

## DIVERSIFIED FINANCIALS

04 March 2024

### Sustained, strong demand for mutual funds

- **MF AUM crossed Rs 50tn in 9MFY24, marking a new high for the industry**
- **Top 10 AMCs continue to command over 70% of equity and 80% of overall market share by MAAUM**
- **Equity performance of Nippon AMC and HDFC AMC remains in top quartile across timeframes**

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**Strong MF AUM growth:** Aggregate MAAUM has clocked a 13% CAGR over FY19-FY23 to Rs 40tn, before crossing Rs 50tn in 9MFY24 – marking a milestone for India's mutual fund industry. Higher financial savings, broader regional penetration, ease of investing online, and rising awareness about mutual funds are some of the factors spurring growth. We see ample scope for a further demand pickup as India's AUM to GDP ratio remains lower than that in most other countries.

**Equity funds continue to gain traction:** Growth in mutual funds is being fuelled by demand for equity schemes, which accounted for 56% of total AUM in 9MFY24 from 42% in FY19. SIPs have been key drivers of growth, with systematic plan AUM swelling to Rs 10tn at end-9MFY24 (35% of equity assets) as compared to Rs 2.5tn (24%) in FY19. Apart from equities, ETF share has also risen from 5% to 13% over the period, reflecting investors' preference for passive schemes.

**Market remains concentrated among top 10 AMCs:** The top 10 fund houses continue to command ~80% of industry MAAUM. SBI AMC remains the leader, with market share surging to 17.2% at end-9MFY24 from 11.8% in FY19. IPRU AMC, the #2 player, and HDFC AMC, the #3 player, retained their rankings despite losing market share. In the equity category, the market share of the top 10 AMCs has slipped from 76.3% in FY19 to 72.4% in 9MFY24. All four listed players have ceded ground, but HDFC AMC and Nippon AMC have clawed back share since FY22. In the highly competitive equity market, only 20bps separates the top two players (IPRU AMC and HDFC AMC).

**HDFC AMC, Nippon AMC among top equity scheme performers:** A comparison of equity scheme performance shows that HDFC AMC and Nippon AMC remain in the top quartile across 1Y, 3Y and 5Y timeframes. UTI AMC has struggled across timeframes and equity schemes, whereas ABSL AMC has had a mixed run.

**Retain positive sector view:** We retain our positive sector view but have HOLD ratings on all stocks due to high valuations. Nippon AMC is best placed, in our view, but remains at HOLD due to a 60%+ stock runup over the last six months.

### Recommendation snapshot

Ticker	Price	Target	Rating
ABSLAMC IN	520	500	HOLD
HDFCAMC IN	3,767	3,425	HOLD
NAM IN	516	580	HOLD
UTIAM IN	906	909	HOLD

Price &amp; Target in Rupees | Price as of 2 Mar 2024

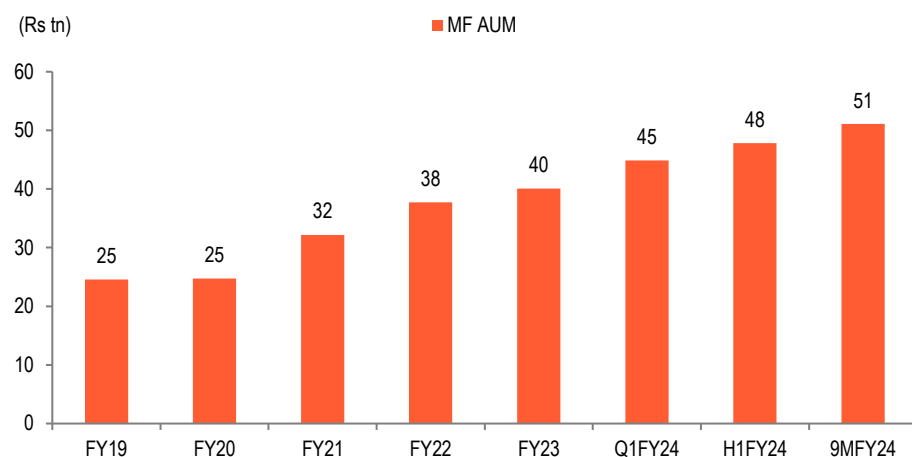


## Robust MF industry growth continues

### AUM crosses Rs 50tn in 9MFY24

Aggregate MAAUM has clocked a 13% CAGR over FY19-FY23 to Rs 40tn, before crossing Rs 50tn in 9MFY24 – marking a milestone for India’s mutual fund industry. Even so, mutual fund penetration in India – measured as a percentage of AUM to GDP – remains well below that of developed peers.

**Fig 1 – Strong growth in MF AUM**

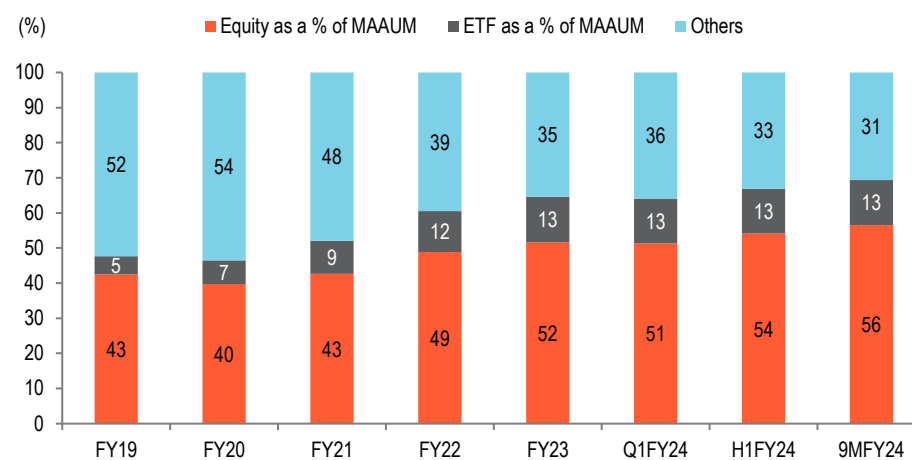


Source: AMFI, BOBCAPS Research

### Equity segment continue to surprise on the upside

Growth in mutual funds is being fuelled by flows into equity schemes, with the share of equity MAAUM ramping up from 43% of total MAAUM in FY19 to 52% in FY23 and further to 56% in 9MFY24. Expectations of higher returns have drawn smaller investors to equities, particularly via the SIP mode, supporting stronger growth. Apart from equities, the share of ETFs has also risen from 5% to 13% over the same period.

