

## Healthy performance; continues to maintain cost discipline

BFSI - Capital Markets ▶ Result Update ▶ October 16, 2026

CMP (Rs): 2,415 | TP (Rs): 3,000

**HDFCAMC reported a healthy performance, with MF QAAUM growing ~4% qoq to Rs9.69trn and market share largely stable at 11.1%. Yields increased to 47.9bps (+0.7bps qoq) during the quarter, led by a shift in mix toward equity. As a result, revenue at Rs11.7bn (Emkay est: Rs11.3bn) grew ~6% sequentially, driven by steady AUM growth and healthy yields. EBITDA margin improved by 210bps qoq to 79.5% and was higher than our estimate of 78.4%. PAT at Rs7.49bn (down ~11% qoq) came in better than our estimate of Rs6.82bn. Going forward, the management continues to focus on scaling the alternates business and remains committed to cost discipline but will not shy away from making investments. To bake in the 2Q developments, we tweak our estimates, resulting in ~1-2% increase in PAT over FY27-29E. Led by its brand equity, distribution, and strong retail franchise, HDFCAMC is well poised to drive AUM growth. We maintain BUY with an unchanged Sep-27E TP of Rs3,000, implying FY28E PER of 35x.**

### Healthy performance driven by yield improvement

HDFC AMC's MF QAAUM grew ~4% sequentially to Rs9.69trn, while maintaining market share at 11.1%. Yields improved to 47.9bps in 2Q from 47.2bps in 1Q, led by a change in asset mix, resulting in revenue of Rs11.7bn (+6% qoq), beating our estimate by ~3%. Employee costs declined ~1% qoq to Rs1.4bn, while other expenses declined 8% qoq owing to higher CSR expenses in 1Q. EBITDA margin improved by 210bps qoq to 79.5% and was higher than our estimate of 78.4%. Resultantly, EBITDA at Rs9.3bn increased 9% sequentially and was ~5% higher than our estimates. PAT at Rs7.49bn declined ~11% qoq but was ~10% higher than our estimates, led by higher-than-expected other income and EBITDA.

### Focus remains on maintaining cost discipline; alternates to scale up

The management mentioned that the company will continue to focus on maintaining cost discipline. While certain business-related expenses would continue to grow with inflation, it would also make investments for future growth. The management mentioned that it would not shy away from making investments to drive the business. Investments span the alternates business (AIF + PMS), with ~20+ investment professionals, international businesses, digital technology, AI-led capabilities, and a larger MF investment team (up from ~30 to ~40), in preparation for AUM growth over time. With the recent launch of AIF products, the management believes HDFCAMC has a full stack of investment solutions and remains focused on scaling the alternates business.

### We maintain BUY with an unchanged Sep-27E TP of Rs3,000

To bake in the 2Q developments, we tweak our estimates, resulting in 1-2% increase in revenue over FY27-29E driving ~1-2% increase in PAT over the same period. Backed by its strong brand equity, extensive distribution network, and robust retail franchise, HDFCAMC is well positioned to sustain healthy AUM growth. We maintain BUY with an unchanged Sep-27E TP of Rs3,000, implying a FY28E PER of 35x.

### HDFC AMC: Financial Snapshot (Consolidated)

| Y/E Mar (Rs mn)     | FY25   | FY26   | FY27E  | FY28E  | FY29E  |
|---------------------|--------|--------|--------|--------|--------|
| Revenue             | 34,984 | 41,222 | 47,422 | 54,077 | 60,606 |
| EBITDA              | 27,919 | 32,953 | 37,856 | 43,495 | 48,895 |
| Adj. PAT            | 24,602 | 28,581 | 32,031 | 36,663 | 42,401 |
| Adj. EPS (Rs)       | 57.4   | 66.5   | 74.5   | 85.3   | 98.7   |
| Core PAT            | 20,396 | 24,728 | 27,924 | 31,702 | 36,736 |
| EBITDA margin (%)   | 79.8   | 79.9   | 79.8   | 80.4   | 80.7   |
| EBITDA growth (%)   | 42.6   | 18.0   | 14.9   | 14.9   | 12.4   |
| Adj. EPS growth (%) | 26.3   | 15.9   | 12.1   | 14.5   | 15.7   |
| RoE (%)             | 32.4   | 32.9   | 33.1   | 34.4   | 35.7   |
| P/E (x)             | 41.9   | 36.2   | 32.3   | 28.2   | 24.4   |
| EV/EBITDA (x)       | 34.0   | 28.5   | 24.6   | 21.1   | 18.5   |
| P/B (x)             | 12.7   | 11.2   | 10.3   | 9.2    | 8.3    |
| FCFF yield (%)      | 2.1    | 2.8    | 2.9    | 3.4    | 4.0    |

