

October 16, 2024

Q2FY25 Result Update

Change in Estimates | Target | Reco

Change in Estimates

| | Current | | Previous | |
|-----------------|---------|--------|----------|--------|
| | FY25E | FY26E | FY25E | FY26E |
| Rating | BUY | | BUY | |
| Target Price | 5,360 | | 4,700 | |
| Revenue (Rs. m) | 35,006 | 40,329 | 31,609 | 36,807 |
| % Chg | 10.7 | 9.6 | | |
| Opex (Rs. m) | 8,163 | 8,824 | 7,392 | 7,958 |
| % Chg | 10.4 | 10.9 | | |
| Core EPS (Rs.) | 94.3 | 112.2 | 87.4 | 104.1 |
| % Chg | 8.0 | 7.8 | | |

Key Financials - Standalone

| Y/e Mar | FY24 | FY25E | FY26E | FY27E |
|--------------------|--------|--------|--------|--------|
| Revenue (Rs m) | 25,844 | 35,006 | 40,329 | 45,573 |
| Opex | 6,842 | 8,163 | 8,824 | 9,439 |
| Employee | 3,535 | 4,112 | 4,375 | 4,645 |
| Others | 3,308 | 4,051 | 4,448 | 4,794 |
| Core Income (Rs m) | 19,001 | 26,843 | 31,505 | 36,134 |
| PAT (Rs mn) | 19,459 | 23,681 | 28,093 | 31,880 |
| Core PAT (Rs m) | 14,920 | 20,133 | 23,944 | 27,462 |
| Core EPS (Rs.) | 69.9 | 94.3 | 112.2 | 128.6 |
| Gr. (%) | 26.0 | 34.9 | 18.9 | 14.7 |
| AAuM (Rs bn) | 5,437 | 7,622 | 9,075 | 10,678 |
| Gr. (%) | 25.1 | 40.2 | 19.1 | 17.7 |
| Core RoAAuM (%) | 0.3 | 0.3 | 0.3 | 0.3 |
| Core RoE (%) | 29.6 | 35.7 | 37.4 | 37.3 |
| P/Core EPS (x) | 25.2 | 44.2 | 36.6 | 31.4 |

Key Data

HDFC.BO | HDFCAMC IN

| | |
|---------------------|--------------------------|
| 52-W High / Low | Rs.4,603 / Rs.2,691 |
| Sensex / Nifty | 81,820 / 25,057 |
| Market Cap | Rs.971.7bn/ \$ 11,562.5m |
| Shares Outstanding | 213.6m |
| 3M Avg. Daily Value | Rs.2,378.6m |

Shareholding Pattern (%)

| | |
|-------------------------|-------|
| Promoter's | 52.51 |
| Foreign | 21.55 |
| Domestic Institution | 16.91 |
| Public & Others | 9.02 |
| Promoter Pledge (Rs bn) | - |

Stock Performance (%)

| | 1M | 6M | 12M |
|----------|-----|------|------|
| Absolute | 1.4 | 23.1 | 57.1 |
| Relative | 2.4 | 9.7 | 29.7 |

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Earnings upgrade continues owing to equity

Quick Pointers:

- Healthy equity growth and rationalization in yields led to higher revenue
- Market share gains continue in net equity flows; raise core PAT for FY25/26E

HDFC AMC saw a good quarter as revenue was 2.8% higher than PLe owing to better-than-expected yields at 46.8bps (PLe 45.5bps) led by strong growth in equity QAAuM of 14.8% QoQ to Rs4.7trn, which resulted in core income beat of 2.5%. Yields inched up QoQ as the company rationalized net yields in Aug'24 and Sep'24 across 10-12 schemes. Core PAT was a miss due to DTL impact. Equity performance within the 1-yr and 3-yr buckets remains best-in-class, which resulted in strong net flows' market share of 14.6% in H1FY25. We raise core EPS for FY25E/FY26E by ~8% each due to upgrade in FY25E closing equity AuM for the industry from 27% earlier to 40% since equity growth from Mar-Sep'24 has been strong at 30% (8% flows and 22% MTM). Over FY24-26E, we see healthy core PAT CAGR of 27% (earlier 22%). Stock is valued at 34x on Sep'26 core EPS. We maintain multiple at 41x, but raise TP to Rs5,360 from Rs4,700 as we roll forward to Sep'26. Reiterate 'BUY'.

