

Tata Capital (TATACAP) - ADD

Q4FY26 Result Update

Current Market Price (CMP) Rs.341	Fair Value (FV) Rs.390
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Rationale:

- Tata Capital delivered strong performance in Q4FY26, meeting/beating its FY26 guidance across parameters.
- With steady asset quality trends, management remains assertive in meeting its guidance while being mindful of risks from macro headwinds.
- Retain ADD; FV of Rs390.

👍 Positives:

- Tata Capital reported PAT of Rs 1460 cr in Q4FY26, up 47% yoy.
- Net Interest Income (NII) growth was strong at 19% yoy, driven by ~20% Assets Under Management (AUM) growth.
- Overall, AUM growth picked up to 20% from 18% in Q4FY26.
- Retail AUM growth accelerated to 5.4% qoq in Q4FY26, continuing the steady uptrend from 5.1% in Q3FY26, 4.1% in Q2FY26 and 2.4% in Q1FY26.
- Cost/AUM was down 5 bps yoy to 2.4%; the moderation in operating leverage was reflected in the FY26 ratio (2.4%, down 30 bps yoy).
- Credit costs declined to 0.9% in Q4FY26, marking a sharp improvement from 1.2% in Q3FY26, while FY26 credit costs stood at 1.2%, down from 1.3% in FY25.
- Collection efficiency has inched up across segments, with all segments reporting >99%.

👎 Negatives:

- Growth in fees was a tad weak at 13% yoy.
- We are tweaking our estimates by 0% to (-)2.7% to build marginally lower loan growth and we inch up opex and provisions a bit.



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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