

DIVERSIFIED FINANCIALS

11 December 2023

Equity funds see sustained momentum in November

- MAAUM of MF industry grew to Rs 49tn at end-November from Rs 39tn in Mar'23, closing in on Rs 50tn mark
- Equity intake remains robust with Rs 1.8tn of net flows over Apr-Nov'23, forming 55% of total AUM
- We raise target prices across our coverage on valuation rollover to Mar'26; Nippon AMC (TP Rs 513 vs. Rs 444 earlier) remains our top pick

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Closing in on the Rs 50tn mark: MAAUM of the MF industry climbed to Rs 49tn at the end of November from Rs 39tn at end-March, with equity MAAUM forming 55% of MF assets from 51% in March. Equity SIP AUM grew to Rs 9.3tn at the end of November, forming 35% of equity assets. Notably, the number of outstanding SIP accounts has more than doubled from 31.2mn at the end of FY20 to 74.4mn. Debt funds remained subdued owing to uncertainty surrounding interest rates, the revision of tax laws in Mar'23 that stripped them of long-term capital gain benefits, and robust equity markets.

Equity continues to lead flows: Despite a 3% MoM drop in net equity flows in November due to the festive holidays, the Apr-Nov'23 period saw a substantial intake of Rs 1.8tn. The equity segment saw six fund launches in the month of November which garnered Rs 19bn. Net flows for the sector increased sharply to Rs 3.1tn over Apr-Nov'23 from Rs 762bn in FY23 and Rs 2.5tn in FY22.

Nippon AMC remains our top pick... Nippon AMC has been regaining market share in equity AUM, from 6.3% at the end of FY22 to 6.7% at end-H1FY24. Over the last two quarters, the company has been able to draw stronger flows, notably in equity. We model for a robust AUM CAGR of 20% and net profit CAGR of 18% over FY23-FY26, having introduced our FY26 forecasts in this report. On rolling valuations over to Mar'26E and valuing the company at an unchanged 27x EPS – in line with the long-term mean – our TP increases to Rs 513 (vs. Rs 444). We maintain BUY for 18% upside.

...with limited upside on the other three: Upon bringing out FY26 forecasts and rolling valuations forward to Mar'26E, we have new target prices across our coverage – at Rs 3,150 for HDFC AMC (vs. Rs 2,814), Rs 920 for UTI AMC (vs. Rs 835) and Rs 497 for ABSL AMC (vs. Rs 440). Our ratings for all three stocks remain at HOLD given limited upside potential.

Key risks: Risks to our estimates include heightened competition, weakness in equity markets and adverse regulatory changes.

Recommendation snapshot

Ticker	Price	Target	Rating
ABSLAMC IN	460	497	HOLD
HDFCAMC IN	2,987	3,150	HOLD
NAM IN	434	513	BUY
UTIAM IN	830	920	HOLD

Price & Target in Rupees | Price as of 8 Dec 2023



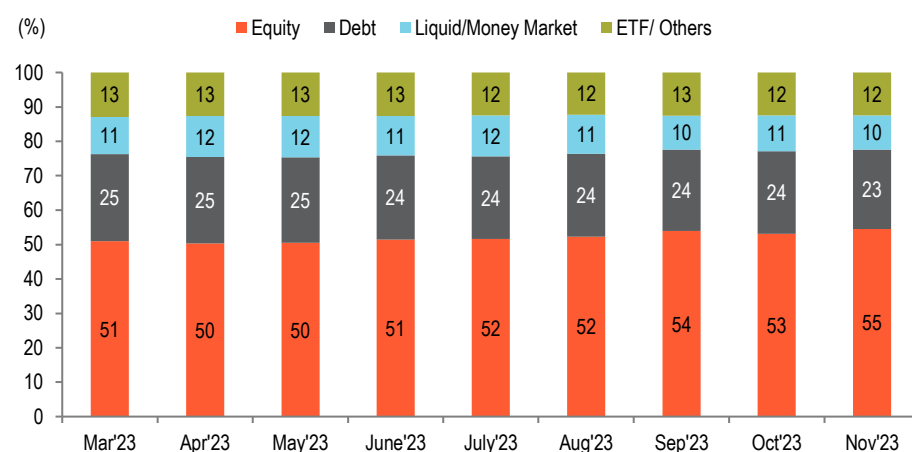
Sustained momentum in equity flows

Equity flows steady in November

MAAUM for the mutual fund industry grew to Rs 49tn at the end of November from Rs 39tn at end-March, with the share of equity flows rising from 51% to 55%. Expectations of higher returns are drawing smaller investors to equities, particularly via the SIP mode, which has been supporting stronger growth in individual AUM over institutional AUM for the past five years.

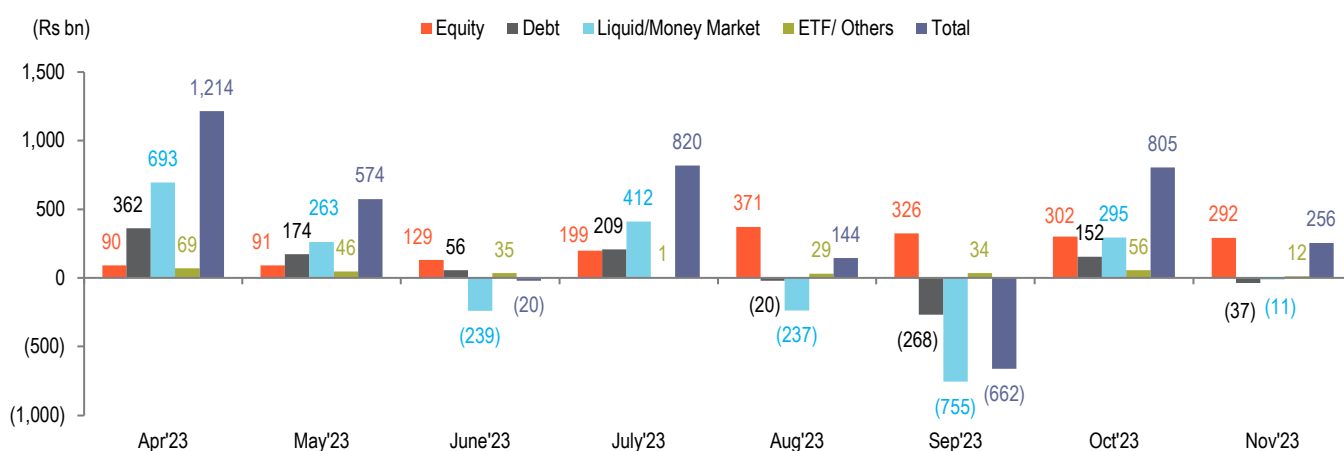
The equity segment also benefitted from six new fund launches in November that garnered Rs 19bn but did see a slight dip of 3% MoM in MAAUM to Rs 292bn owing to a series of bank holidays during the festive season. Debt funds remain subdued owing to uncertainty surrounding interest rates, the revision of tax laws in Mar'23 that stripped them of long-term capital gain benefits, and robust equity markets. Consequently, on a MoM basis, overall mutual fund inflow has dropped from Rs 805bn in October to Rs 256bn in November.

