



Q1FY26 Result Update | BFSI

Equity Research Desk

July 18, 2025

Major player; valuations aligns

Reported PAT came in at INR 287 cr up by 18.1% yoy and 14.8% qoq. Key highlights of the results were – 1) new flows were at INR 20950 cr in Q1, of this addition due to B&K was at 18228 cr (INR 3995 cr Q4FY25) 2) gross outflows were higher at INR 3000-4000 cr emanating from exit of two key teams. Barring B&K flows, net flows were at INR 2722 cr impacted due to higher gross outflows 3) MTM gain was sizeable on ARR AUMs in Q1 at 19,539 cr vs. MTM loss of 5166 cr 4) other income growth was also relatively better at INR 63 cr vs. INR 7 cr in Q4 5) Total retention yields on ARR assets was lower at 79 bps in Q1 vs. 84 bps last quarter

During the quarter, ARR AUMs (43% share) grew strongly by 30% yoy (16% qoq) to INR 2.87 trillion led by new flows, B&K acquisition & MTM gains as well. While TBR (57% share) grew by 26% yoy (13% qoq) to INR 3.76 trillion. All this put together resulted in total AUMs growth of 27% yoy (14% qoq) to INR 6.63 trillion.

FY25 Snapshot & FY26 Outlook

- The management has guided for total net flows of INR 60,000 crore in FY26. This includes organic flows of INR 30,000–35,000 crore (INR 25,000 crore from wealth business and INR 10,000 crore from AMC business), with the rest expected from B&K & UBS.
- Management expects ARR retention yields to be ~70 bps in next 1-2 years time while it is settle around ~67-68 bps in longer term horizon i.e 3-5 years time period.

Financial Summary

Consol (Rs Cr)	FY23	FY24	FY25	FY26E	FY27E
Revenues	1,565	1,847	2,445	2,868	3,381
Operating Profit	847	891	1,227	1,475	1,747
Net Profit	658	802	1,015	1,311	1,538
Growth (%)	13.9	22.0	26.4	29.2	17.3
Cost/ Income Ratio	45.8	48.6	46.0	45.0	45.0
EPS (Rs)	18.5	22.4	25.8	32.5	36.0
P/E (x)	65.5	54.2	46.9	37.2	33.6
RoE (%)	21.1	23.3	14.4	14.5	12.5
RoCE (%)	8.7	7.0	6.8	6.3	6.2

Source: Dalal & Broacha Research, Company

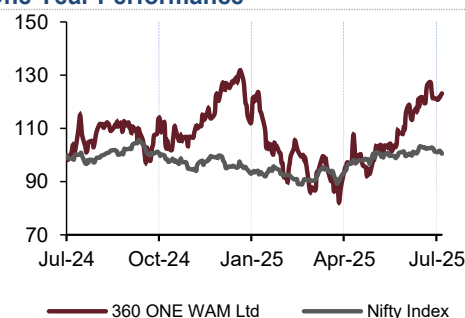
Rating	TP (Rs)	Up/Dn (%)
HOLD	1,297	7

Market data

Current price	Rs	1,212
Market Cap (Rs.Bn)	(Rs Bn)	490
Market Cap (US\$ Mn)	(US\$ Mn)	5,692
Face Value	Rs	1
52 Weeks High/Low	Rs	1318 / 766.05
Average Daily Volume	('000)	496
BSE Code		533179
Bloomberg		360ONE.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	May-25	Dec-24
Promoters	7.08	14.76
Public	92.92	85.24
Total	100.00	100.00

Source: BSE

Anusha Raheja
+91 22 67141489
anusha.raheja@dalal-broacha.com

Akash D. Vora
+91 22 67141449
akash.vora@dalal-broacha.com

Valuations

At CMP, it is trading at P/E of 47x/37x/34x on FY25e/FY26e/FY27e EPS. Post factoring ET Money, B&K acquisition & UBS warrants conversion by FY27e, all this is resulting in ROE coming down from 23.3% in FY24 to 14.4% in FY25 to 12.5% in FY27e. Going forward, we expect PAT to grow by 23% CAGR over FY25-27e period from INR 1015 cr in FY25 to INR 1538 cr in FY27e. Management expects normalization of the ROE to take approx. 2 years

Although, the long-term potential of the company, being the largest standalone wealth manager player is still strong; dilution expected over the next 2 years limits large upside in the stock in the near-term.

