

April 21, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	4,600		4,450	
Revenue (Rs. m)	38,490	42,253	39,031	42,855
% Chg	-1.4	-1.4		
Opex (Rs. m)	9,007	9,823	8,498	9,468
% Chg	6.0	3.8		
Core EPS (Rs.)	104.8	115.3	108.7	118.9
% Chg	-3.6	-3.0		

Key Financials - Standalone

Y/e Mar	FY24	FY25	FY26E	FY27E
Revenue (Rs m)	25,844	34,980	38,490	42,253
Opex	6,842	7,718	9,007	9,823
Employee	3,535	3,883	4,614	4,910
Others	3,308	3,836	4,392	4,913
Core Income (Rs m)	19,001	27,262	29,484	32,429
PAT (Rs mn)	19,459	24,611	26,613	29,194
Core PAT (Rs m)	14,920	20,415	22,408	24,646
Core EPS (Rs.)	69.9	95.5	104.8	115.3
Gr. (%)	26.0	36.6	9.8	10.0
AAuM (Rs bn)	5,437	7,480	8,453	9,792
Gr. (%)	25.1	37.6	13.0	15.8
Core RoAAuM (%)	0.3	0.3	0.3	0.3
Core RoE (%)	29.6	36.3	34.7	32.4
P/Core EPS (x)	24.4	39.9	35.7	31.8

Key Data

52-W High / Low	Rs.4,864 / Rs.3,419
Sensex / Nifty	78,553 / 23,852
Market Cap	Rs.901.4bn/ \$ 10,557.8m
Shares Outstanding	213.8m
3M Avg. Daily Value	Rs.1,769.6m

Shareholding Pattern (%)

Promoter's	52.47
Foreign	20.51
Domestic Institution	18.01
Public & Others	9.00
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	3.3	(10.3)	11.4
Relative	2.9	(4.9)	5.6

Gaurav Jani

gauravjani@plindia.com | 91-22-66322235

Harshada Gite

harshadagite@plindia.com | 91-22-66322237

Aditya Modani

adityamodani@plindia.com | 91-22-66322257

Net equity flows remain a key monitorable

Quick Pointers:

- Weak quarter with miss on core income due to lower blended yields.
- Net flows remain positive for HDFCAMC but have normalized for industry.

HDFCAMC saw a soft quarter as core income missed PLe by 2.3% due to revenue being 1.7% lower led by weaker yields at 46.6bps (PLe 47.5bps) as (1) equity share fell QoQ to 60% from 61% to market correction in Feb'25 and (2) Q4FY25 has 2 lesser days (vs Q3FY25). Equity performance within the 3-yr bucket remains superior, which resulted in strong net flows' market share of 12.9% in FY25. New ESOP scheme of 2.5mn shares has been approved which is awaiting shareholder approval. Hence, we raise staff cost for FY26/27E by 7%/3%. Closing equity AuM for the industry corrected by 3.0% over Dec'24-Mar'25 and markets continue to remain volatile. Equity flows for the industry have contracted to Rs272bn in Mar'25 from Rs462bn in Dec'24. Owing to lower expected industry flows and higher staff cost in FY26/27E, we cut core EPS for FY26/27E by ~3.3%. We keep multiple at 35x but increase TP to Rs4,600 from Rs4,450 as we roll forward to Mar'27 core EPS. Retain 'BUY'.

