

BUY

TP: Rs 3,006 | ▲ 24%

HDFC AMC

| AMC

| 16 October 2026

Costs stay lean, margins widen and yields edge higher

- **HDFC AMC reported steady operating performance, with margin expansion on account of decreased other expenses**
- **QAAUM grew 10% YoY and 3.6% QoQ to Rs 9,691 bn. Equity AUM was up 13.9% YoY (6% QoQ), debt AUM declined 12.9% YoY (2.4% QoQ)**
- **We maintain BUY on HDFCAMC with TP of Rs 3,006 (earlier Rs 3,200), implying 34x Sept'28E EPS. HDFC AMC remains to be our top picks**

Steady operating performance: HDFC AMC reported core earnings revenue growth of 13.9% YoY (6.4% QoQ). EBITDA came in at Rs 9,299 mn with a 16.1% YoY/9.3% QoQ growth while margins stood at 79.5% against 77.9% in Q2FY26. This was primarily led by degrowth in other expenses of 6.1% YoY and 14.5% YoY growth in other expenses. PAT grew by 4.2% YoY (-10.6% QoQ). Q2FY27 PAT is not comparable with Q2FY26, as Q2FY26 benefited from a Rs 468 mn reversal of income tax provision.

Marginal uptick in yields: Overall revenue yields stood at 48bps vs 47bps in Q1FY27 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 28-29 bps and 13 bps respectively. The management highlighted the sequential uptick in yields is due to higher equity share in product mix.

HDFC continues to maintain its position as 3rd largest AMC: HDFCAMC's QAAUM grew 10% YoY and 3.6% QoQ to Rs 9,691 bn, continuing to maintain its position as 3rd largest AMC. Equity AUM was up 13.9% YoY (6% QoQ), with its market share stable at 12.7%, primarily due to continued broad-based improvement in fund performance. Debt AUM declined by 12.9% YoY (-2.4% QoQ). However, overall market share continued to be stable at 11% in Q2FY27. 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 13.6% CAGR over FY27-29E. We maintain BUY with TP of Rs 3,006 (Rs 3,200 earlier), valuing the stock at 34x its Sept'28E EPS. HDFCAMC remains to be our top pick.

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Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	HDFCAMC IN/Rs 2,415
Market cap	US\$ 10.9bn
Free float	37%
3M ADV	US\$ 21.3mn
52wk high/low	Rs 2,967/Rs 2,206
Promoter/FPI/DII	63%/8%/18%

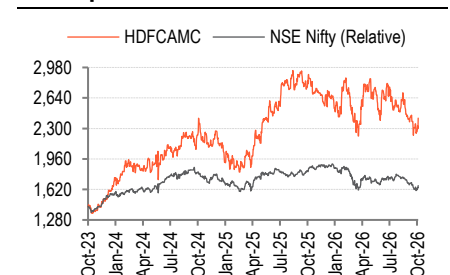
Source: NSE | Price as of 15 Oct 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Core PBT (Rs mn)	32,091	35,970	40,704
Core PBT (YoY)	17.8	12.1	13.2
Adj. net profit (Rs mn)	28,581	31,796	35,802
EPS (Rs)	66.8	74.3	87.5
Consensus EPS (Rs)	66.8	76.3	88.4
MCap/AAAUM (%)	11.6	9.5	8.2
ROAAAUM (bps)	35.4	34.6	33.6
ROE (%)	32.9	33.4	35.2
P/E (x)	36.2	32.5	27.6

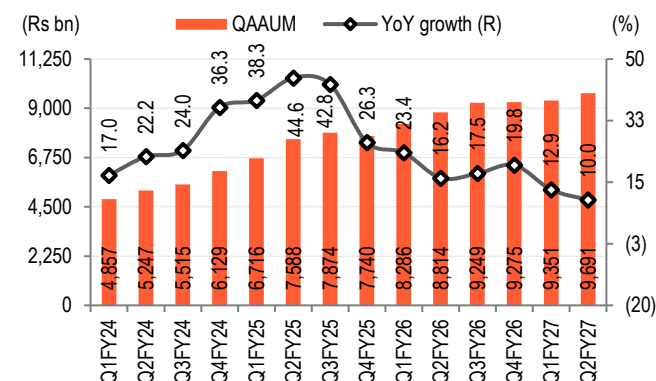
Source: Company, Bloomberg, BOBCAPS Research

