

NAM delivered a healthy performance during Q4FY26, with MF QAAUM at Rs7.25trn (+3% QoQ) while its market share was up by 24bps on sequential basis. Revenue yield at 41.3bps increased by 1bp sequentially, led by a change in asset mix toward commodity ETFs. Resultantly, revenue at Rs7.39bn increased 5% QoQ, while EBITDA margin at 68.6% expanded by 200bps QoQ. The management plans to mitigate the 3-4bps impact on account of the new TER regulation by passing it to distributors. The management intends to maintain focus on growing absolute profitability in line with or higher than that of industry players rather than monitoring yields on basis points. To bake in the Q4 developments, we tweak our estimates which results in ~1-2% increase in PAT over FY27-28E. We maintain BUY and Mar-27E TP of Rs1,150 implying FY28E P/E of ~35x.

Asset mix change drives yields higher

NAM clocked ~3% QoQ growth in MF QAAUM to Rs7.25trn despite market volatilities. The growth in AUM was primarily driven by ~16% QoQ growth in ETFs while Equity AUM was largely flat sequentially. MF QAAUM market-share inched up, to 8.89% (up by 24bps QoQ), while ETF AUM market-share at 21.4% increased by 109bps sequentially. Led by a change in asset mix toward relatively high-yielding commodity ETFs, revenue yield increased by 1bp sequentially to 41.3bps in Q4. Consequently, revenue at Rs7.39bn increased ~5% QoQ and was higher than our estimate of Rs7.06bn. EBITDA margin at 68.6% expanded by 200bps sequentially, higher than our estimate of 66.7% led by sequential decline in employee costs and lower other expenses. PAT at Rs3.85bn declined 5% QoQ on account of lower other income, but was higher than our estimate of Rs3.3bn owing to lower tax rate.

NAM remains fastest-growing AMC; focus retained on absolute profitability

NAM has consistently been the fastest-growing AMC among the top-10 and saw the highest market-share accretion in the industry in FY26, at 8.89% (highest since Jun-19). Further, NAM's Equity Net Flows market-share and SIP market-share remained higher than its Equity AUM market-share, which will drive further growth in AUM. The mgmt stated that the regulatory change with respect to TERs would result in a 3-4bps impact, which would be mitigated by passing it on to distributors. The company is strategically focusing on building the SIP book in hybrid, commodities, flexi-cap, and sector funds. The management continues to focus on driving absolute profit growth in line or higher than that of industry players rather than solely monitoring yields on basis points.

We maintain BUY and Mar-27E TP of Rs1,150

To reflect the Q4 developments, we tweak our estimates; this results in a ~1-2% increase in PAT over FY27-28E owing to marginally higher investment income. While NAM remains the fastest growing AMC among the top-10, its strong retail franchise, consistent investment performance, and ETF dominance position it well to drive profitable growth. We maintain BUY with unchanged Mar-27E TP of Rs1,150 implying FY28E P/E of 35x.

Nippon Life India Asset Management: Financial Snapshot (Consolidated)

| Y/E Mar (Rs mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
|---------------------|--------|--------|--------|--------|--------|
| Revenue | 22,307 | 27,087 | 31,847 | 36,489 | 41,741 |
| EBITDA | 14,416 | 17,949 | 21,290 | 24,457 | 28,069 |
| Adj. PAT | 12,864 | 15,294 | 18,416 | 20,907 | 23,754 |
| Adj. EPS (Rs) | 20.0 | 23.6 | 28.5 | 32.3 | 36.7 |
| Core PAT | 10,663 | 13,555 | 15,692 | 18,051 | 20,631 |
| EBITDA margin (%) | 64.6 | 66.3 | 66.9 | 67.0 | 67.2 |
| EBITDA growth (%) | 45.1 | 24.5 | 18.6 | 14.9 | 14.8 |
| Adj. EPS growth (%) | 14.3 | 18.0 | 20.4 | 13.5 | 13.6 |
| RoE (%) | 31.4 | 34.5 | 38.4 | 41.1 | 43.8 |
| P/E (x) | 48.9 | 41.4 | 34.5 | 30.4 | 26.7 |
| EV/EBITDA (x) | 41.1 | 33.0 | 27.7 | 24.0 | 20.7 |
| P/B (x) | 15.2 | 13.8 | 13.0 | 12.3 | 11.5 |
| FCFF yield (%) | 1.1 | 2.3 | 2.7 | 3.0 | 3.5 |

Source: Company, Emkay Research

| | |
|-----------------------|--------|
| Target Price – 12M | Mar-27 |
| Change in TP (%) | - |
| Current Reco. | BUY |
| Previous Reco. | BUY |
| Upside/(Downside) (%) | 15.6 |

| Stock Data | NAM IN |
|-------------------------|------------|
| 52-week High (Rs) | 1,064 |
| 52-week Low (Rs) | 613 |
| Shares outstanding (mn) | 638.1 |
| Market-cap (Rs bn) | 635 |
| Market-cap (USD mn) | 6,740 |
| Net-debt, FY27E (Rs mn) | (44,406.9) |
| ADTV-3M (mn shares) | 1.0 |
| ADTV-3M (Rs mn) | 1,005.2 |
| ADTV-3M (USD mn) | 10.7 |
| Free float (%) | 24.8 |
| Nifty-50 | 24,092.7 |
| INR/USD | 94.2 |