- Soft quarter due to lower revenue yields; beat on other income:** QAAuM was in-line at Rs7741bn (-1.7% QoQ); while equity (incl. bal) at Rs4640bn fell by 3.6% QoQ. Revenue was a miss at Rs9.01bn (PLe Rs 9.17bn) due to lower revenue yields at 46.6bps (PLe 47.5bps). Opex was in-line at Rs1.9bn due to slightly higher depreciation offset by lower other opex which was a tad lower at Rs762mn (PLe Rs774mn). Employee cost was in-line at Rs968mn (PLe Rs963mn); ESOP cost was Rs53mn; for the full year FY25 ESOP charge was Rs225mn. Hence, core income was a miss Rs7.1bn (PLe Rs7.3bn) resulting in operating yields at 36.8bps (vs PLe 37.7bps). Other income was ahead at Rs1.2bn (PLe Rs0.5bn) mainly owing to gains in debt due to repo rate cut. Tax rate was lower at 23.5% (PLe 25%). Hence, core PAT yields came in at 28.1bps (vs PLe 28.3bps). PAT was 9.4% ahead of PLe at Rs6.4bn.
- Fall in equity share and day convention led to lower yields:** Equity share (incl. bal) declined to 60% (vs 61% in Q3FY25) while that of debt/liquid increased QoQ by ~30bps each to 19.5%/11.0%. Impact of telescopic pricing on equity AuM was not material during the quarter due to correction in equity markets. Due to fall in equity share QoQ and lesser number of days in Q4FY25 i.e. 90 days compared to 92 days in Q3FY25, blended yields at 46.6bps missed PLe by 0.9bps. Company had rationalized commissions w.e.f. 1st Aug'24. Driven by superior equity performance in the 3-yr bucket, leading to positive net equity flows, market share in equity+bal QAAuM improved by 2bps QoQ and to 12.75%. While equity performance is mean reverting (reducing) in the 1-yr bucket; lower payout would partially cushion revenue. Blended yields were stable: equity at 58bps, debt at 28bps, liquid at 12bps.
- New ESOP scheme announced:** NRC has approved a new ESOP scheme to the tune of 2.5mn shares. Vesting period is deferred as 10% (1st year), 20% (2nd year), 30% (3rd year) and 40% (4th year) which is better aligned with long-term performance. These ESOP shares will not be granted to heads of departments. Hence we increase staff cost in FY26/27E by 7%/3%. Other opex growth may be maintained at the existing pace although given expectations of weak equity market growth in FY26 we are factoring slightly lower other opex CAGR of ~13% over FY25-27E.

Exhibit 1: Soft quarter due to lower revenue yields; Higher other income cushions profit

Financials (Rs mn)	Q4FY25	Q4FY24	YoY gr. (%)	Q3FY25	QoQ gr. (%)	Q4FY25E	Est. beat/miss
Revenue	9,012	6,954	29.6	9,344	(3.5)	9,169	(1.7)
Total Expenses	1,897	1,718	10.4	1,872	1.3	1,886	0.6
Employees	968	864	12.0	949	2.0	963	0.5
Other expenses	928	854	8.7	922	0.7	922	0.7
Operating Income	7,116	5,236	35.9	7,472	(4.8)	7,283	(2.3)
Other Income	1,238	1,555	(20.4)	927	33.5	500	147.6
Profit before tax	8,353	6,791	23.0	8,400	(0.5)	7,783	7.3
Tax	1,966	1,380	42.5	1,985	(0.9)	1,946	1.0
Profit after tax	6,387	5,411	18.0	6,415	(0.4)	5,838	9.4
Core PAT	5,441	4,172	30.4	5,706	(4.7)	5,463	(0.4)
Profitability ratios (bps)							
Revenue yield	46.6	45.4	1.2	47.5	(0.9)	47.5	(90)
Employee to AuM	4.7	5.0	(0.3)	4.6	0.2	4.7	8
Opex to AuM	4.8	5.6	(0.8)	4.7	0.1	4.8	2
Core income/AuM	36.8	34.2	2.6	38.0	(1.2)	37.7	(94)
PAT/AuM	33.0	35.3	(2.3)	32.6	0.4	30.2	278
Core PAT/AuM	28.1	27.2	0.9	29.0	(0.9)	28.3	(17)
QAAuM (Rs mn)							
Equity	7,741,324	6,129,639	26.3	7,873,645	(1.7)	7,726,408	0
Balanced	3,181,083	2,443,425	30.2	3,317,577	(4.1)	3,181,967	(0)
Debt	1,459,240	1,238,087	17.9	1,496,794	(2.5)	1,459,448	(0)
Liquid	1,509,053	1,295,224	16.5	1,509,962	(0.1)	1,506,692	0
ETF	854,348	673,955	26.8	842,852	1.4	852,473	0
Index	172,589	110,303	56.5	153,725	12.3	172,477	0
Arbitrage	373,921	251,973	48.4	373,878	0.0	362,317	3
FoF overseas	178,137	104,950	69.7	166,097	7.2	178,094	0
	12,952	11,721	10.5	12,761	1.5	12,941	0

Source: Company, PL.