**Fig 2 – Focus on equities**

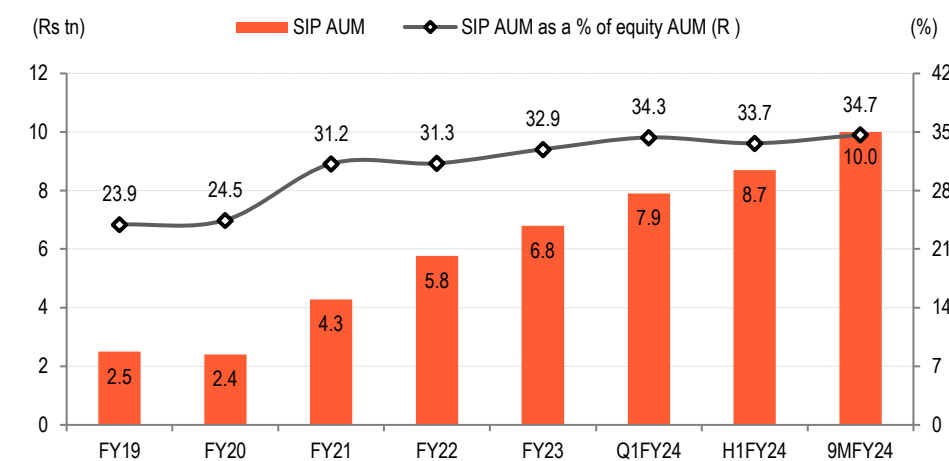


Source: AMFI, BOBCAPS Research

## SIPs continue to scale up

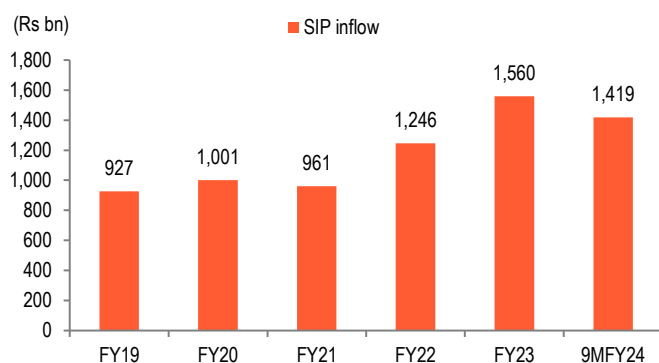
Monthly inflows into mutual funds through the SIP route have progressively increased, from Rs 77bn in FY19 to Rs 130bn in FY23 and further to Rs 158bn in 9MFY24. SIP AUM swelled to Rs 6.8tn in FY23, forming 33% of equity assets, and further to Rs 10tn at end-9MFY24 (35% share) as compared to Rs 2.5tn (24%) in FY19. The number of outstanding SIP accounts has risen from 26mn at the close of FY19 to 64mn at the end of FY23 and further to 76mn as of Dec'23.

**Fig 3 – SIP AUM continues to trend higher**



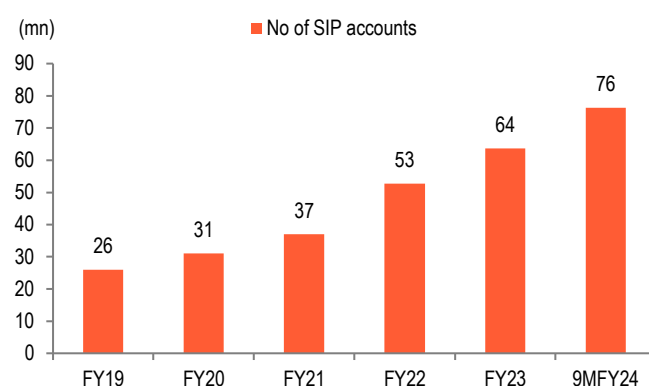
Source: AMFI, BOBCAPS Research

**Fig 4 – SIPs show strong momentum...**



Source: Company, BOBCAPS Research

**Fig 5 – ...with an increase in outstanding SIP accounts**



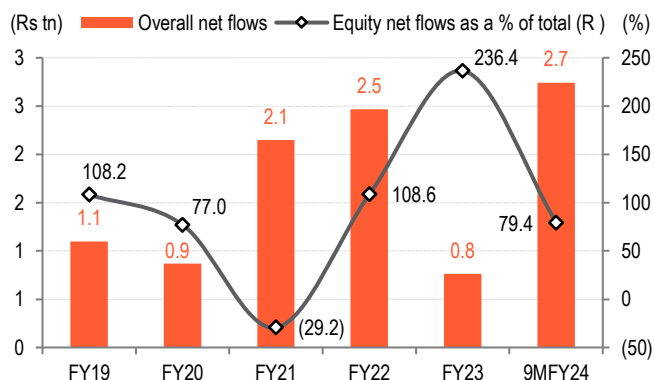
Source: Company, BOBCAPS Research

## Robust equity flows continue

Net flows for all mutual fund categories combined have been healthy in recent years. At the end of 9MFY24, trailing 12-month net flows stood at Rs 2.7tn – the highest since FY19 – and formed 6.8% of opening AUM.

