RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 3,200 | ▲ 17%

HDFC AMC | AMC | 16 July 2026

Steady quarter, margins moderate on cost ramp-up

- **HDFC AMC reported steady operating performance, while margins declined due to higher employee costs and other expenses**
- **QAAUM grew 12.9% YoY and 0.8% QoQ to Rs 9,351 bn. Equity AUM was up 15.7% YoY (1.5% QoQ), debt AUM declined 2.6% YoY (-5.7% QoQ)**
- **We maintain BUY on HDFCAMC with TP of Rs 3,200 (earlier Rs 3,175), implying 36x Jun'28E EPS. HDFC AMC remains to be our top picks**

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Steady operating performance: HDFC AMC reported core earnings revenue growth of 13.6% YoY (4.6% QoQ). EBITDA came in at Rs 8,504 mn with a 10% YoY/0.6% QoQ growth while margins stood at 77.3% against 79.8% in Q1FY26. This was primarily led by increased growth in employee benefit expenses (31.5% YoY due to increased year end increments given to employees and ESOP cost) and other expenses (21.7% YoY mainly because of higher CSR and technology expenses). The company's PAT grew by 12% YoY (34.4% QoQ) owing to MTM gains in other income.

Marginal uptick in yields: Overall revenue yields stood at 47bps vs 45bps in Q4FY26. Equity yields came in at 58bps while active equity yields stood at 61 bps. Debt and liquid yields came in at 28 bps and 13 bps respectively. The management highlighted uptick in yields is partly due to higher equity share in product mix and the accounting change from TER to BER regulations which got effective in April 26.

QAAUM crosses Rs 9,351 bn: HDFCAMC's QAAUM grew 12.9% YoY and 0.8% QoQ to Rs 9,351 bn, continuing to maintain its position as 3rd largest AMC. Equity AUM was up 15.7% YoY (1.5% QoQ), with its market share stable at 13%, primarily due to continued broad-based improvement in fund performance. Debt AUM declined by 2.6% YoY (-5.7% QoQ) due to redemptions by investors on account of increased volatility in rupee, interest rates, crude prices. However, overall market share continued to be stable at 11% in Q1FY27. With respect to TER, management plans to offset the impact on the P/L by commissions rationalisation and prudent cost management. Management expressed confidence in sustained industry growth over the medium to long term, supported by continued strength in SIP inflows and rising investor participation.

Maintain BUY: HDFC AMC remains well positioned to deliver steady growth, supported by its strong franchise, high equity mix, and superior profitability, which together justify its premium valuation. We expect PAT to grow at 15.6% CAGR over FY27–29E. We maintain BUY with TP of Rs 3,200 (Rs 3,175 earlier), valuing the stock at 36x its Jun'28E EPS. HDFCAMC remains to be our top picks.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	HDFCAMC IN/Rs 2,729
Market cap	US$ 12.3bn
Free float	37%
3M ADV	US$ 27.7mn
52wk high/low	Rs 2,967/Rs 2,206
Promoter/FPI/DII	63%/8%/18%

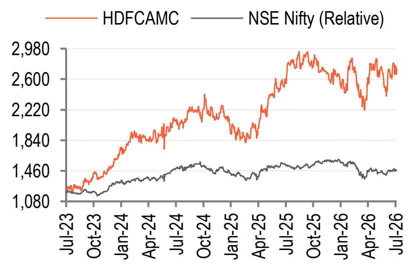
Source: NSE | Price as of 15 Jul 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Core PBT (Rs mn)	32,091	35,893	41,726
Core PBT (YoY)	17.8	11.8	16.3
Adj. net profit (Rs mn)	28,581	32,023	37,199
EPS (Rs)	66.8	74.3	87.5
Consensus EPS (Rs)	66.8	76.3	88.4
MCap/AAAUM (%)	14.5	12.7	11.0
ROAAAUM (bps)	35.4	34.9	34.9
ROE (%)	32.9	33.6	36.5
P/E (x)	40.9	36.7	31.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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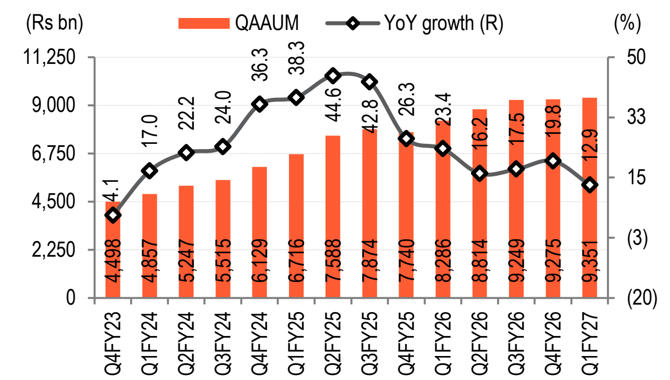
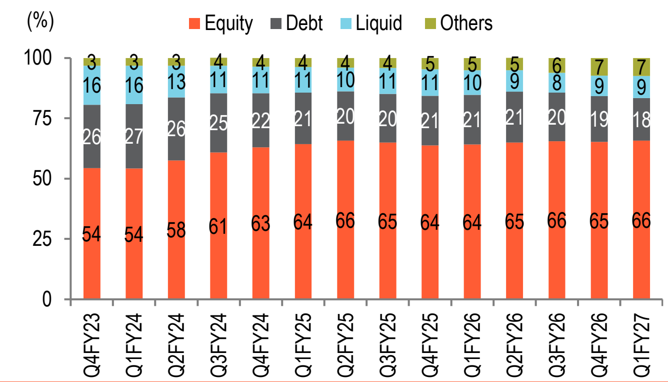
Fig 1 – QAAUM grew by 12.9% in Q1FY27



