

April 30, 2010

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

CARE has assigned '**CARE AA+**' [**Double A Plus**] rating to the proposed NCD issue of Tata Capital Ltd. aggregating to Rs.500 crore. Instruments with this rating are considered to offer high safety for timely servicing of debt obligations. Such instruments carry very low credit risk.

|                                           |                 |
|-------------------------------------------|-----------------|
| Tata Capital Ltd                          |                 |
| <b>NCD issue aggregating Rs.500 crore</b> | <b>CARE AA+</b> |

The rating factors in TCL's strong parentage (TCL being a 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.

**Background**

Formerly known as 'Primal Investments and Finance Limited', **TCL is a subsidiary of Tata Sons Limited.** TCL provides 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, SME loans, Distribution and Broking of Financial Products, Wealth Management, Investment Banking and Private Equity.

TCL recorded a PAT of Rs.4.74 crore on a Total Income of Rs.893.97 crore in FY09. TCL's lending profile is dominated by its corporate portfolio that constitutes about 59% of the total advances as of March 31, 2009 [Dec 09, 59%] with retail loans accounting for the balance. FY09 was the first full year of retail operations of TCL. The total loan book of TCL stood at around Rs.8108 crore as on March 31, 09. Gross and Net NPA stood at 0.95% and 0.66% as on March 31, 2009 respectively. TCL's CAR stood at 17.06% as on March 31, 2009. For 9MFY10 TCL recorded a PAT of Rs.49.5 crore on a Total Income of Rs.1040 crore.

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

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