Q4FY25 Conference Call Highlights

Industry

- Industry witnessed a fresh inflow of Rs8.2trn in FY25 (vs Rs3.5trn in FY24). NFO contributed 18% (23% YoY) to the actively managed equity inflows.

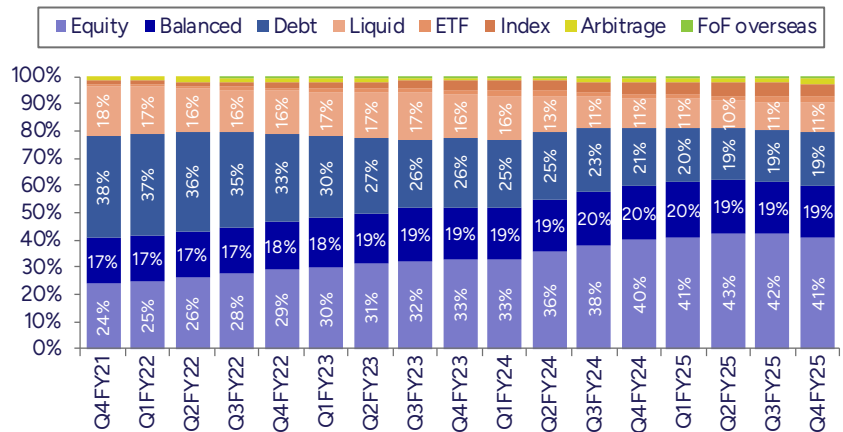
Company Performance

- Revenue yields** fell due to 1) fall in share of equity+bal and 2) less number of trading days leading to lower AuM.
- Blended yields were stable:** equity at 58bps, debt at 28bps, liquid at 12bps.
- Systematic transactions** include STP+SIP. Major decline was due to fall in STP which is generally higher ticket size. Reduction in SIP amount may be due to 1) volatility and 2) quarter ending on 28th March instead of 31st March.
- Other income** was higher due to gains on debt MFs post rate cuts.
- Old ESOP plan:** NRC had allocated 3.2mn shares in 2020 for employees basis remuneration and performance. Till 2025, ~2.3mn shares were granted while balance shares (0.87mn shares) are cancelled. Vesting period was spread equally over 3 years.
- New ESOP plan:** NRC has approved a new ESOP scheme (incl. performance) to the tune of 2.5mn. Vesting period is deferred as 10% (1st year), 20% (2nd year), 30% (3rd year) and 40% (4th year) which is better aligned with long-term performance. These shares will not be granted to heads of departments.
- Other opex** is expected to be maintained at the same pace going forward basis new opportunities.
- Tax rate** was higher YoY due to change in capital gains tax rate.
- Share of contribution from direct channel is expected to improve driven by fintech platforms, RIA, large family offices and HNIs investing directly.
- Flow market share** continues to be higher than book market share.
- Entire realized post-tax profit is distributed amounting to 78% payout ratio.

Others

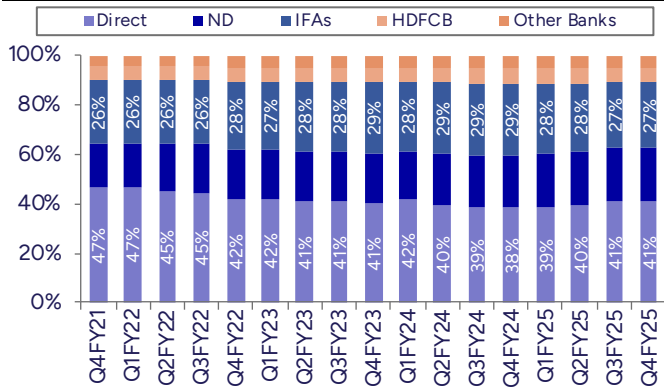
- 25 new offices were added in Jan'25 totaling 50 offices in past 15 months.
- Fall in gross flow is offset by lower redemptions. More relevant data point is contributing SIP accounts to portray investor activity.
- Debt inflows in long term bonds is contributed by retail investors while short duration bonds are largely funded by corporates for liquidity management
- AIF require at least 10% investment but HDFCAMC has made higher than required investment. Also, the company has closed its first CAT II and received approval for launch of credit fund.

