as well as non-fund based. TCL and / or its subsidiary companies have / planning to have the following business verticals: Retail Finance, Construction Equipment Finance, Small and Medium Enterprises lending, Distribution and Broking of Financial Products, Wealth Management, Investment Banking and Private Equity. Currently, the business profile of TCL encompasses both Corporate and Retail lending activities. Corporate lending comprising mainly construction equipment finance and SME loans accounted for around 60% of the portfolio as on September 30, 08. Retail lending comprised Auto (around 93% of the retail portfolio as on September 30, 2008) and Personal loans. The company has yet to achieve economies of scale, FY08 being the first year of commercial operations (lending operations have commenced in Sept. 2007). As a result, the company exhibits low profitability parameters. Total income and PAT for FY08 stood at Rs.183.96 cr and Rs.9.21 cr respectively. The company is adequately capitalized with a low gearing of 2.66 times and healthy CAR of 26.1% as on Sept 30, 2008 (entirely Tier I CAR).

Analyst Contact Milind Gadkari
Tel # 6754 3466
Mobile # 98217 12848
Email: milind.gadkari@careratings.com

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.