

BUY**TP: Rs 313 | ▲ 24%****CANARA ROBECO AMC**

Diversified Financials

27 January 2026

Fund performance trending better, yet not fully there

- Core revenue growth healthy at 14% YoY, QAAUM growth of 13% YoY (2% QoQ)
- However, EBITDA de-grew 6% YoY (down 5% QoQ) impacted by higher employee and other expenses
- Maintain BUY with TP of Rs 313 (earlier Rs 362), valuing the stock at 22x Dec'27E EPS

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Decent operating performance: CRAMC reported a decent core revenue growth of 14% YoY and 6% QoQ to Rs 1,098 mn in Q3FY26. This was primarily driven by healthy QAAUM growth of 13% YoY (2% QoQ). However, EBITDA de-grew 6% YoY (down 5% QoQ), impacted by higher employee and other expenses. Employee expenses were impacted by one-time expenses due to the implementation of New Labor Code (Rs 51.5 mn), along with other expenses to the tune of Rs 50 mn. PAT came in at Rs 527 mn (up 10% YoY and 8% QoQ), largely aided by significant MTM gains.

Sustained Equity MF growth: QAAUM Equity MF and debt MF grew 10% YoY (up 3% QoQ) and 58% YoY (down 2% QoQ) respectively to Rs 1,106 bn and Rs 117 bn. Equity mix increased to 90.4% vs 90.1% in Q2FY26. Management reiterated strategic focus on MFs by expanding product range to address portfolio gaps, expanding geographic footprint, and strengthening sales team. Additionally, CRAMC may evaluate entry into PMS and AIF segments over the medium term. However, the company still has some distance to cover in improving fund performance, with a larger proportion of schemes yet to feature in the first quartile over 3Y and 5Y horizons. B-30 mix in the total MAAUM increased to 23.9% in Q3FY26 vs 23.7% in Q2FY26 vs 18% of the industry.

Stable revenue yields: Overall revenue yields stood at 36bps vs 35bps in Q2FY26 vs 36bps in Q3FY25. This is largely on account of the improving fund performance and rationalisation of commissions. Equity (35-36bps), debt (28-29bps) and liquid yields (2-3 bps) witnessed improvement sequentially during the quarter. The company expects to maintain revenue yields at these levels, going forward.

Maintain BUY: Q3 was a stable quarter with healthy QAAUM growth YoY. With improving equity fund performance on a 1Y basis, number of schemes in the 1st and 2nd quartiles has been steadily increasing. We broadly maintain our FY26E-28E revenue/ EBITDA/ PAT estimates with a TP of Rs 313 (earlier TP Rs 362), valuing the stock at 22x Dec'27E.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	CRAMC IN/Rs 252
Market cap	US\$ 549.4mn
Free float	25%
3M ADV	US\$ 4.4mn
52wk high/low	Rs 353/Rs 245
Promoter/FPI/DII	75%/4%/9%

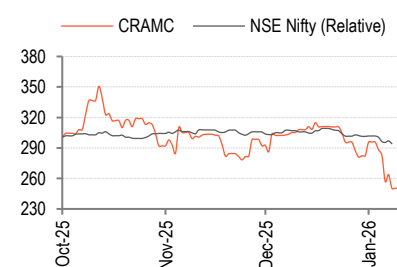
Source: NSE | Price as of 27 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Core PBT (Rs mn)	2,182	2,419	2,932
Core PBT (YoY)	49.2	10.9	21.2
Adj. net profit (Rs mn)	1,907	2,173	2,579
EPS (Rs)	9.6	10.9	12.9
Consensus EPS (Rs)	9.6	10.9	12.9
MCap/AAAUM (%)	5.6	4.5	3.8
ROAAAUM (bps)	21.1	19.3	19.3
ROE (%)	36.2	31.8	29.6
P/E (x)	26.4	23.2	19.5

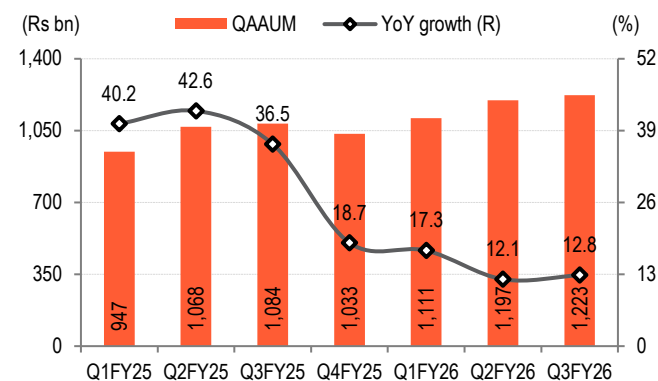
Source: Company, Bloomberg, BOBCAPS Research