- Strong quarter as higher revenue drives core income beat:** QAAuM was largely in-line at Rs7,590bn (+13% QoQ), while equity (incl bal) at Rs4,710bn saw a healthy growth of 14.8% QoQ. Revenue was higher at Rs8.87bn (PLe Rs8.63bn) led by better yield at 46.8bps (PLe 45.5bps). Opex was a tad higher at Rs2.0bn (PLe Rs1.9bn) due to higher other opex at Rs1.0bn (PLe Rs974mn), while staff cost was Rs957mn (PLe Rs945mn), which included ESOP cost of Rs58mn (Rs63mn in Q1FY25). Hence, core income was ahead at Rs6.9bn (PLe Rs6.7bn), resulting in operating yields at 36.3bps (PLe 35.4bps). Other income was Rs1.7bn (PLe Rs1.4bn) due to superior MTM gains. Tax rate jumped QoQ to 33% from 20% (PLe 30%), owing to DTL of Rs697.5mn due to withdrawal of indexation benefit on investments. Hence, core PAT yields were 24.4bps (PLe 24.8bps). PAT was 2.2% ahead of PLe at Rs5.8bn due to higher revenue, partially offset by higher tax rate.
- Equity share continues to improve:** Despite 60% of equity AuM seeing a change in TER threshold due to strong equity market growth, which would have impacted revenue yields, blended yields surprised positively and improved by 0.6bps QoQ to 46.8bps due to (1) rationalization of distributor payouts and (2) increase in equity mix (incl bal) QoQ to 62.1% from 61.1%. Driven by superior equity performance leading to market share gains in net equity flows, market share in equity+bal/overall QAAuM has been increasing post Q1'23. Market share in equity+bal/overall QAAuM improved from H2FY24 to H1FY25 by 16/17bps to 12.85/11.42%. As of Sep'24, basis weighted avg eq performance, HDFC AMC remains the top performing fund (rank 1) in the 1-yr /3-yr buckets.
- Blended yields to be cushioned; DTL impact only one-time:** Equity yield rationalization commenced w.e.f. 1st Aug'24 across 10-12 schemes, which had a drastic fall in TER over the last 18 months owing to strong AuM growth. For direct plans, rationalization commenced in mid-Sep'24 and continued in Oct'24, resulting in only partial benefit in Q2FY25. Remaining impact is expected in Q3FY25, and hence, fall in net yields in FY25 could be lower compared to FY24. Tax rate was higher due to one-time effect of DTL, driven by withdrawal of indexation benefit and implementation of the new capital gain tax regime. Impact till Sep'24 has been accounted for, and tax rate is expected to normalize, which would be a combination of corporate tax rate and MTM gains.

Exhibit 1: Higher core income offset by higher tax rate leading to fall in PAT

| Financials (Rs mn) | Q2FY25 | Q2FY24 | YoY gr. (%) | Q1FY25 | QoQ gr. (%) |
|-----------------------------------|------------------|------------------|-------------|------------------|--------------|
| Revenue | 8,872 | 6,431 | 38.0 | 7,752 | 14.4 |
| Total Expenses | 1,991 | 1,761 | 13.1 | 1,959 | 1.7 |
| Employees | 957 | 929 | 3.0 | 1,008 | (5.1) |
| Other expenses | 1,035 | 832 | 24.4 | 951 | 8.8 |
| Operating Income | 6,881 | 4,670 | 47.3 | 5,794 | 18.8 |
| Other Income | 1,706 | 1,221 | 39.7 | 1,731 | (1.4) |
| Profit before tax | 8,587 | 5,891 | 45.8 | 7,525 | 14.1 |
| Tax | 2,818 | 1,516 | 85.9 | 1,485 | 89.8 |
| Profit after tax | 5,769 | 4,376 | 31.8 | 6,040 | (4.5) |
| Core PAT | 4,623 | 3,468 | 33.3 | 4,650 | (0.6) |
| Profitability ratios (bps) | | | | | |
| Revenue yield | 46.8 | 49.0 | (2.3) | 46.2 | 0.6 |
| Employee to AuM | 4.7 | 6.1 | (1.3) | 5.6 | (0.9) |
| Opex to AuM | 5.5 | 6.3 | (0.9) | 5.7 | (0.2) |
| Core income/AuM | 36.3 | 35.6 | 0.7 | 34.5 | 1.8 |
| PAT/AuM | 30.4 | 33.4 | (2.9) | 36.0 | (5.6) |
| Core PAT/AuM | 24.4 | 26.4 | (2.1) | 27.7 | (3.3) |
| QAAuM (Rs mn) | | | | | |
| QAAuM | 7,589,755 | 5,247,903 | 44.6 | 6,716,253 | 13.0 |
| Equity | 3,236,851 | 1,872,234 | 72.9 | 2,765,098 | 17.1 |
| Balanced | 1,473,628 | 1,018,495 | 44.7 | 1,338,775 | 10.1 |
| Debt | 1,471,413 | 1,300,726 | 13.1 | 1,352,430 | 8.8 |
| Liquid | 753,957 | 685,081 | 10.1 | 714,908 | 5.5 |
| ETF | 137,139 | 96,921 | 41.5 | 122,684 | 11.8 |
| Index | 353,892 | 201,232 | 75.9 | 289,907 | 22.1 |
| Arbitrage | 150,439 | 63,067 | 138.5 | 120,179 | 25.2 |
| FoF overseas | 12,438 | 10,149 | 22.6 | 12,273 | 1.3 |