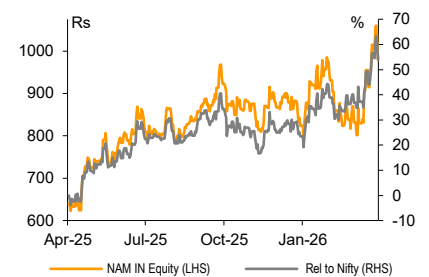
Shareholding, Mar-26

| | |
|---------------|----------|
| Promoters (%) | 71.9 |
| FPIs/MFs (%) | 7.3/14.8 |

Price Performance

| (%) | 1M | 3M | 12M |
|---------------|------|------|------|
| Absolute | 19.6 | 24.5 | 55.4 |
| Rel. to Nifty | 13.3 | 30.1 | 55.1 |

1-Year share price trend (Rs)



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Exhibit 1: NAM – Q4FY26 Financial Summary

| (Rs mn) | Q4FY25 | Q1FY26 | Q2FY26 | Q3FY26 | Q4FY26 | YoY | QoQ | Q4FY26E | Var |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|------------------|------------------|----------------|------------------|
| Revenue from Operations | 5,665 | 6,066 | 6,581 | 7,053 | 7,387 | 30% | 5% | 7,059 | 5% |
| Other Income | 230 | 1,460 | 366 | 753 | -335 | -246% | -145% | -250 | 34% |
| Total revenue | 5,896 | 7,526 | 6,947 | 7,806 | 7,052 | 20% | -10% | 6,809 | 4% |
| Employee Benefits Expense | 1,105 | 1,226 | 1,233 | 1,335 | 1,259 | 14% | -6% | 1,271 | -1% |
| Depreciation Expense | 86 | 84 | 88 | 109 | 122 | 42% | 12% | 72 | 69% |
| Fee & Commission expense | 159 | 186 | 198 | 196 | 203 | 28% | 4% | 212 | -4% |
| Other Expenses | 750 | 772 | 855 | 821 | 854 | 14% | 4% | 870 | -2% |
| Finance Costs | 18 | 18 | 18 | 18 | 16 | -9% | -8% | 18 | -7% |
| EBITDA | 3,652 | 3,881 | 4,295 | 4,701 | 5,071 | 39% | 8% | 4,707 | 8% |
| EBITDA Margin | 64.5% | 64.0% | 65.3% | 66.7% | 68.6% | 4.2ppt | 2.0ppt | 66.7% | 2.0ppt |
| Total expense | 2,118 | 2,287 | 2,392 | 2,478 | 2,454 | 16% | -1% | 2,442 | 0% |
| PBT | 3,778 | 5,239 | 4,555 | 5,328 | 4,598 | 22% | -14% | 4,367 | 5% |
| PAT | 2,983 | 3,957 | 3,443 | 4,037 | 3,845 | 29% | -5% | 3,296 | 17% |
| Tax Rate | 21.0% | 24.5% | 24.4% | 24.2% | 16.4% | -4.7ppt | -7.8ppt | 24.5% | -8.1ppt |
| Core PAT | 2,801 | 2,854 | 3,166 | 3,467 | 4,125 | 47% | 19% | 3,485 | 18% |
| AUM (Rs bn) | 5,572 | 6,127 | 6,565 | 7,010 | 7,249 | 30% | 3% | 7,249 | 0.0% |
| Key ratios (As bps of AUM) | Q4FY25 | Q1FY26 | Q2FY26 | Q3FY26 | Q4FY26 | YoY (bps) | QoQ (bps) | Q4FY26E | Var (bps) |
| Revenue Yield (bps) | 41.2 | 39.3 | 39.8 | 40.4 | 41.3 | 0.1 | 1.0 | 39.5 | 1.8 |
| Opex | 14.7 | 14.1 | 13.8 | 13.5 | 13.0 | -1.7 | -0.5 | 13.2 | -0.2 |
| Operating profit | 26.6 | 25.1 | 26.0 | 26.9 | 28.4 | 1.8 | 1.5 | 26.3 | 2.0 |
| PAT | 21.7 | 25.6 | 20.8 | 23.1 | 21.5 | -0.2 | -1.6 | 18.4 | 3.1 |
| AUM Mix (%) | Q4FY25 | Q1FY26 | Q2FY26 | Q3FY26 | Q4FY26 | YoY (ppt) | QoQ (ppt) | | |
| Equity | 49.8 | 49.2 | 50.0 | 49.3 | 47.8 | -2.1 | -1.6 | | |
| Debt | 15.0 | 14.7 | 15.5 | 15.3 | 13.4 | -1.6 | -1.9 | | |
| Liquid | 7.6 | 7.7 | 6.6 | 5.5 | 5.5 | -2.1 | -0.0 | | |
| Other | 27.6 | 28.4 | 27.9 | 29.9 | 33.4 | 5.8 | 3.5 | | |

Source: Company, Emkay Research

Exhibit 2: DCF-based valuation for NAM

| | |
|-------------------------------------|---------|
| Cost of Equity | 12.0% |
| Terminal Growth | 5.0% |
| Sum of Discounted Cashflows (Rs mn) | 401,786 |
| Terminal Value (Rs mn) | 344,429 |
| Fair Value (Rs mn) | 746,215 |
| Number of Shares (mn) | 638.12 |
| Mar-27E fair value (Rs) | 1,169 |
| Mar-27E target price (Rs) | 1150 |
| CMP (Rs) | 990 |
| Upside | 16% |