Stock performance

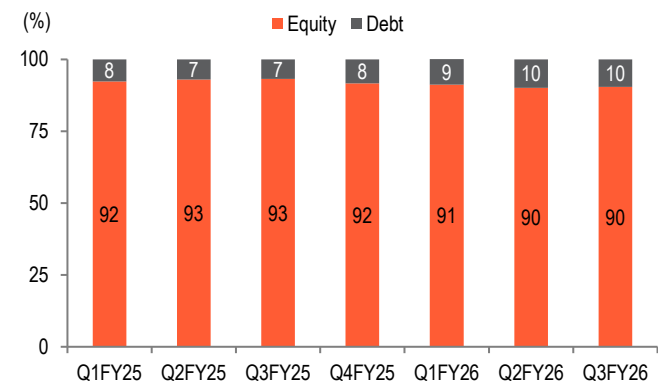


Source: NSE

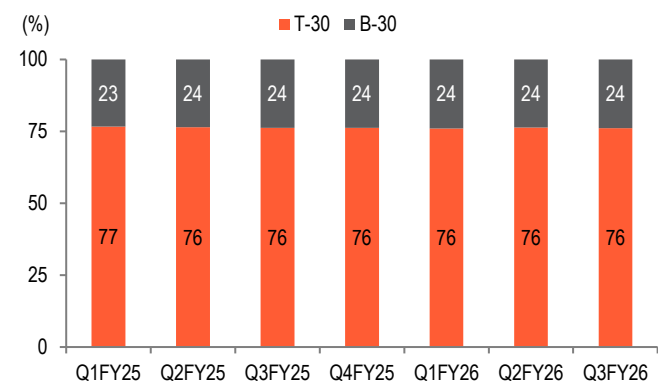


Fig 1 – QAAUM grew by 12.8% YoY in Q3FY26

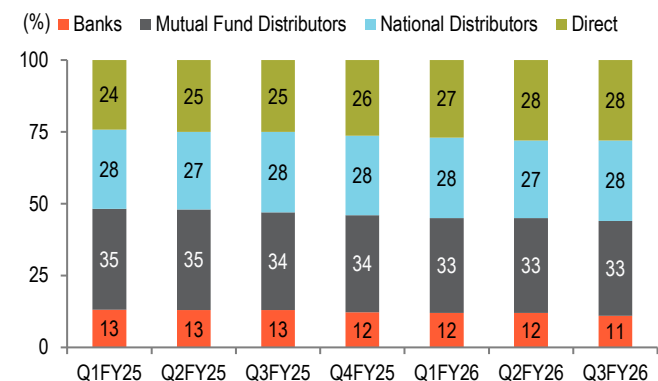
Source: Company, BOBCAPS Research

Fig 2 – Equity mix stood at 90.4% in Q3FY26

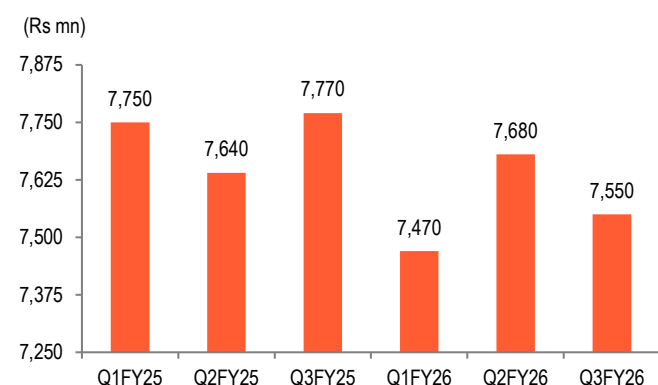
Source: Company, BOBCAPS Research

Fig 3 – B-30 mix increased marginally driven by branch expansion and strong Canara Bank brand recognition