Source: Company, PL.

Revenue was higher than estimates due to higher revenue yields.

Operating expenses increased by 1.7% QoQ due to higher other opex offset by lower staff cost.

Other income was higher at Rs1.7bn due to higher MTM gains.

Revenue yield improved to 46.8bps, while RoAAuM fell to 30.4bps.

QAAuM growth of 44.6% YoY continues to be driven by equity (+72.9% YoY) and balanced (+44.7% YoY).

Q2FY25 Conference Call Highlights

Industry

- The industry witnessed a multi-fold increase in AuM, led by the highest ever quarterly net flows (incl NFOs). Actively managed equity funds continued to be resilient. Monthly SIP continued its upward trend.

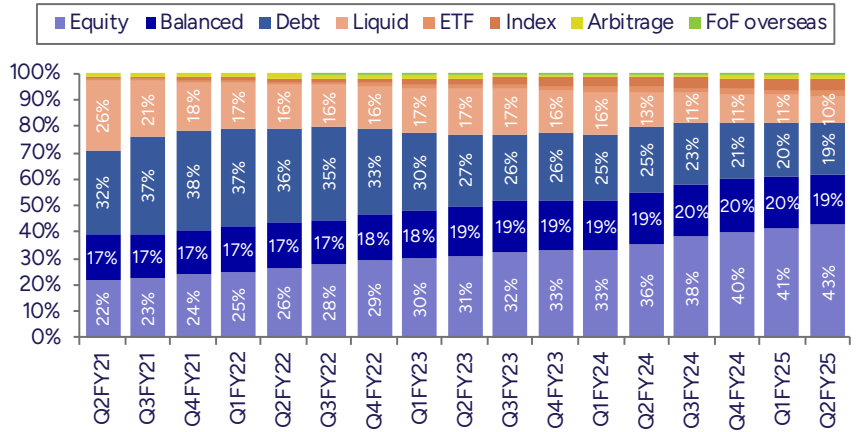
Company Performance

- **Revenue yields** improved basis 1) improved equity mix and 2) rationalization of commissions paid to distributors for assets mobilized post Apr'19 leading to. This rationalization, which commenced on 1st Aug'24, happened across 10-12 schemes, which led to a drastic fall in TER. For direct plans, rationalization commenced in mid-Sep'24 and continued in Oct'24, resulting in partial benefit in Q2FY25. The remaining impact is expected in Q3FY25.
- **Revenue yields** are expected to fall due to telescopic pricing even after crossing the highest bucket.
- The company reiterated that the trend of its flow market share (ex-NFO) will be higher than the book market share.
- **Blended yield for Q2FY25** was 58bps for equity, 28bps for debt and 12-13bps for liquid funds.
- **Other income** grew due to higher MTM gains.
- **Staff cost** was elevated in Q1FY25 due to employee engagement event, which normalized in Q2. Other opex grew due to mandatory CSR expense and KYC expenses (due to increase in number of unique investors). General business related expenses also included technology and cyber risk management expenses.
- **Effective tax rate** was higher due to DTL impact (Rs697.5mn) on account of new capital gain tax rate and withdrawal of indexation benefits. Impact till Sep'24 has been accounted for, and tax rate is expected to normalize, which will be a combination of both corporate tax rate and MTM gains.