Fig 1 – MF AUM mix: Equity a preferred asset class



Source: AMFI, BOBCAPS Research | Note: AUM = MAAUM

Fig 2 – Equity net flows positive every month in FY24 YTD



Source: AMFI, BOBCAPS Research | Note: AUM = MAAUM

Fig 3 – Net flows as a share of total

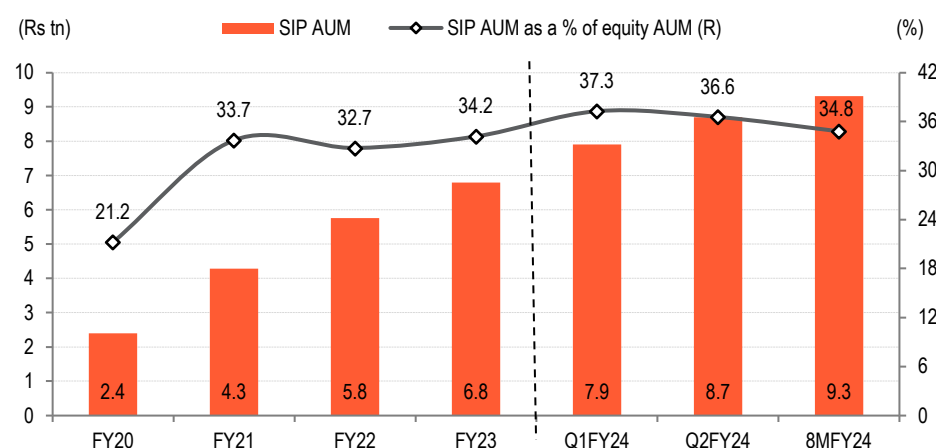
(%)	Apr'23	May'23	Jun'23	Jul'23	Aug'23	Sep'23	Oct'23	Nov'23
Equity	7	16	NA	24	258	NA	37	114
Debt	30	30	NA	25	(14)	NA	19	(14)
Liquid/Money Market	57	46	NA	50	(165)	NA	37	(4)
ETF/Others	6	8	NA	0	20	NA	7	5

Source: AMFI, BOBCAPS Research | Note: June and September had net outflows

SIPs continue to grow

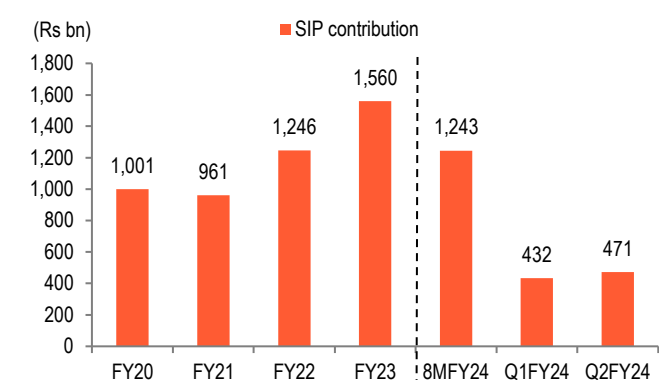
Monthly inflows into mutual funds through systematic investment plans (SIP) have increased progressively. SIP AUM swelled to Rs 9.3tn at the end of November, forming 35% of equity assets, from Rs 8.7tn at the end of September (36.6%) and Rs 6.8tn at end - March (34.2%). The latter represents a near-three-fold rise from Rs 2.4tn (21%) in FY20. The number of outstanding SIP accounts has more than doubled from 31.2mn as at Mar'20 to 74.4mn as at Nov'23.

Fig 4 – SIPs gaining prominence in equity funds



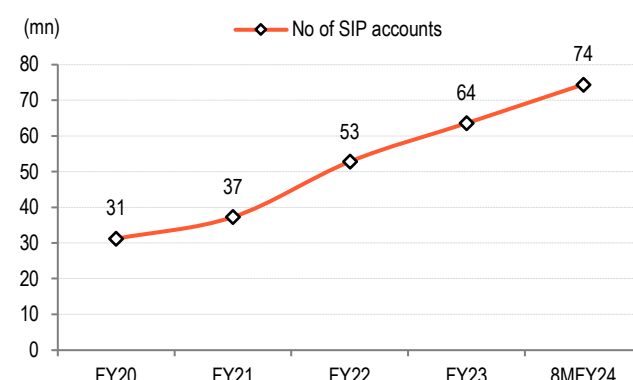
Source: Industry reports, BOBCAPS Research | Note: AUM = QAAUM except for 8MFY24 which is on MAAUM

Fig 5 – SIPs show strong momentum...



Source: AMFI, BOBCAPS Research | Note: The above data is based on QAAUM

Fig 6 – ...with a rise in outstanding SIP accounts

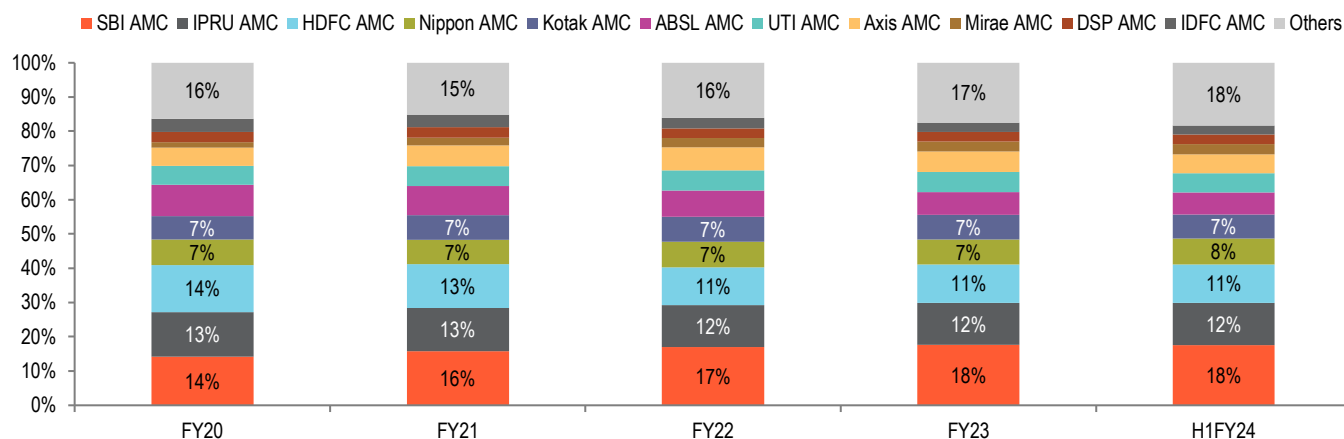


Source: AMFI, BOBCAPS Research

Top 11 players dominate the market

The mutual fund industry is dominated by 11 players who collectively command more than 80% of industry assets. The top 3 – SBI AMC, IPRU AMC and HDFC AMC – together account for ~40% of MAAUM and benefit from the backing of a banking parent.