Source: Company, Emkay Research

Exhibit 3: Implied valuation multiples for NAM

| | |
|-----------------------------------|----------------|
| Valuation at target price | Rs1,150 |
| FY28E P/E (x) | 35.1 |
| FY28E P/B (x) | 14.0 |
| FY28E P/AUM | 8% |
| Valuation at current price | Rs990 |
| FY28E P/E (x) | 30.2 |
| FY28E P/B (x) | 12.0 |
| FY28E P/AUM | 6% |

Source: Company, Emkay Research

Exhibit 4: Changes in estimates

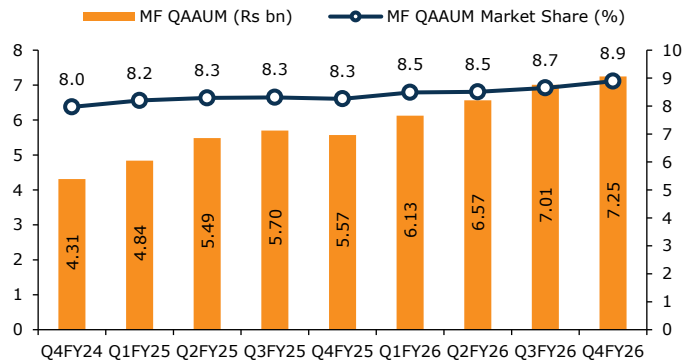
| Rs mn | FY27E | | | FY28E | | | FY29E | | |
|---------------|--------|---------|----------|--------|---------|---------|-------|---------|--------|
| | Old | Revised | Change | Old | Revised | Change | Old | Revised | Change |
| Op Revenue | 31,888 | 31,847 | 0% | 36,641 | 36,489 | 0% | NA | 41,741 | NM |
| EBITDA | 21,219 | 21,290 | 0% | 24,535 | 24,457 | 0% | NA | 28,069 | NM |
| EBITDA Margin | 66.5% | 66.9% | 0.0 ppt | 67.0% | 67.0% | 0.0 ppt | NA | 67.2% | NM |
| PAT | 18,034 | 18,416 | 2% | 20,790 | 20,907 | 1% | NA | 23,754 | NM |
| RoE | 39.0% | 38.4% | -0.6 ppt | 41.0% | 41.1% | 0.1 ppt | NA | 43.8% | NM |

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions)