Others

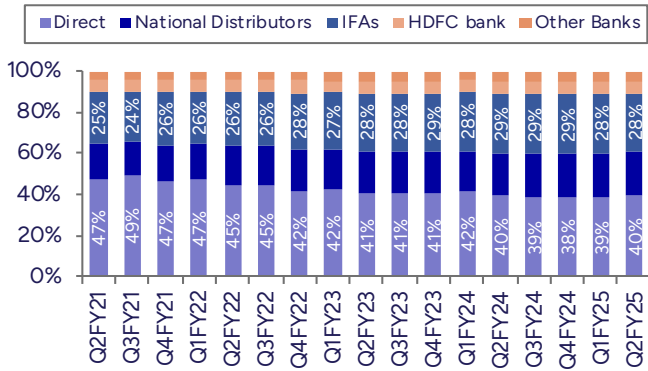
- **NRI traction** is expected to improve with the company commencing its operations in the GIFT City. One product has already been launched, and 3 more will be launched.
- **New Asset Classification Framework** pertaining to high-risk products is expected to increase opportunities and flexibility for investors.
- **Distribution from HDFC Bank branches** is continuously growing, and thus, maintaining its share.
- The company aims to improve its penetration through MFDs located across the country and through HDFCB branches.

Exhibit 2: Equity + Bal share increases to ~62%, debt falls to ~19%



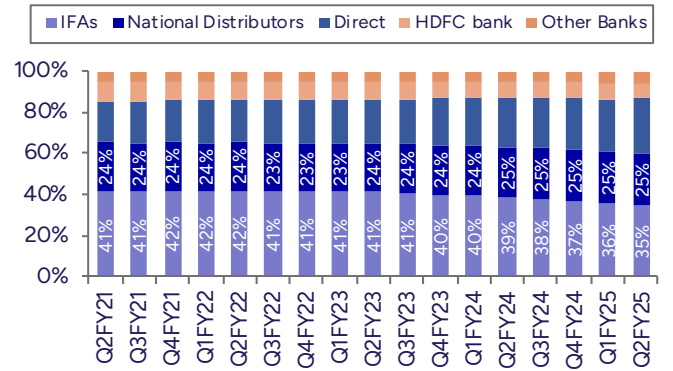
Source: Company, PL

Exhibit 3: Total distribution – Direct dominates at 40%



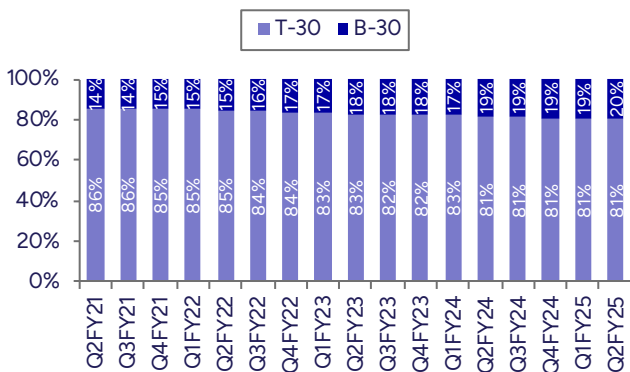
Source: Company, PL

Exhibit 4: Equity distribution – IFAs dominate at 35%



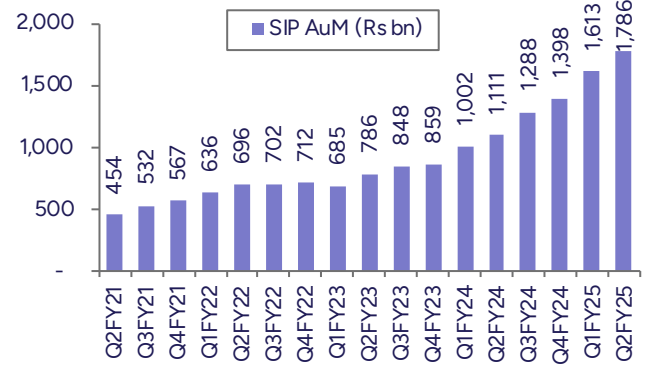
Source: Company, PL

Exhibit 5: T-30:B-30 mix stable at 81:19



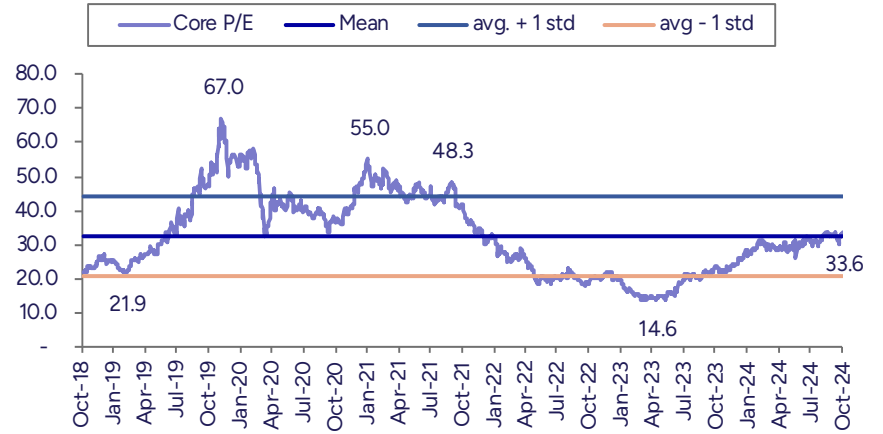
Source: Company, PL

Exhibit 6: SIP AuM continues to grow (+61% YoY/11% QoQ)



