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kotak Securities

Dated: 31st Oct 2025

Nippon AMC (NAM) - ADD

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.872	**Rs.930**

Rationale:

- Nippon reported the quarter with core earnings up 15% yoy.
- Headline Profit After Tax ("PAT") declined (-4% yoy) due to share fall in other expenses.
- Maintain ADD with Fair value of Rs. 930 (Earlier 850).

Q2FY26 Earnings Update:

Positives:

- Equity market share has improved at 7% (+17% bps yoy).
- Systematic Investment Plan ("SIP") Asset Under Management ("AUM") at 1,50,000 Crores, up 15% yoy.
- Debt Inflows are emerging as a strategic lever to stabilize earnings.
- Commission rationalization continues, with one scheme adjusted this quarter as part of the long-term strategy to reduce distributors' payouts.

Negatives:

- Other income decline at 70% due to Mark to Market ("MTM") drawdown accrued into small-cap and mid-cap heavy portfolio.
- Equity yields softened to 54 bps (versus 55-57 bps previously).
- Management reiterated guidance for a 2-3 bps decline in consolidated yields.

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.

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