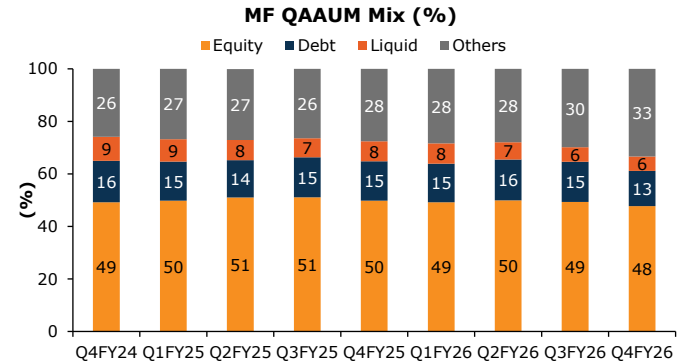
Story in charts

Exhibit 5: NAM has witnessed consistent market-share gains



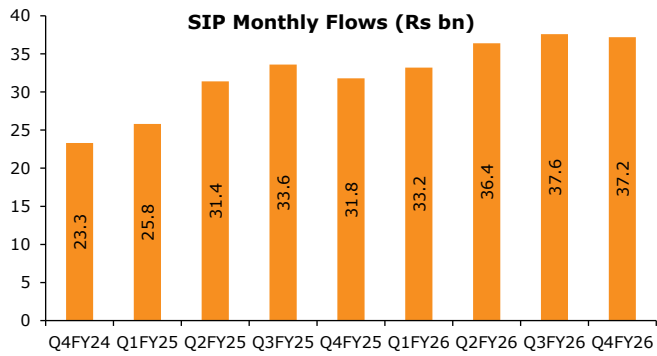
Source: Company, Emkay Research

Exhibit 6: Share of ETFs increases to 33% in Q4FY26



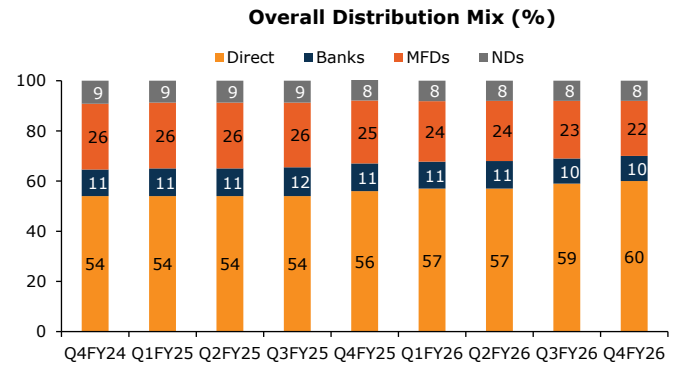
Source: Company, Emkay Research

Exhibit 7: SIP flows have been largely stable in Mar-26 vs Dec-25



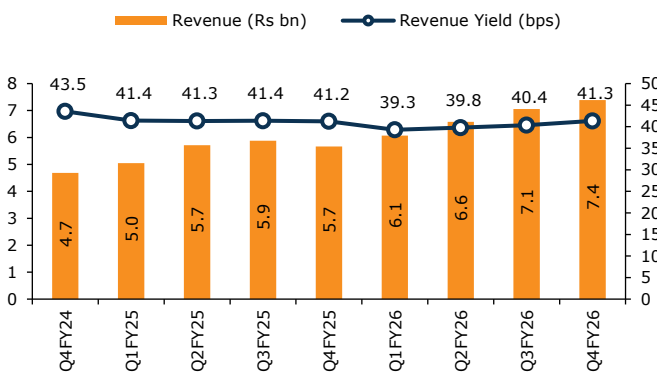
Source: Company, Emkay Research

Exhibit 8: Share of Direct channel increases to 60% in Q4FY26, led by growth in ETFs



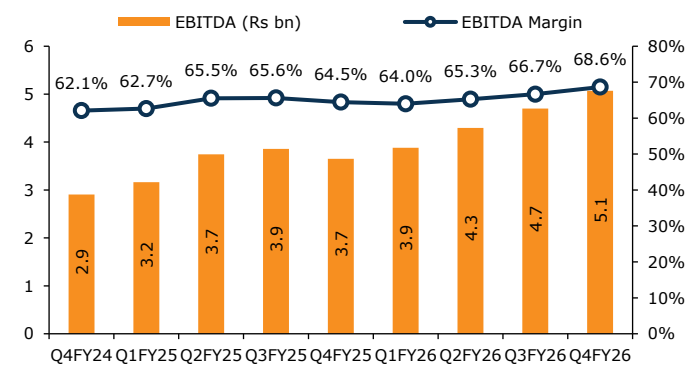
Source: Company, Emkay Research

Exhibit 9: Revenue yield increases sequentially



Source: Company, Emkay Research

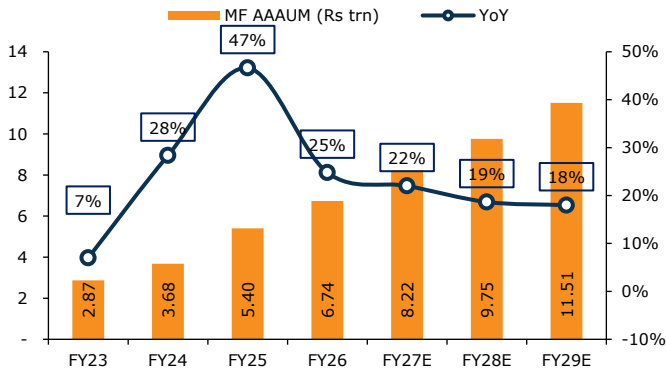
Exhibit 10: EBITDA margin increases to 68.6% in Q4FY26



Source: Company, Emkay Research

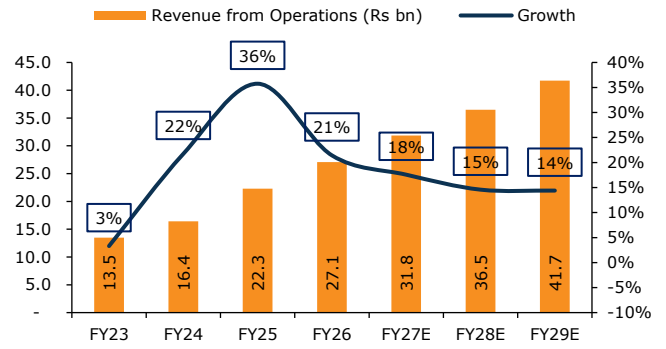
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Exhibit 11: We expect ~20% AUM CAGR over FY26-29E



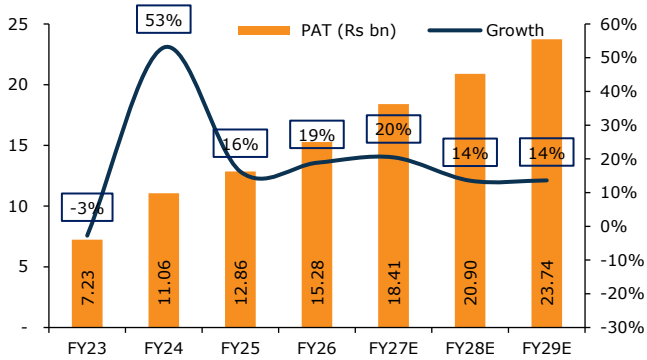
Source: Company, Emkay Research

Exhibit 12: We expect revenue to grow at 18% in FY27E



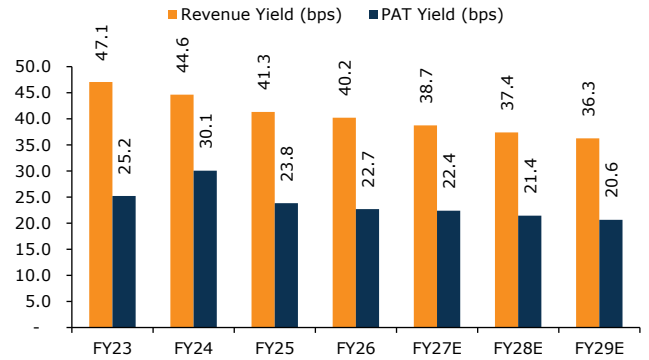
Source: Company, Emkay Research

Exhibit 13: We expect ~20% PAT growth in FY27E led by higher other income



Source: Company, Emkay Research

Exhibit 14: Yields to witness a decline going forward



Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Earnings Conference Call Highlights