Source: Company, Emkay Research

|                       |        |
|-----------------------|--------|
| Target Price – 12M    | Sep-27 |
| Change in TP (%)      | -      |
| Current Reco.         | BUY    |
| Previous Reco.        | BUY    |
| Upside/(Downside) (%) | 24.2   |

| Stock Data              | HDFCAMC IN  |
|-------------------------|-------------|
| 52-week High (Rs)       | 2,967       |
| 52-week Low (Rs)        | 2,206       |
| Shares outstanding (mn) | 429.1       |
| Market-cap (Rs bn)      | 1,036       |
| Market-cap (USD mn)     | 10,901      |
| Net-debt, FY27E (Rs mn) | (103,328.8) |
| ADTV-3M (mn shares)     | 1.0         |
| ADTV-3M (Rs mn)         | 2,230.7     |
| ADTV-3M (USD mn)        | 23.5        |
| Free float (%)          | 24.8        |
| Nifty-50                | 22,997.3    |
| INR/USD                 | 95.1        |

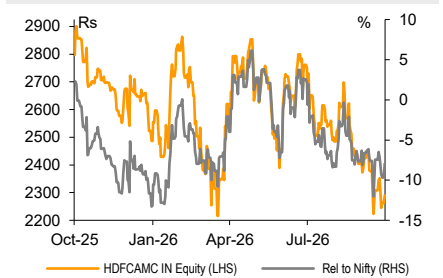
### Shareholding, Sep-26

|               |           |
|---------------|-----------|
| Promoters (%) | 52.3      |
| FPIs/MFs (%)  | 24.1/14.6 |

### Price Performance

| (%)           | 1M  | 3M     | 12M    |
|---------------|-----|--------|--------|
| Absolute      | 0.2 | (11.5) | (16.2) |
| Rel. to Nifty | 0.8 | (7.4)  | (7.7)  |

### 1-Year share price trend (Rs)



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**Exhibit 1: HDFCAMC – 2QFY27 financial results summary**