Exhibit 2: Equity + Bal share reduced to ~60%, liquid share stable to ~11%



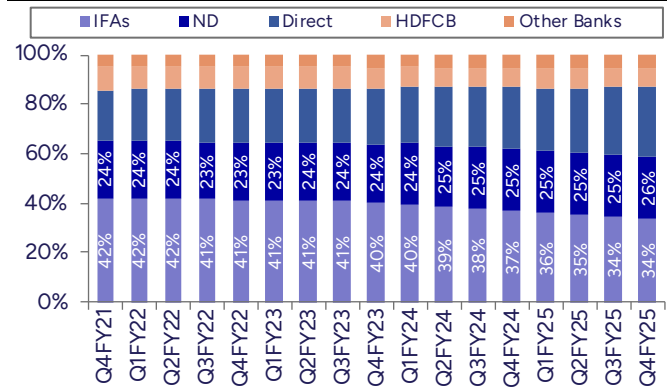
Source: Company, PL

Exhibit 3: Total distribution – Direct dominates at 41%



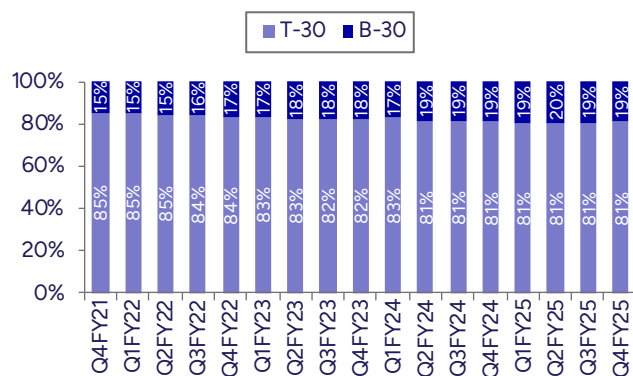
Source: Company, PL

Exhibit 4: Equity distribution – IFAs dominate at 34%



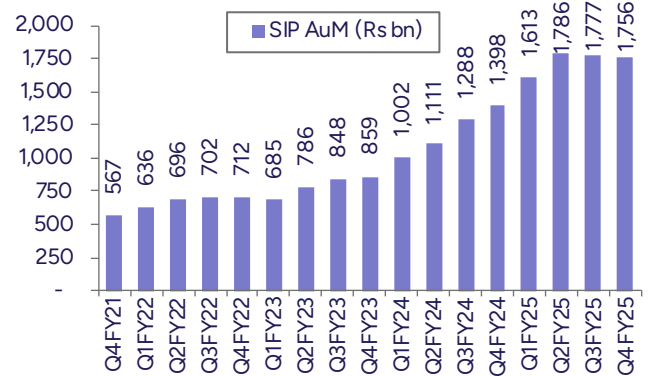
Source: Company, PL

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



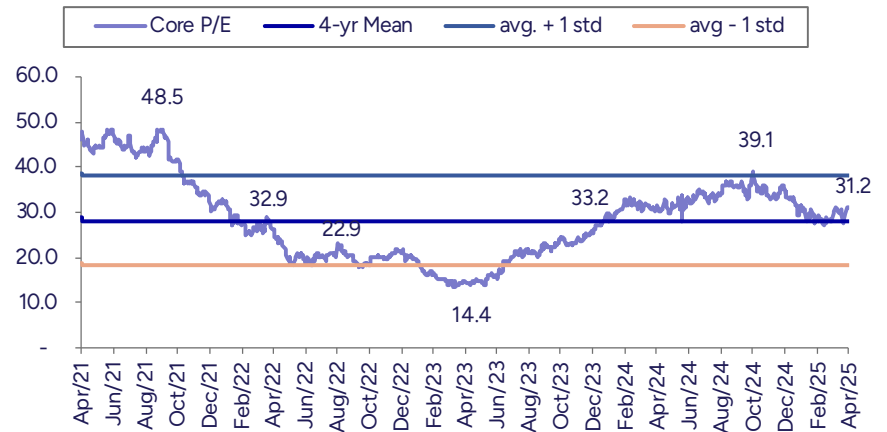
Source: Company, PL

Exhibit 6: SIP AuM grew by 26% YoY while fell sequentially



Source: Company, PL

Exhibit 7: HDFCAMC 2-yr fwd. P/Core EPS trades at 31.2x



Source: Company, PL

Financials

Exhibit 8: Quarterly Financials

Particulars (Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Revenue	5,410	5,745	6,431	6,713	6,954	7,752	8,872	9,344	9,012
Expenses	1,460	1,612	1,761	1,751	1,718	1,959	1,991	1,872	1,897
Employee	719	838	929	903	864	1,008	957	949	968
Others	609	645	702	718	721	818	898	774	762
Depreciation	133	129	130	131	133	133	137	149	166
Core Income	3,949	4,133	4,670	4,962	5,236	5,794	6,881	7,472	7,116
Other Income	969	1,580	1,221	1,424	1,555	1,731	1,706	927	1,238
PBT	4,918	5,714	5,891	6,386	6,791	7,525	8,587	8,400	8,353
Tax	1,156	939	1,516	1,489	1,380	1,485	2,818	1,985	1,966
PAT	3,762	4,775	4,376	4,897	5,411	6,040	5,769	6,415	6,387
Core PAT	3,021	3,454	3,468	3,805	4,172	4,650	4,623	5,706	5,441
QAAuM	4,497,151	4,856,309	5,247,903	5,513,799	6,129,639	6,716,253	7,589,755	7,873,645	7,741,324
Equity	32.7%	32.8%	35.7%	38.0%	39.9%	41.2%	42.6%	42.1%	41.1%
Balanced	19.4%	19.0%	19.4%	19.9%	20.2%	19.9%	19.4%	19.0%	18.9%
Debt	25.7%	25.3%	24.8%	23.3%	21.1%	20.1%	19.4%	19.2%	19.5%
Liquid	15.8%	15.9%	13.1%	11.3%	11.0%	10.6%	9.9%	10.7%	11.0%
ETF	1.7%	1.9%	1.8%	1.9%	1.8%	1.8%	1.8%	2.0%	2.2%
Index	3.2%	3.7%	3.8%	4.0%	4.1%	4.3%	4.7%	4.7%	4.8%
