

Shubh **Nivesh**



CMP: ₹ 2713

Target: ₹ 3200 (18%)

Target Period: 12 months

BUY

May 4, 2026

Steady performance, Resilient flows supportive...

About the stock: HDFC AMC is among the largest and profitable mutual funds with closing AUM of ₹8.4 lakh crore+ as on FY26. Higher presence in equity-oriented schemes & controlled expenses enable it to earn industry leading margins.

- Market share as on Q4FY26 was at 11.4%
- Strong distribution network with 280 branches and over 1,09,000 empanelled distribution partners

Investment Rationale

- **Flows and SIP AUM market share healthy:** HDFC AMC continues to maintain its market share broadly stable ~11.4% despite its large base and intensifying competition. Within the AUM mix, higher yielding actively managed equity-oriented AUM market share has improved from 12.8% to 13.0% on YoY basis in Q4FY26. Meanwhile, management commented flow market share continues to be on higher side than book share. Here, retail investors behaviour has been noteworthy positive for the industry including HDFC AMC wherein flows have increased in Q4 which has been a tough period for equities. Besides, company continues to witness strong traction in systematic flows, with SIP + STP flows at ~₹48.8 bn in Mar'26 while its SIP AUM market share stands healthy at 13.4%, which has been steadily improving. Debt AUM market share was stable & low yielding liquid AUM market share saw moderation QoQ.
- **Yields stable, Industry leading margins to be maintained:** HDFC AMC continues to deliver industry leading profitability with net profit being ~34 bps of AUM for FY26, aided by operational efficiencies and stable revenue yield of 45-46 bps. From 1st April, Sebi's MF regulations related to expense ratio could create headwind for top-line yields, wherein management suggested they shall lower distributor commission, bring more efficiencies and shall endeavour to maintain their margins. Historical track record supports the case for the same. For instance, sharper TER change in 2019 was eventually passed on. Besides, rising share of SIP and equity flows shall be supportive of yields and margin.

Rating and Target Price

- HDFC AMC is among the largest and profitable mutual funds, positioning as a stable play on structural MF growth story with its multi-channel distribution, long-term performance track record, healthy SIP book and strong parentage. Operationally, the company is amongst the most efficient players, earning EBITDA margin of 80%+. These factors coupled with asset light business model enables it to earn superior return ratios and rich valuations.
- We estimate company to deliver around mid-teen revenue and earnings growth aided by industry tailwinds while risk-reward seems favorable at current valuations. We maintain BUY rating on the stock, valuing it at 36x FY28E EPS with a target price of ₹3200.



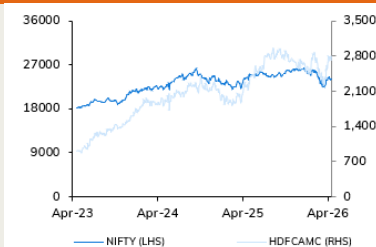
Particulars

Particulars	Amount
Market Capitalisation	₹ 1,16,243 cr
Closing AUM	₹ 8,44,000 cr
Net worth	₹ 9,229 cr
52 week H/L	2967 / 2081
Face value	₹ 5

Shareholding pattern

	Jun-25	Sep-25	Dec-25	Mar-26
Promoters	52.4	52.4	52.4	52.4
FII	22.0	24.7	24.0	24.5
DII	16.7	14.1	14.9	14.4
Public	8.9	8.7	8.7	8.8

Price Chart



Key risks

- Heightened volatility in equities
- Intensifying competition across existing and new entrants.

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Key Financial Summary

₹ crore	FY23	FY24	FY25	FY26	3 year CAGR (FY23-26)	FY27E	FY28E	2 year CAGR (FY26-28E)
Revenue from operations	2167	2584	3498	4119	23.9%	4720	5523	15.8%
PBT	1871	2478	3286	3710	25.6%	4280	5034	16.5%
Net Profit	1424	1946	2461	2859	26.2%	3210	3776	14.9%
EPS (₹)	33.4	45.6	57.6	66.8		75.0	88.2	
P/E (x)	81.2	59.5	47.1	40.6		36.2	30.8	
AUM /share (₹)	10251	14168	17645	19717		23464	27452	
P/AUM (%)	26.5	19.1	15.4	13.8		11.6	9.9	
RoE (%)	23.3	27.5	30.3	31.0		32.6	35.7	

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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