| (Rs mn)                               | 2QFY27        | 2QFY26        | yoy (%)     | 2QFY27E       | Var (%)     | 1QFY27        | qoq (%)      |
|---------------------------------------|---------------|---------------|-------------|---------------|-------------|---------------|--------------|
| Revenue from operations               | 11,702        | 10,274        | 13.9        | 11,322        | 3.4         | 10,997        | 6.4          |
| Other Income                          | 713           | 962           | -25.9       | 460           | NM          | 2,628         | -72.9        |
| <b>Total revenue</b>                  | <b>12,415</b> | <b>11,236</b> | <b>10.5</b> | <b>11,782</b> | <b>5.4</b>  | <b>13,626</b> | <b>-8.9</b>  |
| Employee benefits expense             | 1,417         | 1,238         | 14.5        | 1,460         | -2.9        | 1,436         | -1.3         |
| Depreciation and amortization expense | 207           | 178           | 16.4        | 205           | 1.2         | 205           | 1.0          |
| Fee and commission expense            | 39            | 19            | 106.4       | 32            | 22.3        | 30            | 28.5         |
| Other expenses                        | 948           | 1,009         | -6.1        | 959           | -1.2        | 1,027         | -7.7         |
| EBITDA                                | 9,299         | 8,008         | 16.1        | 8,872         | 4.8         | 8,504         | 9.3          |
| EBITDA margin (%)                     | 79.5%         | 77.9%         | 1.52        | 78.4%         | 1.1         | 77.3%         | 2.1          |
| <b>Total expense</b>                  | <b>2,611</b>  | <b>2,444</b>  | <b>6.8</b>  | <b>2,655</b>  | <b>-1.7</b> | <b>2,698</b>  | <b>-3.2</b>  |
| PBT                                   | 9,767         | 8,760         | 11.5        | 9,089         | 7.5         | 10,890        | -10.3        |
| <b>PAT</b>                            | <b>7,487</b>  | <b>7,184</b>  | <b>4.2</b>  | <b>6,817</b>  | <b>9.8</b>  | <b>8,371</b>  | <b>-10.6</b> |
| Tax rate (%)                          | 24%           | 18%           |             | 25%           |             | 23%           |              |
| <b>Core PAT</b>                       | <b>6,943</b>  | <b>6,398</b>  | <b>8.5</b>  | <b>6,473</b>  | <b>7.3</b>  | <b>6,358</b>  | <b>9.2</b>   |
| <b>AUM (Rs bn)</b>                    | <b>9,691</b>  | <b>8,814</b>  | <b>10.0</b> | <b>9,690</b>  | <b>0%</b>   | <b>9,351</b>  | <b>3.6</b>   |
| Revenue yield (bps)                   | 47.9          | 46.2          | 1.7         | 46.4          | 3%          | 47.2          | 0.7          |
| Opex                                  | 11            | 11            | -0.3        | 11            | -2%         | 12            | -0.8         |
| Operating profit                      | 37            | 35            | 2.0         | 36            | 5%          | 35            | 2.0          |
| PAT                                   | 31            | 33            | -1.7        | 28            | 10%         | 36            | -4.9         |

Source: Company, Emkay Research

**Exhibit 2: Changes in estimates**

| (Rs mn)           | FY27E  |         |         | FY28E  |         |         | FY29E  |         |         |
|-------------------|--------|---------|---------|--------|---------|---------|--------|---------|---------|
|                   | Old    | Revised | %Change | Old    | Revised | %Change | Old    | Revised | %Change |
| Operating revenue | 46,565 | 47,422  | 2%      | 52,927 | 54,077  | 2%      | 59,833 | 60,606  | 1%      |
| EBITDA            | 37,004 | 37,856  | 2%      | 42,353 | 43,495  | 3%      | 48,150 | 48,895  | 2%      |
| EBITDA margin     | 79.5%  | 79.8%   | 0.4 ppt | 80.0%  | 80.4%   | 0.4 ppt | 80.5%  | 80.7%   | 0.2 ppt |
| PAT               | 31,395 | 32,031  | 2.0%    | 35,905 | 36,663  | 2%      | 42,030 | 42,401  | 1%      |
| ROE %             | 32.6%  | 33.1%   | 0.6 ppt | 33.9%  | 34.4%   | 0.5 ppt | 35.6%  | 35.7%   | 0.1 ppt |

Source: Company, Emkay Research

**Exhibit 3: DCF-based valuation for HDFC AMC**

|                                     |           |
|-------------------------------------|-----------|
| Cost of equity (%)                  | 12.0%     |
| Terminal growth (%)                 | 5.0%      |
| Sum of discounted cashflows (Rs mn) | 653,461   |
| Terminal value (Rs mn)              | 552,271   |
| Fair value (Rs mn)                  | 1,205,733 |
| Number of shares (mn)               | 428.26    |
| Mar-27E fair value (Rs)             | 2,815     |
| Sep-27E target price (Rs)           | 3,000     |

