

Apr-Jun'25 Earnings Preview

July 8, 2025

Good quarter owing to healthy equity growth

Equity QAAuM for the industry is likely to see healthy growth of 7-8% QoQ/21-22% YoY in Q1FY26 due to higher MTM gains as equity market bounced back in May'25 & Jun'25. Over Mar'25 to May'25 closing eq+bal AuM for the industry grew by 8.3% (6.9% attributable to MTM) while overall AuM grew by 9.8% to Rs72.2trn. Equity/debt mix in May'25 industry MAAuM was 54.3%/16%. Equity flows saw a blip in Apr'25/May'25 (may uptick in Jun'25) due to market volatility; excl. NFOs net equity flows were Rs474bn (Rs964bn in Q4FY25).

We expect AMC's in our coverage to see equity QAAuM growth of 7.7% QoQ and 21.0% YoY. Equity QAAuM growth for NAM/HDFC could grow by 9.1%/7.7% QoQ and 25.4%/21.8% YoY respectively (degrowth in Q4FY25 due to market correction). Core PAT for our coverage AMC's could bounce back and grow by 4.4% QoQ/18.2% YoY. However, due to global uncertainty and likely impact of US tariffs on global demand and GDP, equity markets could remain volatile. Owing to the recent run-up in the markets and subsequently AMC's, we turn cautious on the AMC space for the near term though over the medium to long term we remain constructive.

- **Equity QAAuM to rebound QoQ led by NAM and HDFC AMC:** Coverage AMC's would see QAAuM increase of 7.8% QoQ and 22.8% YoY to Rs18.0trn; HDFC AMC/NAM/UTI could grow by ~7.0%/10.0%/5.8% QoQ. Equity QAAuM for HDFC/NAM/UTI could surge up by ~7.7%/9.1%/4.5% to Rs5.0/2.8/1.3trn.
- **Revenue yields may fall sequentially:** Yield compression may happen due to (1) negative yield impact due to telescopic pricing as QAAuM increased QoQ and (2) fall in equity QAAuM share (mainly in NAM and UTI) and (3) higher number of trading days vs Q4FY25. We see revenue for our coverage AMC's to increase by 4.4% QoQ/18.1% YoY to Rs19.1bn.
- **Opex to increase QoQ:** We expect opex to rise 5.4% QoQ led by an increase in staff cost (+7.5% QoQ) and other opex (+3.0% QoQ). HDFC AMC is likely to see a higher rise in staff costs (+12.5% QoQ) as against NAM and UTI due to ESOP charge.
- **Core profitability to slightly decline QoQ:** Rise in revenue would be partially offset by a tad higher opex which could impact profitability. Hence core income yields could fall to 28.0bps from 29.0bps in Q4FY25. Further, other income could witness a spike due to higher MTM gains in equity.
- **Slight downtick in core PAT yields:** Tax rate for coverage AMC's is expected to remain stable QoQ at 24%. Hence, core PAT yields might see a downtick to 21.4bps from 22.1bps in Q4FY25 due to lower revenue yields.

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Exhibit 1: Recommendation for PL coverage universe

Coverage Universe	CMP (Rs)	MCap (Rs B)	New Rating	Old Rating	New PT (Rs)	Old PT (Rs)	Upside (%)	P/core EPS (x)				Core PAT (bps)			
								FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
HDFC AMC	5,102	1,090	BUY	BUY	4,600	4600	-9.8%	24.4	34.3	43.9	39.1	27.4	27.3	25.9	24.7
NAM India	775	493	BUY	BUY	700	700	-9.7%	18.0	30.5	37.2	32.7	21.3	19.7	17.6	16.6
UTI AMC	1,329	170	BUY	BUY	1,300	1300	-2.2%	10.7	16.1	20.2	16.1	12.8	14.6	14.0	13.8

Source: Company, PL ACC=Accumulate / UR=Under Review

Exhibit 2: Q1FY26 AMCs Results Preview

Rs Million	Revenue	QoQ	YoY	Opex	QoQ	YoY	Core PAT	QoQ	YoY
HDFC AMC	9,425	4.6%	21.6%	2,039	7.5%	4.1%	5,613	3.2%	20.7%
NAM India	5,928	4.6%	17.4%	2,207	4.2%	12.0%	2,828	1.0%	21.3%
UTI AMC	3,736	3.7%	10.9%	2,220	4.6%	15.4%	1,182	20.7%	1.9%
Total	19,089	4.4%	18.1%	6,466	5.4%	10.5%	9,624	4.4%	18.2%
Rs Billion	QAAuM	QoQ	YoY	Equity QAAuM	QoQ	YoY	Core RoAAuM	QoQ	YoY
HDFC AMC	8,286	7.0%	23.4%	4,997	7.7%	21.8%	27.1bps	-1.0bps	-0.6bps
NAM India	6,127	10.0%	26.6%	2,771	9.1%	25.4%	18.5bps	-1.6bps	-0.8bps
UTI AMC	3,609	5.8%	15.8%	1,277	4.5%	10.1%	13.1bps	1.6bps	-1.8bps
Total	18,022	7.8%	22.8%	9,045	7.7%	21.0%	21.4bps	-0.7bps	-0.8bps