Retain HOLD rating with revised TP of INR 1297, giving us upside of 7% from current levels (valuing it at 36x on FY27e EPS)

Results Highlights Q1FY26

- Total revenues increased by 4% yoy/10% qoq to INR 726 cr in Q1. While ARR revenues was up by 36% yoy/2% qoq to INR 502 cr led by net flows, MTM gains on AUMs & B&K acquisition adding to MF distribution trail fees assets. TBR revenues was flat on qoq basis at INR 152 cr.
- PAT stood at INR 287 cr (+18% YoY, highest ever); Tangible ROE is at 19.6% for Q1
- Other income during the quarter improved on qoq basis to INR 63 cr vs. INR 7 cr on qoq & INR 97 cr on yoy basis led by gains on the treasury book
- During the quarter, ARR AUMs (43% share) grew strongly by 30% yoy (16% qoq) to INR 2.87 trillion led by new flows, B&K acquisition & MTM gains as well. While TBR (57% share) grew by 26% yoy (13% qoq) to INR 3.76 trillion. All this put together resulted in total AUMs growth of 27% yoy (14% qoq) to INR 6.63 trillion.
- **New flows were at INR 20950 cr in Q1, of this addition due to B&K was at 18228 cr (INR 3995 cr Q4FY25). Gross outflows were higher at INR 3000-4000 cr emanating from 2 relevant teams leaving. Barring B&K, net flows were at INR 2722 cr**
 - Total retention yields on ARR assets was lower at 79 bps in Q1 vs. 84 bps last quarter. While retention yields on wealth ARR AUMs contracted by 2 bps to 78 bps due to fall in the 360 One plus assets. Discretionary yields came down from 52 bps to 45 bps qoq. Non-discretionary PMS yields were too down marginally from 0.29% to 0.258% qoq. AMC retention yields were at 79 bps vs. 90 bps qoq (came down due to fall in the institutional mandate yields from 1.04% to 0.35% qoq). Going forward, management expects retention yields on ARR assets (73 bps FY25) could potentially come down by 2-3 bps due to change in the business mix
 - **B&K Securities Update**
 - Acquisition closed May 27, 2025; ~₹24 Cr revenue from 35 days
 - Added 700+ corporate clients; strengthens transactional broking platform
 - **HNI/UHNI Business**
 - INR 1,500 Cr AUM across 250 clients; ~90 bps retention
 - 30+ RMs onboard; tech-led UHNI scale-up underway

- **UBS Strategic Collaboration**
 - Regulatory approvals received; impact to reflect from Q3FY26
 - 3-part deal: business synergy, stake in 360 ONE, UBS India WM integration
 - Cross-referrals (NRI/Resident/Global mandates) to drive flows
- **ET Money**
 - Burn reduced to INR 25 cr/year (from INR 55–60 cr)
 - Focused on advisory + SIP-led mass affluent play

Concall Highlights – Q1FY26

Net flows

- During the quarter, the company reported strong net flows on ARR AUMs amounting to INR 20,950 crore, which includes INR 18,228 cr contributed by the B&K acquisition (for 35 days) vs. INR 5,549 crore in Q1FY26 and INR 3,995 crore in Q4FY25.
- Excluding B&K, net flows stood at INR 2,772 crore, which were impacted by higher outflows of INR 3,500–4,000 crore, primarily due to the exit of two key teams. Management indicated that such outflows, driven by RM attrition, are largely behind and are not expected to recur.
- Mark-to-market (MTM) gains for the quarter were substantial at INR 19,539 cr, in sharp contrast to the MTM loss of INR 5,166 cr in Q4FY25 and a gain of INR 15,319 cr in Q1FY25. Within segments, net flows in wealth ARR assets stood at INR 19,977 cr, again driven largely by B&K, while AMC ARR assets saw a modest inflow of INR 973 crore, compared to INR 671 cr in the previous quarter.
- The AMC segment had earlier closed some large funds, including a INR 1,000 cr healthcare fund and a INR 4,500–5,000 cr pre-IPO fund; however, the pipeline for FY26 includes the closure of 3–4 existing funds which will get compensated by launch of 4–5 new ones.
- Looking ahead, the management has guided for total net flows of INR 60,000 cr in FY26. This includes organic flows of INR 30,000–35,000 cr (INR 25,000 crore from wealth and INR 10,000 cr from AMC), with the rest expected from B&K & UBS.
- Currently, the company has 4–5 institutional mandates, while one of this mandate is anticipated to come in FY26.
- On the lending side, the book contracted by INR 1,062 crore during the quarter to ₹7,711 cr, mainly due to loan repayments.