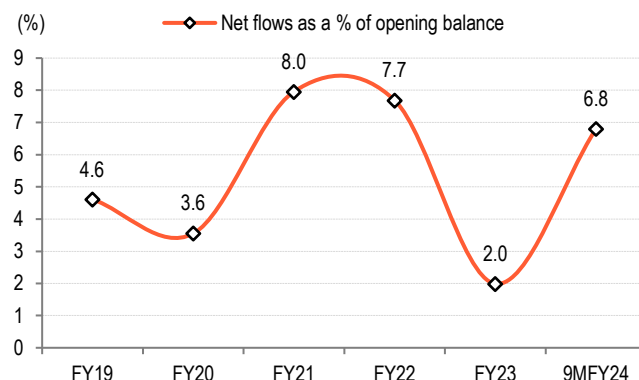
One of major reasons for the robust performance has been net flows into equity schemes, which have remained in positive territory over FY19-FY23 with the exception of FY21. The trend continued in 9MFY24 which saw TTM equity net flows of Rs 2.2tn – the most since FY22 – backed by strong inflows in the small-cap and mid-cap categories. Arbitrage funds also saw robust demand.

**Fig 6 – Net flows strong led by demand for equity funds...**



Source: HDFC AMC presentation, BOBCAPS Research

**Fig 7 – ...evident from equity forming 7% of opening AUM in 9MFY24 on TTM basis**



Source: HDFC AMC presentation, BOBCAPS Research | Note: Data based on QAAUM

## Top players march ahead

### SBI AMC stays in the lead

In 9MFY24, Nippon AMC increased its market share to 7.7% of industry MAAUM (up 0.4% from FY23), while Axis AMC lost the greatest ground (down 0.7% to 5.2%). Of the top 10 fund houses, only four have expanded market share over the last five years (FY19-9MFY24), viz. SBI AMC, Axis AMC, Kotak AMC and Mirae AMC. SBI AMC remains the leader and biggest gainer, accounting for 17.2% of industry MAAUM at end-9MFY24 from 11.8% in FY19. IPRU AMC, the #2 player, has seen a decline to 12.5% from 13.1% whereas HDFC AMC, the #3 player, declined to 11.2% from 14.1%.

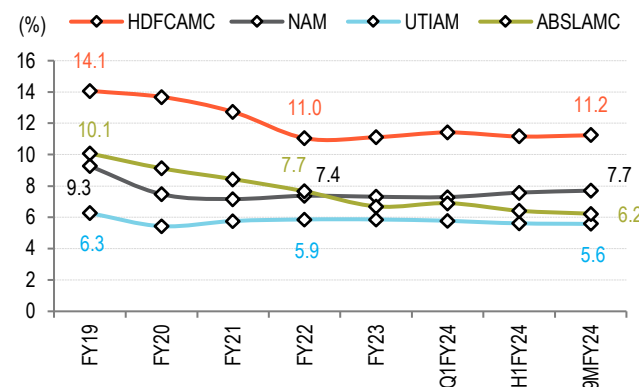
The market share of all four listed players has decreased between FY19 and 9MFY24, but we note that HDFC AMC (#3) and Nippon AMC (#4) have gained a little ground since FY22, whereas UTI AMC (#7) and ABSL AMC (#6) have been unable to staunch the decline. Listed players saw similar trends in the equity category, and the share of the top 10 players has declined from 76.3% in FY19 to 73.7% in FY23 and 72.4% in 9MFY24. The equity market is highly competitive, with only 20bps separating the top two players (IPRU AMC and HDFC AMC).

**Fig 8 – Top 10 players broadly maintaining market share in overall industry MAAUM...**



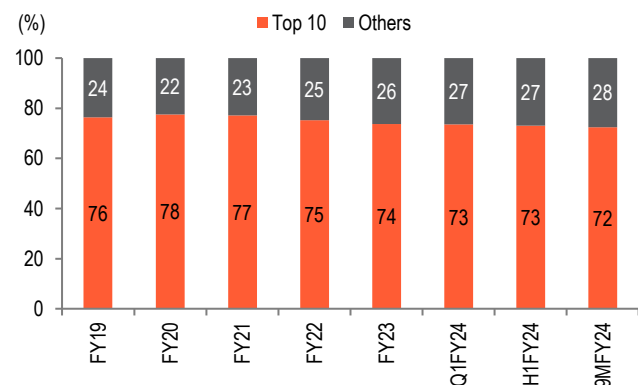
Source: AMFI, BOBCAPS Research | Note: Data based on MAAUM

**Fig 9 – ...but listed players need to up the ante**



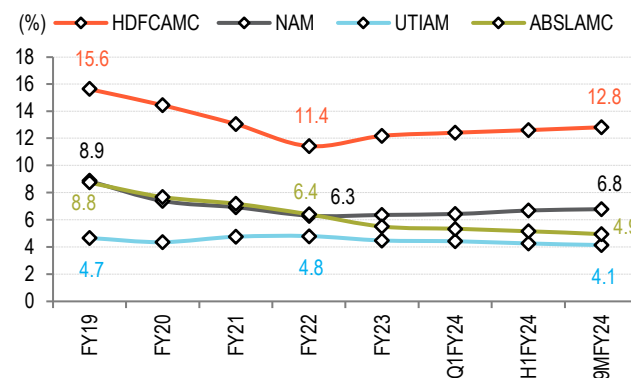
Source: Company, BOBCAPS Research | Note: Data based on MAAUM