Source: Company, PL

Exhibit 3: Q1FY26 Result Preview

Company Name		Q1FY26E	Q1FY25	YoY gr. (%)	Q4FY25	QoQ gr. (%)	Remark
HDFC AMC	Revenue (Rs mn)	9,425	7,752	21.6	9,012	4.6	
	Yield (%)	0.46	0.46	-0.7bps	0.47	-1.1bps	Overall QAAuM might increase by 7.0%
	Opex (Rs mn)	2,039	1,959	4.1	1,897	7.5	QoQ/+23.4% YoY. Yields may remain fall
	Opex (%)	0.10	0.12	-1.8bps	0.10	0.0bps	marginally due to telescopic pricing which could be partially offset by increase in eq+bal share.
	Core Income (Rs mn)	7,386	5,794	27.5	7,116	3.8	
	Operating Yield (%)	0.36	0.35	1.1bps	0.37	-1.1bps	Opex as a % of QAAuM might remain flattish due to operating leverage.
	PAT (Rs mn)	6,829	6,040	13.1	6,387	6.9	
	Core PAT (Rs mn)	5,613	4,650	20.7	5,441	3.2	
	AAuM (Rs bn)	8,286	6,716	23.4	7,741	7.0	ROAAuM might also remain stable.
	ROAAuM (%)	0.33	0.36	-3.0bps	0.33	0.0bps	
NAM-India	Revenue (Rs mn)	5,928	5,050	17.4	5,665	4.6	
	Yield (%)	0.39	0.42	-3.0bps	0.41	-2.0bps	Overall QAAuM might grow by 10.0%
	Opex (Rs mn)	2,207	1,970	12.0	2,118	4.2	QoQ/+26.6% YoY, while yields might fall
	Opex (%)	0.14	0.16	-1.9bps	0.15	-0.8bps	slightly due to decline in share of equity in QAAuM mix and increase in QAAuM.
	Core Income (Rs mn)	3,721	3,080	20.8	3,548	4.9	
	Operating Yield (%)	0.24	0.25	-1.2bps	0.25	-1.2bps	Opex as a % of QAAuM could decline slightly QoQ.
	PAT (Rs mn)	3,664	3,322	10.3	2,983	22.8	
	Core PAT (Rs mn)	2,828	2,331	21.3	2,801	1.0	
	AAuM (Rs bn)	6,127	4,838	26.6	5,571	10.0	ROAAuM might improve by 2.5bps.
	ROAAuM (%)	0.24	0.27	-3.5bps	0.21	2.5bps	
UTI AMC	Revenue (Rs mn)	3,736	3,368	10.9	3,602	3.7	
	Yield (%)	0.41	0.43	-1.8bps	0.42	-0.8bps	
	Opex (Rs mn)	2,220	1,924	15.4	2,122	4.6	We expect revenue to grow by 3.7% QoQ.
	Opex (%)	0.25	0.25	-0.1bps	0.25	-0.3bps	Yields may fall sequentially due to decline in share of equity in QAAuM mix.
	Core Income (Rs mn)	1,516	1,444	5.0	1,480	2.5	
	Operating Yield (%)	0.17	0.19	-1.7bps	0.17	-0.5bps	Operating yields could decline by 0.5bps;
	PAT (Rs mn)	1,884	2,743	-31.3	1,020	84.8	
	Core PAT (Rs mn)	1,182	1,160	1.9	980	20.7	ROAAuM might improve by 8.9bps due to higher other income.
	AAuM (Rs bn)	3,609	3,118	15.8	3,412	5.8	
	ROAAuM (%)	0.21	0.35	-14.3bps	0.12	8.9bps	

Source: Company, PL

Exhibit 4: Change in Estimates

	Rating		Target Price			Revenue (Rs bn)						Opex (Rs bn)						Core PAT (Rs bn)					
						FY26E			FY27E			FY26E			FY27E			FY26E			FY27E		
	C	P	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.
HDFC AMC	BUY	BUY	4,600	4,600	0.0%	38.7	38.5	0.5%	42.5	42.3	0.6%	8.9	9.0	-0.8%	9.7	9.8	-1.5%	22.6	22.4	0.8%	25.0	24.6	1.2%
NAM India	BUY	BUY	700	700	0.0%	25.7	24.6	4.4%	28.6	27.4	4.5%	9.7	9.5	2.0%	10.6	10.4	1.9%	12.1	11.6	4.4%	13.7	13.1	4.7%
UTI AMC	BUY	BUY	1,300	1,300	0.0%	16.1	16.0	1.0%	18.5	17.9	3.0%	9.0	8.8	2.3%	10.0	9.7	3.3%	5.6	5.7	-1.8%	6.6	6.5	1.3%

Source: Company, PL C=Current / P=Previous / Acc=Accumulate

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Accumulate	2,072	2,038
2	Axis Bank	BUY	1,500	1,175
3	Bank of Baroda	BUY	275	241
4	Can Fin Homes	BUY	860	723
5	City Union Bank	BUY	210	219
6	DCB Bank	BUY	155	142
7	Federal Bank	BUY	220	215
8	HDFC Asset Management Company	BUY	4,600	4,218
9	HDFC Bank	BUY	2,125	1,987
10	ICICI Bank	BUY	1,700	1,436
11	IndusInd Bank	Hold	780	854
12	Kotak Mahindra Bank	BUY	2,400	2,150
13	LIC Housing Finance	BUY	725	621
14	Nippon Life India Asset Management	BUY	700	638
15	State Bank of India	BUY	960	807
16	Union Bank of India	BUY	160	152
17	UTI Asset Management Company	BUY	1,300	1,019

PL's Recommendation Nomenclature

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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