Arbitrage	1.3%	1.1%	1.2%	1.4%	1.7%	1.8%	2.0%	2.1%	2.3%
FoF overseas	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Market share (%)	11.1	11.3	11.2	11.2	11.3	11.4	11.5	11.5	11.5
Equity	9.7	9.8	10.2	10.5	10.7	10.9	11.0	10.9	10.9
Balanced	19.4	19.9	20.3	20.4	20.7	20.5	20.5	20.2	19.9
Eq+Bal	11.9	12.0	12.3	12.6	12.8	12.9	12.8	12.7	12.7
Debt	15.1	14.7	14.7	14.5	14.7	14.5	14.6	14.2	14.1
Liquid	12.8	13.7	11.9	11.5	11.6	12.0	12.1	12.9	12.6
ETF	1.5	1.7	1.7	1.7	1.7	1.7	1.7	1.9	2.1
Index	10.3	10.5	11.2	11.5	12.2	12.7	13.7	13.8	13.6
QAAuM Growth (%)	1.1	8.0	8.1	5.1	11.2	9.6	13.0	3.7	-1.7
Equity	2.2	8.1	17.6	12.0	16.6	13.2	17.1	2.5	-4.1
Balanced	1.9	6.0	10.1	7.9	12.7	8.1	10.1	1.6	-2.5
Eq+Bal	2.1	7.3	14.9	10.5	15.2	11.5	14.8	2.2	-3.6
Debt	1.8	6.5	5.8	-1.3	0.9	4.4	8.8	2.6	-0.1
Liquid	-6.1	8.5	-11.4	-8.9	7.9	6.1	5.5	11.8	1.4
ETF	27.9	20.3	6.3	5.6	7.8	11.2	11.8	12.1	12.3
Index	10.3	28.3	10.5	8.5	15.4	15.1	22.1	5.6	0.0
Arbitrage	-1.6	-6.8	16.0	25.3	32.8	14.5	25.2	10.4	7.2
FoF overseas	-0.9	0.8	0.0	8.0	6.9	4.7	1.3	2.6	1.5
Dupont (bps)									
Revenue yield	48.1	47.3	49.0	48.7	45.4	46.2	46.8	47.5	46.6
Opex to AuM	13.0	13.3	13.4	12.7	11.2	11.7	10.5	9.5	9.8
Staff cost	6.4	6.9	7.1	6.6	5.6	6.0	5.0	4.8	5.0
Other opex	5.4	5.3	5.3	5.2	4.7	4.9	4.7	3.9	3.9
Depreciation	1.2	1.1	1.0	0.9	0.9	0.8	0.7	0.8	0.9
Core income/AuM	35.1	34.0	35.6	36.0	34.2	34.5	36.3	38.0	36.8
PAT/AuM	33.5	39.3	33.4	35.5	35.3	36.0	30.4	32.6	33.0
Core PAT/AuM	26.9	28.5	26.4	27.6	27.2	27.7	24.4	29.0	28.1
Profitability (%)									
Staff cost/revenue	13.3	14.6	14.5	13.5	12.4	13.0	10.8	10.2	10.7
Other opex/revenue	11.3	11.2	10.9	10.7	10.4	10.6	10.1	8.3	8.5
Core income/revenue	73.0	71.9	72.6	73.9	75.3	74.7	77.6	80.0	79.0
Tax rate	23.5	16.4	25.7	23.3	20.3	19.7	32.8	23.6	23.5
PAT margin	69.5	83.1	68.0	72.9	77.8	77.9	65.0	68.7	70.9
Core PAT margin	55.8	60.1	53.9	56.7	60.0	60.0	52.1	61.1	60.4

