

April 17, 2025

RESULT REPORT Q4 FY25 | Sector: Asset Managers

HDFC Asset Management

Overall revenue yield remains stable

Our view – Revenue yield remains stable despite decline in equity share

Revenue Yield - Revenue yield stable on sequential basis: Overall calculated revenue yield has been broadly stable sequentially at 47 bps. The share of equity in total AUM declined -110 bps QoQ to 63.8%. The share of direct channel in equity AUM inched up to 27.8% in March 2025 as against 25% in March 2024. The management fees for the company is the same in direct schemes and regular schemes.

Operating Expenses - Expenses as % of AUM was under control aided by rise in AUM: The other operating expense for the quarter was Rs 726mn, down -2.0% QoQ but up by 5.1% YoY. The total expense for FY25 was 10bps of overall AUM but the management said that the same is aided by a rapid rise in AUM. While the management did not guide on expenses, they will maintain prudence in overall spends.

We maintain 'ADD' rating on HDFC AMC with a revised price target of Rs 4890: We value HDFC AMC at 37x FY27 P/E, with the implied P/B being 11.0x.

(See Comprehensive call takeaways on page 2 for significant incremental colour.)

Other Highlights (See "Our View" above for elaboration and insight)

- Revenue:** Revenue from operations at Rs 9,012mn was down/up -3.5%/29.6% QoQ/YoY, leading the de-growth/growth in QAAUM of -1.7%/26.3% QoQ/YoY
- Share of Equity in AUM:** Share of Equity in AUM (including Hybrid funds) at 63.8% was down -110 bps QoQ but up 80 bps YoY
- Share of B-30 in AUM:** Share of B-30 in AUM at 19.1% was down -20 bps QoQ but flat YoY
- Channel mix:** Share of Banks, MFDs, NDs and Direct channel was 13.0%, 33.6%, 25.6% and 27.8%, respectively in Equity QAAUM
- Operating profit margin:** Operating profit margin for the quarter, at 81.1%, was down -71 bps QoQ but up 354 bps YoY

Exhibit 1: Result table

Rs. Mn	Q4 FY25	Q4 FY24	YoY	Q3 FY25	QoQ
Revenue from operation	9,012	6,954	29.6%	9,344	-3.5%
As % of QAAUM [^]	0.47%	0.45%	1bps	0.47%	-1bps
Fees and Commission Exp.	10	7	53.0%	11	-3.8%
As % of revenues	0.1%	0.1%	2bps	0.1%	0bps
Employee Benefit Expenses	968	864	12.0%	949	2.0%
As % of revenues	10.7%	12.4%	-168bps	10.2%	59bps
Other Expenses	726	691	5.1%	741	-2.0%
As % of revenues	8.1%	9.9%	-188bps	7.9%	13bps
Total Expenses	1,705	1,562	9.2%	1,701	0.2%
Operating Profit	7,308	5,393	35.5%	7,643	-4.4%
As % of QAAUM [^]	0.38%	0.35%	3bps	0.39%	-1bps
As % of revenues	81.1%	77.5%	354bps	81.8%	-71bps
Other Income	1,238	1,555	-20.4%	927	33.5%
Finance Cost	26	23	12.1%	22	16.6%
Depreciation	166	133	24.7%	149	11.7%
Profit before Tax	8,353	6,791	23.0%	8,400	-0.5%
Tax Expense	1,966	1,380	42.5%	1,985	-0.9%
Tax Rate	23.5%	20.3%	322bps	23.6%	-9bps
Profit After Tax	6,387	5,411	18.0%	6,415	-0.4%
As % of QAAUM [^]	0.3%	0.4%	-2bps	0.3%	0bps
As % of revenues	70.9%	77.8%	-693bps	68.7%	222bps

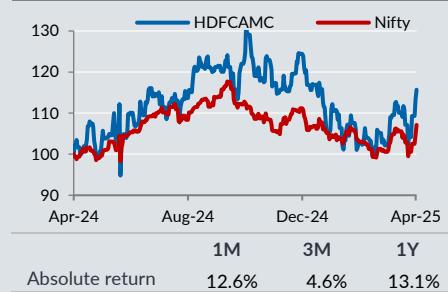
Source: Company, YES Sec-Research, ^Annualised

Recommendation	:	ADD
Current price	:	Rs 4,216
Target price	:	Rs 4,890
Potential return	:	+16%