- Nippon Asset Management (NAM) clocked the highest market share accretion in the industry in FY26, with its market share at 8.89%, the highest since Jun-19.
- NAM was the fastest-growing AMC among the top-10, and has consistently maintained its position for the last few quarters.
- The company's Equity Net Sales market share and SIP Flows market share are higher than its Equity AUM market share in the high single digit. Further, the management mentioned that excluding NFOs, the company's Equity Net Sales market share was in double digits.
- Completed two Debt Index Fund NFOs during the quarter, raising Rs8.6bn cumulatively (Nippon India CRISIL-IBX Financial Services: 3–6 month; and 9–12 month Debt Index Funds).
- Strategic focus is on growing absolute profit in absolute terms (not just bps-on-AUM metrics), with profit growth at or above that of industry peers.
- Yields saw an improvement on account of a change in asset mix toward higher yield commodity ETFs. The yield on Equity Assets stood at 53bps (ex-Arbitrage: 55bps) while debt segment yields stood at ~25bps. Liquid Asset yields were in the 11-12bps range while ETFs saw higher yields at 25bps.
- Full year ESOP cost for FY26 was ~Rs430mn. The management mentioned that the new ESOP scheme is expected to result in a P&L impact of Rs350mn in FY27 while the total ESOP cost charged to the P&L over 4 years would be in the ~Rs700-750mn range – front loaded in the first year.
- The management mentioned that SIP flows have broadly plateaued at Rs36–37bn per month — consistent with industry-level flattening. November through February were softer months; however, March saw improvement and similar trends have continued in April too.
- The management is focusing on building the SIP book across Hybrid and Commodity ETFs, Flexi Cap, and Sector funds categories.
- Impact of the TER regulatory change is estimated at 3–4bps. The management intends to pass through the full impact to distributors, making it a pass-through with no P&L hit.
- Lower effective tax rate in Q4 was driven by: i) release of tax provisions following completed assessments, and ii) mark-to-market related adjustments resulting in lower taxable income.
- As AUM scales up, operating leverage is expected to reduce the cost-to-income over the medium term.
- Fintech platforms are driving a meaningful SIP growth industrywide. Average ticket size (ATS) on fintech channels is ~60–70% of traditional distributor-led SIPs, but the gap is narrowing quickly.
- Fintech SIP cycles are shorter — investors tend to pause and restart rather than exit entirely, which inflates SIP discontinuation counts but does not result in AUM exits.
- Distributor-led SIPs are showing better retention under volatile conditions. A shift toward hybrid and large-cap oriented funds is expected to further improve retention over time.
- The management focuses on maintaining low tracking error and high liquidity as structural advantages. Growing SIP flows into the commodity category is expected to provide long-term stability.
- SIF products have not yet been formally launched. Backend work — including strategy back-testing — is underway under industry veteran Andrew Holland's leadership.

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions.com)

Exhibit 15: NAM – Financial Summary

| Income Statement (Y/E Mar, Rs mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
|--|---------------|---------------|---------------|---------------|---------------|
| Revenue from operations | 22,307 | 27,087 | 31,847 | 36,489 | 41,741 |
| Other income | 2,900 | 2,243 | 3,608 | 3,783 | 4,161 |
| Total revenue | 25,207 | 29,331 | 35,455 | 40,273 | 45,902 |
| Employee expenses | 4,290 | 5,053 | 5,860 | 6,710 | 7,623 |
| Depreciation and amortization | 306 | 403 | 446 | 490 | 536 |
| Other expenses | 2,883 | 3,302 | 3,788 | 4,319 | 4,902 |
| Total operating expenses | 7,891 | 9,138 | 10,556 | 12,032 | 13,672 |
| EBITDA | 14,416 | 17,949 | 21,290 | 24,457 | 28,069 |
| Total opex | 8,264 | 9,611 | 11,068 | 12,586 | 14,269 |
| Exceptional items | | | | | |
| PBT | 16,943 | 19,720 | 24,386 | 27,687 | 31,633 |
| Tax expense | 4,086 | 4,438 | 5,980 | 6,789 | 7,888 |
| PAT | 12,857 | 15,281 | 18,406 | 20,897 | 23,744 |
| PAT (adj) | 12,864 | 15,294 | 18,416 | 20,907 | 23,754 |
| Core PAT | 10,663 | 13,555 | 15,692 | 18,051 | 20,631 |
| Balance sheet (Rs mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
| Share capital | 6,347 | 6,381 | 6,381 | 6,381 | 6,381 |
| Reserves and surplus | 35,782 | 40,210 | 42,992 | 46,031 | 49,684 |
| Shareholders' equity | 42,129 | 46,591 | 49,373 | 52,413 | 56,066 |
| Payables | 589 | 956 | 1,309 | 1,500 | 1,715 |
| Other liabilities | 3,983 | 4,375 | 5,104 | 5,875 | 6,746 |
| Total equity and liabilities | 46,701 | 51,923 | 55,786 | 59,787 | 64,527 |
| Cash and bank balances | 266 | 166 | 234 | 172 | 320 |
| Cash and bank balances | 2,611 | 2,855 | 2,998 | 3,133 | 3,290 |
| Investments | 33,238 | 37,671 | 41,174 | 44,921 | 49,009 |
| Receivables | 707 | 793 | 873 | 900 | 1,029 |
| Fixed assets | 8,717 | 9,185 | 9,206 | 9,358 | 9,553 |
| Other assets | 1,163 | 1,253 | 1,301 | 1,304 | 1,327 |
| Total Assets | 46,701 | 51,923 | 55,786 | 59,787 | 64,527 |