Stock performance

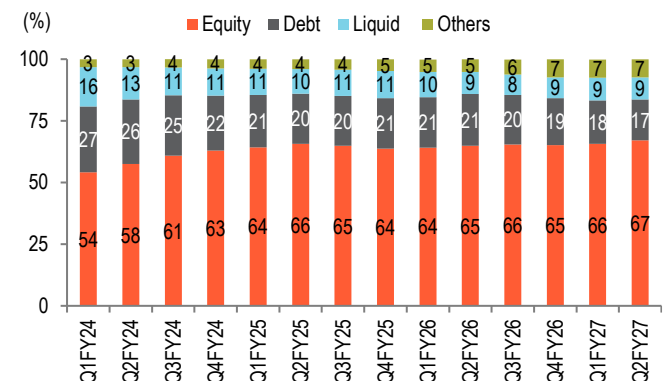


Source: NSE

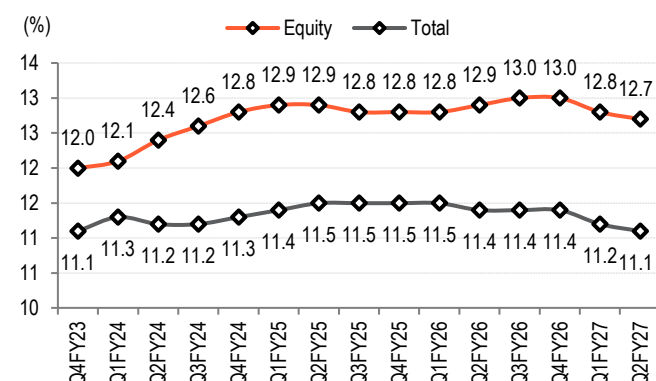


Fig 1 – QAAUM grew by 10% in Q2FY27

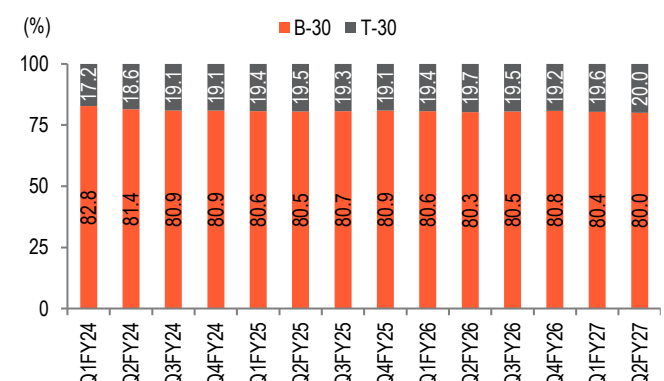
Source: Company, BOBCAPS Research

Fig 2 – Equity mix remained stable over the past quarters

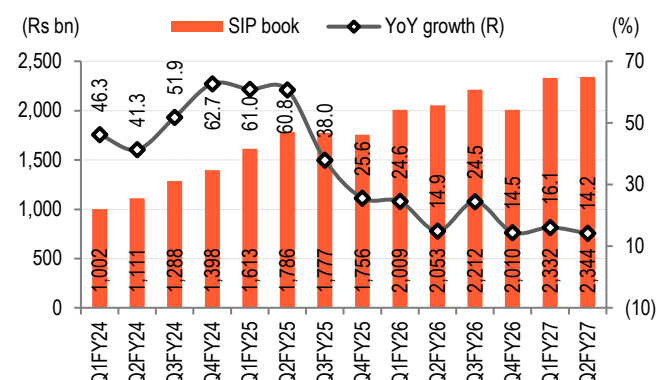
Source: Company, BOBCAPS Research

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

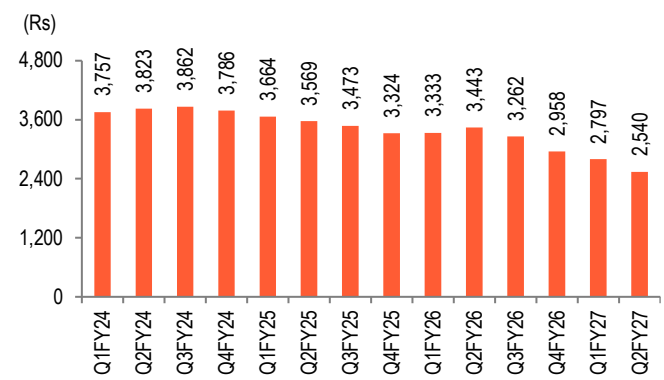
Source: Company, BOBCAPS Research

Fig 4 – B-30 mix improved to 20%

Source: Company, BOBCAPS Research

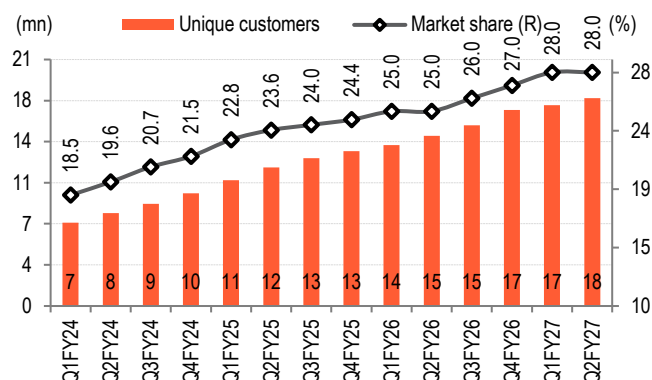