Source: Company, PL

Exhibit 7: HDFCAMC 2-yr fwd. P/Core EPS trades at 33.6x



Source: Company, PL

Financials

Exhibit 8: Quarterly Financials

| Particulars (Rs mn) | Q2FY23 | Q3FY23 | Q4FY23 | Q1FY24 | Q2FY24 | Q3FY24 | Q4FY24 | Q1FY25 | Q2FY25 |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Revenue | 5,447 | 5,596 | 5,410 | 5,745 | 6,431 | 6,713 | 6,954 | 7,752 | 8,872 |
| Expenses | 1,558 | 1,622 | 1,460 | 1,612 | 1,761 | 1,751 | 1,718 | 1,959 | 1,991 |
| Employee | 730 | 680 | 639 | 731 | 798 | 774 | 765 | 945 | 899 |
| Others | 587 | 699 | 609 | 645 | 702 | 718 | 721 | 818 | 898 |
| Depreciation | 132 | 134 | 133 | 129 | 130 | 131 | 133 | 133 | 137 |
| Core Income | 3,889 | 3,974 | 3,949 | 4,133 | 4,670 | 4,962 | 5,236 | 5,794 | 6,881 |
| Other Income | 1,042 | 1,034 | 969 | 1,580 | 1,221 | 1,424 | 1,555 | 1,731 | 1,706 |
| PBT | 4,931 | 5,007 | 4,918 | 5,714 | 5,891 | 6,386 | 6,791 | 7,525 | 8,587 |
| Tax | 1,290 | 1,313 | 1,156 | 939 | 1,516 | 1,489 | 1,380 | 1,485 | 2,818 |
| PAT | 3,641 | 3,694 | 3,762 | 4,775 | 4,376 | 4,897 | 5,411 | 6,040 | 5,769 |
| Core PAT | 2,872 | 2,931 | 3,021 | 3,454 | 3,468 | 3,805 | 4,172 | 4,650 | 4,623 |
| QAAuM | 42,92,511 | 44,47,201 | 44,97,151 | 48,56,309 | 52,47,903 | 55,13,799 | 61,29,639 | 67,16,253 | 75,89,755 |
| Equity | 31.1% | 32.4% | 32.7% | 32.8% | 35.7% | 38.0% | 39.9% | 41.2% | 42.6% |
| Balanced | 18.8% | 19.2% | 19.4% | 19.0% | 19.4% | 19.9% | 20.2% | 19.9% | 19.4% |
| Debt | 27.3% | 25.5% | 25.7% | 25.3% | 24.8% | 23.3% | 21.1% | 20.1% | 19.4% |
| Liquid | 17.2% | 17.1% | 15.8% | 15.9% | 13.1% | 11.3% | 11.0% | 10.6% | 9.9% |
| ETF | 1.2% | 1.3% | 1.7% | 1.9% | 1.8% | 1.9% | 1.8% | 1.8% | 1.8% |
| Index | 2.7% | 2.9% | 3.2% | 3.7% | 3.8% | 4.0% | 4.1% | 4.3% | 4.7% |
| Arbitrage | 1.5% | 1.3% | 1.3% | 1.1% | 1.2% | 1.4% | 1.7% | 1.8% | 2.0% |
| FoF overseas | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |
| Market share (%) | 11.0 | 11.0 | 11.1 | 11.3 | 11.2 | 11.2 | 11.3 | 11.4 | 11.5 |
| Equity | 0.3 | 0.4 | 0.5 | 0.5 | 0.7 | 0.8 | 1.1 | 1.4 | 1.5 |
| Balanced | 6.3 | 6.2 | 6.2 | 6.1 | 6.0 | 5.8 | 5.6 | 5.3 | 5.0 |