Fig 7 – Leader SBI AMC has gained market share in overall MF AUM



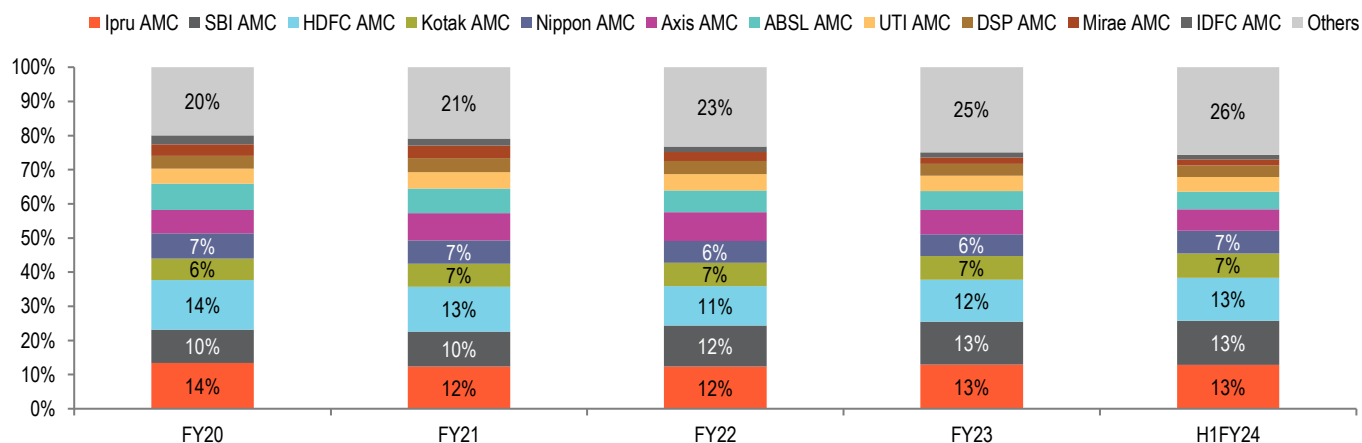
Source: AMFI, BOBCAPS Research | Note: AUM = MAAUM

SBI AMC remains in the lead

Of the top players, SBI AMC and Mirae AMC have meaningfully expanded their market share over FY20 to H1FY24 in terms of MAAUM. SBI AMC remains the leader and biggest gainer, with its share surging to 17.5% from 14.2% over this period. Among the losers, HDFC AMC has shed 250bps to 11.2%, though it has broadly held on to its share over the last few quarters, and Aditya Birla Sunlife AMC has lost 270bps. UTI AMC and Nippon AMC have been steady at ~5.6% and ~7.6% respectively.

In terms of equity assets, the top 11 players collectively command ~75% of MAAUM. The leaders – SBI AMC, IPRU AMC and HDFC AMC – together account for ~38% of the market.

Fig 8 – Equity AUM market share: Stiff competition in the segment



Source: AMFI, BOBCAPS Research | Note: AUM = MAAUM

IPRU vying for first place with SBI AMC

Market share trends in equity MAAUM reflect those in overall flows, with leader SBI AMC expanding the most since FY20, from 9.7% to 12.9% in H1FY24. Among the losers, HDFC AMC fell 180bps to 12.6% over FY20-H1FY24 while maintaining its market share in recent quarters. Aditya Birla Sunlife AMC also ceded 250bps, UTI AMC was flat and Nippon AMC's share fell 70bps till H1FY24 despite a 40bps rise after FY22.

Stock recommendations

HDFC AMC – HOLD, TP Rs 3,150

HDFC AMC continues to enjoy considerable moats in the form of brand equity, pedigree and a large AUM base. Moreover, the company has been delivering a reasonably good equity scheme performance. We maintain our FY24-FY25 estimates and introduce FY26 forecasts, pencilling in an AUM CAGR of 17.2% and net profit CAGR of 16.3% over FY23-FY26.

The stock is trading at 29x FY26E EPS. We retain our target P/E multiple of 30x – a 15% discount to the long-term mean – and roll valuations over to Mar'26E for a revised TP of Rs 3,150 (vs. Rs 2,814). Our HOLD rating stands given low 5% upside potential.

A key positive for HDFC AMC has been its steady recouping of market share in equity AUM since FY22 (+120bps to 12.6% at end-H1FY24). Even so, its share is still 180bps below the peak seen in FY20. The company is also showing improved equity scheme performance. However, the low share of parent HDFC Bank in generating business (5.9% of QAAUM in H1FY24) and soft net equity flows for the industry (Rs 1.6tn for TTM ending Sep'23 vs. Rs 3tn in the year-ago period) will likely remain a drag on growth. SEBI's intent to further regulate fees charged to mutual fund investors also remains an overhang on the sector.

Fig 9 – 1Y fwd P/E band

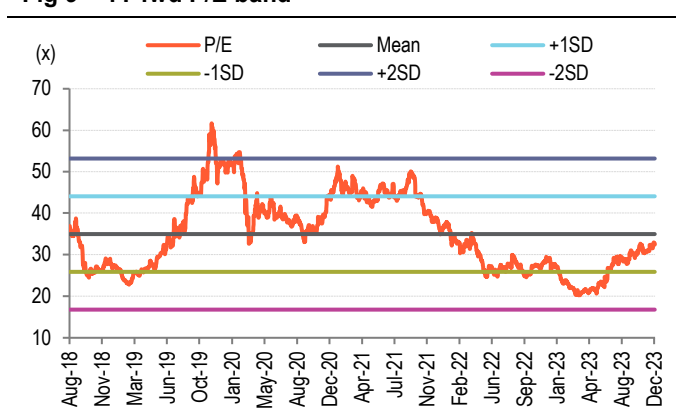
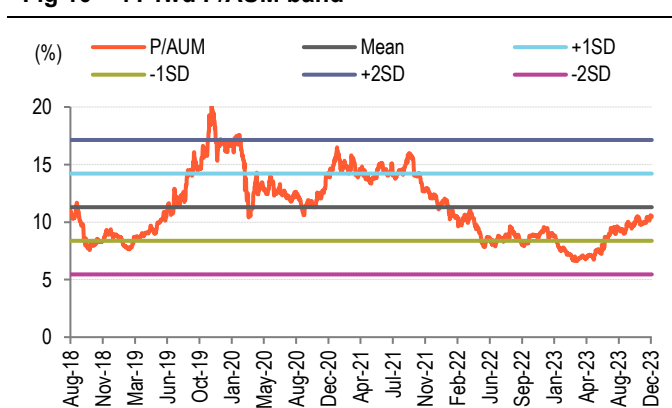