**Fig 10 – Top 10 players lost market share in equity MAAUM**



Source: AMFI, BOBCAPS Research | Note: Data based on equity MAAUM

**Fig 11 – HDFC AMC is the #2 player in equity AUM and largest among the listed players**



Source: Company, BOBCAPS Research | Note: Data based on equity MAAUM

## Decline in yield along expected lines

Industry revenue yield has declined as expected, owing to the inverse link between AUM size and TER. HDFC AMC has the highest yields in the listed space (FY23) as it has the largest proportion of equity in total AUM. We outline key management commentary on yields from the recent Q3FY24 results:

- **HDFC AMC:** Equity yield stood at 63bps in Q3FY24 and debt yield at 28-29bps. Although absolute revenue is rising, management expects the pressure on margins to continue. For example, AUM for the HDFC Balanced Advantage Fund has risen to Rs 730bn (18-20% of equity AUM) at end Dec'23 from Rs 510bn in Dec'22, whereas TER over this period has fallen 10bps from 1.52% to 1.42% due to the inverse fee slabs.
- **Nippon AMC:** In Q3, equity yield was in the mid-60s, debt at 25-28bps, liquid funds at 10-12bps and ETFs at 15-20bps. Per management, it will take 3-4 years for the compression in blended mutual fund yields to halt.
- **ABSL AMC:** Yield on the equity segment was at 69-70bps and on fresh flows at 60-65bps for the December quarter. The yield on debt funds was stable at 24-25bps and on liquid schemes flattish at ~13bps.

**Fig 12 – Blended revenue yields decline**

(bps)	FY19	FY20	FY21	FY22	FY23	9MFY24
HDFCAMC	55	53	44	49	48	46
NAM	63	59	46	46	46	41
UTIAM	49	47	40	41	38	34
ABSLAMC	50	44	38	42	43	42

Source: Company, BOBCAPS Research | Note: 9MFY24 yield is annualised. Yields are calculated on QAAUM basis

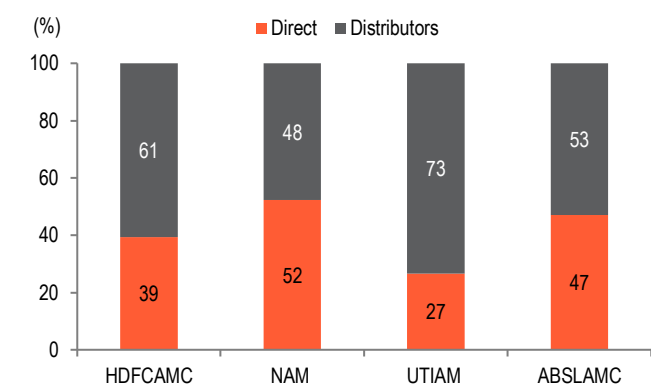
**Fig 13 – Key performance metrics**

Particulars	HDFCAMC		NAM		UTIAM		ABSLAMC	
	9MFY24	9MFY23	9MFY24	9MFY23	9MFY24	9MFY23	9MFY24	9MFY23
Total Income (Rs mn)	23,121	18,448	14,768	11,286	13,244	10,393	12,006	10,245
EBITDA (Rs mn)	18,419	14,263	10,048	7,130	8,076	5,630	7,691	6,419
PAT (Rs mn)	14,019	10,477	7,644	5,253	6,029	3,549	5,720	4,608
B-30 share in AUM (%)	18.8	17.6	18.0	19.2	23.0	23.0	17.8	17.2

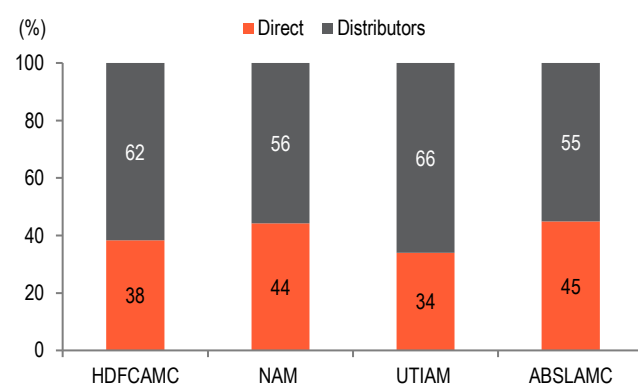
Source: Company, BOBCAPS Research

### Distribution trends stable

AMCs continue to expand their distribution networks to better serve clients, with a focus on onboarding mutual fund distributors (MFD), partnering with banks and opening new branches. For instance, over FY19-9MFY24, HDFC AMC has onboarded 5,000+ empanelled distribution partners across MFDs, national distributors and banks, besides opening 43 branches (39 in B30 cities).

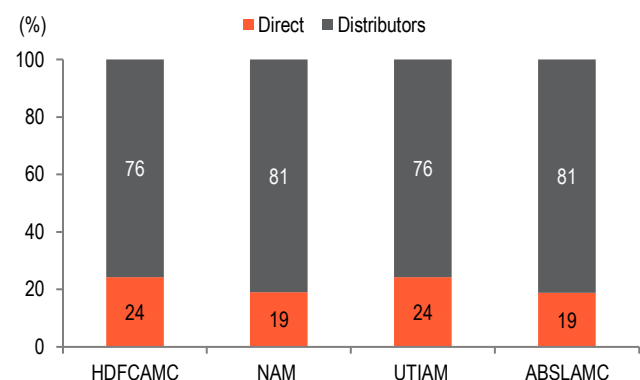
**Fig 14 – Direct channel constitutes 40-50% of total AUM (ex-UTI AMC) at end-9MFY24...**