| Eq+Bal | 3.2 | 3.2 | 3.1 | 3.1 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Debt | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Liquid | 3.7 | 3.6 | 3.5 | 3.4 | 3.4 | 3.4 | 3.3 | 3.2 | 3.2 |
| ETF | 11.8 | 12.0 | 11.8 | 11.8 | 11.4 | 11.6 | 11.7 | 11.6 | 11.1 |
| Index | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| QAAuM Growth (%) | 3.4 | 3.6 | 1.1 | 8.0 | 8.1 | 5.1 | 11.2 | 9.6 | 13.0 |
| Equity | 8.1 | 8.1 | 2.2 | 8.1 | 17.6 | 12.0 | 16.6 | 13.2 | 17.1 |
| Balanced | 5.9 | 5.9 | 1.9 | 6.0 | 10.1 | 7.9 | 12.7 | 8.1 | 10.1 |
| Eq+Bal | 7.3 | 7.3 | 2.1 | 7.3 | 14.9 | 10.5 | 15.2 | 11.5 | 14.8 |
| Debt | -5.5 | -3.3 | 1.8 | 6.5 | 5.8 | -1.3 | 0.9 | 4.4 | 8.8 |
| Liquid | 7.0 | 2.6 | -6.1 | 8.5 | -11.4 | -8.9 | 7.9 | 6.1 | 5.5 |
| ETF | 8.0 | 15.1 | 27.9 | 20.3 | 6.3 | 5.6 | 7.8 | 11.2 | 11.8 |
| Index | 14.3 | 12.6 | 10.3 | 28.3 | 10.5 | 8.5 | 15.4 | 15.1 | 22.1 |
| Arbitrage | -6.6 | -5.7 | -1.6 | -6.8 | 16.0 | 25.3 | 32.8 | 14.5 | 25.2 |
| FoF overseas | 0.2 | -3.6 | -0.9 | 0.8 | 0.0 | 8.0 | 6.9 | 4.7 | 1.3 |
| Dupont (bps) | | | | | | | | | |
| Revenue yield | 50.8 | 50.3 | 48.1 | 47.3 | 49.0 | 48.7 | 45.4 | 46.2 | 46.8 |
| Opex to AuM | 14.5 | 14.6 | 13.0 | 13.3 | 13.4 | 12.7 | 11.2 | 11.7 | 10.5 |
| Staff cost | 6.8 | 6.1 | 5.7 | 6.0 | 6.1 | 5.6 | 5.0 | 5.6 | 4.7 |
| Other opex | 5.5 | 6.3 | 5.4 | 5.3 | 5.3 | 5.2 | 4.7 | 4.9 | 4.7 |
| Depreciation | 1.2 | 1.2 | 1.2 | 1.1 | 1.0 | 0.9 | 0.9 | 0.8 | 0.7 |
| Core income/AuM | 36.2 | 35.7 | 35.1 | 34.0 | 35.6 | 36.0 | 34.2 | 34.5 | 36.3 |
| PAT/AuM | 33.9 | 33.2 | 33.5 | 39.3 | 33.4 | 35.5 | 35.3 | 36.0 | 30.4 |
| Core PAT/AuM | 26.8 | 26.4 | 26.9 | 28.5 | 26.4 | 27.6 | 27.2 | 27.7 | 24.4 |
| Profitability (%) | | | | | | | | | |
| Staff cost/revenue | 13.4 | 12.2 | 11.8 | 12.7 | 12.4 | 11.5 | 11.0 | 12.2 | 10.1 |
| Other opex/revenue | 10.8 | 12.5 | 11.3 | 11.2 | 10.9 | 10.7 | 10.4 | 10.6 | 10.1 |
| Core income/revenue | 71.4 | 71.0 | 73.0 | 71.9 | 72.6 | 73.9 | 75.3 | 74.7 | 77.6 |
| Tax rate | 26.2 | 26.2 | 23.5 | 16.4 | 25.7 | 23.3 | 20.3 | 19.7 | 32.8 |
| PAT margin | 66.8 | 66.0 | 69.5 | 83.1 | 68.0 | 72.9 | 77.8 | 77.9 | 65.0 |
| Core PAT margin | 52.7 | 52.4 | 55.8 | 60.1 | 53.9 | 56.7 | 60.0 | 60.0 | 52.1 |