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 16: AUM, key ratios, and DuPont analysis

| Assets Under Management (Rs bn) | FY25 | FY26 | FY27E | FY28E | FY29E |
|--------------------------------------|--------------|--------------|--------------|--------------|---------------|
| AAAUM | 5,399 | 6,738 | 8,221 | 9,755 | 11,510 |
| Equity | 2,724 | 3,303 | 3,999 | 4,804 | 5,731 |
| Debt | 801 | 991 | 1,140 | 1,297 | 1,458 |
| Liquid | 418 | 423 | 444 | 468 | 492 |
| Other | 1,455 | 2,021 | 2,638 | 3,186 | 3,828 |
| AAAUM YoY (%) | 46.6 | 24.8 | 22.0 | 18.7 | 18.0 |
| Equity | 55.8 | 21.2 | 21.1 | 20.1 | 19.3 |
| Debt | 20.0 | 23.7 | 15.1 | 13.7 | 12.4 |
| Liquid | 13.4 | 1.1 | 4.9 | 5.4 | 5.3 |
| Other | 62.2 | 38.8 | 30.5 | 20.8 | 20.2 |
| AAAUM Mix (%) | | | | | |
| Equity | 50 | 49.0 | 48.6 | 49.2 | 49.8 |
| Debt | 15 | 14.7 | 13.9 | 13.3 | 12.7 |
| Liquid | 8 | 6.3 | 5.4 | 4.8 | 4.3 |
| Other | 27 | 30.0 | 32.1 | 32.7 | 33.3 |
| DuPont analysis (bps of AAUM) | FY25 | FY26 | FY27E | FY28E | FY29E |
| Revenue from operations | 41.3 | 40.2 | 38.7 | 37.4 | 36.3 |
| Other income | 5.4 | 3.3 | 4.4 | 3.9 | 3.6 |
| Total revenue | 46.7 | 43.5 | 43.1 | 41.3 | 39.9 |
| Employee expenses | 7.9 | 7.5 | 7.1 | 6.9 | 6.6 |
| Depreciation and amortization | 0.6 | 0.6 | 0.5 | 0.5 | 0.5 |
| Other expenses | 5.3 | 4.9 | 4.6 | 4.4 | 4.3 |
| Total opex | 15.3 | 14.3 | 13.5 | 12.9 | 12.4 |
| Exceptional items | - | - | - | - | - |
| PBT | 31.4 | 29.3 | 29.7 | 28.4 | 27.5 |
| Tax expense | 7.6 | 6.6 | 7.3 | 7.0 | 6.9 |
| PAT | 23.8 | 22.7 | 22.4 | 21.4 | 20.6 |
| PAT (adj) | 23.8 | 22.7 | 22.4 | 21.4 | 20.6 |
| YoY growth (%) | FY25 | FY26 | FY27E | FY28E | FY29E |
| AAAUM | 46.6 | 24.8 | 22.0 | 18.7 | 18.0 |
| Revenue | 23.7 | 16.4 | 20.9 | 13.6 | 14.0 |
| Expenses | 20.7 | 16.3 | 15.2 | 13.7 | 13.4 |
| PAT (adj) | 16.2 | 18.9 | 20.4 | 13.5 | 13.6 |
| EPS (adj) | 14.9 | 18.2 | 20.0 | 13.5 | 13.6 |
| BVPS | 5.0 | 10.0 | 6.0 | 6.2 | 7.0 |
| Key ratios (%) | FY25 | FY26 | FY27E | FY28E | FY29E |
| Total revenue/AAAUM (bps) | 47 | 44 | 43 | 41 | 40 |
| Cost-to-income ratio | 35.4 | 33.7 | 33.1 | 33.0 | 32.8 |
| Tax rate | 24.1 | 22.5 | 24.5 | 24.5 | 24.9 |
| Adj PAT/AAAUM (bps) | 24 | 23 | 22 | 21 | 21 |
| RoE (adj) | 31.4 | 34.5 | 38.4 | 41.1 | 43.8 |
| Dividend payout ratio | 88.8 | 89.7 | 90.1 | 90.0 | 91.3 |
| Per share data (Rs) | FY25 | FY26 | FY27E | FY28E | FY29E |
| EPS | 20.34 | 24.05 | 28.86 | 32.76 | 37.22 |
| EPS (adj) | 20.34 | 24.05 | 28.86 | 32.76 | 37.22 |
| BVPS | 66.4 | 73.0 | 77.4 | 82.1 | 87.9 |
| DPS | 18.0 | 21.5 | 26.0 | 29.5 | 34.0 |