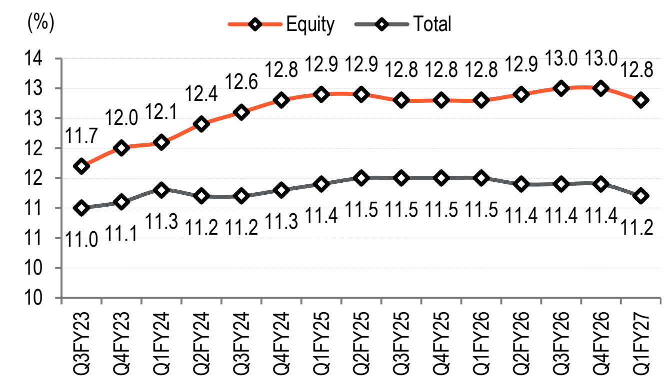
Source: Company, BOBCAPS Research

Fig 2 – Equity mix remained stable over the past quarters



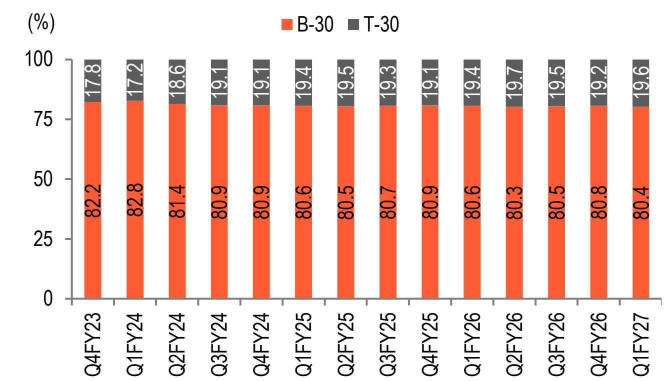
Source: Company, BOBCAPS Research

Fig 3 – Market share remains at similar levels at 11%



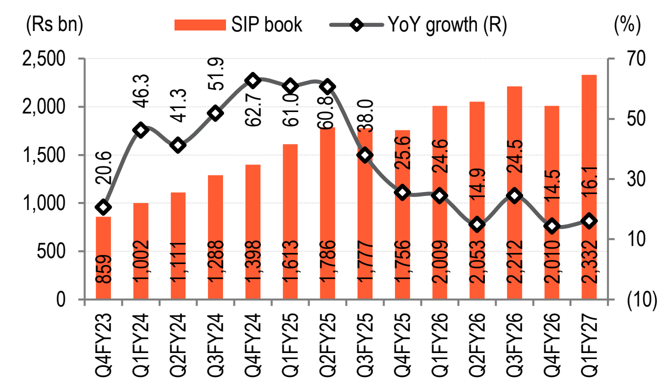
Source: Company, BOBCAPS Research

Fig 4 – B-30 mix improved to 19.6%



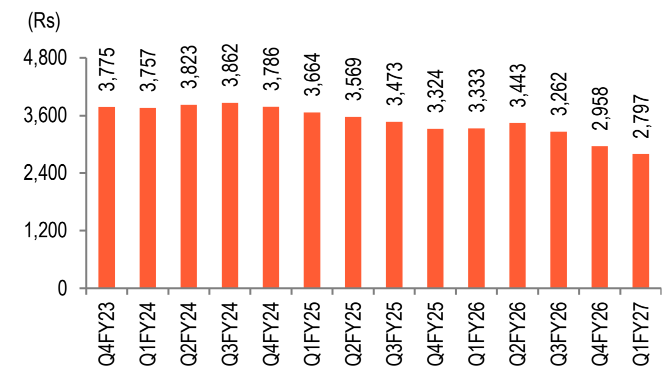
Source: Company, BOBCAPS Research

Fig 5 – SIP book stood at Rs 2,332 bn with monthly flows reaching Rs 48.1 bn



Source: Company, BOBCAPS Research