Source: Company, PL

Exhibit 9: Summary Financials (Rs mn)

| Particulars | FY24 | FY25E | FY26E | FY27E | Particulars | FY24 | FY25E | FY26E | FY27E |
|----------------------------|---------------|---------------|---------------|---------------|--------------------------|------------------|------------------|------------------|--------------------|
| Profit & Loss | | | | | Balance Sheet | | | | |
| Revenue | 25,844 | 35,006 | 40,329 | 45,573 | Net Worth | 70,791 | 81,112 | 93,878 | 1,08,683 |
| Investment mgmt. | 25806 | 34954 | 40268 | 45505 | Capital (FV Rs5) | 1,067 | 1,067 | 1,067 | 1,067 |
| PMS / Advisory | 38 | 52 | 60 | 68 | Reserves | 69,723 | 80,044 | 92,810 | 1,07,615 |
| Expenses | 6,842 | 8,163 | 8,824 | 9,439 | Employee benefit | 827 | 992 | 1,191 | 1,429 |
| Employee | 3,535 | 4,112 | 4,375 | 4,645 | Others | 3,958 | 4,346 | 4,772 | 5,240 |
| Others | 2,785 | 3,514 | 3,884 | 4,202 | Total Liabilities | 75,576 | 86,449 | 99,840 | 1,15,351 |
| Depreciation | 523 | 537 | 564 | 593 | Cash and Bank | 112 | 112 | 112 | 112 |
| Core Income | 19,001 | 26,843 | 31,505 | 36,134 | Investment | 71,900 | 82,494 | 95,580 | 1,10,760 |
| Other Income | 5,781 | 4,731 | 5,460 | 5,813 | Fixed assets | 1,522 | 1,598 | 1,678 | 1,762 |
| PBT | 24,782 | 31,574 | 36,965 | 41,947 | Others | 2,042 | 2,246 | 2,471 | 2,718 |
| Tax | 5,323 | 7,894 | 8,872 | 10,067 | Total Assets | 75,576 | 86,449 | 99,840 | 1,15,351 |
| PAT | 19,459 | 23,681 | 28,093 | 31,880 | AuM Data | | | | |
| Core PAT | 14,920 | 20,133 | 23,944 | 27,462 | AAuM | 54,36,912 | 76,22,038 | 90,74,940 | 1,06,77,967 |
| Dividend | 14,944 | 18,945 | 22,756 | 26,142 | Equity | 20,00,796 | 33,12,453 | 40,73,213 | 48,58,577 |
| Growth ratios (%) | | | | | Balanced | 10,70,055 | 14,49,929 | 17,30,490 | 20,58,983 |
| Revenue | 19.3 | 35.5 | 15.2 | 13.0 | Debt | 12,77,231 | 15,33,204 | 17,05,427 | 18,96,906 |
| Opex | 11.8 | 19.3 | 8.1 | 7.0 | Liquid | 6,89,164 | 7,12,174 | 7,84,341 | 8,63,572 |
| Employee | 13.0 | 16.3 | 6.4 | 6.2 | ETF | 1,00,170 | 1,44,162 | 1,76,061 | 2,16,916 |
| Others | 13.2 | 26.2 | 10.5 | 8.2 | Index | 2,13,393 | 3,63,547 | 4,87,012 | 6,40,120 |
| Core income | 22.2 | 41.3 | 17.4 | 14.7 | Arb & FoF | 86,102 | 1,06,570 | 1,18,395 | 1,42,893 |
| PAT | 36.7 | 21.7 | 18.6 | 13.5 | Mix | | | | |
| Core PAT | 26.1 | 34.9 | 18.9 | 14.7 | Equity | 36.8 | 43.5 | 44.9 | 45.5 |
| DuPont analysis (%) | | | | | Balanced | 19.7 | 19.0 | 19.1 | 19.3 |
| Revenue | 0.48 | 0.46 | 0.44 | 0.43 | Debt | 23.5 | 20.1 | 18.8 | 17.8 |
| Expenses | 0.13 | 0.11 | 0.10 | 0.09 | Liquid | 12.7 | 9.3 | 8.6 | 8.1 |
| Employee | 0.07 | 0.05 | 0.05 | 0.04 | ETF | 1.8 | 1.9 | 1.9 | 2.0 |
| Others | 0.05 | 0.05 | 0.04 | 0.04 | Index | 3.9 | 4.8 | 5.4 | 6.0 |
| Depreciation | 0.01 | 0.01 | 0.01 | 0.01 | Arb & FoF | 1.6 | 1.4 | 1.3 | 1.3 |
| Core Income | 0.349 | 0.352 | 0.347 | 0.338 | Growth | | | | |
| Other Income | 0.11 | 0.06 | 0.06 | 0.05 | Overall | 25.1 | 40.2 | 19.1 | 17.7 |
| PBT | 0.46 | 0.41 | 0.41 | 0.39 | Equity | 46.1 | 65.6 | 23.0 | 19.3 |
| Tax | 0.10 | 0.10 | 0.10 | 0.09 | Balanced | 29.8 | 35.5 | 19.4 | 19.0 |
| PAT (RoAAuM) | 0.36 | 0.31 | 0.31 | 0.30 | Debt | 8.6 | 20.0 | 11.2 | 11.2 |
| Core RoAAuM | 0.27 | 0.26 | 0.26 | 0.26 | Liquid | -5.0 | 3.3 | 10.1 | 10.1 |
| ROE | 29.5 | 31.2 | 32.1 | 31.5 | ETF | 71.1 | 43.9 | 22.1 | 23.2 |
| Core RoE | 29.6 | 35.7 | 37.4 | 37.3 | Index | 76.0 | 70.4 | 34.0 | 31.4 |
| Other Ratios (%) | | | | | Valuations | | | | |
| Staff cost/revenue | 13.7 | 11.7 | 10.8 | 10.2 | EPS | 91.2 | 110.9 | 131.6 | 149.3 |
| Other opex/revenue | 10.8 | 10.0 | 9.6 | 9.2 | Core EPS | 69.9 | 94.3 | 112.2 | 128.6 |
| Core Income/revenue | 73.5 | 76.7 | 78.1 | 79.3 | CPS | 337.3 | 386.9 | 448.2 | 519.4 |
| Other Income/revenue | 22.4 | 13.5 | 13.5 | 12.8 | DPS | 70.0 | 88.7 | 106.6 | 122.5 |
| Yield on Investments | 8.6 | 6.0 | 6.0 | 5.5 | Dividend yield | 2.6 | 1.9 | 2.3 | 2.7 |
| Effective tax rate | 21.5 | 25.0 | 24.0 | 24.0 | BVPS | 332 | 380 | 440 | 509 |
| PAT margin | 75.3 | 67.6 | 69.7 | 70.0 | P/B | 8.2 | 12.0 | 10.4 | 8.9 |
| Core PAT margin | 57.8 | 57.6 | 59.5 | 60.3 | P/E | 29.8 | 41.1 | 34.6 | 30.5 |
| Dividend payout (%) | 76.8 | 80.0 | 81.0 | 82.0 | P/core EPS | 25.2 | 44.2 | 36.6 | 31.4 |

