



Jan-Mar'25 Earnings Preview

April 8, 2025

Volatile equity markets may drag earnings

Industry MAAuM as at Feb'25 stood at Rs67.6trn and equity/debt share was 53.4%/16%. Equity flows continue to remain strong; excluding NFOs, Jan'25 and Feb'25 together saw net flows of Rs702bn compared to Rs1,207bn in Q3FY25. Equity QAAuM growth is likely to decline in Q4FY25 by 4.0-4.5% due to equity correction in Jan'25 & Feb'25; industry QAAuM de-grew by 1.7% QoQ to Rs67.4trn (+3.6% QoQ in Q3FY25), while closing equity AuM (incl. bal) saw a QTD de-growth of 9.3% in Feb'25.

We expect AMCs in our coverage to see equity QAAuM de-growth of 4.3% QoQ (+2.3% in Q3FY25). Equity QAAuM growth for NAM/HDFC could de-grow by 5.1%/3.6% QoQ, respectively (+3.7%/2.2% QoQ in Q3FY25), due to equity market correction in Q4FY25. Core income for our coverage AMCs could decline by 4.5% QoQ. Due to global uncertainty and likely impact of US tariffs on global demand and GDP, equity markets could remain volatile. Hence, we turn cautious on the AMC space for the near term though over the medium to long term we remain constructive.

- **Equity QAAuM to decline by 4.3% QoQ led by NAM and HDFC AMC:** Coverage AMCs would see QAAuM decline of 2.4% QoQ to Rs16.7trn; HDFC AMC/NAM/UTI could see a decline of ~1.9%/2.2%/4.0% QoQ. Equity QAAuM for HDFC/NAM/UTI could decline by ~3.6%/5.1%/5.0% to Rs4.6/2.5/1.2trn.
- **Revenue yields may remain flat QoQ:** Yield compression due to fall in equity QAAuM share may be offset by (1) positive yield impact due to telescopic pricing as QAAuM declined QoQ and (2) commission rationalization. We see revenue for our coverage AMCs to decrease by 2.6% QoQ to Rs18.5bn.
- **Opex to increase QoQ:** We expect opex to rise 1.6% QoQ led by an increase in other staff cost (+1.9% QoQ) and other opex (+1.2% QoQ). NAM is likely to see a higher rise in other opex (+2.9% QoQ) as against HDFCAMC and UTI.
- **Core profitability to decline QoQ:** Flattish revenue yields and increased opex could result in a fall in core income yields to 29.7bps from 30.4bps in Q3FY25.
- **Tax rate could increase impacting core PAT:** Tax rate for coverage AMCs is expected to increase from 23.6% to 24.7% in Q4FY25. Hence, core PAT yields might see a downtick to 22.4bps from 23.2bps in Q3FY25.

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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	3,831	819	BUY	BUY	4,700	4700	22.7%	23.8	35.1	31.1	27.9	27.4	27.8	27.2	25.6
NAM India	545	346	BUY	BUY	725	725	33.0%	17.7	28.1	25.9	22.8	21.3	20.1	18.9	17.7
UTI AMC	1,035	132	BUY	BUY	1,320	1320	27.5%	15.2	15.0	12.3	9.5	12.8	15.3	14.6	14.2

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

Exhibit 2: Q4FY25 AMCs Results Preview

Rs Million	Revenue	QoQ	YoY	Opex	QoQ	YoY	Core PAT	QoQ	YoY
HDFC AMC	9,169	-1.9%	31.8%	1,886	0.7%	9.7%	5,463	-4.3%	30.9%
NAM India	5,711	-2.9%	22.0%	2,178	2.9%	16.8%	2,650	-6.6%	2.7%
UTI AMC	3,603	-4.0%	13.4%	2,013	1.0%	-0.5%	1,225	-11.4%	27.6%
Total	18,483	-2.6%	24.8%	6,076	1.6%	8.4%	9,337	-5.9%	21.1%

Rs Billion	QAAuM	QoQ	YoY	Equity QAAuM	QoQ	YoY	Core RoAAuM	QoQ	YoY
HDFC AMC	7,726	-1.9%	26.0%	4,641	-3.6%	26.1%	28.3bps	-0.7bps	1.1bps
NAM India	5,572	-2.2%	29.1%	2,541	-5.1%	30.4%	19.0bps	-0.9bps	-4.9bps
UTI AMC	3,397	-4.0%	16.9%	1,223	-5.0%	10.4%	14.4bps	-1.2bps	1.2bps
Total	16,695	-2.4%	25.1%	8,405	-4.3%	24.8%	22.4bps	-0.8bps	-0.7bps