Fig 10 – 1Y fwd P/AUM band



Q2FY24 – Earnings call highlights

- HDFC AMC's AUM grew 22% YoY to Rs 5.2tn in Q2FY24, crossing the Rs 5tn mark for the first time. Actively managed equity funds grew at a higher 35% YoY.
- The company's market share in QAAUM inched up to 11.2% from 11% in Q2FY23. Actively managed equity QAAUM share moved up to 12.4% from 11.5%.
- Owing to a growing AUM base and inverse fee slabs, revenue yield (calc.) declined ~2bps YoY to 49bps. PAT yield (calc.) was stable at 33bps and net profit grew 20% YoY to Rs 4.4bn on revenue of Rs 7.7bn (+18% YoY).
- The company is focussed on improving the share of HDFC Bank in the distribution mix and has a dedicated vertical for the same.
- In Q2FY24, HDFC AMC launched a non-cyclical consumer fund, transportation and logistics fund, technology fund, pharmaceutical and healthcare fund, and liquid ETF.

Nippon AMC – BUY, TP Rs 513

Nippon AMC has been able to attract higher flows, particularly in equity funds, over the last two quarters. Moreover, it has delivered top-quartile scheme performance across the large-, mid- and small-cap equity categories. The company has been regaining market share in equity AUM, moving from 6.3% at the end of FY22 to 6.7% at end-H1FY24, with overall AUM share rising from 7.4% to 7.6%.

We introduce FY26 forecasts for Nippon AMC and now model for an AUM CAGR of 20% and net profit CAGR of 18% over FY23-FY26. The stock is trading at 23x FY26E EPS. On rolling valuations over to Mar'26E and valuing the company at an unchanged 27x EPS – in line with the long-term mean – our TP increases to Rs 513 (vs. Rs 444). We maintain BUY for 18% upside potential.

Fig 11 – 1Y fwd P/E band

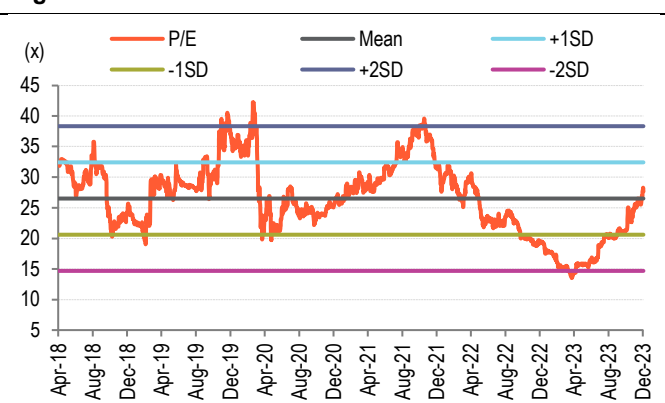
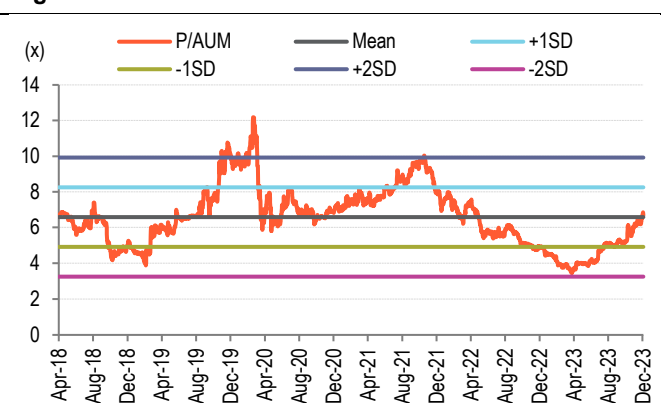


Fig 12 – 1Y fwd P/AUM band



Q2FY24 – Earnings call highlights

- Nippon AMC's Q2FY24 QAAUM grew at a robust 23% YoY to Rs 3.5tn, wherein equity assets climbed 32% and debt was up 20%. The company accounted for 11% of the industry's net equity flows (except arbitrage and index) as compared to 20% in Q1 but saw higher absolute flows.
- QAAUM-based market share increased 18bps QoQ to 7.46% and equity share rose 26bps QoQ to 6.53%. The company maintained its fourth rank overall and moved up one spot in equity QAAUM to fifth place.
- SIP AUM grew 40% YoY to Rs 779bn as systematic flows swelled 84% to Rs 47.2bn. The company's top five funds draw 80% of its systematic flows.
- Operating yield (calc.) was fairly stable QoQ at ~45bps in Q2.
- Nippon AMC announced interim dividend of Rs 5.5/sh, an increase of 38% YoY over the interim payout of Rs 4/sh last year (Rs 11.5/sh for full-year FY23).

UTI AMC – HOLD, TP Rs 920

UTI AMC has been losing market share in both equity AUM (from 4.8% at the end of FY22 to 4.3% at end-H1FY24) and total AUM (5.9% to 5.6%). The company reported net outflows of Rs 37bn in Q2FY24 as against net inflows of Rs 102bn in Q1FY24 and Rs 66bn in Q2FY23. Net flows, especially in the high-yield equity and hybrid schemes, thus remain a key monitorable.

We extend our projections for UTI AMC to FY26 and now model for an AUM CAGR of 12% with a net profit CAGR of 16% over FY23-FY26. We roll valuations forward to Mar'26E and continue to value the stock at an unchanged 17x P/E – a 15% discount to mean. Following the rollover, our TP rises to Rs 920 (from Rs 835) and carries 11% upside – we maintain HOLD as we balance positives from a sizeable AUM base and differentiated non-mutual fund business against softer equity flows and market share.