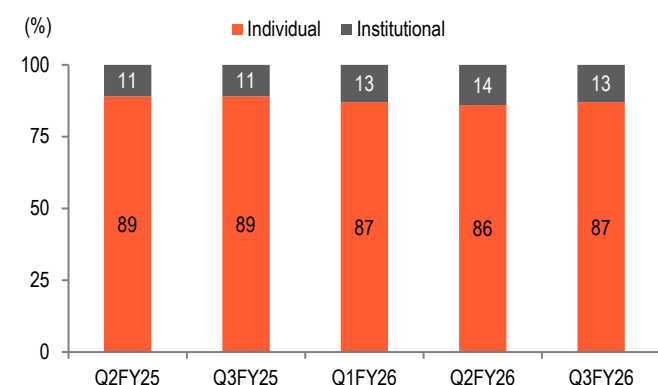
Source: Company, BOBCAPS Research

Fig 4 – Banks contribute 11% to the MAAUM mix

Source: Company, BOBCAPS Research

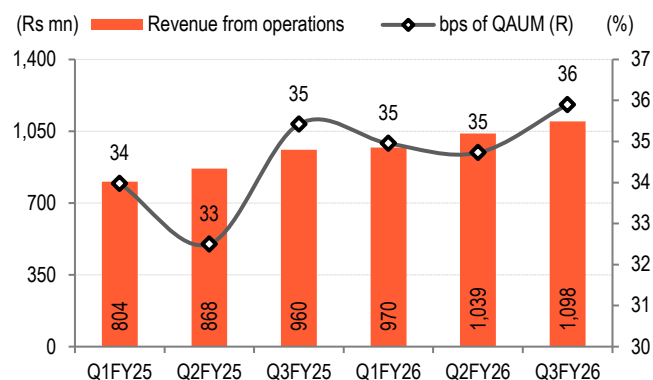
Fig 5 – Monthly SIP flows came in at Rs 7,550 mn

Source: Company, BOBCAPS Research

Fig 6 – Trend in Individual mix

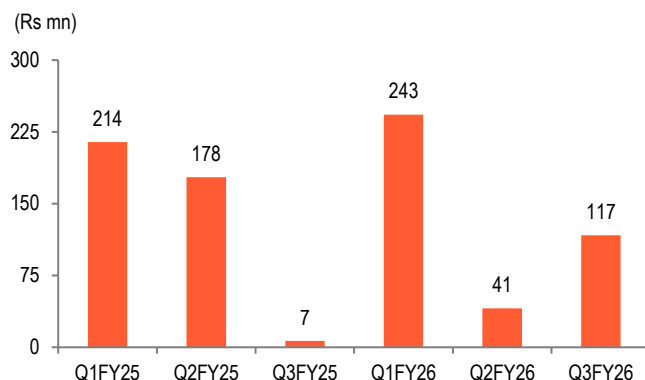
Source: Company, BOBCAPS Research

Fig 7 – Revenue from operations grew strong by 14.3% YoY at Rs 1,098 mn



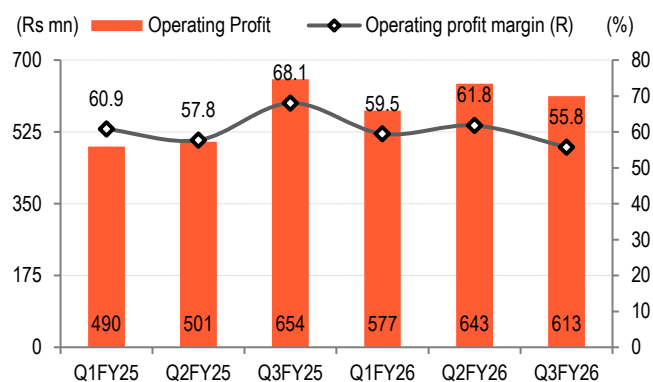
Source: Company, BOBCAPS Research

Fig 8 – Other Income came in at Rs 117 mn in Q3FY26



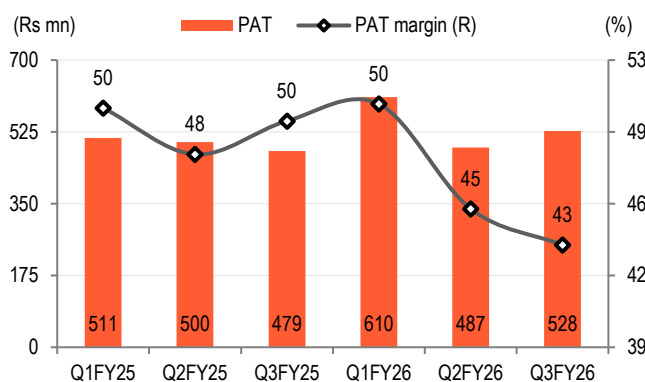
Source: Company, BOBCAPS Research

Fig 9 – Operating profit declined by 6.3% YoY due to higher employee and other expenses