Fig 6 – Trend in average ticket size



Source: Company, BOBCAPS Research

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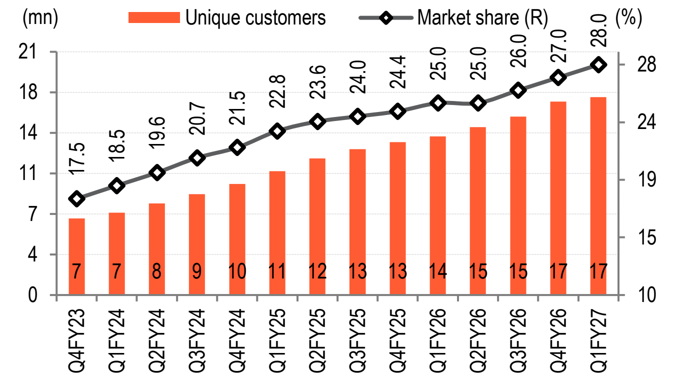
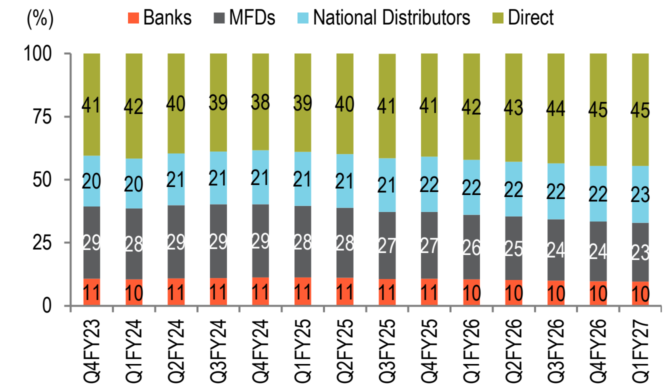
Fig 7 – Unique investors' market share continues to improve with investors reaching 17.1 mn



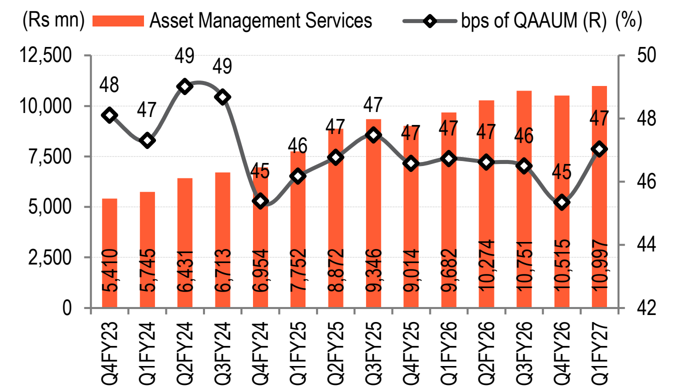
Source: Company, BOBCAPS Research

Fig 8 – Direct channel mix stands at 45% of total AUM



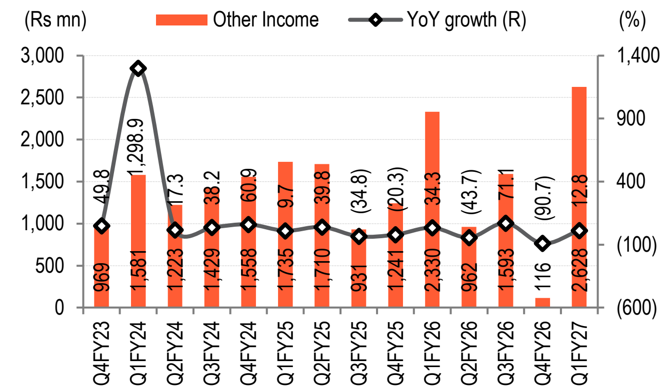
Source: Company, BOBCAPS Research

Fig 9 – Asset Management services revenue came in at Rs 10,997 mn; YoY growth of 13.6%