Stock data (as on April 17, 2025)

Nifty	23,852
52 Week h/l (Rs)	4864 / 3416
Market cap (Rs/USD mn)	883628 / 10352
Outstanding Shares (mn)	214
6m Avg t/o (Rs mn):	1,931
Div yield (%):	1.8
Bloomberg code:	HDFC AMC IN
NSE code:	HDFC AMC

Stock performance



Shareholding pattern (As of Mar'25 end)

Promoter	52.5%
FII+DII	38.5%
Others	9.0%

△ in stance

(1-Yr)	New	Old
Rating	ADD	ADD
Target Price	4890	4485

Financial Summary

Rs mn	FY25	FY26E	FY27E
Net Revenue	34,980	38,811	43,005
YoY Growth	35.4%	11.0%	10.8%
EBIDTA Margin	79.9%	79.7%	79.6%
PAT	24,611	25,541	28,144
YoY Growth	26.5%	3.8%	10.2%
ROE	32.3%	30.2%	30.8%
EPS (Rs)	115.0	119.5	131.6
P/E (x)	36.7	35.3	32.0
BV (Rs)	380.5	410.3	443.2
P/BV (x)	11.1	10.3	9.5

△ in earnings estimates

Rs.	FY25E	FY26E	FY27E
EPS (New)	NA	119.5	131.6
EPS (Old)	NA	114.8	126.7
% change	NA	4.1%	3.9%

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COMPREHENSIVE CON-CALL TAKEAWAYS

Revenue yield

- The management fees for the company is the same in direct schemes and regular schemes.
- The revenue yields for Q1, Q2, Q3 and Q4 of FY25 was 46.3 bps, 46.4 bps, 47 bps and 47.2 bps, respectively.
- The equity AAUM mix for Q1, Q2, Q3 and Q4 of FY25 was 64.3%, 65.7%, 64.9% and 63.8%, respectively.
- **Segmental yield for the quarter**
 - Equity – 58 bps
 - Debt – 28 bps
 - Liquid – 12 bps

Alternatives Business

- The company has committed significant capital in seeding its Cat-II AIF FoF which is the first initiative in the alternate platform.
- The company has received the approval to launch Cat-II credit fund and it will soon be launched.

Thematic Funds

- Thematic funds are a very small part of the company's equity portfolio.

ESOP

- The company is seeking approval from shareholders for 2.5mn ESOPs including performance stock units (PSUs) which will be allocated over a time in future.
- In FY20, the company had secured approval to allocate 3.2mn shares to its employees.
- Of this, 2.3mn have been granted by NRC till now and balance 0.9 mn are being cancelled.
- **Vesting**
 - Earlier scheme had a vesting period spread equally over 3 years.
 - The new scheme will have deferred vesting- 10% in 1st year, 20% in 2nd year, 30% in 3rd year and 40% in 4th year.

Specialised Investment Fund (SIF)

- The regulatory framework for SIF is now in place.
- The company is actively evaluating potential opportunities in this space and the team is working on the same.

SIP business

- The number of contributing SIP accounts for the industry was 82.7mn in December 2024 and 81.1mn in March 2025.
- The systematic transactions for the company have declined from Rs. 38.2bn for December 2024 to Rs. 36.5 bn in March 2025.
- **Reason for Decline**
 - The decline in systematic transaction is attributable to STP.

(Con call takeaways continue on the next page)

- STPs are higher in value and hence, the ticket size of systematic transactions has also declined.
- The decline in SIP flow for the company between December 2024 and March 2025 has been lower than the industry decline of -2%.

Channel aspects

- Own offices
 - The company has opened 25 new branches in January 2025 and 50 new branches in the last 15 months.
 - The total branch count for the company is now at 280 with 196 offices beyond T-30 cities.
- Direct channel
 - The share of direct channel has increased to 27.8% in March 2025 vs 25% in March 2024.
 - The increase in direct share is driven by fintech platforms, RIAs and large family offices.

Effective tax rate

- The effective tax rate for FY25 was 25.1% as against 21.5% for FY24.
- Reason for Increase
 - The company creates deferred tax liability on MTM gains and the capital gain tax was increased in the current budget.
- Guidance
 - The tax rate of the company is now close to the corporate tax rate.

