

July 25, 2011

**CARE REAFFIRMS THE RATING ASSIGNED TO NCD ISSUE OF
TATA CAPITAL LTD.****Rating Reaffirmed**

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Non Convertible Debentures	250	CARE AA+	Reaffirmed

Rating Rationale

The rating factors in TCL's strong parentage (TCL being subsidiary of Tata Sons Ltd.), 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, its 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.

Company Profile

TCL is a subsidiary of Tata Sons Limited providing a wide spectrum of financial services (both fund based as well as non-fund based). TCL is having / planning to have the various business verticals like Retail Finance, Construction Equipment Finance, SME loans, Distribution and Broking of Financial Products, Wealth Management, Investment Banking and Private Equity either on its books or its subsidiary companies. It has already set up some of these business verticals. In FY11, TCL recorded PAT of Rs.71 crore (FY10:-Rs.51 crore) on total income of Rs.1625 crore (FY10:-Rs.1379 crore). TCL reported capital adequacy ratio of 17.80% as on March 31, 2011. Gross NPA ratio and Net NPA ratio have improved considerably from 2.34% and 1.77% respectively at the end of FY10 to 1.02% and 0.76% respectively at the end of FY11.

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¹Complete definition of the ratings assigned are available at www.careratings.com and in other CARE publications

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