Source: Company, PL

Exhibit 3: Q4FY25 Result Preview

Company Name		Q4FY25E	Q4FY24	YoY gr. (%)	Q3FY25	QoQ gr. (%)	Remark
HDFC AMC	Revenue (Rs mn)	9,169	6,954	31.8	9,344	-1.9	
	Yield (%)	0.47	0.45	2.1bps	0.47	0.0bps	Overall QAAuM might decline by 1.9% QoQ. Yields may remain flattish QoQ. A fall in share of equity in QAAuM mix may
	Opex (Rs mn)	1,886	1,718	9.7	1,872	0.7	
	Opex (%)	0.10	0.11	-1.4bps	0.10	0.3bps	offset the positive impact on yields due to telescoping pricing and commission rationalization.
	Core Income (Rs mn)	7,283	5,236	39.1	7,472	-2.5	
	Operating Yield (%)	0.38	0.34	3.5bps	0.38	-0.3bps	
	PAT (Rs mn)	5,838	5,411	7.9	6,415	-9.0	Opex as a % of QAAuM might remain flattish due to operating leverage.
	Core PAT (Rs mn)	5,463	4,172	30.9	5,706	-4.3	
	AAuM (Rs bn)	7,726	6,130	26.0	7,874	-1.9	ROAAuM might decline by 2.4bps.
ROAAuM (%)	0.30	0.35	-5.1bps	0.33	-2.4bps		
NAM-India	Revenue (Rs mn)	5,711	4,683	22.0	5,879	-2.9	
	Yield (%)	0.41	0.43	-2.4bps	0.41	-0.3bps	
	Opex (Rs mn)	2,178	1,865	16.8	2,116	2.9	Overall QAAuM might de-grow by 2.2% QoQ, while yields might fall slightly due to decline in share of equity in QAAuM mix.
	Opex (%)	0.16	0.17	-1.7bps	0.15	0.8bps	
	Core Income (Rs mn)	3,533	2,818	25.4	3,763	-6.1	
	Operating Yield (%)	0.25	0.26	-0.8bps	0.26	-1.0bps	Opex as a % of QAAuM could increase slightly QoQ.
	PAT (Rs mn)	2,687	3,426	-21.6	2,953	-9.0	
	Core PAT (Rs mn)	2,650	2,581	2.7	2,836	-6.6	ROAAuM might decline by 1.4bps.
	AAuM (Rs bn)	5,572	4,314	29.1	5,699	-2.2	
ROAAuM (%)	0.19	0.32	-12.5bps	0.21	-1.4bps		
UTI AMC	Revenue (Rs mn)	3,603	3,177	13.4	3,754	-4.0	
	Yield (%)	0.42	0.44	-1.3bps	0.42	0.0bps	We expect revenue to de-grow by 4% QoQ. Yields may remain flat QoQ due to decline in share of equity in QAAuM mix
	Opex (Rs mn)	2,013	2,024	-0.5	1,993	1.0	
	Opex (%)	0.24	0.28	-4.1bps	0.23	1.2bps	offset by positive impact on yields on account of telescoping pricing.
	Core Income (Rs mn)	1,591	1,153	37.9	1,761	-9.7	
	Operating Yield (%)	0.19	0.16	2.9bps	0.20	-1.2bps	
	PAT (Rs mn)	1,379	1,814	-24.0	1,736	-20.6	Operating yields could decline by 1.2bps;
	Core PAT (Rs mn)	1,225	960	27.6	1,382	-11.4	
	AAuM (Rs bn)	3,397	2,907	16.9	3,539	-4.0	ROAAuM might decline by 3.4bps.
ROAAuM (%)	0.16	0.25	-8.7bps	0.20	-3.4bps		

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	4,700	4,700	0.0%	39.0	39.0	0.2%	42.9	42.6	0.6%	8.5	8.5	0.1%	9.5	9.4	0.5%	23.2	23.2	0.2%	25.4	25.2	0.6%
NAM India	BUY	BUY	725	725	0.0%	24.1	25.4	-5.0%	26.9	28.9	-6.9%	9.1	9.4	-3.2%	10.0	10.4	-3.3%	11.6	12.3	-6.0%	13.0	14.3	-9.0%
UTI AMC	BUY	BUY	1,320	1,320	0.0%	15.9	16.2	-1.7%	17.9	17.9	0.0%	8.7	9.1	-4.2%	9.7	10.1	-3.9%	5.7	5.6	1.5%	6.5	6.2	5.1%

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	1,900	1,705
2	Axis Bank	BUY	1,350	1,038
3	Bank of Baroda	BUY	285	222
4	Can Fin Homes	BUY	860	708
5	City Union Bank	BUY	200	171
6	DCB Bank	BUY	155	117
7	Federal Bank	BUY	210	180
8	HDFC Asset Management Company	BUY	4,450	3,763
9	HDFC Bank	BUY	1,950	1,666
10	ICICI Bank	BUY	1,550	1,209
11	IndusInd Bank	Hold	1,000	901
12	Kotak Mahindra Bank	BUY	2,230	1,759
13	LIC Housing Finance	BUY	650	558
14	Nippon Life India Asset Management	BUY	725	653
15	State Bank of India	BUY	900	754
16	Union Bank of India	BUY	140	120
17	UTI Asset Management Company	BUY	1,320	1,296

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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