Source: Company, Emkay Research

Nippon Life India Asset Management: Consolidated Financials and Valuations

Profit & Loss

| Y/E Mar (Rs mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| Revenue | 22,307 | 27,087 | 31,847 | 36,489 | 41,741 |
| Revenue growth (%) | 35.8 | 21.4 | 17.6 | 14.6 | 14.4 |
| EBITDA | 14,416 | 17,949 | 21,290 | 24,457 | 28,069 |
| EBITDA growth (%) | 45.1 | 24.5 | 18.6 | 14.9 | 14.8 |
| Depreciation & Amortization | 306 | 403 | 446 | 490 | 536 |
| EBIT | 14,110 | 17,546 | 20,844 | 23,967 | 27,533 |
| EBIT growth (%) | 46.3 | 24.4 | 18.8 | 15.0 | 14.9 |
| Other operating income | - | - | - | - | - |
| Other income | 2,900 | 2,243 | 3,608 | 3,783 | 4,161 |
| Financial expense | 67 | 70 | 66 | 64 | 61 |
| PBT | 16,943 | 19,720 | 24,386 | 27,687 | 31,633 |
| Extraordinary items | 0 | 0 | 0 | 0 | 0 |
| Taxes | 4,086 | 4,438 | 5,980 | 6,789 | 7,888 |
| Minority interest | - | - | - | - | - |
| Income from JV/Associates | 7 | 13 | 10 | 10 | 10 |
| Reported PAT | 12,864 | 15,294 | 18,416 | 20,907 | 23,754 |
| PAT growth (%) | 16.2 | 18.9 | 20.4 | 13.5 | 13.6 |
| Adjusted PAT | 12,864 | 15,294 | 18,416 | 20,907 | 23,754 |
| Diluted EPS (Rs) | 20.0 | 23.6 | 28.5 | 32.3 | 36.7 |
| Diluted EPS growth (%) | 14.3 | 18.0 | 20.4 | 13.5 | 13.6 |
| DPS (Rs) | 17.8 | 21.2 | 25.6 | 29.1 | 33.5 |
| Dividend payout (%) | 87.5 | 88.1 | 88.8 | 88.8 | 90.1 |
| EBITDA margin (%) | 64.6 | 66.3 | 66.9 | 67.0 | 67.2 |
| EBIT margin (%) | 63.3 | 64.8 | 65.5 | 65.7 | 66.0 |
| Effective tax rate (%) | 24.1 | 22.5 | 24.5 | 24.5 | 24.9 |
| NOPLAT (pre-IndAS) | 10,708 | 13,597 | 15,733 | 18,090 | 20,667 |
| Shares outstanding (mn) | 642 | 647 | 647 | 647 | 647 |

Source: Company, Emkay Research

Cash flows

| Y/E Mar (Rs mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| PBT (ex-other income) | 16,943 | 19,720 | 24,386 | 27,687 | 31,633 |
| Others (non-cash items) | (2,526) | (1,805) | (3,608) | (3,783) | (4,161) |
| Taxes paid | (3,752) | (4,366) | (5,980) | (6,789) | (7,888) |
| Change in NWC | 1,269 | 710 | 879 | 832 | 841 |
| Operating cash flow | 11,995 | 14,660 | 16,189 | 18,500 | 21,021 |
| Capital expenditure | (5,410) | (771) | (467) | (642) | (731) |
| Acquisition of business | - | - | - | - | - |
| Interest & dividend income | 346 | 385 | 3,608 | 3,783 | 4,161 |
| Investing cash flow | (816) | (3,257) | (496) | (731) | (805) |
| Equity raised/(repaid) | 1,210 | 838 | 0 | 0 | 0 |
| Debt raised/(repaid) | - | - | - | - | - |
| Payment of lease liabilities | (187) | (328) | 75 | 99 | 93 |
| Interest paid | (67) | 70 | (66) | (64) | (61) |
| Dividend paid (incl tax) | (12,015) | (12,083) | (15,634) | (17,867) | (20,101) |
| Others | (96) | 0 | 0 | 0 | 0 |
| Financing cash flow | (11,156) | (11,503) | (15,624) | (17,831) | (20,069) |
| Net chg in Cash | 22 | (100) | 69 | (62) | 147 |
| OCF | 11,995 | 14,660 | 16,189 | 18,500 | 21,021 |
| Adj. OCF (w/o NWC chg.) | 10,725 | 13,950 | 15,310 | 17,667 | 20,180 |
| FCFF | 6,585 | 13,889 | 15,722 | 17,858 | 20,291 |
| FCFE | 6,863 | 14,203 | 19,264 | 21,578 | 24,390 |
| OCF/EBITDA (%) | 83.2 | 81.7 | 76.0 | 75.6 | 74.9 |
| FCFE/PAT (%) | 53.4 | 92.9 | 104.6 | 103.2 | 102.7 |
| FCFF/NOPLAT (%) | 61.5 | 102.1 | 99.9 | 98.7 | 98.2 |