Source: Company, BOBCAPS Research

Fig 10 – PAT grew 10.2% YoY at Rs 528 mn



Source: Company, BOBCAPS Research

Fig 11 – Quarterly result snapshot

(Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Total Revenue					
Asset Management Services	1,098	960	14.3	1,039	5.6
Other Income	117	7	-	41	188.3
Total Income	1,215	967	25.7	1,080	12.5
QAAUM	12,23,000	10,84,000	12.8	11,97,000	2.2
Yields as % of QAAUM (bps)	35.9	35.7	0bps	34.7	1bps
Yields as % of QAAUM (bps) (total revenue)	39.7	35.7	4bps	36.1	4bps
Expenses					
Employee Benefits Expenses	328	198	65.4	257	27.6
Other Expenses	157	108	45.4	140	12.5
Total Operating Expenses	485	306	58.3	397	22.3
Employee Benefits Expenses as % of QAAUM (bps)	10.7	7.3	3bps	8.6	2bps
Other Expenses as % of QAAUM (bps)	5.1	4.0	1bps	4.7	0bps
Total Operating Expenses as % of QAAUM (bps)	15.9	11.3	5bps	13.3	3bps
EBITDA	613	654	(6.3)	643	(4.7)
EBITDA Margin (%)	55.8	68.1	(1,228)	61.8	(602)
Depreciation and amortisation expenses	20	13	51.9	18	10.3
Finance cost	5	4	20.2	5	0.3
Profit Before Tax	705	643	9.6	661	6.7
Tax Expense					
Current Tax	183	183		177	
Deferred Tax	(6)	(19)		(4)	
Total Tax Expense	177	164	7.8	173	2.3
Tax Rate (%)	25.2	25.6		26.3	
Profit After Tax	528	479	10.2	487	8.3
As % of QAAUM (bps)	17.3	17.7	(0bps)	16.3	1bps
Core Operating Income	613	654	(6.3)	643	(4.7)
Core PBT	589	637	(7.5)	623	(5.4)
Core PAT	526	478	10.1	484	8.7

Source: Company, BOBCAPS Research

Fig 12 – Quarterly result snapshot

(Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
QAAUM					
Equity	11,06,000	10,10,000	9.5	10,78,000	2.6
Debt	1,17,000	74,000	58.1	1,19,000	(1.7)
Total	12,23,000	10,84,000	12.8	11,97,000	2.2
QAAUM Mix (%)					
Equity	90.4	93.2	(274bps)	90.1	37bps
Debt	9.6	6.8	274bps	9.9	(37bps)
Total	100	100		100	
Individual MAAUM Mix (%)	87.0	89.0	(200bps)	86.0	100bps
Investor folios (mn)	5.1	5.0	2.0	5.1	(0.4)
SIP and STP Monthly Contribution (Rs mn)	7,550	7,770	(2.8)	7,680	(1.7)
Geographical Spread (%)					
T-30	76.1	76.2	(10bps)	76.3	(20bps)
B-30	23.9	23.8	10bps	23.7	20bps

Source: Company, BOBCAPS Research

Key Takeaways

Financial Performance

- Revenue from operations grew 14.3% YoY, reaching Rs 1,098 mn.
- Employee benefit expenses rose 65.4% YoY to Rs 328 mn in Q3FY26 as the company recognized a one-time employee benefit cost of Rs 101.5 mn due to new labour laws and IPO-related expenses.
- Other expenses went up 45.4% YoY to Rs 157 mn in Q3FY26, driven by higher technology, compliance regulatory expenses along with some marginal one-time expenses. However, management expects these costs to stabilise by March 2026.
- Management highlighted that other expenses are expected to rise in tandem with the company's profitability in FY27.
- There was no ESOP cost recorded in 9MFY26.
- Management emphasized maintaining the cost-to-income ratio within the 40% range.