Fig 5 – SIP book stood at Rs 2,344 bn with monthly flows at Rs 48 bn

Source: Company, BOBCAPS Research

Fig 6 – Trend in average ticket size

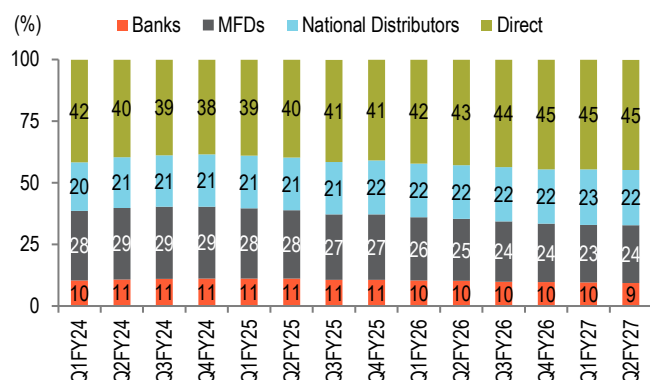
Source: Company, BOBCAPS Research

Fig 7 – Unique investors' market share continues to improve with investors reaching 17.7 mn



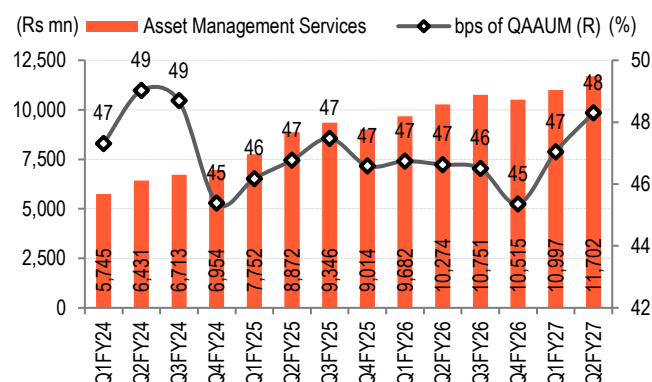
Source: Company, BOBCAPS Research

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



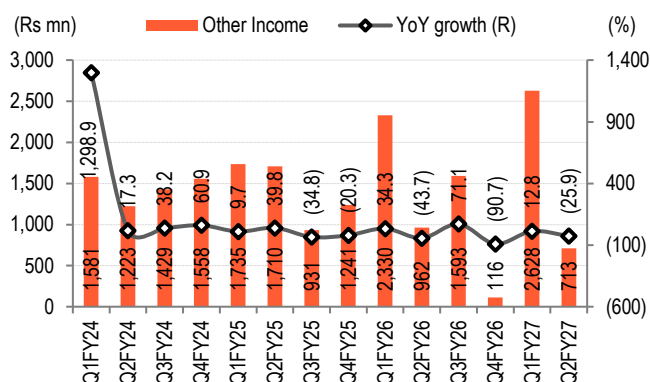
Source: Company, BOBCAPS Research

Fig 9 – Asset Management services revenue came in at Rs 11,702 mn; YoY growth of 13.9%