Source: Company, BOBCAPS Research | Note: Data based on MAAUM

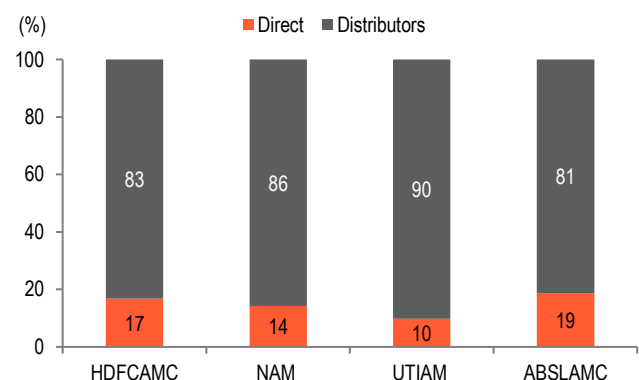
**Fig 15 – ...with distributors dominating the AUM mix at end-FY19 too**

Source: Company, BOBCAPS Research | Note: Data based on MAAUM

As shown above, 40-50% of total AUM came through the direct channel at the end of 9MFY24, except for UTI AMC (27%). Though the debate over direct versus regular plans continues, direct plans bearing lower expense ratios are fast gaining popularity. For equity schemes, the trend is skewed towards distributors at ~80% share as investors looking for long-term wealth creation typically seek the assistance of advisors to pick funds.

**Fig 16 – Distributors accounted for 75-80% of equity fund inflow at end-9MFY24...**


Source: Company, BOBCAPS Research | Note: Data based on equity MAAUM

**Fig 17 – ...continuing the trend seen since FY19**


Source: Company, BOBCAPS Research | Note: Data based on equity MAAUM

## Scheme performance

We have compared the fund performance of listed players over one-year, three-year and five-year periods across four equity scheme categories: large-cap, mid-cap, small-cap and flexi-cap. Our analysis shows that HDFC AMC and Nippon AMC have been among the best performers, whereas UTI AMC has lagged in the third and fourth quartiles for all the funds analysed and across timeframes.

**Fig 18 – Equity large-cap: HDFC and Nippon AMC in top quartiles across different time periods**

As of Dec'23	Quartile based on scheme returns		
	1Y	3Y	5Y
HDFC Top 100 Fund	Q1	Q1	Q1
Nippon India Large Cap Fund	Q1	Q1	Q1
Aditya Birla Sun Life Frontline Equity Fund	Q3	Q1	Q3
UTI Large Cap Fund	Q4	Q3	Q3

Source: AMFI, BOBCAPS Research | Note: Q1 - First Quartile, Q2 - Second Quartile, Q3 - Third Quartile, Q4 - Fourth Quartile

**Fig 19 – Equity mid-cap: UTI AMC in the lowest quartile**

As of Dec'23	Quartile based on scheme returns		
	1Y	3Y	5Y
HDFC Mid-Cap Opportunities Fund	Q1	Q1	Q1
Nippon India Growth Fund	Q1	Q1	Q1
Aditya Birla Sun Life Mid Cap Fund	Q2	Q2	Q4
UTI Mid Cap Fund	Q4	Q4	Q3

Source: AMFI, BOBCAPS Research | Note: Q1 - First Quartile, Q2 - Second Quartile, Q3 - Third Quartile, Q4 - Fourth Quartile

**Fig 20 – Equity small-cap: Nippon AMC fares well; HDFC AMC lags in long-term performance**

As of Dec'23	Quartile based on scheme returns		
	1Y	3Y	5Y
HDFC Small Cap Fund	Q2	Q1	Q4
Nippon India Small Cap	Q1	Q1	Q1
Aditya Birla Sun Life Small Cap Fund	Q3	Q4	Q4
UTI Small Cap Fund	Q3	Q4	NA

Source: AMFI, BOBCAPS Research | Note: Q1 - First Quartile, Q2 - Second Quartile, Q3 - Third Quartile, Q4 - Fourth Quartile

**Fig 21 – Equity flexi-cap: HDFC AMC performs well, but ABSL and UTI AMC lag**

As of Dec'23	Quartile based on scheme returns		
	1Y	3Y	5Y
HDFC Flexi Cap Fund	Q2	Q1	Q1
Nippon India Flexi Cap Fund	Q1	NA	NA
Aditya Birla Sun Life Flexi Cap Fund	Q3	Q3	Q2
UTI Flexi Cap Fund	Q4	Q4	Q3

Source: AMFI, BOBCAPS Research | Note: Q1 - First Quartile, Q2 - Second Quartile, Q3 - Third Quartile, Q4 - Fourth Quartile