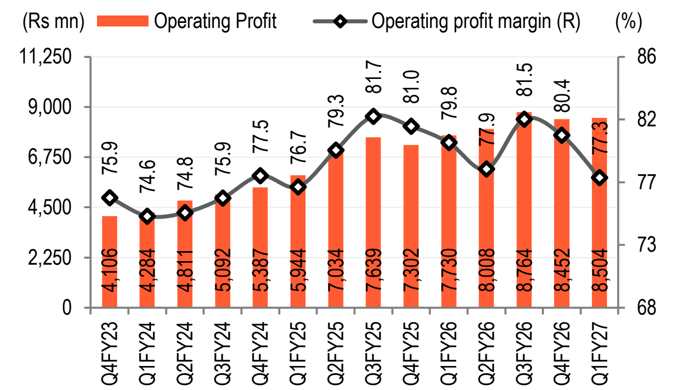
Source: Company, BOBCAPS Research

Fig 10 – Other Income improved to Rs 2,628 mn on account of MTM gains



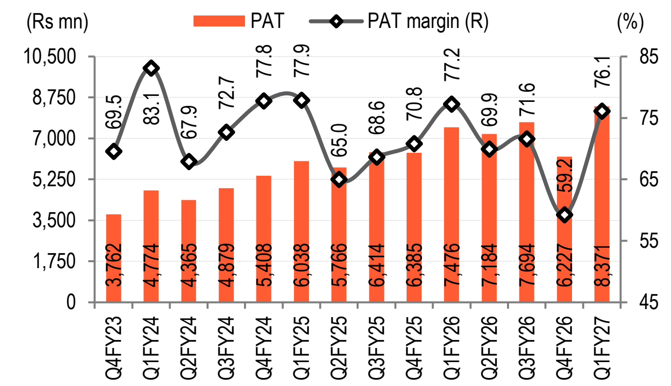
Source: Company, BOBCAPS Research

Fig 11 – Operating profit margin declined due to increased employee expenses



Source: Company, BOBCAPS Research

Fig 12 – PAT grew 12% primarily due to MTM gains



Source: Company, BOBCAPS Research

Fig 13 – Quarterly result snapshot

(Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Total Revenue					
Asset Management Services	10,997	9,682	13.6	10,515	4.6
Other Income	2,628	2,330	12.8	116	2,175.7
Total Income	**13,626**	**12,012**	**13.4**	**10,631**	**28.2**
QAAUM	93,51,000	82,86,000	12.9	92,75,000	0.8
Yields as % of QAAUM (bps)	47.0	46.7	0bps	45.4	2bps
Yields as % of QAAUM (bps) (total revenue)	58.3	58.0	0bps	45.8	12bps
Expenses					
Fees and Commission Expenses	30	16	94.8	27	14.0
Employee Benefits Expenses	1,436	1,092	31.5	1,254	14.5
Other Expenses	1,027	844	21.7	783	31.2
Total Operating Expenses	**2,493**	**1,951**	**27.8**	**2,064**	**20.8**
Fees and Commission Expenses as % of QAAUM (bps)	0.1	0.1	0bps	0.1	0bps
Employee Benefits Expenses as % of QAAUM (bps)	6.1	5.3	1bps	5.4	1bps
Other Expenses as % of QAAUM (bps)	4.4	4.1	0bps	3.4	1bps
Total Operating Expenses as % of QAAUM (bps)	10.7	9.4	1bps	8.9	2bps
EBITDA	**8,504**	**7,730**	**10.0**	**8,452**	**0.6**
EBITDA Margin (%)	77.3	79.8	(251bps)	80.4	(304bps)
Depreciation, Amortisation and Impairment	205	173	18.8	194	5.7
Finance Costs	37	31	21.2	37	0.5
Impairment on Financial Instruments	-	-		-	
Profit Before Tax	**10,890**	**9,857**	**10.5**	**8,336**	**30.6**
Tax Expense					
Current Tax	2,452	2,215		2,126	
Deferred Tax	67	166		(17)	
Total Tax Expense	**2,519**	**2,381**	**5.8**	**2,109**	**19.4**
Tax Rate (%)	23.1	24.2		25.3	
Profit After Tax	**8,371**	**7,476**	**12.0**	**6,227**	**34.4**
As % of QAAUM (bps)	35.8	36.1	(0bps)	26.9	9bps
Core PAT	**6,351**	**5,708**	**11.3**	**6,140**	**3.4**