Product Mix

- The company reported modest QAAUM growth of 2.2% QoQ impacted by heightened market volatility, given the global uncertainties and geopolitical issues. However, management expects conditions to stabilise over the next year and is confident of achieving 20% CAGR. This will be driven by rising SIP flows, improving B-30 share, new product launches, anticipated strong fund performance and continued close partnerships with distributors.
- Equity QAAUM increased by 9.5% YoY at Rs 1,106 bn with market share at 2.4%.
- Yields for the quarter stood at Equity: 35-36 bps, Debt: 28-29 bps, Liquid: 2-3 bps. Overall yields for the quarter stood at 33-34 bps.

Others

- B-30 mix rose to 23.9% in Q3FY26, driven by an increase in branches from 20 to 29 over the past two years and strong brand recognition of Canara Bank.
- The company continues to focus on both expanding the number of distributors and increasing wallet share from existing distributors.
- The number of folios decreased 0.4% QoQ to 5.07 mn mainly due to rise in SIP discontinuation through digital channels.
- The company is currently in the process of obtaining regulatory approvals for launching of 2 NFOs. However, it expects to launch one NFO in the next 2–3 months.
- The company expects to maintain the payout ratio in the range of 40%-50% of PAT over the next couple of years.

Valuation Methodology

Q3 was a stable quarter marked by healthy QAAUM growth. With the improving equity fund performance on a 1Y basis, number of schemes in the 1st and 2nd quartiles has been steadily increasing, which we believe would aid higher net inflows going forward. However, the company still has some distance to cover in improving fund performance, with a larger proportion of schemes yet to feature in the first quartile over 3Y and 5Y horizons. Further, SIP inflows have also moderated in the past three quarters, which remains a concern, particularly when the industry is witnessing strong monthly SIP inflows (up 5.3% MoM in Dec'25).

Additionally, with respect to industry trends, near-to-medium term headwinds including the removal of additional TER (5bps) on exit loads, change in the definition of TER and rationalisation of brokerage limits, all which are likely to impact the industry and thereon the company. These challenges are showing up in the monthly industry numbers as well. Further, the TER changes suggest that the companies may pass on most of the impact, coupled with the ongoing distributor renegotiations. Hence, until greater clarity emerges, there would be a medium-term overhang. Additionally, Nifty 50 index returns for Oct'25, Nov'25, and Dec'25 were moderate and stood at 4.5% MoM, 1.9% MoM and -0.3% MoM respectively, which would weigh on industry inflows. In Dec'25, the industry witnessed net outflows to the tune of Rs 665.9bn with equity inflows declining by 6% MoM, which have been on a declining trend in the past four months (except Oct'25).

Due to the above factors, we have revised our target multiple to 22x from the ascribed multiple of 25x. Hence, we maintain BUY with TP of Rs 313 (earlier Rs 362), valuing the stock at 22x its Dec'27E EPS.

Fig 13 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Total Revenue	4,818	5,648	6,648	4,644	5,449	6,377	3.7	3.7	4.3
Operating Profit	2,488	3,004	3,525	2,539	3,045	3,586	(2.0)	(1.3)	(1.7)
PAT	2,173	2,579	3,011	2,137	2,525	2,944	1.7	2.1	2.3

Source: BOBCAPS Research

Key Risks

Key downside risks to our estimates:

- Equity market correction affecting fund performance
- Shifts in regulatory landscape
- Intensifying industry competition

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Investment mgmt. fees	2,699	3,645	4,301	5,097	6,029
YoY (%)	41.5	35.1	18.0	18.5	18.3
Operating expenses	1,169	1,396	1,812	2,092	2,504
Core operating profits	1,529	2,249	2,488	3,004	3,525
Core operating profits growth (%)	54.5	47.1	10.6	20.7	17.3
Depreciation and Interest	67	67	69	73	76
Core PBT	1,463	2,182	2,419	2,932	3,449
Core PBT growth (%)	57.4	49.2	10.9	21.2	17.6
Other income	489	395	517	552	619
PBT	1,952	2,576	2,936	3,484	4,068
PBT growth (%)	82.4	32.0	13.9	18.7	16.8
Tax	442	669	763	905	1,057
Tax rate (%)	22.6	26.0	26.0	26.0	26.0
Reported PAT	1,510	1,907	2,173	2,579	3,011

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Equity capital	499	1,994	1,994	1,994	1,994
Reserves & surplus	4,046	4,006	5,681	7,761	10,273
Net worth	4,545	6,001	7,675	9,755	12,268
Borrowings	-	-	-	-	-
Other liab. & provisions	623	740	80	83	87
Total liab. & equities	5,168	6,740	7,755	9,838	12,355
Cash & bank balance	4,587	6,044	6,926	8,897	11,280
Other assets	581	696	829	941	1,075
Total assets	5,168	6,740	7,755	9,838	12,355