Fig 13 – 1Y fwd P/E band

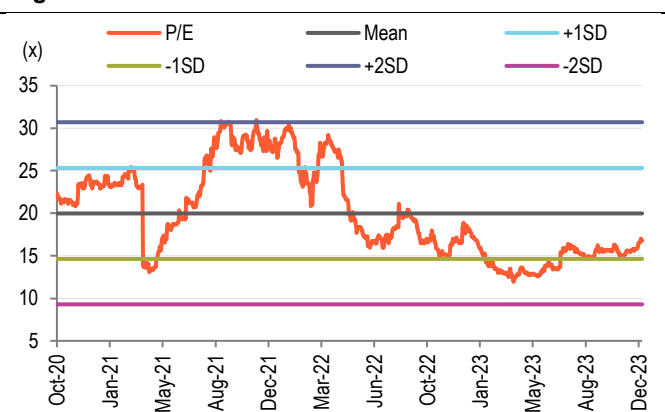
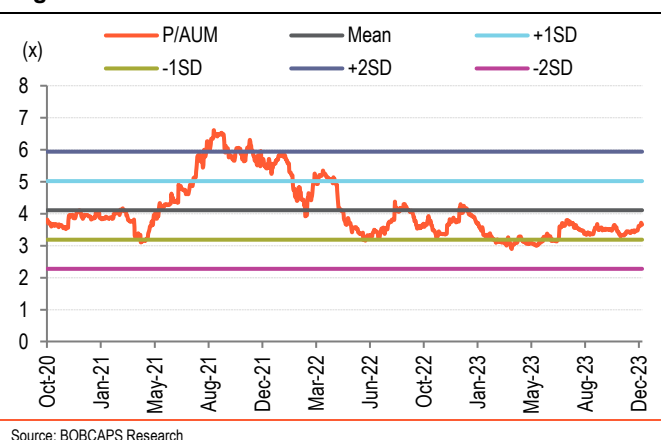


Fig 14 – 1Y fwd P/AUM band



Q2FY24 – Earnings call highlights

- UTI AMC's QAAUM totalled Rs 2.7tn at end-Q2FY24, rising 14% YoY. Equity QAAUM grew 9% YoY to Rs 783bn whereas hybrid assets increased 11% to Rs 230bn.
- The company saw a decline in both overall and equity market share. Management asserted that it has a detailed strategy to regain ground which includes repositioning well-performing equity schemes.
- UTI AMC reported net outflows of Rs 37bn in Q2 with the high-yield equity and hybrid segments collectively falling by ~Rs 3bn due to poor scheme performance.
- Equity yield was stable at 72-73bps in Q2, hybrid funds earned 84bps, ETF and index fund 4bps, cash and arbitrage 8bps and income funds (debt) 22bps. Net profit contracted 10% YoY to Rs 1.8bn due to a decline in total income coupled with higher operating expenses.

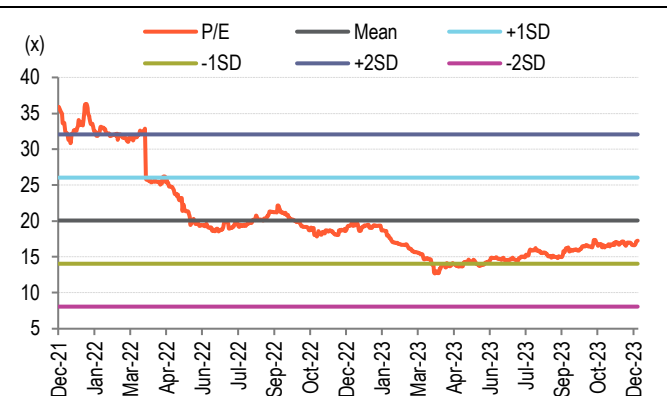
ABSL AMC – HOLD, TP Rs 497

ABSL AMC has maintained its #6 ranking by AUM at end-Q2FY24 but continues to cede market share. In equity AUM, the company's share has dropped from 6.4% at the end of FY22 to 5.2% at end-H1FY24, and in overall AUM, it saw a decline from 7.7% to 6.4%.

Management has announced remedial measures to shore up its positioning, such as (i) improving scheme performance, (ii) making senior hires to drive the broader investment process (recently recruited a Co-CIO Equity), and (iii) offering greater responsibilities to experienced internal talent. We maintain our HOLD rating as we await delivery of sustainable equity AUM growth and consistent market share gains.

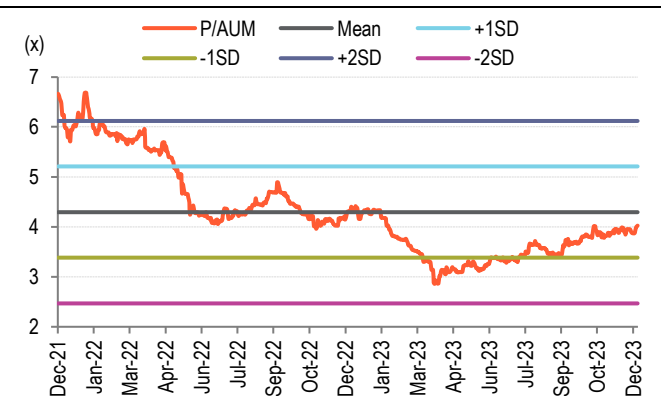
Our TP stands revised to Rs 497 (vs. Rs 440) as we roll valuations over to Mar'26E while assigning the stock an unchanged target P/E multiple of 17x, a 15% discount to the long-term mean. We introduce FY26 estimates in this note, baking in an 11.5% AUM CAGR and 12.3% PAT CAGR for ABSL AMC over FY23-FY26.

Fig 15 – 1Y fwd P/E band



Source: Bloomberg, BOBCAPS Research

Fig 16 – 1Y fwd P/AUM band



Source: Bloomberg, BOBCAPS Research

Q2FY24 – Earnings call highlights

- ABSL AMC's QAAUM grew 10% YoY to Rs 3.1tn at end-Q2FY24. In equity QAAUM, it registered its best annual growth in the last five quarters at 9% YoY to Rs 1.3tn (42% of the total). Passive AUM soared 68% YoY to Rs 284bn.
- Yield on the equity segment was rangebound at ~70bps for Q2 while dipping to 55-60bps for new flows. Yield on debt flows was stable at 24-25bps.
- Total income stayed flat YoY at Rs 3.9bn and PAT declined 7% YoY to Rs 1.8bn.
- The distribution mix was stable with the direct channel accounting for 42% share, mutual fund distributors 32% and the banking channel 9%.

Key risks for the sector

- **Decline in AUM growth due to increased competition:** The top fund houses are witnessing intense competitive pressure that has eroded market share for most of them over the past five years. Higher competition coupled with new entrants could dampen AUM growth and hurt revenue.
- **Prolonged weakness in equity markets:** Equity assets constitute a significant portion of AUM. Thus, a decline in Indian equity markets would cause AUM to decline directly, as the value of the underlying securities fall, and indirectly as securities investments become less attractive for investors, resulting in net outflows or redemptions. Any decrease in AUM will impact fees and hence net profit.
- **Regulatory risks:** AMCs are regulated by SEBI and could be adversely affected in case of unfavourable policy changes. For instance, if the regulator mandates a further cut in TER, yields could reduce further.
- **Covid-like disruptions:** While Covid-related lockdowns are unlikely to be unduly harsh in future, we believe that any lockdowns/disruptions due to any pandemic/virus mutations would be a risk to retail customer acquisition and could also result in higher redemptions.