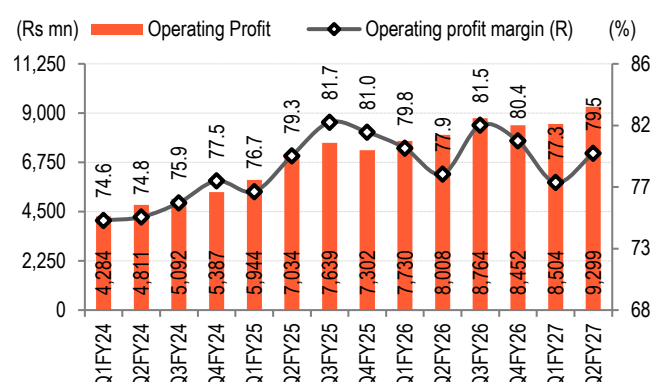
Source: Company, BOBCAPS Research

Fig 10 – Other Income decreased to Rs 713 mn on account of decreased MTM gains



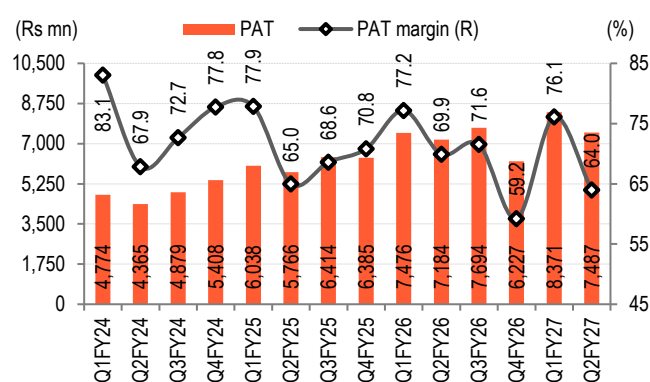
Source: Company, BOBCAPS Research

Fig 11 – Operating profit margin improved due to decrease in other expenses



Source: Company, BOBCAPS Research

Fig 12 – PAT grew 4.2% YoY at Rs 7,487 mn as Q2FY26 benefited from Rs 468 mn reversal of income tax provision.



Source: Company, BOBCAPS Research

Fig 13 – Quarterly result snapshot

(Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
Total Revenue					
Asset Management Services	11,702	10,274	13.9	10,997	6.4
Other Income	713	962	(25.9)	2,628	(72.9)
Total Income	12,415	11,236	10.5	13,626	(8.9)
QAAUM	96,90,760	88,14,000	9.9	93,51,004	3.6
Yields as % of QAAUM (bps)	48.3	46.6	2bps	47.0	1bps
Yields as % of QAAUM (bps) (total revenue)	51.2	51.0	0bps	58.3	(7bps)
Expenses					
Fees and Commission Expenses	39	19	106.4	30	28.5
Employee Benefits Expenses	1,417	1,238	14.5	1,436	(1.3)
Other Expenses	948	1,009	(6.1)	1,027	(7.7)
Total Operating Expenses	2,404	2,266	6.1	2,493	(3.6)
Fees and Commission Expenses as % of QAAUM (bps)	0.2	0.1	0bps	0.1	0bps
Employee Benefits Expenses as % of QAAUM (bps)	5.9	5.6	0bps	6.1	(0bps)
Other Expenses as % of QAAUM (bps)	3.9	4.6	(1bps)	4.4	(0bps)
Total Operating Expenses as % of QAAUM (bps)	9.9	10.3	(0bps)	10.7	(1bps)
EBITDA	9,299	8,008	16.1	8,504	9.3
EBITDA Margin (%)	79.5	77.9	152bps	77.3	213bps
Depreciation, Amortisation and Impairment	207	178	16.4	205	1.0
Finance Costs	37	32	16.6	37	-
Impairment on Financial Instruments	-	-	-	-	-
Profit Before Tax	9,767	8,760	11.5	10,890	(10.3)
Tax Expense					
Current Tax	2,208	1,490		2,452	
Deferred Tax	71	85		67	
Total Tax Expense	2,279	1,575	44.7	2,519	(9.5)
Tax Rate (%)	23.3	18.0		23.1	
Profit After Tax	7,487	7,184	4.2	8,371	(10.6)
As % of QAAUM (bps)	30.9	32.6	(2bps)	35.8	(5bps)
Core PAT	6,941	6,395	8.5	6,351	9.3