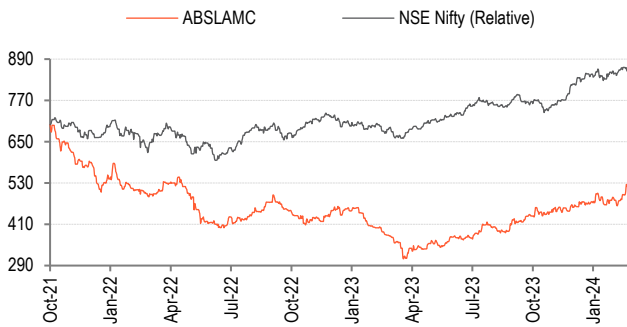
## Glossary

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

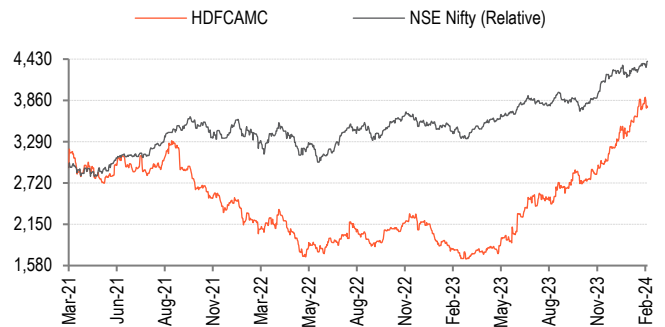


## Stock performance

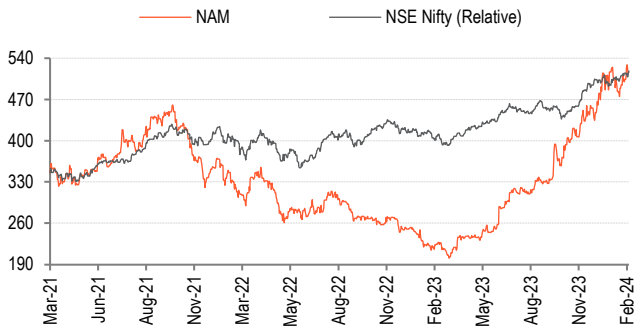
**Fig 22 – ABSLAMC**



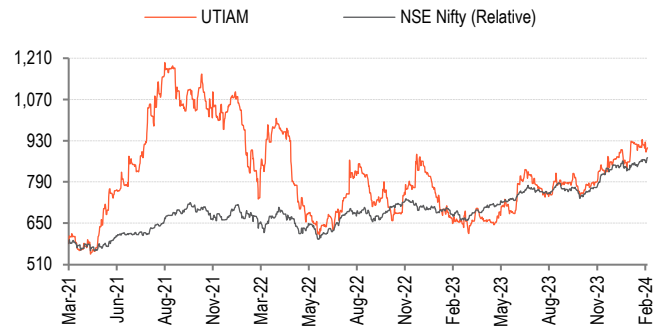
**Fig 23 – HDFCAMC**



**Fig 24 – NAM**



**Fig 25 – UTIAM**



Source: NSE

## Financials – ABSLAMC

### Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Investment mgmt. fees	12,930	12,266	13,370	14,438	15,887
YoY (%)	21.1	(5.1)	9.0	8.0	10.0
Operating expenses	4,733	5,216	5,865	6,204	6,643
Core operating profits	8,196	7,050	7,505	8,234	9,244
Core operating profits growth (%)	36.4	(14.0)	6.4	9.7	12.3
Depreciation and Interest	405	382	391	429	472
Core PBT	7,791	6,668	7,113	7,805	8,772
Core PBT growth (%)	39.6	(14.4)	6.7	9.7	12.4
Other income	1,156	1,271	2,511	2,266	2,385
PBT	8,947	7,939	9,624	10,071	11,157
PBT growth (%)	28.6	(11.3)	21.2	4.6	10.8
Tax	2,219	1,975	2,214	2,417	2,678
Tax rate (%)	24.8	24.9	23.0	24.0	24.0
Reported PAT	6,728	5,964	7,411	7,654	8,479

### 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	26,694	29,756	32,724
Net worth	21,965	25,170	28,134	31,196	34,164
Borrowings	0	0	0	0	0
Other liab. & provisions	2,383	2,711	4,030	4,502	4,687
<b>Total liab. &amp; equities</b>	<b>24,347</b>	<b>27,881</b>	<b>32,164</b>	<b>35,698</b>	<b>38,851</b>
Cash & bank balance	22,189	24,858	29,459	33,034	36,157
Fixed & Other assets	1,853	2,603	2,705	2,664	2,693
<b>Total assets</b>	<b>24,347</b>	<b>27,881</b>	<b>32,164</b>	<b>35,698</b>	<b>38,851</b>

### Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24E	FY25E	FY26E
EPS	23.3	20.7	25.7	26.5	29.4
Dividend per share	11.5	10.3	15.4	15.9	19.1
Book value per share	76.0	87.2	97.4	108.0	118.3

### Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24E	FY25E	FY26E
P/E	22.3	25.2	20.3	19.6	17.7
P/BV	6.8	6.0	5.3	4.8	4.4
Dividend yield (%)	2.2	2.0	3.0	3.1	3.7

### DuPont Analysis

Y/E 31 Mar (bps of AAAUM)	FY22A	FY23A	FY24E	FY25E	FY26E
Operating income	43.7	44.6	42.9	42.6	42.6
Operating expenses	16.0	19.0	18.8	18.3	17.8
EBITDA	31.6	30.2	32.2	31.0	31.2
Depreciation and Others	1.4	1.4	1.3	1.3	1.3
Core PBT	26.3	24.2	22.9	23.0	23.5
Other income	3.9	4.6	8.1	6.7	6.4
PBT	30.2	28.8	30.9	29.7	29.9
Tax	7.5	7.2	7.1	7.1	7.2
ROAAAUM	22.7	21.7	23.8	22.6	22.8

### Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
<b>YoY growth (%)</b>					
Investment mgmt. fees	21.1	(5.1)	9.0	8.0	10.0
Core operating profit	36.4	(14.0)	6.4	9.7	12.3
EPS	27.5	(11.3)	24.3	3.3	10.8
<b>Profitability &amp; Return ratios (%)</b>					
Operating income to Total inc.	91.8	90.6	84.2	86.4	86.9
Cost to Core income ratio	36.6	42.5	43.9	43.0	41.8
EBITDA margin	66.4	61.5	63.1	62.9	63.6
Core PBT margin	55.3	49.3	44.8	46.7	48.0
PBT margin (on total inc.)	63.5	58.6	60.6	60.3	61.1
ROE	34.5	25.3	27.8	25.8	25.9
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	3,113	3,391	3,726
YoY Growth (%)	9.9	(7.0)	13.1	8.9	9.9
<b>% of AAAUM</b>					
Equity	41	42	42	43	43
Debt	43	38	40	40	40
Liquid	16	18	16	15	14
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	25,595	29,498	34,833
YoY (%)	14.2	2.4	18.1	15.2	18.1
Operating expenses	5,154	5,489	6,348	7,291	8,279
Core operating profits	15,999	16,179	19,247	22,207	26,554
Core operating profits growth (%)	9.3	1.1	19.0	15.4	19.6
Depreciation and Interest	625	630	605	722	837
Core PBT	15,375	15,549	18,642	21,485	25,717
Core PBT growth (%)	9.8	1.1	19.9	15.3	19.7
Other income	3,178	3,158	5,397	5,226	5,795
PBT	18,553	18,706	24,039	26,711	31,513
PBT growth (%)	6.1	0.8	28.5	11.1	18.0
Tax	4,622	4,467	5,529	6,731	7,941
Tax rate (%)	24.9	23.9	23.0	25.2	25.2
Reported PAT	13,931	14,239	18,510	19,980	23,571