Glossary

Glossary			
AUM	Assets Under Management	MF	Mutual Fund
AAAUM	Average Annual Assets Under Management	MTM	Mark to Market
B30	Beyond the Top 30 cities	ND	National Distributor
CSR	Corporate Social Responsibility	NFO	New Fund Offer
ETF	Exchange Traded Fund	QAAUM	Quarterly Average Assets Under Management
IFA	Investment Financial Advisor	SEBI	Securities and Exchange Board of India
MAAUM	Monthly Average Assets Under Management	SIP	Systematic Investment Plan
MFD	Mutual Fund Distributor	TER	Total Expense Ratio

Stock performance

Fig 17 – ABSLAMC

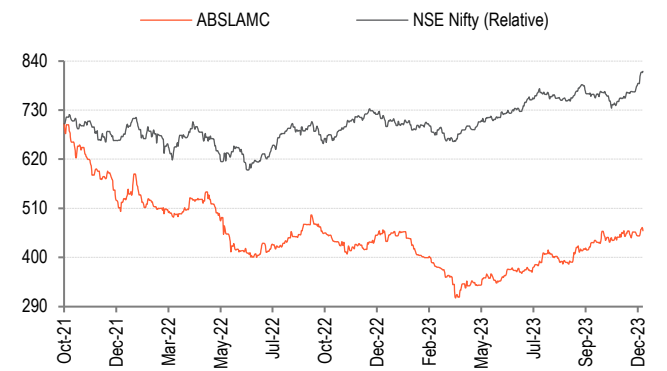


Fig 18 – HDFCAMC

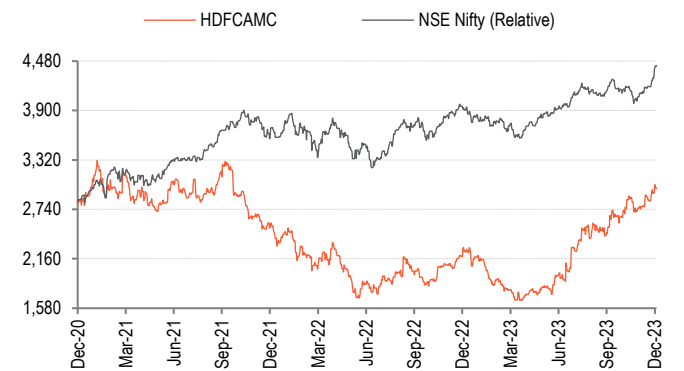
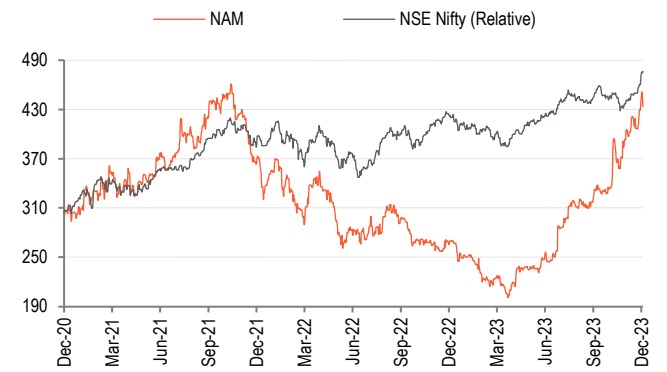
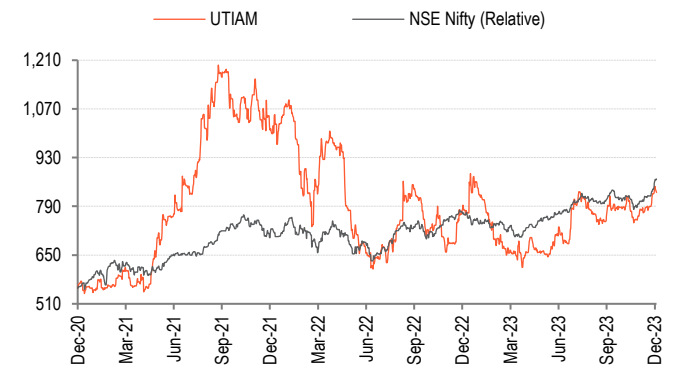


Fig 19 – NAM



Source: NSE

Fig 20 – UTIAM



Financials – ABSLAMC

Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Investment mgmt. fees	12,930	12,266	13,256	14,353	15,980
YoY (%)	21.1	(5.1)	8.1	8.3	11.3
Operating expenses	4,733	5,216	5,957	6,229	6,735
Core operating profits	8,196	7,050	7,299	8,124	9,246
Core operating profits growth (%)	36.4	(14.0)	3.5	11.3	13.8
Depreciation and Interest	405	382	391	429	472
Core PBT	7,791	6,668	6,908	7,695	8,774
Core PBT growth (%)	39.6	(14.4)	3.6	11.4	14.0
Other income	1,156	1,271	2,523	2,300	2,524
PBT	8,947	7,939	9,431	9,995	11,298
PBT growth (%)	28.6	(11.3)	18.8	6.0	13.0
Tax	2,219	1,975	2,377	2,519	2,847
Tax rate (%)	24.8	24.9	25.2	25.2	25.2
Reported PAT	6,728	5,964	7,054	7,477	8,451

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Equity capital	1,440	1,440	1,440	1,440	1,440
Reserves & surplus	20,525	23,730	26,552	29,542	32,500
Net worth	21,965	25,170	27,992	30,982	33,940
Borrowings	0	0	0	0	0
Other liab. & provisions	2,383	2,711	4,104	4,960	5,285
Total liab. & equities	24,347	27,881	32,095	35,942	39,225
Cash & bank balance	22,189	24,858	29,393	33,430	36,676
Fixed & Other assets	1,853	2,603	2,702	2,513	2,549
Total assets	24,347	27,881	32,095	35,942	39,225

Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24E	FY25E	FY26E
EPS	23.3	20.7	24.4	25.9	29.3
Dividend per share	11.5	10.3	14.7	15.6	19.1
Book value per share	76.0	87.2	96.9	107.3	117.5

Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24E	FY25E	FY26E
P/E	19.7	22.3	18.8	17.8	15.7
P/BV	6.0	5.3	4.7	4.3	3.9
Dividend yield (%)	2.5	2.2	3.2	3.4	4.1