Key underlying business figures

- Total AUM
 - The total QAAUM for the AMC amounted to Rs. 7,740 bn, accounting for a market share of 11.5%
- Equity AUM
 - Actively-managed equity oriented QAAUM was Rs 4,609 bn, accounting for a market share of 12.8%
 - Equity oriented assets was 64% of QAAUM for Q4 as against the industry average of 56%.
- Debt AUM
 - The debt QAAUM is up 16% YoY.
 - The market share in debt mutual funds was 13.1% on QAAUM
- Liquid fund AUM
 - The market share in liquid funds was 12.5% on QAAUM
- Individual investors
 - Live Individual investors were at 23.17mn as of March 2025, up by 43% YoY
 - As of March 2025, Individual investor's share was stable at 70% in total MAAUM, higher than industry average of 60%
 - The company had a market share of 13.2% on individual monthly average AUM for March 2025

(Con call takeaways continue on the next page)

- **Unique investors**
 - The company has added 3.5mn new investors in FY25 vs 9.7mn for the industry
 - Unique investors grew from 9.6mn as of March 2024 to 13.2mn as of March 2025
 - The market share in unique investors was 24% as of March 2025
- **Systematic transactions**
 - The company processed Transactions 10.98mn systematic transactions for March 2024
 - The value of systematic transactions totaled to Rs 36.5bn for March 2025, up by around 24% YoY
 - SIP AUM was at Rs 1,756bn as of March 2025
- **Digital transactions**
 - The share of digital transactions was 94%.

GIFT City Operations

- The company had launched 3 funds under its GIFT city operations in Q3FY25 and has seen good traction.

Financial aspects

- **Revenue**
 - The revenue for FY25 was at Rs 34.98bn, up by 35% YoY
 - The revenue in 4QFY25 was at Rs 9.01bn, up by 29.6% YoY
- **Operating Expense**
 - **Other Operating Expense**
 - The other operating expense for the quarter Rs 726mn, down by -2.0% QoQ but up by 5.1% YoY.
 - The total expense for FY25 has been 10bps of overall AUM and is aided by rapid rise in AUM.
- **Other income**
 - Other income was higher sequentially primarily due to MTM gain on debt MF investment arising from recent rate cuts.
- **Operating Profit**
 - The operating profit for FY25 was Rs. 27.26 bn, up 43% YoY.
 - The operating profit in 4QFY25 was Rs. 7.12 bn, up 36% YoY.
 - The operating profit to AUM margin for FY25 was at 36bps.

Dividend

- The board has recommended a dividend of Rs. 90 per share as against Rs. 70 per share in FY24.
- The dividend payout ratio for FY25 was 78%
- The company has distributed almost all of the realized operating post-tax profit (excluding MTM in other income).

Exhibit 2: Other Business Parameters

Rs. Mn	Q4FY25	Q4FY24	YoY	Q3FY25	QoQ
Quarterly Average AUM	7,739,981	6,129,049	26.3%	7,874,336	-1.7%
Market Share	11.5%	11.3%	20bps	11.5%	0bps
Systematic Transactions*	36,500	29,300	24.6%	38,200	-4.5%
SIP AUM	1,756,000	1,398,000	25.6%	1,777,000	-1.2%
Equity AUM Market Share (Actively managed)	12.8%	12.8%	0bps	12.8%	0bps
AUM Mix (Rs mn)					
Equity	4,938,108	3,861,301	27.9%	5,110,444	-3.4%
Debt	1,586,696	1,366,778	16.1%	1,590,616	-0.2%
Liquid	851,398	674,195	26.3%	842,554	1.0%
Others	363,779	226,775	60.4%	330,722	10.0%
AUM Mix (% proportion)					
Equity	63.8%	63.0%	80bps	64.9%	-110bps
Debt	20.5%	22.3%	-180bps	20.2%	30bps
Liquid	11.0%	11.0%	0bps	10.7%	30bps
Others	4.7%	3.7%	100bps	4.2%	50bps
Channel Mix, Equity AUM (% proportion)					
Banks	13.0%	13.1%	-10bps	13.1%	-10bps
HDFC Bank	7.3%	7.6%	-30bps	7.5%	-20bps
MFDs	33.6%	37.0%	-340bps	34.4%	-80bps
National Distributors	25.6%	24.9%	70bps	25.4%	20bps
Direct	27.8%	25.0%	280bps	27.1%	70bps
Geographical Spread					
T-30	80.9%	80.9%	0bps	80.7%	20bps
B-30	19.1%	19.1%	0bps	19.3%	-20bps