Source: Company, PL

Price Chart



Recommendation History

| No. | Date | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|--------|----------|-------------------|
| 1 | 10-Nov-23 | BUY | 3,000 | 2,762 |
| 2 | 08-Jan-24 | BUY | 3,000 | 3,326 |
| 3 | 12-Jan-24 | BUY | 3,900 | 3,501 |
| 4 | 10-Apr-24 | BUY | 3,900 | 3,709 |
| 5 | 20-Apr-24 | BUY | 4,100 | 3,707 |
| 6 | 09-Jul-24 | BUY | 4,100 | 4,159 |
| 7 | 16-Jul-24 | BUY | 4,700 | 4,196 |
| 8 | 08-Oct-24 | BUY | 4,700 | 4,133 |

Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (Rs) | Share Price (Rs) |
|---------|------------------------------------|------------|---------|------------------|
| 1 | AAVAS Financiers | Accumulate | 1,875 | 1,745 |
| 2 | Axis Bank | BUY | 1,425 | 1,178 |
| 3 | Bank of Baroda | BUY | 300 | 251 |
| 4 | Can Fin Homes | BUY | 930 | 857 |
| 5 | City Union Bank | Accumulate | 185 | 158 |
| 6 | DCB Bank | BUY | 180 | 119 |
| 7 | Federal Bank | BUY | 210 | 194 |
| 8 | HDFC Asset Management Company | BUY | 4,700 | 4,133 |
| 9 | HDFC Bank | BUY | 2,000 | 1,658 |
| 10 | ICICI Bank | BUY | 1,520 | 1,240 |
| 11 | IndusInd Bank | BUY | 1,750 | 1,383 |
| 12 | Kotak Mahindra Bank | BUY | 2,125 | 1,809 |
| 13 | LIC Housing Finance | Hold | 660 | 618 |
| 14 | Nippon Life India Asset Management | BUY | 615 | 631 |
| 15 | State Bank of India | BUY | 960 | 797 |
| 16 | UTI Asset Management Company | BUY | 1,050 | 1,202 |

PL's Recommendation Nomenclature (Absolute Performance)

| | |
|--------------------------|-----------------------------------|
| Buy | : > 15% |
| Accumulate | : 5% to 15% |
| Hold | : +5% to -5% |
| Reduce | : -5% to -15% |
| Sell | : < -15% |
| Not Rated (NR) | : No specific call on the stock |
| Under Review (UR) | : Rating likely to change shortly |

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