DuPont Analysis

Y/E 31 Mar (bps of AAAUM)	FY22A	FY23A	FY24E	FY25E	FY26E
Operating income	43.7	44.6	42.4	41.6	41.9
Operating expenses	16.0	19.0	19.0	18.1	17.7
EBITDA	31.6	30.2	31.4	30.2	30.9
Depreciation and Others	1.4	1.4	1.3	1.2	1.2
Core PBT	26.3	24.2	22.1	22.3	23.0
Other income	3.9	4.6	8.1	6.7	6.6
PBT	30.2	28.8	30.1	29.0	29.6
Tax	7.5	7.2	7.6	7.3	7.5
ROAAAUM	22.7	21.7	22.5	21.7	22.2

Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
YoY growth (%)					
Investment mgmt. fees	21.1	(5.1)	8.1	8.3	11.3
Core operating profit	36.4	(14.0)	3.5	11.3	13.8
EPS	27.5	(11.3)	18.3	6.0	13.0
Profitability & Return ratios (%)					
Operating income to Total inc.	91.8	90.6	84.0	86.2	86.4
Cost to Core income ratio	36.6	42.5	44.9	43.4	42.1
EBITDA margin	66.4	61.5	62.2	62.6	63.6
Core PBT margin	55.3	49.3	43.8	46.2	47.4
PBT margin (on total inc.)	63.5	58.6	59.8	60.0	61.1
ROE	34.5	25.3	26.5	25.4	26.0
Dividend payout ratio	49.2	49.6	60.0	60.0	65.0

Annual Average AUM

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
AAAUM (Rs bn)	2,958	2,752	3,129	3,448	3,814
YoY Growth (%)	9.9	(7.0)	13.7	10.2	10.6
% of AAAUM					
Equity	41	42	42	42	42
Debt	43	38	38	38	37
Liquid	16	18	18	18	18
Others	0	1	2	2	2

Source: Company, BOBCAPS Research

Financials – HDFCAMC

Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Investment mgmt. fees	21,154	21,668	25,344	29,639	33,166
YoY (%)	14.2	2.4	17.0	16.9	11.9
Operating expenses	5,154	5,489	6,522	7,238	7,990
Core operating profits	15,999	16,179	18,822	22,402	25,176
Core operating profits growth (%)	9.3	1.1	16.3	19.0	12.4
Depreciation and Interest	625	630	605	722	834
Core PBT	15,375	15,549	18,217	21,680	24,343
Core PBT growth (%)	9.8	1.1	17.2	19.0	12.3
Other income	3,178	3,158	5,380	5,005	5,535
PBT	18,553	18,706	23,597	26,685	29,877
PBT growth (%)	6.1	0.8	26.1	13.1	12.0
Tax	4,622	4,467	5,899	6,671	7,469
Tax rate (%)	24.9	23.9	25.0	25.0	25.0
Reported PAT	13,931	14,239	17,698	20,013	22,408

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Equity capital	1,066	1,067	1,067	1,067	1,067
Reserves & surplus	54,234	60,017	65,326	71,330	78,053
Net worth	55,300	61,084	66,393	72,398	79,120
Borrowings	0	0	0	0	0
Other liab. & provisions	3,503	4,281	5,729	7,040	8,583
Total liab. & equities	58,804	65,365	72,123	79,437	87,703
Cash & bank balance	55,783	60,832	68,660	76,033	84,131
Fixed & Other assets	2,714	4,229	3,462	3,404	3,572
Total assets	58,804	65,365	72,123	79,437	87,703

Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24E	FY25E	FY26E
EPS	65.3	66.7	82.9	93.8	105.0
Dividend per share	42.0	48.0	58.1	65.7	73.5
Book value per share	259.2	286.3	311.1	339.3	370.8

Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24E	FY25E	FY26E
P/E	45.7	44.8	36.0	31.8	28.4
P/BV	11.5	10.4	9.6	8.8	8.1
Dividend yield (%)	1.4	1.6	1.9	2.2	2.5

DuPont Analysis

Y/E 31 Mar (bps of AAAUM)	FY22A	FY23A	FY24E	FY25E	FY26E
Operating income	49.0	48.2	46.9	47.2	45.8
Operating expenses	11.9	12.2	12.1	11.5	11.0
EBITDA	42.0	42.6	35.8	38.6	37.8
Depreciation and Others	1.4	1.4	1.1	1.1	1.2
Core PBT	35.6	34.6	33.7	34.5	33.6
Other income	7.4	7.0	10.0	8.0	7.6
PBT	42.9	41.6	43.7	42.5	41.3
Tax	10.7	9.9	10.9	10.6	10.3
ROAAAUM	32.2	31.7	32.8	31.9	30.9

Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
YoY growth (%)					
Investment mgmt. fees	14.2	2.4	17.0	16.9	11.9
Core operating profit	9.3	1.1	16.3	19.0	12.4
EPS	4.9	5.1	2.2	24.3	13.1
Profitability & Return ratios (%)					
Operating income to Total inc.	86.9	87.3	82.5	85.6	85.7
Cost to Core income ratio	24.4	25.3	25.7	24.4	24.1
EBITDA margin	78.8	77.9	78.8	79.1	79.4
Core PBT margin	63.2	62.6	59.3	62.6	62.9
PBT margin (on total inc.)	76.2	75.3	76.8	77.0	77.2
ROE	27.0	24.5	27.8	28.8	29.6
Dividend payout ratio	64.3	71.9	70.0	70.0	70.0

Annual Average AUM

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
AAAUM (Rs bn)	4,321	4,498	5,401	6,276	7,242
YoY Growth (%)	4.0	4.1	20.1	16.2	15.4
% of AAAUM					
Equity	46	52	56	58	59
Debt	33	26	25	24	23
Liquid	16	16	13	12	11
Others	5	6	6	7	7

Source: Company, BOBCAPS Research

Financials – NAM

Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Investment mgmt. fees	13,066	13,498	15,542	18,048	20,609
YoY (%)	23.0	3.3	15.1	16.1	14.2
Operating expenses	5,159	5,551	6,253	6,827	7,637
Core operating profits	7,907	7,947	9,289	11,221	12,972
Core operating profits growth (%)	41.8	0.5	16.9	20.8	15.6
Depreciation and Interest	310	338	355	385	423
Core PBT	7,597	7,610	8,935	10,836	12,549
Core PBT growth (%)	46.1	0.2	17.4	21.3	15.8
Other income	2,290	1,668	3,519	2,923	3,340
PBT	9,887	9,277	12,454	13,759	15,889
PBT growth (%)	12.7	(6.2)	34.2	10.5	15.5
Tax	2,453	2,048	3,113	3,440	3,972
Tax rate (%)	24.8	22.1	25.0	25.0	25.0
Reported PAT	7,434	7,229	9,340	10,319	11,917