Source: Company, BOBCAPS Research

Fig 14 – Quarterly result snapshot

(Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
QAAUM					
Equity	60,85,000	53,43,000	13.9	57,40,000	6.0
Debt	16,18,000	18,57,000	(12.9)	16,58,000	(2.4)
Liquid	8,60,000	7,82,000	10.0	8,51,000	1.1
ETF	4,37,000	2,30,000	90.0	4,33,000	0.9
Others	6,91,000	6,02,000	14.8	6,69,000	3.3
Total	96,91,000	88,14,000	10.0	93,51,000	3.6
Market Share (%)	11.1	11.4	(30bps)	11.2	(10bps)
QAAUM Mix (%)					
Equity	67.1	64.9	220bps	65.7	140bps
Debt	16.7	21.1	(440bps)	17.7	(100bps)
Liquid	8.9	8.9	-	9.1	(20bps)
Others	7.3	5.2	210bps	7.4	(10bps)
Total	100	100		100	

Source: Company, BOBCAPS Research

Fig 15 – Quarterly result snapshot

	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
Number of live individual accounts (Rs mn)	32	26	24.1	31	3.8
Individual MAAUM (Rs bn)	6,731	6,200	8.6	6,520	3.2
Unique Investors (mn)	18	15	22.1	17	3.5
Systematic Transactions (Rs bn)	48	45	6.4	48	(0.2)
SIP AUM (Rs bn)	2,344	2,053	14.2	2,332	0.5
B-30 share in AUM (%)	20.0	19.7	30bps	19.6	40bps
Geographical Spread (%)					
T-30	80.0	80.3	(30bps)	80.4	(40bps)
B-30	20.0	19.7	30bps	19.6	40bps

Source: Company, BOBCAPS Research

Key takeaways

Financial performance

- Overall QAAUM grew 10% YoY to Rs 9.7 trn, while equity-oriented AUM crossed Rs 6 trn.
- Asset Management services revenue grew 13.9% for Q2FY27 at Rs 11,702 mn.
- Operating margin came in at 79.5% vs 77.9% in Q2FY26. The increase in margins was on account of 6.1% YoY decrease in other expenses and 14.5% increase in employee benefit expenses.
- ESOP for Q2FY27 stands at Rs 186 mn and for FY27 its expected to be at Rs 790-800mn.
- PAT grew by 4.2% YoY (-10.6% QoQ). Q2FY27 PAT is not comparable with Q2FY26, as Q2FY26 benefited from a Rs 468 mn reversal of income tax provision.
- Systematic transactions continued being robust, with monthly SIP and STP flows reaching Rs 48 bn in September 2026.
- The company's penetration reached 28% of unique investors, up from 25% in Q2FY26, reflecting higher growth in folios and unique investors compared to the industry.

Product Mix

- Debt AUM declined by 12.9% YoY (-2.4% QoQ) at Rs 1.6 trn. Liquid AUM grew 10% YoY to Rs 860 bn.
- Yields for the quarter stood at: Equity: 58 bps (61 bps for only equity schemes), Debt: 28-29 bps, Liquid: 13 bps.
- The slight sequential rise in yield was largely due to asset mix, not a decline in AUM.
- 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

- HDFC AMC has started managing the EPFO fixed income mandate during the quarter, alongside the other government mandate it got in Q1FY27.
- Two new alternative funds were launched this quarter: HDFC AMC Select Opportunity Fund (a CAT-II fund for late-stage venture and early-growth companies) and HDFC AMC Emerging Opportunities Fund (CAT-III fund).
- Alternatives are a long-term strategic opportunity, with more than 20 investment professionals across alternatives and PMS. The management said the focus is more on outcomes rather than scale, and non-MF revenue is still a small share of the total.