### 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	65,570	71,564	78,635
Net worth	55,300	61,084	66,637	72,631	79,702
Borrowings	0	0	0	0	0
Other liab. & provisions	3,503	4,281	5,799	7,283	8,806
<b>Total liab. &amp; equities</b>	<b>58,804</b>	<b>65,365</b>	<b>72,436</b>	<b>79,914</b>	<b>88,509</b>
Cash & bank balance	55,783	60,832	68,957	76,513	84,845
Fixed & Other assets	2,714	4,229	3,479	3,401	3,663
<b>Total assets</b>	<b>58,804</b>	<b>65,365</b>	<b>72,436</b>	<b>79,914</b>	<b>88,509</b>

### Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24E	FY25E	FY26E
EPS	65.3	66.7	86.7	93.6	110.5
Dividend per share	42.0	48.0	60.7	65.6	77.3
Book value per share	259.2	286.3	312.3	340.4	373.5

### Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24E	FY25E	FY26E
P/E	57.7	56.5	43.4	40.2	34.1
P/BV	14.5	13.2	12.1	11.1	10.1
Dividend yield (%)	1.1	1.3	1.6	1.7	2.1

### DuPont Analysis

Y/E 31 Mar (bps of AAAUM)	FY22A	FY23A	FY24E	FY25E	FY26E
Operating income	49.0	48.2	45.7	45.0	45.4
Operating expenses	11.9	12.2	11.3	11.1	10.8
EBITDA	42.0	42.6	34.5	37.6	35.8
Depreciation and Others	1.4	1.4	1.1	1.1	1.1
Core PBT	35.6	34.6	33.3	32.8	33.5
Other income	7.4	7.0	9.6	8.0	7.6
PBT	42.9	41.6	42.9	40.7	41.1
Tax	10.7	9.9	9.9	10.3	10.4
ROAAAUM	32.2	31.7	33.0	30.5	30.7

### Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
<b>YoY growth (%)</b>					
Investment mgmt. fees	14.2	2.4	18.1	15.2	18.1
Core operating profit	9.3	1.1	19.0	15.4	19.6
EPS	4.9	5.1	2.2	30.0	7.9
<b>Profitability &amp; Return ratios (%)</b>					
Operating income to Total inc.	86.9	87.3	82.6	84.9	85.7
Cost to Core income ratio	24.4	25.3	24.8	24.7	23.8
EBITDA margin	78.8	77.9	79.5	79.0	79.6
Core PBT margin	63.2	62.6	60.2	61.9	63.3
PBT margin (on total inc.)	76.2	75.3	77.6	76.9	77.6
ROE	27.0	24.5	29.0	28.7	30.9
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	5,606	6,559	7,670
YoY Growth (%)	4.0	4.1	24.6	17.0	17.0
<b>% of AAAUM</b>					
Equity	46	52	58	60	63
Debt	33	26	24	23	22
Liquid	16	16	12	11	9
Others	5	6	6	6	6

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	16,232	18,861	21,560
YoY (%)	23.0	3.3	20.3	16.2	14.3
Operating expenses	5,159	5,551	6,409	6,994	7,786
Core operating profits	7,907	7,947	9,823	11,866	13,774
Core operating profits growth (%)	41.8	0.5	23.6	20.8	16.1
Depreciation and Interest	310	338	350	372	411
Core PBT	7,597	7,610	9,473	11,495	13,363
Core PBT growth (%)	46.1	0.2	24.5	21.3	16.3
Other income	2,290	1,668	3,593	2,955	3,275
PBT	9,887	9,277	13,066	14,449	16,638
PBT growth (%)	12.7	(6.2)	40.8	10.6	15.1
Tax	2,453	2,048	2,874	3,179	3,660
Tax rate (%)	24.8	22.1	22.0	22.0	22.0
Reported PAT	7,434	7,229	10,191	11,271	12,978

### 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	30,451	32,141	34,088
Net worth	34,786	35,156	36,682	38,373	40,320
Borrowings	0	0	0	0	0
Other liab. & provisions	3,179	3,453	4,085	5,241	6,619
Total liab. & equities	37,965	38,609	40,767	43,614	46,938
Cash & bank balance	32,801	32,959	35,616	39,004	42,726
Fixed & Other assets	4,784	5,444	5,151	4,610	4,213
Total assets	37,965	38,609	40,767	43,614	46,938

### Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24E	FY25E	FY26E
EPS	11.8	11.5	16.3	18.0	20.7
Dividend per share	11.0	11.5	13.9	15.4	17.7
Book value per share	55.2	56.1	58.5	61.2	64.3

### Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24E	FY25E	FY26E
P/E	43.8	44.8	31.8	28.7	25.0
P/BV	9.4	9.2	8.8	8.4	8.0
Dividend yield (%)	2.1	2.2	2.7	3.0	3.4