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Equity capital	6,228	6,234	6,232	6,232	6,232
Reserves & surplus	28,558	28,922	30,323	31,871	33,658
Net worth	34,786	35,156	36,555	38,103	39,890
Borrowings	0	0	0	0	0
Other liab. & provisions	3,179	3,453	4,052	5,164	6,489
Total liab. & equities	37,965	38,609	40,606	43,267	46,379
Cash & bank balance	32,801	32,959	35,520	38,737	42,271
Fixed & Other assets	4,784	5,444	5,087	4,530	4,108
Total assets	37,965	38,609	40,606	43,267	46,379

Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24E	FY25E	FY26E
EPS	11.8	11.5	14.9	16.5	19.0
Dividend per share	11.0	11.5	12.8	14.1	16.3
Book value per share	55.2	56.1	58.3	60.8	63.6

Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24E	FY25E	FY26E
P/E	36.7	37.6	29.1	26.3	22.8
P/BV	7.9	7.7	7.4	7.1	6.8
Dividend yield (%)	2.5	2.7	2.9	3.2	3.8

DuPont Analysis

Y/E 31 Mar (bps of AAAUM)	FY22A	FY23A	FY24E	FY25E	FY26E
Operating income	46.1	46.1	42.4	41.5	40.2
Operating expenses	18.2	18.9	17.1	15.7	14.9
EBITDA	36.0	32.8	35.0	32.5	31.8
Depreciation and Others	1.1	1.2	1.0	0.9	0.8
Core PBT	26.8	26.0	24.4	24.9	24.5
Other income	8.1	5.7	9.6	6.7	6.5
PBT	34.9	31.7	34.0	31.6	31.0
Tax	8.7	7.0	8.5	7.9	7.8
ROAAAUM	26.2	24.7	25.5	23.7	23.3

Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
YoY growth (%)					
Investment mgmt. fees	23.0	3.3	15.1	16.1	14.2
Core operating profit	41.8	0.5	16.9	20.8	15.6
EPS	62.9	8.3	(2.3)	29.2	10.5
Profitability & Return ratios (%)					
Operating income to Total inc.	85.1	89.0	81.5	86.1	86.1
Cost to Core income ratio	39.5	41.1	40.2	37.8	37.1
EBITDA margin	66.4	63.4	67.2	67.4	68.1
Core PBT margin	49.5	50.2	46.9	51.7	52.4
PBT margin (on total inc.)	64.4	61.2	65.3	65.6	66.3
ROE	22.6	20.7	26.1	27.6	30.6
Dividend payout ratio	93.2	99.7	85.0	85.0	85.0

Annual Average AUM

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
AAAUM (Rs bn)	2,832	2,930	3,664	4,349	5,122
YoY Growth (%)	23.9	3.5	25.0	18.7	17.8
% of AAAUM					
Equity	42	44	47	47	48
Debt	26	18	19	19	18
Liquid	12	13	10	9	8
Others	20	24	24	25	26

Source: Company, BOBCAPS Research

Financials – UTIAM

Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Investment mgmt. fees	11,190	11,310	12,061	13,201	14,371
YoY (%)	38.7	1.1	6.6	9.5	8.9
Operating expenses	6,211	6,550	6,963	7,453	8,027
Core operating profits	4,979	4,760	5,098	5,748	6,344
Core operating profits growth (%)	77.2	(4.4)	7.1	12.8	10.4
Depreciation and Interest	460	495	518	540	578
Core PBT	4,519	4,265	4,581	5,208	5,766
Core PBT growth (%)	90.5	(5.6)	7.4	13.7	10.7
Other income	2,084	1,587	4,152	3,097	3,393
PBT	6,603	5,853	8,732	8,305	9,159
PBT growth (%)	9.4	(11.4)	49.2	(4.9)	10.3
Tax	1,256	1,459	2,178	2,071	2,284
Tax rate (%)	19.0	24.9	24.9	24.9	24.9
Reported PAT	5,347	4,393	6,555	6,234	6,875

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Equity capital	1,270	1,270	1,270	1,270	1,270
Reserves & surplus	34,932	37,409	40,358	43,164	46,257
Net worth	36,316	38,678	41,628	44,433	47,527
Borrowings	0	0	0	0	0
Other liab. & provisions	3,515	3,071	3,429	3,582	3,779
Total liab. & equities	39,830	41,749	45,057	48,015	51,306
Cash & bank balance	33,930	36,051	38,131	40,813	44,066
Fixed & Other assets	5,379	5,201	6,435	6,716	6,759
Total assets	39,830	41,749	45,057	48,015	51,306

Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24E	FY25E	FY26E
EPS	42.0	34.4	51.6	49.1	54.1
Dividend per share	21.0	22.0	28.4	27.0	29.8
Book value per share	285.0	304.6	327.8	349.9	374.3

Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24E	FY25E	FY26E
P/E	19.8	24.1	16.1	16.9	15.3
P/BV	2.9	2.7	2.5	2.4	2.2
Dividend yield (%)	2.5	2.7	3.4	3.3	3.6

DuPont Analysis

Y/E 31 Mar (bps of AAAUM)	FY22A	FY23A	FY24E	FY25E	FY26E
Operating income	50.0	47.4	44.7	44.0	43.1
Operating expenses	27.7	27.4	25.8	24.9	24.1
EBITDA	31.6	26.6	34.3	29.5	29.2
Depreciation and Others	2.1	2.1	1.9	1.8	1.7
Core PBT	20.2	17.9	17.0	17.4	17.3
Other income	9.3	6.6	15.4	10.3	10.2
PBT	29.5	24.5	32.3	27.7	27.5
Tax	5.6	6.1	8.1	6.9	6.9
ROAAAUM	23.9	18.4	24.3	20.8	20.6

Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
YoY growth (%)					
Investment mgmt. fees	38.7	1.1	6.6	9.5	8.9
Core operating profit	77.2	(4.4)	7.1	12.8	10.4
EPS	82.0	7.7	(17.9)	49.9	(4.9)
Profitability & Return ratios (%)					
Operating income to Total inc.	84.3	87.7	74.4	81.0	80.9
Cost to Core income ratio	55.5	57.9	57.7	56.5	55.9
EBITDA margin	53.2	49.2	57.1	54.3	54.8
Core PBT margin	34.0	33.1	28.3	32.0	32.5
PBT margin (on total inc.)	49.7	45.4	53.9	51.0	51.6
ROE	15.5	11.7	16.3	14.5	15.0
Dividend payout ratio	50.0	63.9	55.0	55.0	55.0

Annual Average AUM

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
AAAUM (Rs bn)	2,238	2,388	2,700	2,998	3,333
YoY Growth (%)	22.4	6.7	13.1	11.0	11.2
% of AAAUM					
Equity	43	40	38	37	37
Debt	8	10	10	10	10
Liquid	21	16	14	14	13
Others	28	35	37	39	40

Source: Company, BOBCAPS Research

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