Source: Company, BOBCAPS Research

Fig 14 – Quarterly result snapshot

(Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
QAAUM					
Equity	57,40,000	49,63,000	15.7	56,57,000	1.5
Debt	16,58,000	17,02,000	(2.6)	17,58,000	(5.7)
Liquid	8,51,000	8,48,000	0.4	7,85,000	8.4
ETF	4,33,000	2,01,000	115.4	4,22,000	2.6
Others	6,69,000	5,72,000	17.0	6,53,000	2.5
Total	**93,51,000**	**82,86,000**	**12.9**	**92,75,000**	**0.8**
Market Share (%)	11.2	11.5	(30bps)	11.4	(20bps)
QAAUM Mix (%)					
Equity	65.7	64.2	150bps	65.2	50bps
Debt	17.7	20.5	(280bps)	19.0	(130bps)
Liquid	9.1	10.2	(110bps)	8.5	60bps
Others	7.4	5.0	240bps	7.3	10bps
Total	**100**	**100**		**100**	

Source: Company, BOBCAPS Research

Fig 15 – Quarterly result snapshot

	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Number of live individual accounts (Rs mn)	21	24	(13.3)	30	(30.2)
Individual MAAUM (Rs bn)	6,520	5,955	9.5	6,150	6.0
Unique Investors (mn)	17	14	24.8	17	2.4
Systematic Transactions (Rs bn)	48	40	20.0	49	(1.4)
SIP AUM (Rs bn)	2,332	2,009	16.1	2,010	16.0
B-30 share in AUM (%)	19.6	19.4	20bps	19.2	40bps
Geographical Spread (%)					
T-30	80.4	80.6	(20bps)	80.8	(40bps)
B-30	19.6	19.4	20bps	19.2	40bps

Source: Company, BOBCAPS Research

Key takeaways

Financial performance

- Overall QAAUM grew 12.9% YoY to Rs 9.4 trn, while equity-oriented AUM reached Rs 5.7 trn.
- Asset Management services revenue grew 13.6% for Q1FY27 at Rs 10,997 mnn.
- Operating margin came in at 77.3% vs 79.8% in Q1FY26 and 80.4% in Q4FY26. The margin decrease was mainly due to increased employee cost (due to ESOP cost and increments given to employees) and other expenses. Increase in other expenses was mainly on account of increased CSR expenses and technology spends.
- CSR expenses in Q1FY27 were higher than the CSR expenses done in Q1FY26 and Q4FY26.
- ESOPs for FY27 is expected to be at Rs 790-800 mn, Rs 630 mn for FY28, Rs 410 mn for FY29 and Rs 110 mn for FY30.
- Systematic transactions continued being robust, with monthly SIP and STP flows reaching Rs 48.1 bn in June 2026.
- The company's penetration reached 28% of unique investors, up from 25%, reflecting higher growth in folios and unique investors compared to the industry.

Product Mix

- The ratio of equity and non-equity oriented QAAUM is 66:34, compared to the industry ratio of 57:43 as of Q1FY27.
- Debt AUM declined by 2.6% YoY (-5.7% QoQ) due to redemptions by investors on account of increased volatility in rupee, interest rates, crude prices. However, increment inflows are seen in liquid fund.
- Yields for the quarter stood at: Equity: 58 bps (61 bps for only equity schemes), Debt: 28 bps, Liquid: 13 bps.
- Yields on discretionary PMS are similar to that of equity yields.

- Yields on AIF range from 80-90 bps, depending on the product.

PMS and Alternatives

- On the PMS side, the company has received a large mandate from Government of India.
- A marquee global investor has committed USD 50 mn to seed the venture capital fund.
- Management views the alternatives business as a long-term strategic opportunity requiring upfront investment in talent and infrastructure.

Others

- With respect to TER, management plans to offset the impact by commissions rationalisation and prudent cost management
- The company closed its private credit fund this quarter and have recently got an approval to launch a second fund on venture capital private equity side.
- On the SIF front, the company has received approval for its first fund called HSIF equity long short fund which will be launched in the near term. The company plans to eventually build whole suite of SIF products.
- The company currently has a team of 40+ mutual fund investment professionals with most fund managers having 20-25+ years of experience, 6 in PE/VC, 6 in private credit, and 8 in PMS.