Source: Company, Emkay Research

Balance Sheet

| Y/E Mar (Rs mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
|---------------------------------------|---------------|----------------|----------------|----------------|----------------|
| Share capital | 6,347 | 6,381 | 6,381 | 6,381 | 6,381 |
| Reserves & Surplus | 35,782 | 40,210 | 42,992 | 46,031 | 49,684 |
| Net worth | 42,129 | 46,591 | 49,373 | 52,413 | 56,066 |
| Minority interests | - | - | - | - | - |
| Non-current liab. & prov. | 1,203 | 1,289 | 1,483 | 1,705 | 1,961 |
| Total debt | 0 | 0 | 0 | 0 | 0 |
| Total liabilities & equity | 44,213 | 48,634 | 51,685 | 55,046 | 59,048 |
| Net tangible fixed assets | 5,440 | 6,040 | 6,075 | 6,227 | 6,416 |
| Net intangible assets | 2,422 | 2,421 | 2,424 | 2,420 | 2,409 |
| Net ROU assets | 814 | 702 | 684 | 688 | 705 |
| Capital WIP | 41 | 23 | 23 | 23 | 23 |
| Goodwill | - | - | - | - | - |
| Investments [JV/Associates] | - | - | - | - | - |
| Cash & equivalents | 36,114 | 40,692 | 44,407 | 48,226 | 52,618 |
| Current Liab. & Prov. | 2,489 | 3,289 | 4,101 | 4,741 | 5,479 |
| NWC (ex-cash) | (618) | (1,243) | (1,928) | (2,538) | (3,124) |
| Total assets | 44,213 | 48,634 | 51,685 | 55,046 | 59,048 |
| Net debt | (36,114) | (40,692) | (44,407) | (48,226) | (52,618) |
| Capital employed | 44,213 | 48,634 | 51,685 | 55,046 | 59,048 |
| Invested capital | | | | | 5,702 |
| BVPS (Rs) | 65.6 | 72.0 | 76.3 | 81.0 | 86.6 |
| Net Debt/Equity (x) | (0.9) | (0.9) | (0.9) | (0.9) | (0.9) |
| Net Debt/EBITDA (x) | (2.5) | (2.3) | (2.1) | (2.0) | (1.9) |
| Interest coverage (x) | 252.4 | 282.7 | 371.3 | 436.5 | 519.0 |
| RoCE (%) | 41.5 | 44.6 | 51.0 | 54.5 | 58.4 |

Source: Company, Emkay Research

Valuations and key Ratios

| Y/E Mar | FY25 | FY26 | FY27E | FY28E | FY29E |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
| P/E (x) | 48.9 | 41.4 | 34.5 | 30.4 | 26.7 |
| EV/CE(x) | 14.1 | 12.7 | 12.0 | 11.2 | 10.4 |
| P/B (x) | 15.2 | 13.8 | 13.0 | 12.3 | 11.5 |
| EV/Sales (x) | 26.6 | 21.9 | 18.5 | 16.1 | 13.9 |
| EV/EBITDA (x) | 41.1 | 33.0 | 27.7 | 24.0 | 20.7 |
| EV/EBIT(x) | 42.0 | 33.7 | 28.3 | 24.5 | 21.1 |
| EV/IC (x) | | | | | |
| FCFF yield (%) | 1.1 | 2.3 | 2.7 | 3.0 | 3.5 |
| FCFE yield (%) | 1.1 | 2.2 | 3.0 | 3.4 | 3.8 |
| Dividend yield (%) | 1.8 | 2.1 | 2.6 | 2.9 | 3.4 |
| DuPont-RoE split | | | | | |
| Net profit margin (%) | 57.7 | 56.5 | 57.8 | 57.3 | 56.9 |
| Total asset turnover (x) | 0.5 | 0.6 | 0.6 | 0.7 | 0.7 |
| Assets/Equity (x) | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| RoE (%) | 31.4 | 34.5 | 38.4 | 41.1 | 43.8 |
| DuPont-RoIC | | | | | |
| NOPLAT margin (%) | 48.0 | 50.2 | 49.4 | 49.6 | 49.5 |
| IC turnover (x) | 4.4 | 3.7 | 4.6 | 5.8 | 7.1 |
| Operating metrics | | | | | |
| Core NWC days | (10.1) | (16.7) | (22.1) | (25.4) | (27.3) |
| Total NWC days | (10.1) | (16.7) | (22.1) | (25.4) | (27.3) |
| Fixed asset turnover | - | - | - | - | - |
| Opex-to-revenue (%) | 35.4 | 33.7 | 33.1 | 33.0 | 32.8 |

Source: Company, Emkay Research

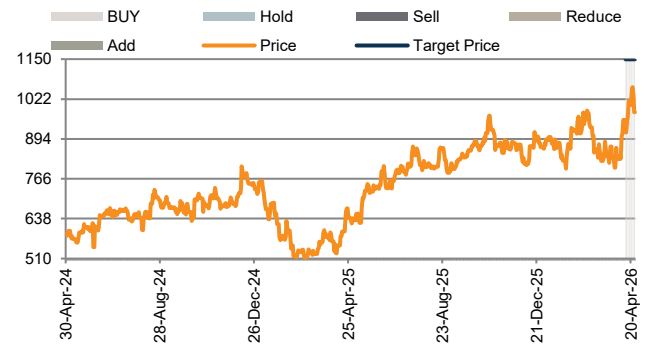
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RECOMMENDATION HISTORY - DETAILS

| Date | Closing Price (Rs) | TP (Rs) | Rating | Analyst |
|-----------|--------------------|---------|--------|---------------|
| 13-Apr-26 | 915 | 1,150 | Buy | Avinash Singh |

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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|---------------|---|
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| ADD | 5-15% upside |
| REDUCE | 5% upside to 15% downside |
| SELL | >15% downside |

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