AUMs

- Total AUMs grew by 27% yoy (14% qoq) to INR 6.63 trillion. While ARR AUMs reported higher growth of 30% yoy (16% qoq) to INR 2.87 trillion, forming 43% of total AUMs
- Transactional AUM too is witnessing strong growth of 26% yoy (13% qoq) to INR 3.76 trillion, forming 57% of total AUMs currently.
- Broadly, management expects net flows growth on ARR assets of 10-15% of opening AUMs and MTM gains of 8-10% resulting in total growth in the overall AUMs on yearly basis ~20%

Retentions yields

- Total retention yields on ARR assets was lower at 79 bps in Q1 vs. 84 bps last quarter
- While retention yields on wealth ARR AUMs contracted by 2 bps to 78 bps due to fall in the 360 One plus assets. Discretionary yields came down from 52 bps to 45 bps qoq. Non-discretionary PMS yields were too down marginally from 0.29% to 0.258% qoq.
- Distribution asset earning trail fees yields were largely maintained at 64 bps
- Lending book yield improved to 6.25% vs. 5.72% qoq.
- AMC retention yields were at 79 bps vs. 90 bps qoq (came down due to fall in the institutional mandate yields from 1.04% to 0.35% qoq).
- Going forward, management expects retention yields on ARR assets (73 bps FY25) could potentially come down by 2-3 bps due to change in the business mix. In the longer run i.e. next 3-5 years time - sustainable retentions on overall AUM including wealth & asset management verticals to be around 67-68 bps.

Cost to Income Ratio

- Cost-to-Income: 48.4% (vs 50.7% in Q4); expected to improve further
- In the longer term taking a 5-year view management expects Cost /Income ratios to settle around 45%.

Update on B&K

- With the B&K acquisition, ARR assets increased by INR 18228 cr mainly addition has come on the distribution trail fees in ARR assets
- Sahil Murarka joins the board of 360 One WAM

Collaboration with the UBS

All the regulatory approvals are in place

- AUMs are likely to increase by ~INR 6000 cr

Valuations

At CMP, it is trading at P/E of 47x/37x/34x on FY25e/FY26e/FY27e EPS. Post factoring ET Money, B&K acquisition & UBS warrants conversion by FY27e, all this is resulting in ROE coming down from 23.3% in FY24 to 14.4% in FY25 to 12.5% in FY27e. Going forward, we expect PAT to grow by 23% CAGR over FY25-27e period from INR 1015 cr in FY25 to INR 1538 cr in FY27e. Management expects normalization of the ROE to take approx. 2 years

Although, the long-term potential of the company, being the largest standalone wealth manager player is still strong; dilution expected over the next 2 years limits large upside in the stock in the near-term.

Retain HOLD rating with revised TP of INR 1,297, giving us upside of 7% from current levels (valuing it at 36x on FY27e EPS).

Quarterly Comparison

(Rs in Cr)	Q1FY26	Q1FY25	Y-o-Y %	Q4FY25	Q-o-Q %
ARR AUM (Movement)					
On Account of Net inflows	20,950	5,549	278%	3,995	424%
On Account of MTM's	19,539	15,319	28%	-5,166	-478%
Total AUMs	663,924	521,133	27%	581,498	14%
ARR AUMs	287,317	221,287	30%	246,828	16%
-Wealth AUMs	194,773	141,635	38%	162,433	20%
-AMC AUMs	92,544	79,652	16%	84,395	10%
Transactional AUMs	376,607	299,846	26%	334,670	13%
New Flows	20,950	5,549	278%	3,995	424%
-Wealth AUMs	19,977	4,678	327%	3,324	501%
-AMC AUMs	973	871	12%	671	45%
Retention Yields					
-ARR Assets	0.79%	0.72%	-	0.84%	-
-ARR Assets (Ex-Carry)	0.70%	0.69%	-	0.74%	-
			-		-
Revenue	Q1FY26	Q1FY25	Y-o-Y %	Q4FY25'	Q-o-Q %
ARR Revenue	511	376	36%	502	2%
TBR Revenue	152	225	-32%	150	1%
Other Income	63	97	-35%	7	800%
Total Revenue from Operations	726	698	4%	659	10%
Total Expenses	351	264	33%	334	-100%
Employee Cost	255	193	32%	254	-100%
-Fixed Cost	180	141	28%	150	-100%
-Variable Cost	75	52	44%	104	-100%
Admin & Other Expenses	96	71	35%	80	-100%
Operating Profit Before Tax (OPBT)	312	337	-7.4%	318	-1.9%
	0	-		0	
PBT	375	434	-13.6%	325	15.4%
PBT (after exceptional items)	375	315	19.0%	324	15.7%
PAT incl OCI	287	243	18.1%	250	14.8%