Source: Company, Emkay Research

**Exhibit 4: Implied valuation multiples for HDFC AMC**

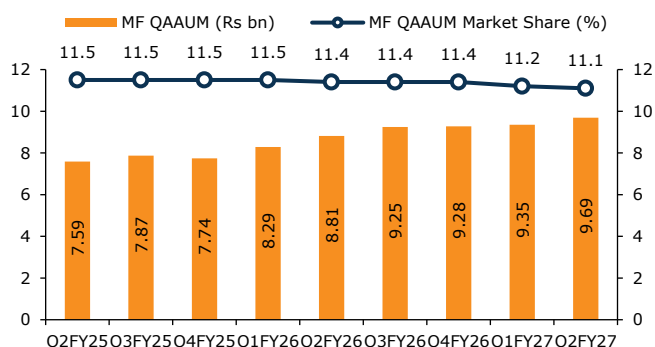
|                                   |                |
|-----------------------------------|----------------|
| <b>Valuation at target price</b>  | <b>Rs3,000</b> |
| FY28E P/E                         | 35.0           |
| FY28E P/B                         | 11.4           |
| FY28E P/AAUM                      | 11%            |
| <b>Valuation at current price</b> | <b>Rs2,415</b> |
| FY28E P/E                         | 28.2           |
| FY28E P/B                         | 9.2            |
| FY28E P/AAUM                      | 9%             |

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions)