Others

- On the SIF front, the company has hired two senior investment professionals and couple of product launches are expected over the next couple of quarters.
- Hybrid categories (multi-asset, aggressive hybrid, equity savings) saw some market share correction. A new hybrid fund manager has been brought in, while Balance Advantage remains the largest fund in the country.

Valuation Methodology

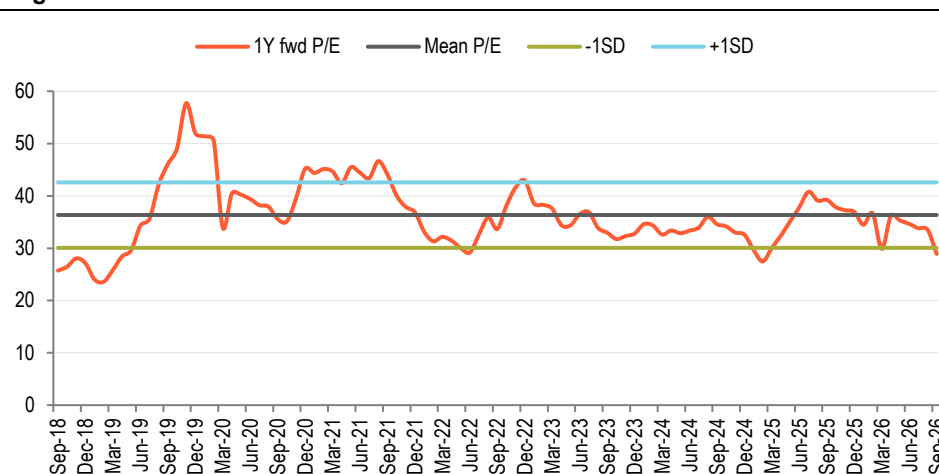
HDFC AMC remains well positioned to deliver steady growth, supported by its strong franchise, high equity mix, and superior profitability, which together justify its premium valuation. We expect PAT to grow at 13.6% CAGR over FY27-29E. We maintain BUY with TP of Rs 3,006 (Rs 3,200 earlier), valuing the stock at 34x its Sept'28E EPS. HDFCAMC remains to be our top pick.

Fig 16 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Total revenue	52,020	58,832	67,853	52,800	60,366	68,879	(1.5)	(2.5)	(1.5)
Operating profit	36,927	41,738	47,415	36,851	42,764	48,855	0.2	(2.4)	(2.9)
PAT	31,796	35,802	41,062	32,023	37,199	42,829	(0.7)	(3.8)	(4.1)

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	46,726	53,101	60,859
YoY (%)	35.4	17.8	13.4	13.6	14.6
Operating expenses	7,066	8,268	9,799	11,362	13,444
Core operating profits	27,919	32,953	36,927	41,738	47,415
Core operating profits growth (%)	42.6	18.0	12.1	13.0	13.6
Depreciation and Interest	680	862	957	1,034	1,151
Core PBT	27,239	32,091	35,970	40,704	46,264
Core PBT growth (%)	43.7	17.8	12.1	13.2	13.7
Other income	5,617	5,000	5,295	5,731	6,994
PBT	32,856	37,092	41,264	46,435	53,258
PBT growth (%)	32.7	12.9	11.3	12.5	14.7
Tax	8,254	8,511	9,468	10,634	12,196
Tax rate (%)	25.1	22.9	22.9	22.9	22.9
Reported PAT	24,602	28,581	31,796	35,802	41,062

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	96,226	1,03,073	1,10,927
Net worth	81,300	92,287	98,368	1,05,215	1,13,069
Borrowings	-	-	-	-	-
Other liab. & provisions	6,207	7,627	8,310	8,416	8,629
Total liab. & equities	87,507	99,914	1,06,679	1,13,632	1,21,698
Cash & bank balance	82,966	94,167	1,00,470	1,06,669	1,13,914
Other assets	4,540	5,747	6,208	6,963	7,784
Total assets	87,507	99,914	1,06,679	1,13,632	1,21,698