Source: Dalal & Broacha Research, Company

Financials

P&L (Rs Cr)	FY23	FY24	FY25	FY26E	FY27E
ARR Revenue	1,171	1,328	1,701	2,068	2,461
TBR Revenue	394	519	744	800	920
Total Revenue	1,565	1,847	2,445	2,868	3,381
Employee Costs	520	709	912	1,021	1,198
Admin & Other costs	198	247	306	371	436
Total Operating Expenses	718	956	1,218	1,393	1,634
Operating Profit	847	891	1,227	1,475	1,747
Other income	4	119	206	227	249
PBT	850	1,010	1,317	1,702	1,997
Provision for tax	192	208	302	391	459
PAT (From continuing operations)	658	802	1,015	1,311	1,538

Balance Sheet (Rs Cr)	FY23	FY24	FY25	FY26E	FY27e
Equity capital	36	36	39.3	40	43
Reserves	3,086	3,414	7,026	8,985	12,250
Reserves & Surplus	3,086	3,414	7,026	8,985	12,250
Net worth	3,122	3,450	7,065	9,025	12,293
Minority Interest	-	-	-	-	-
Borrowings	6,625	9,290	10,960	14,515	15,942
Other Liabilities	1,445	2,379	1,744	1,871	2,010
TOTAL LIABILITIES	11,192	15,119	19,769	25,411	30,245
Cash & Cash Equivalents	509	443	740	2,063	4,159
Investments	3,609	5,948	7,608	10,424	11,467
Current Assets	5,737	7,307	9,898	11,291	12,616
Fixed Assets	919	1,004	1,104	1,215	1,336
Goodwill	418	418	418	418	668
TOTAL ASSETS	11,192	15,119	19,769	25,411	30,245

Ratios	FY23	FY24	FY25	FY26E	FY27E
ARR AUM	167,174	200,419	246,828	296,597	355,187
TBR AUM	173,660	266,490	334,670	368,137	404,951
Total AUM	340,834	466,909	581,498	664,734	760,137
C/I Ratio	46%	49%	46%	45%	45%
ARR Retention	0.70%	0.66%	0.69%	0.70%	0.69%
TBR Retention	0.22%	0.23%	0.23%	0.23%	0.23%
Total Retention	0.92%	0.90%	0.92%	0.93%	0.92%
Net Sales	11.93%	18.05%	32.32%	17.32%	17.89%
Operating Profit	37.86%	5.30%	37.59%	20.29%	18.44%
PBT	13.18%	18.84%	30.29%	29.27%	17.32%
PAT	13.88%	21.98%	26.43%	29.17%	17.32%
Per Share (Rs.)					
Net Earnings (EPS)	73.90	22.36	25.81	32.51	36.02
Restated EPS	18.48	22.36	25.81	32.51	36.02
Payout ratio	23%	89%	23%	40%	50%
Dividend	17.30	20.00	6.00	13.00	18.01
Book Value per share (BVPS)	87.67	96.12	179.73	223.90	287.96
Valuation Ratios					
P/E(x)	65.5	54.2	46.9	37.2	33.6
P/B(x)	13.8	12.6	6.7	5.4	4.2
EV/EBIDTA(x)	58.2	58.7	47.1	41.5	36.3
Div. Yield(%)	1.43	1.65	0.50	1.07	1.49
Dividend Payout%	23%	89%	23%	40%	50%
Return Ratios (%)					
ROE	21.1%	23.3%	14.4%	14.5%	12.5%
ROCE	8.7%	7.0%	6.8%	6.3%	6.2%

Source: Dalal & Broacha Research, Company

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Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021.

Tel: 91-22- 2282 2992 | E-mail: equity.research@dalal-broacha.com