### DuPont Analysis

Y/E 31 Mar (bps of AAAUM)	FY22A	FY23A	FY24E	FY25E	FY26E
Operating income	46.1	46.1	42.4	41.3	40.0
Operating expenses	18.2	18.9	16.7	15.3	14.4
EBITDA	36.0	32.8	35.0	32.5	31.6
Depreciation and Others	1.1	1.2	0.9	0.8	0.8
Core PBT	26.8	26.0	24.7	25.2	24.8
Other income	8.1	5.7	9.4	6.5	6.1
PBT	34.9	31.7	34.1	31.7	30.9
Tax	8.7	7.0	7.5	7.0	6.8
ROAAAUM	26.2	24.7	26.6	24.7	24.1

### Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
<b>YoY growth (%)</b>					
Investment mgmt. fees	23.0	3.3	20.3	16.2	14.3
Core operating profit	41.8	0.5	23.6	20.8	16.1
EPS	62.9	8.3	(2.3)	41.0	10.6
<b>Profitability &amp; Return ratios (%)</b>					
Operating income to Total inc.	85.1	89.0	81.9	86.5	86.8
Cost to Core income ratio	39.5	41.1	39.5	37.1	36.1
EBITDA margin	66.4	63.4	67.7	67.9	68.6
Core PBT margin	49.5	50.2	47.8	52.7	53.8
PBT margin (on total inc.)	64.4	61.2	65.9	66.2	67.0
ROE	22.6	20.7	28.4	30.0	33.0
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	3,833	4,565	5,389
YoY Growth (%)	23.9	3.5	30.8	19.1	18.1
<b>% of AAAUM</b>					
Equity	42	44	48	49	49
Debt	26	18	18	17	17
Liquid	12	13	9	8	7
Others	20	24	26	27	28

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	11,707	12,783	13,995
YoY (%)	38.7	1.1	3.5	9.2	9.5
Operating expenses	6,211	6,550	6,834	7,302	7,891
Core operating profits	4,979	4,760	4,873	5,481	6,105
Core operating profits growth (%)	77.2	(4.4)	2.4	12.5	11.4
Depreciation and Interest	460	495	519	540	577
Core PBT	4,519	4,265	4,354	4,941	5,527
Core PBT growth (%)	90.5	(5.6)	2.1	13.5	11.9
Other income	2,084	1,587	5,086	3,008	3,175
PBT	6,603	5,853	9,440	7,949	8,703
PBT growth (%)	9.4	(11.4)	61.3	(15.8)	9.5
Tax	1,256	1,459	1,888	1,749	1,915
Tax rate (%)	19.0	24.9	20.0	22.0	22.0
Reported PAT	5,347	4,393	7,552	6,200	6,788

### 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	40,807	43,287	46,002
Net worth	36,316	38,678	42,077	44,557	47,272
Borrowings	0	0	0	0	0
Other liab. & provisions	3,515	3,071	4,187	3,285	3,212
<b>Total liab. &amp; equities</b>	<b>39,830</b>	<b>41,749</b>	<b>46,263</b>	<b>47,842</b>	<b>50,484</b>
Cash & bank balance	33,930	36,051	40,699	41,886	44,287
Fixed & Other assets	5,379	5,201	5,079	5,472	5,716
<b>Total assets</b>	<b>39,830</b>	<b>41,749</b>	<b>46,263</b>	<b>47,842</b>	<b>50,484</b>

### Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24E	FY25E	FY26E
EPS	42.0	34.4	59.5	48.8	53.5
Dividend per share	21.0	22.0	32.7	29.3	32.1
Book value per share	285.0	304.6	331.3	350.9	372.2

### Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24E	FY25E	FY26E
P/E	21.6	26.3	15.2	18.6	16.9
P/BV	3.2	3.0	2.7	2.6	2.4
Dividend yield (%)	2.3	2.4	3.6	3.2	3.5

### DuPont Analysis

Y/E 31 Mar (bps of AAAUM)	FY22A	FY23A	FY24E	FY25E	FY26E
Operating income	50.0	47.4	42.8	41.2	40.1
Operating expenses	27.7	27.4	25.0	23.6	22.6
EBITDA	31.6	26.6	36.4	27.4	26.6
Depreciation and Others	2.1	2.1	1.9	1.7	1.7
Core PBT	20.2	17.9	15.9	15.9	15.8
Other income	9.3	6.6	18.6	9.7	9.1
PBT	29.5	24.5	34.5	25.6	24.9
Tax	5.6	6.1	6.9	5.6	5.5
ROAAAUM	23.9	18.4	27.6	20.0	19.4

### Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
<b>YoY growth (%)</b>					
Investment mgmt. fees	38.7	1.1	3.5	9.2	9.5
Core operating profit	77.2	(4.4)	2.4	12.5	11.4
EPS	82.0	7.7	(17.9)	72.7	(17.9)
<b>Profitability &amp; Return ratios (%)</b>					
Operating income to Total inc.	84.3	87.7	69.7	81.0	81.5
Cost to Core income ratio	55.5	57.9	58.4	57.1	56.4
EBITDA margin	53.2	49.2	59.3	53.8	54.0
Core PBT margin	34.0	33.1	25.9	31.3	32.2
PBT margin (on total inc.)	49.7	45.4	56.2	50.3	50.7
ROE	15.5	11.7	18.7	14.3	14.8
Dividend payout ratio	50.0	63.9	55.0	60.0	60.0

### Annual Average AUM

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
AAAUM (Rs bn)	2,238	2,388	2,738	3,100	3,492
YoY Growth (%)	22.4	6.7	14.6	13.2	12.6
<b>% of AAAUM</b>					
Equity	43	40	37	35	33
Debt	8	10	11	11	11
Liquid	21	16	14	12	11
Others	28	35	38	41	44

Source: Company, BOBCAPS Research

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