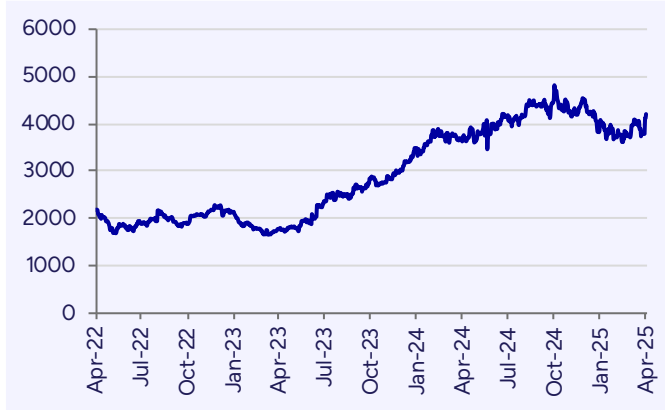
Source: Company, PL

Exhibit 9: Summary Financials (Rs mn)

Particulars	FY24	FY25	FY26E	FY27E	Particulars	FY24	FY25	FY26E	FY27E
Profit & Loss					Balance Sheet				
Revenue	25,844	34,980	38,490	42,253	Net Worth	70,791	81,341	96,080	1,13,012
Investment mgmt.	25806	34931	38433	42190	Capital (FV Rs5)	1,067	1,069	1,069	1,069
PMS / Advisory	38	49	58	63	Reserves	69,723	80,272	95,011	1,11,943
Expenses	6,842	7,718	9,007	9,823	Employee benefit	827	0	0	0
Employee	3,535	3,883	4,614	4,910	Others	3,958	6,195	6,804	7,474
Others	2,785	3,252	3,686	4,171	Total Liabilities	75,576	87,536	1,02,884	1,20,486
Depreciation	523	584	707	742	Cash and Bank	112	128	128	128
Core Income	19,001	27,262	29,484	32,429	Investment	71,900	82,889	97,883	1,15,101
Other Income	5,781	5,602	5,533	5,984	Fixed assets	1,522	1,974	2,072	2,176
PBT	24,782	32,864	35,017	38,414	Others	2,042	2,546	2,801	3,081
Tax	5,323	8,254	8,404	9,219	Total Assets	75,576	87,536	1,02,884	1,20,486
PAT	19,459	24,611	26,613	29,194	AuM Data				
Core PAT	14,920	20,415	22,408	24,646	AAuM	54,36,912	74,80,244	84,53,487	97,91,778
Dividend	14,944	19,242	21,291	23,356	Equity	20,00,796	31,25,153	36,36,670	41,76,244
Growth ratios (%)					Balanced	10,70,055	14,42,109	16,45,717	18,43,657
Revenue	19.3	35.4	10.0	9.8	Debt	12,77,231	14,60,714	16,46,176	18,91,002
Opex	11.8	12.8	16.7	9.1	Liquid	6,89,164	7,91,516	6,61,697	7,29,190
Employee	13.0	9.8	18.9	6.4	ETF	1,00,170	1,46,534	1,66,042	2,04,750
Others	13.2	16.7	13.4	13.2	Index	2,13,393	3,47,899	5,07,479	7,18,331
Core income	22.2	43.5	8.1	10.0	Arb & FoF	86,102	1,66,319	1,89,706	2,28,603
PAT	36.7	26.5	8.1	9.7	Mix				
Core PAT	26.1	36.8	9.8	10.0	Equity	36.8	41.8	43.0	42.7
DuPont analysis (%)					Balanced	19.7	19.3	19.5	18.8
Revenue	0.48	0.47	0.46	0.43	Debt	23.5	19.5	19.5	19.3
Expenses	0.13	0.10	0.11	0.10	Liquid	12.7	10.6	7.8	7.4
Employee	0.07	0.05	0.05	0.05	ETF	1.8	2.0	2.0	2.1
Others	0.05	0.04	0.04	0.04	Index	3.9	4.7	6.0	7.3
Depreciation	0.01	0.01	0.01	0.01	Arb & FoF	1.6	2.2	2.2	2.3
Core Income	0.349	0.364	0.349	0.331	Growth				
Other Income	0.11	0.07	0.07	0.06	Overall	25.1	37.6	13.0	15.8