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS	7.6	9.6	10.9	12.9	15.1
Dividend per share	5.0	2.3	2.5	2.5	2.5
Book value per share	91.2	30.1	38.5	48.9	61.5

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
P/E	33.3	26.4	23.2	19.5	16.7
P/BV	2.8	8.4	6.6	5.2	4.1
Dividend yield (%)	2.0	0.9	1.0	1.0	1.0

DuPont Analysis

Y/E 31 Mar (bps of AAAUM)	FY24A	FY25A	FY26E	FY27E	FY28E
Operating income	40.3	40.4	38.2	38.2	38.0
Operating expenses	17.4	15.5	16.1	15.7	15.8
EBITDA	22.8	24.9	22.1	22.5	22.2
Depreciation and Others	1.0	0.7	0.6	0.5	0.5
Core PBT	21.8	24.2	21.5	22.0	21.8
Other income	7.3	4.4	4.6	4.1	3.9
PBT	29.1	28.5	26.1	26.1	25.7
Tax	6.6	7.4	6.8	6.8	6.7
ROAAAUM	22.5	21.1	19.3	19.3	19.0

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Investment mgmt. fees	41.5	35.1	18.0	18.5	18.3
Core operating profit	54.5	47.1	10.6	20.7	17.3
EPS	91.2	26.3	14.0	18.7	16.8
Profitability & Return ratios (%)					
Operating income to Total inc.	84.7	90.2	89.3	90.2	90.7
Cost to Core income ratio	43.3	38.3	42.1	41.1	41.5
EBITDA margin	56.7	61.7	57.9	58.9	58.5
Core PBT margin	54.2	59.9	56.2	57.5	57.2
PBT margin (on total inc.)	61.2	63.8	60.9	61.7	61.2
ROE	38.6	36.2	31.8	29.6	27.3
Dividend payout ratio	66.1	23.5	22.0	22.0	22.0

Annual Average AUM

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
AAAUM (Rs bn)	670	903	1,127	1,334	1,585
YoY Growth (%)	36.7	34.6	24.8	18.4	18.8
% of AAAUM					
Equity	92	92	91	91	90
Debt	8	8	9	9	10
Liquid	-	-	-	-	-
Others	-	-	-	-	-

Source: Company, BOBCAPS Research

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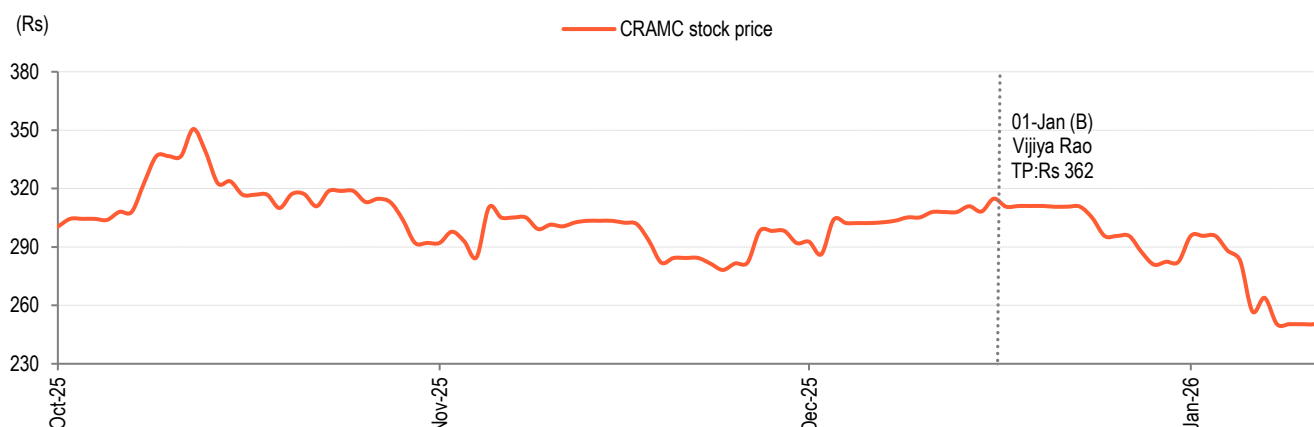
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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Ratings and Target Price (3-year history): CANARA ROBECO AMC (CRAMC IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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