Dated: 20th January 2026

Tata Capital (TATACAP) - ADD

Result Update Q3FY26

Current Market Price (CMP)	Fair Value (FV)
Rs.360	Rs.375

Rationale:

- Tata Capital reported strong performance in the maiden quarter after the IPO, well-placed to meet its guidance.
- All operating metrics are on track, with strong business momentum, stable margins, improving leverage and asset quality performance.
- We find some scope of upside in near-term growth and operating leverage as the business strategy is unfolding nicely.
- Raise estimates, retain ADD with FV of Rs375.

Positives:

- Tata Capital reported PAT of Rs1260 cr in Q3FY26, up 20% yoy.
- Overall, Assets under management (AUM) growth picked up to 18% from 15% in Q2FY26.
- Net Interest Income (NII) growth was strong at 21% yoy.
- Net Interest Margin (NIM) expanded 26 bps qoq to 5.3%, largely driven by lower funding costs and recent capital issuance.
- Overall, gross stage-3 loans were stable at 1.6% (ex-TMFL) and 2.2% (overall).
- Credit costs were moderate at 1.2% and management remains confident about remaining within its guided range.
- Collection efficiency has inched up across segments, with all segments reporting >99%.

Negatives:

- The marginal earnings miss was largely due to a one-off impact of new labor codes (Rs44 cr).

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

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
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
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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.

FUNDAMENTAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan
Head of Research
shrikant.chouhan@kotak.com
+91 22 6218 5408

Arun Agarwal
Auto/Auto Ancillary, Building Material
Cement, Consumer Durable
arun.agarwal@kotak.com
+91 22 6218 6443

Amit Agarwal, CFA
Transportation, Paints, FMCG
agarwal.amit@kotak.com
+91 22 6218 6439

Rini Mehta
Research Associate
rini.mehta@kotak.com
+91 22 6218 6433

Sumit Pokharna
Oil and Gas, Information Tech
sumit.pokharna@kotak.com
+91 22 6218 6438

K. Kathirvelu
Support Executive
k.kathirvelu@kotak.com
+91 22 6218 6427

Pankaj Kumar
Construction, Capital Goods & Midcaps
pankajr.kumar@kotak.com
+91 22 6218 6434

Amarjeet Maurya
Internet Software & Services
amarjeet.maurya@kotak.com
+91 22 6218 6427

Veer Trivedi
BFSI
veer.trivedi@kotak.com
+91 22 6218 6432

TECHNICAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan
shrikant.chouhan@kotak.com
+91 22 6218 5408

Amol Athawale
amol.athawale@kotak.com
+91 20 6620 3350

Sayed Haider
sayed.haider@kotak.com
+91 22 62185458

DERIVATIVES RESEARCH TEAM (PRIVATE CLIENT GROUP)

Sahaj Agrawal
sahaj.agrawal@kotak.com
+91 79 66041701

Prasenjit Biswas, CMT, CFTe
prasenjit.biswas@kotak.com
+91 33 6638 8331

Karan Kulkarni
karan.kulkarni@kotak.com
+91 20 66203350

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