PBT	0.46	0.44	0.41	0.39	Equity	46.1	56.2	16.4	14.8
Tax	0.10	0.11	0.10	0.09	Balanced	29.8	34.8	14.1	12.0
PAT (RoAAuM)	0.36	0.33	0.31	0.30	Debt	8.6	14.4	12.7	14.9
Core RoAAuM	0.27	0.27	0.27	0.25	Liquid	-5.0	14.9	-16.4	10.2
ROE	29.5	32.4	30.0	27.9	ETF	71.1	46.3	13.3	23.3
Core RoE	29.6	36.3	34.7	32.4	Index	76.0	63.0	45.9	41.5
Other Ratios (%)					Valuations				
Staff cost/revenue	13.7	11.1	12.0	11.6	EPS	91.2	115.1	124.5	136.6
Other opex/revenue	10.8	9.3	9.6	9.9	Core EPS	69.9	95.5	104.8	115.3
Core Income/revenue	73.5	77.9	76.6	76.8	CPS	337.3	388.3	458.4	539.0
Other Income/revenue	22.4	16.0	14.4	14.2	DPS	70.0	90.0	99.6	109.2
Yield on Investments	8.6	7.2	6.0	5.5	Dividend yield	2.6	2.1	2.4	2.6
Effective tax rate	21.5	25.1	24.0	24.0	BVPS	332	380	449	529
PAT margin	75.3	70.4	69.1	69.1	P/B	8.2	11.0	9.3	7.9
Core PAT margin	57.8	58.4	58.3	58.4	P/E	29.8	36.5	33.7	30.8
Dividend payout (%)	76.8	78.2	80.0	80.0	P/core EPS	24.4	39.9	35.7	31.8

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	10-Apr-24	BUY	3,900	3,709
2	20-Apr-24	BUY	4,100	3,707
3	09-Jul-24	BUY	4,100	4,159
4	16-Jul-24	BUY	4,700	4,196
5	08-Oct-24	BUY	4,700	4,133
6	16-Oct-24	BUY	5,360	4,555
7	08-Jan-25	BUY	5,360	4,071
8	15-Jan-25	BUY	4,700	3,865
9	27-Feb-25	BUY	4,450	3,763
10	08-Apr-25	BUY	4,450	3,831

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Accumulate	1,900	2,083
2	Axis Bank	BUY	1,350	1,048
3	Bank of Baroda	BUY	285	230
4	Can Fin Homes	BUY	860	660
5	City Union Bank	BUY	200	160
6	DCB Bank	BUY	155	113
7	Federal Bank	BUY	210	191
8	HDFC Asset Management Company	BUY	4,700	3,831
9	HDFC Bank	BUY	1,950	1,758
10	ICICI Bank	BUY	1,550	1,288
11	IndusInd Bank	Hold	860	676
12	Kotak Mahindra Bank	BUY	2,230	2,038
13	LIC Housing Finance	BUY	650	566
14	Nippon Life India Asset Management	BUY	725	545
15	State Bank of India	BUY	900	747
16	Union Bank of India	BUY	140	119
17	UTI Asset Management Company	BUY	1,320	1,035

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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3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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