Valuation Methodology

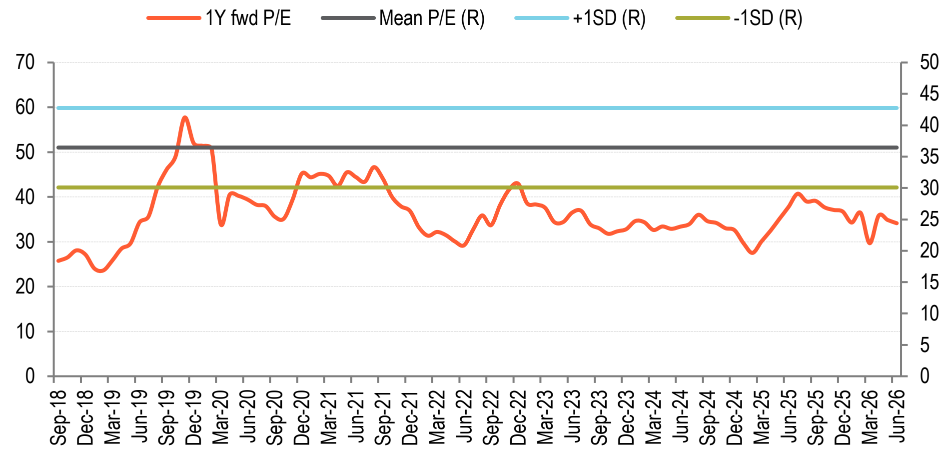
HDFC AMC remains well positioned to deliver steady growth, supported by its strong franchise, high equity mix, and superior profitability, which together justify its premium valuation. We expect PAT to grow at 15.6% CAGR over FY27–29E. We maintain BUY with TP of Rs 3,200 (Rs 3,175 earlier), valuing the stock at 36x its Jun'28E EPS. HDFCAMC remains to be our top picks.

Fig 16 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Total revenue	52,800	60,366	68,879	52,151	60,228	68,685	1.2	0.2	0.3
Operating profit	36,851	42,764	48,855	36,277	42,069	47,892	1.6	1.7	2.0
PAT	32,023	37,199	42,829	32,649	37,354	42,795	(1.9)	(0.4)	0.1

Source: BOBCAPS Research

Fig 17 – P/E chart



Source: Company, BOBCAPS Research

Key Risks

Key downside risks to our estimates are:

- Equity market correction
- Shifts in regulatory landscape
- Intensifying industry competition

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Investment mgmt. fees	**34,984**	**41,222**	**47,134**	**53,845**	**61,027**
YoY (%)	35.4	17.8	14.3	14.2	13.3
Operating expenses	7,066	8,268	10,283	11,080	12,172
Core operating profits	27,919	32,953	36,851	42,764	48,855
Core operating profits growth (%)	42.6	18.0	11.8	16.0	14.2
Depreciation and Interest	680	862	958	1,038	1,157
Core PBT	27,239	32,091	35,893	41,726	47,698
Core PBT growth (%)	43.7	17.8	11.8	16.3	14.3
Other income	5,617	5,000	5,665	6,521	7,852
PBT	32,856	37,092	41,559	48,247	55,550
PBT growth (%)	32.7	12.9	12.0	16.1	15.1
Tax	8,254	8,511	9,536	11,049	12,721
Tax rate (%)	25.1	22.9	22.9	22.9	22.9
Reported PAT	**24,602**	**28,581**	**32,023**	**37,199**	**42,829**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Equity capital	1,069	2,142	2,142	2,142	2,142
Reserves & surplus	80,231	90,145	96,270	1,03,384	1,11,575
Net worth	81,300	92,287	98,412	1,05,526	1,13,717
Borrowings	-	-	-	-	-
Other liab. & provisions	6,207	7,627	7,759	7,825	7,921
Total liab. & equities	**87,507**	**99,914**	**1,06,171**	**1,13,351**	**1,21,638**
Cash & bank balance	82,966	94,167	99,820	1,06,328	1,13,641
Other assets	4,540	5,747	6,352	7,023	7,996
Total assets	**87,507**	**99,914**	**1,06,171**	**1,13,351**	**1,21,638**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
EPS	57.6	66.8	74.3	87.5	101.3
Dividend per share	45.0	54.0	60.5	70.2	80.9
Book value per share	189.8	215.5	229.8	246.4	265.5