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	60.0	67.6	77.5
Book value per share	189.8	215.5	229.7	245.7	264.0

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
P/E	41.9	36.2	32.5	27.6	23.8
P/BV	12.7	11.2	10.5	9.8	9.1
Dividend yield (%)	1.9	2.2	2.5	2.8	3.2

DuPont Analysis

Y/E 31 Mar (bps of AAAUM)	FY25A	FY26A	FY27E	FY28E	FY29E
Operating income	51.1	51.0	50.9	49.8	48.4
Operating expenses	10.3	10.2	10.7	10.7	10.7
EBITDA	40.8	40.8	40.2	39.2	37.7
Depreciation and Others	1.0	1.1	1.0	1.0	0.9
Core PBT	39.8	39.7	39.2	38.2	36.8
Other income	8.2	6.2	5.8	5.4	5.6
PBT	48.0	45.9	44.9	43.6	42.4
Tax	12.1	10.5	10.3	10.0	9.7
ROAAAUM	35.9	35.4	34.6	33.6	32.7

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Investment mgmt. fees	35.4	17.8	13.4	13.6	14.6
Core operating profit	42.6	18.0	12.1	13.0	13.6
EPS	26.5	16.0	11.2	12.6	14.7
Profitability & Return ratios (%)					
Operating income to Total inc.	86.2	89.2	89.8	90.3	89.7
Cost to Core income ratio	20.2	20.1	21.0	21.4	22.1
EBITDA margin	79.8	79.9	79.0	78.6	77.9
Core PBT margin	77.9	77.9	77.0	76.7	76.0
PBT margin (on total inc.)	80.9	80.2	79.3	78.9	78.5
ROE	32.4	32.9	33.4	35.2	37.6
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)	7,480	8,906	10,855	12,585	14,722
YoY Growth (%)	37.6	19.1	21.9	15.9	17.0
% of AAAUM					
Equity	63	64	64	64	64
Debt	21	20	19	19	19
Liquid	11	9	8	7	7
Others	6	7	9	9	10

Source: Company, BOBCAPS Research

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

BUY – Expected return >+15%

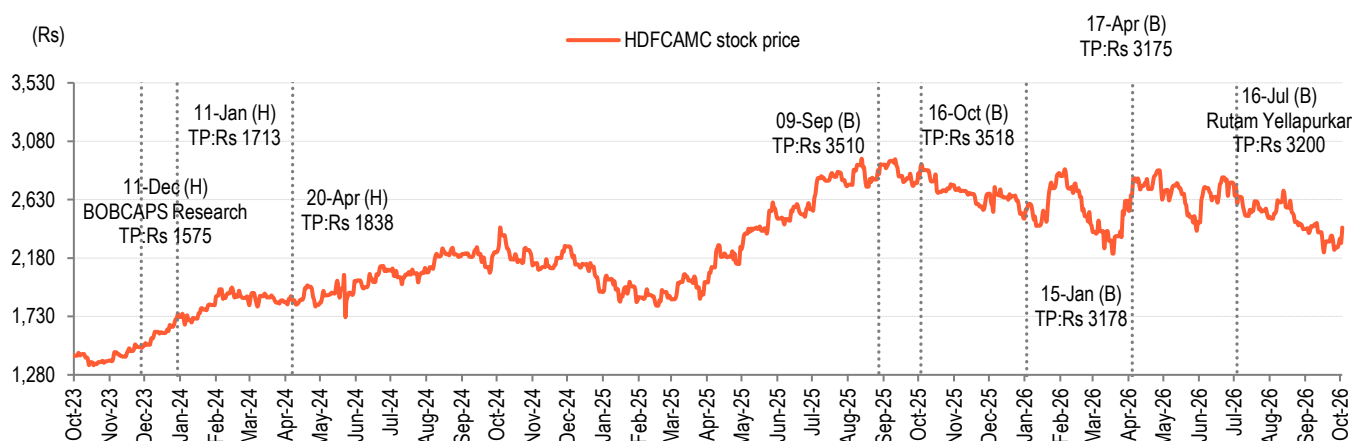
HOLD – Expected return from -6% to +15%

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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