

HDFC AMC (HDFCAMC) - BUY

Q4 Result Update

Current Market Price (CMP) Rs.2,662	Fair Value (FV) Rs.2,950
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Rationale:

- HDFC AMC delivered 16% yoy growth in core earnings, led by 17% yoy revenue growth.
- Operating performance remains steady, with fund performance, yields and inflows largely stable on a sequential basis.
- The recent share price performance limits the near-term upside, but we maintain a constructive stance, given stable operating trends, subject to supportive market sentiment.
- Our constructive view is underpinned by healthy operating trends in the form of inflows and fund performance.
- Retain BUY, raise FV to Rs2,950 from Rs2,750 implying 32X March 28E Earning Per Share and earnings Compounded Annual Growth Rate (CAGR) of 16% over FY27-29E.

👍 Positives:

- HDFC AMC reported 16% yoy core earnings growth, driven by 17% yoy revenue growth and 16% yoy EBITDA growth.
- HDFC AMC's market share has improved to ~13%.
- HDFC's monthly systematic book is ~Rs 4,900 crore with SIP AUM of Rs 2 Lakh crore.
- We expect ~20% Asset Under Management ("AUM") CAGR over FY27-29E.
- HDFC's Quarterly Average AUM grew 20% yoy (flat qoq), and equity AUM up 22% yoy (flat qoq).
- On Total Expense Ratio (TER) norms, management indicated a gross impact of 3-4 bps, but expects mitigation through commission and opex optimization, limiting the overall earnings impact.

👎 Negatives:

- We expect core earnings to slightly moderate to ~36 bps by FY29E.
- Blended Q4FY26 revenue yields dipped marginally to 45.3 bps from 46.5 bps qoq.



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
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- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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