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
P/E	47.4	40.9	36.7	31.2	26.9
P/BV	14.4	12.7	11.9	11.1	10.3
Dividend yield (%)	1.6	2.0	2.2	2.6	3.0

DuPont Analysis

Y/E 31 Mar (bps of AAAUM)	FY25A	FY26A	FY27E	FY28E	FY29E
Operating income	51.1	51.0	51.3	50.5	48.5
Operating expenses	10.3	10.2	11.2	10.4	9.7
EBITDA	40.8	40.8	40.1	40.1	38.9
Depreciation and Others	1.0	1.1	1.0	1.0	0.9
Core PBT	39.8	39.7	39.1	39.1	37.9
Other income	8.2	6.2	6.2	6.1	6.2
PBT	48.0	45.9	45.2	45.3	44.2
Tax	12.1	10.5	10.4	10.4	10.1
ROAAAUM	35.9	35.4	34.9	34.9	34.1

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Investment mgmt. fees	35.4	17.8	14.3	14.2	13.3
Core operating profit	42.6	18.0	11.8	16.0	14.2
EPS	26.5	16.0	12.0	16.2	15.1
Profitability & Return ratios (%)					
Operating inome to Total inc.	86.2	89.2	89.3	89.2	88.6
Cost to Core income ratio	20.2	20.1	21.8	20.6	19.9
EBITDA margin	79.8	79.9	78.2	79.4	80.1
Core PBT margin	77.9	77.9	76.2	77.5	78.2
PBT margin (on total inc.)	80.9	80.2	78.7	79.9	80.6
ROE	32.4	32.9	33.6	36.5	39.1
Dividend payout ratio	78.2	80.9	80.9	80.9	80.9

Annual Average AUM

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
AAAUM (Rs bn)	6,847	8,084	9,185	10,659	12,572
YoY Growth (%)	30.6	18.1	13.6	16.0	18.0
% of AAAUM					
Equity	67	66	66	67	68
Debt	21	19	18	17	15
Liquid	8	7	7	6	6
Others	5	7	9	10	11

Source: Company, BOBCAPS Research

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

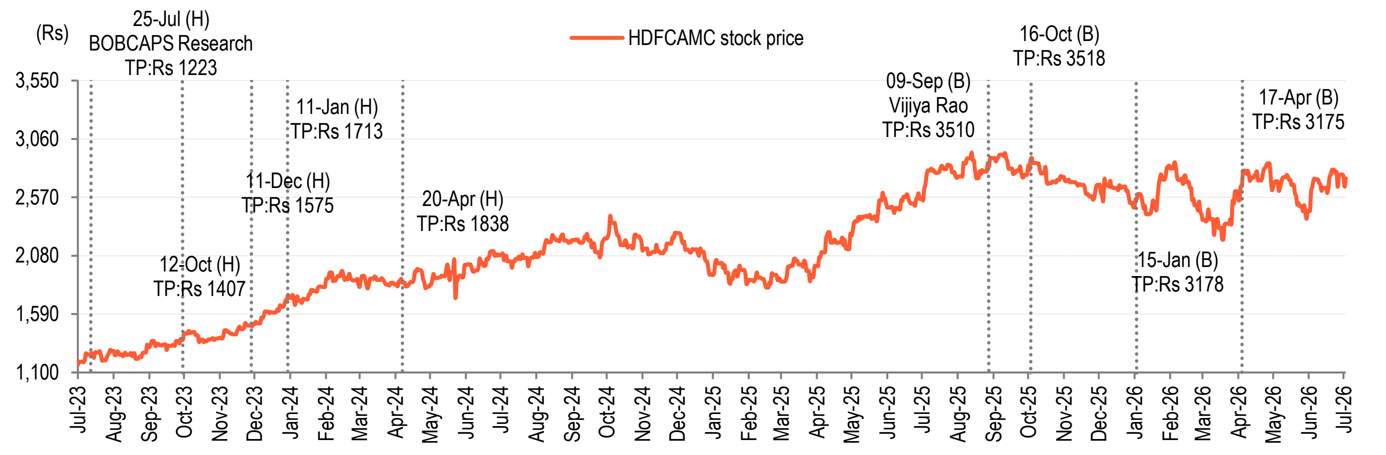
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): HDFC AMC (HDFCAMC IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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