Source: Company, YES Sec – Research, *Includes Systematic Investment Plan (SIP) and Systematic Transfer Plan (STP) and the data is for the last month of the quarter

Exhibit 3: Quarterly Actuals Vs Estimates

Q4FY25 (Rs. mn)	Actuals	Estimates	Diff, %
Revenue	9,012	9,483	(5.0)
EBITDA	7,308	7,707	(5.2)
PAT	6,387	6,345	0.7

Source: Company, YES Sec – Research

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Exhibit 4: Balance sheet statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Share Capital	1,067	1,067	1,069	1,069	1,069
Total Reserves	60,017	69,723	80,272	86,658	93,694
Shareholder's Funds	61,084	70,791	81,341	87,727	94,763
Trade Payables	356	388	396	439	486
Other Current Liabilities	3,616	4,171	5,395	6,323	6,864
Short Term Provisions	310	226	404	404	404
Total Current Liabilities	4,281	4,785	6,195	7,166	7,754
Total Liabilities and Equity	65,365	75,576	87,536	94,893	102,517
Net Block	1,505	1,513	1,970	2,220	2,470
Intangible Assets	21	9	4	4	4
Other Non Current Assets	732	766	819	859	902
Total Non-Current Assets	2,259	2,287	2,792	3,083	3,376
Currents Investments	60,792	71,900	82,889	88,635	94,968
Sundry Debtors	1,837	933	1,332	1,478	1,637
Cash and Bank	40	112	128	1,249	2,029
Other Current Assets	312	212	278	305	336
Short Term Loans and Advances	126	132	118	142	170
Total Current Assets	63,107	73,288	84,744	91,809	99,140
Total Assets	65,365	75,576	87,536	94,893	102,517

Source: Company, YES Sec – Research

Exhibit 5: Profit & Loss statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Operating Income	21,668	25,844	34,980	38,811	43,005
Fees and Commission	37	25	39	42	48
Employee Expense	3,127	3,535	3,883	4,310	4,784
Other Expenses	2,326	2,670	3,119	3,524	3,947
Total Expenses	5,489	6,229	7,040	7,876	8,778
Operating Profit	16,179	19,615	27,940	30,935	34,226
Other Income	3,158	5,781	5,602	4,199	4,486
Depreciation	533	523	584	710	790
Finance Cost	97	91	94	94	94
Profit before Tax	18,706	24,782	32,864	34,329	37,828
Tax	4,467	5,323	8,254	8,788	9,684
Net Profit	14,239	19,459	24,611	25,541	28,144

Source: Company, YES Sec – Research

Exhibit 6: Cash flow statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
PBT	18,706	24,782	32,864	34,329	37,828
Depreciation	533	523	584	710	790
Finance Cost	97	91	94	94	94
Other Income	(2,722)	(5,273)	(5,278)	(4,199)	(4,486)
Change in working cap	(1,020)	1,374	(325)	733	326
Tax paid	(4,102)	(5,297)	(7,173)	(8,788)	(9,684)
Cash flow from operations	11,493	16,200	20,767	22,880	24,869
Capex	(140)	(185)	(447)	(960)	(1,040)
investments	(2,398)	(5,636)	(5,760)	(5,747)	(6,332)
Others	356	353	204	4,199	4,486
Cash flow from investments	(2,182)	(5,467)	(6,003)	(2,508)	(2,887)
Interest Expenses	(97)	(91)	(94)	(94)	(94)
Dividend (incl tax)	(8,959)	(10,247)	(14,951)	(19,156)	(21,108)
Others	(244)	(324)	294	0	0
Cash flow from financing	(9,299)	(10,662)	(14,751)	(19,250)	(21,202)
Net change in cash	13	71	14	1,121	780

Source: Company, YES Sec – Research

Exhibit 7: Change in annual estimates

Y/e 31 Mar (Rs mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	NA	38,811	43,005	NA	38,411	42,563	NA	1.0	1.0
Operating Profit	NA	30,935	34,226	NA	30,294	33,515	NA	2.1	2.1
Profit After Tax	NA	25,541	28,144	NA	24,510	27,040	NA	4.2	4.1

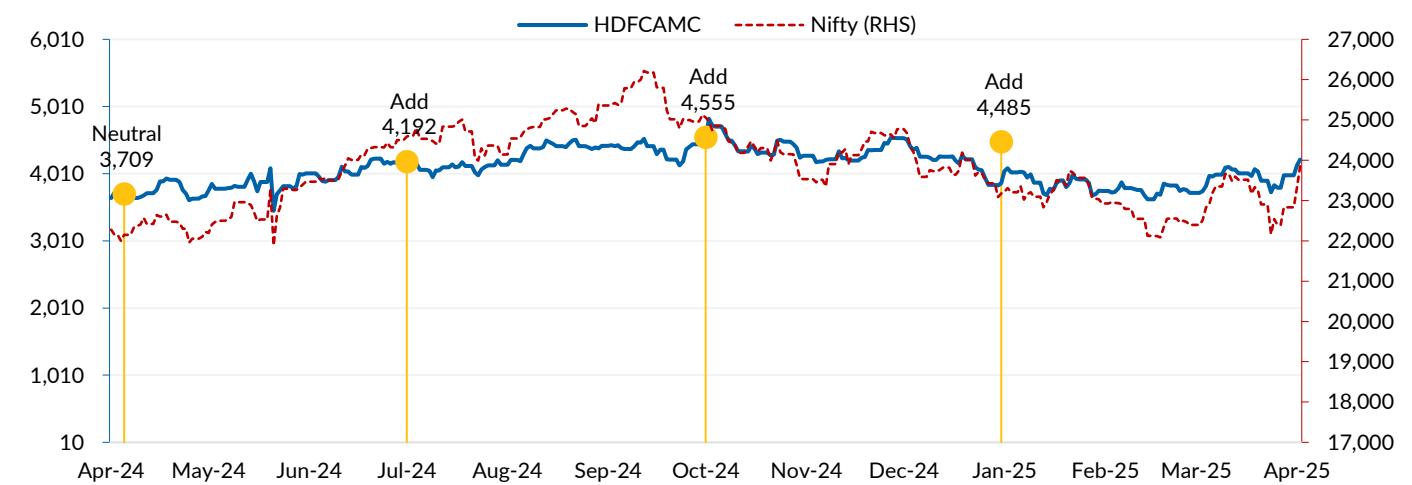
Source: Company, YES Sec – Research

Exhibit 8: Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25	FY26E	FY27E
Growth ratios (%)					
AAUM	0.2%	25.1%	37.6%	12.7%	12.8%
Management Fees	2.7%	19.4%	35.1%	11.0%	10.8%
PMS & Advisory Fees	-50.3%	-37.4%	208.1%	10.0%	10.0%
Staff Cost	0.2%	13.0%	9.8%	11.0%	11.0%
Total Operating Expenses	6.5%	13.5%	13.0%	11.9%	11.5%
Profit Before Tax	0.8%	32.5%	32.6%	4.5%	10.2%
Net profit	2.2%	36.7%	26.5%	3.8%	10.2%
As a % of Avg AUM					
Investment Management Fees	0.50%	0.47%	0.47%	0.46%	0.45%
Staff Cost	0.07%	0.07%	0.05%	0.05%	0.05%
Other Expenses	0.05%	0.05%	0.04%	0.04%	0.04%
PBT	0.43%	0.46%	0.44%	0.41%	0.40%
Net profit	0.33%	0.36%	0.33%	0.30%	0.30%
Operating Ratios					
Operating Profit Margin	74.7%	75.9%	79.9%	79.7%	79.6%
PBT Margin	86.3%	95.9%	94.0%	88.5%	88.0%
PAT Margin	65.7%	75.3%	70.4%	65.8%	65.4%
ROE	24.5%	29.5%	32.3%	30.2%	30.8%
Dividend Payout Ratio	71.9%	76.8%	78.0%	75.0%	75.0%
Per share (Rs)					
EPS	66.7	91.1	115.0	119.5	131.6
Book Value	286.2	331.6	380.5	410.3	443.2
Valuation Ratios					
P/E (x)	63.2	46.3	36.7	35.3	32.0
P/BV (x)	14.7	12.7	11.1	10.3	9.5
Mcap to AUM	20.7%	16.6%	12.1%	10.7%	9.5%
Dividend Yield	1.1%	1.7%	2.1%	2.1%	2.3%

Source: Company, YES Sec – Research

Recommendation Tracker



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