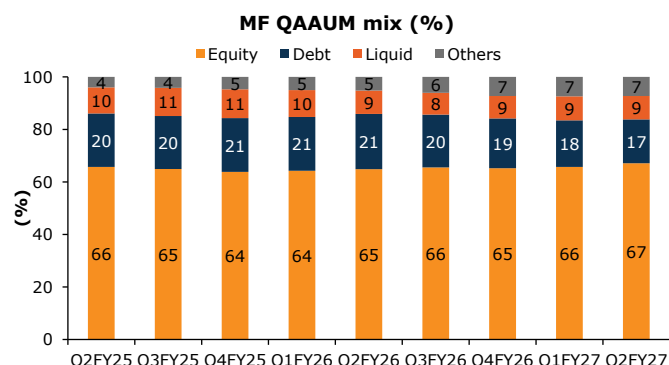
## Story in charts

**Exhibit 5: HDFCAMC has broadly maintained QAAUM market share**



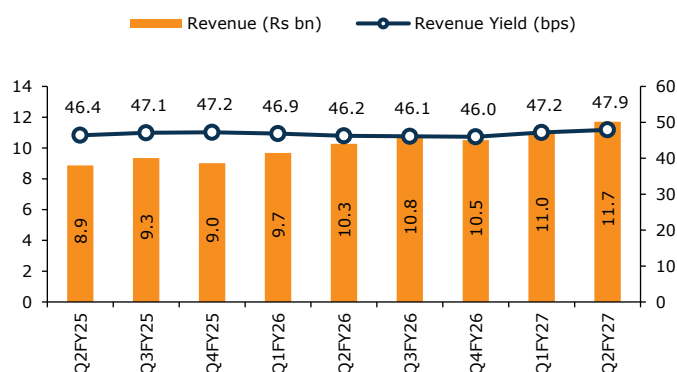
Source: Company, Emkay Research

**Exhibit 6: Equity mix has seen a marginal increase to ~67% in Q2FY27**



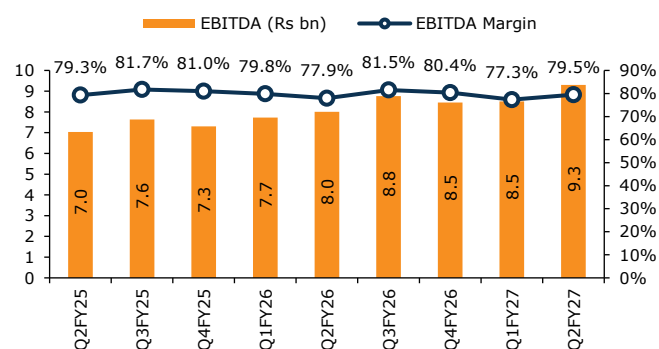
Source: Company, Emkay Research

**Exhibit 7: Revenue yield increased in Q2FY27, owing to a shift in asset mix**



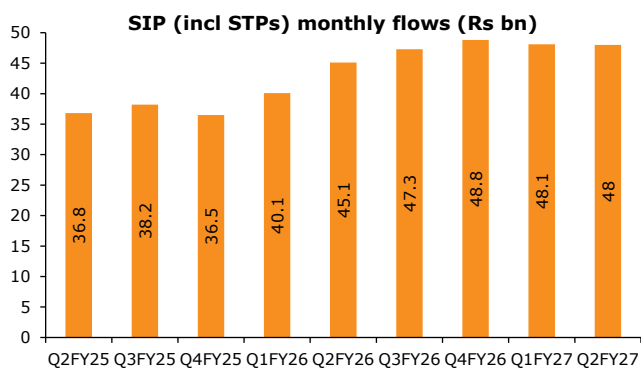
Source: Company, Emkay Research

**Exhibit 8: EBITDA margin improved to 79.5% in Q2FY27**



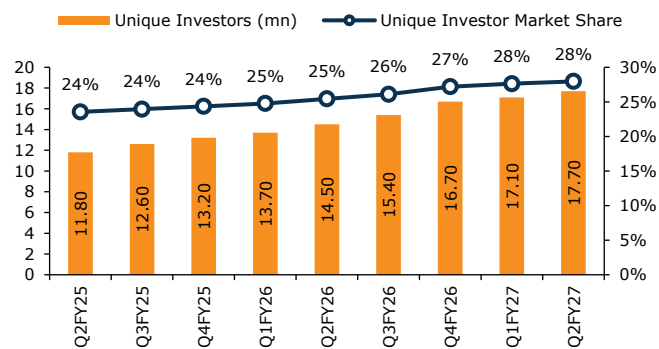
Source: Company, Emkay Research

**Exhibit 9: SIP monthly flows have been largely steady**



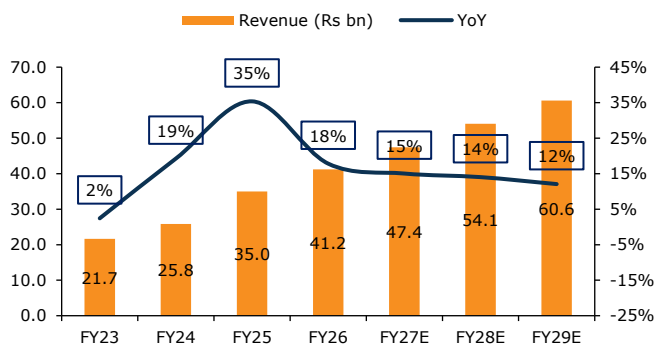
Source: Company, Emkay Research

**Exhibit 10: HDFCAMC's unique investor market share has been stable qoq**

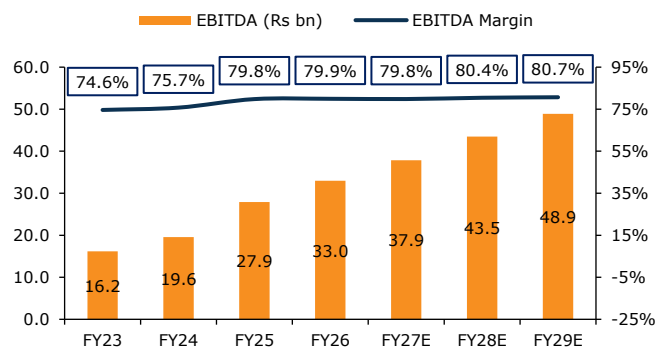


Source: Company, Emkay Research

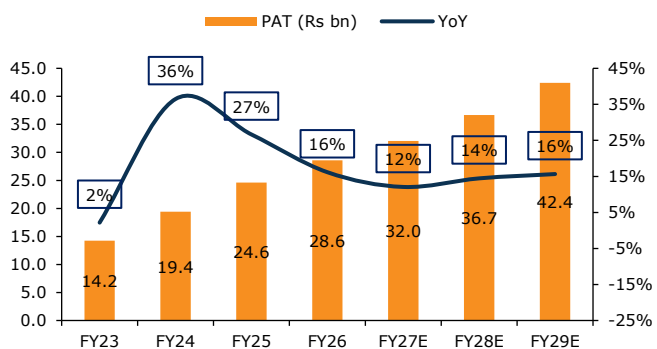
This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions.com)

**Exhibit 11: We expect HDFCAMC's revenue to grow ~15% in FY27E**

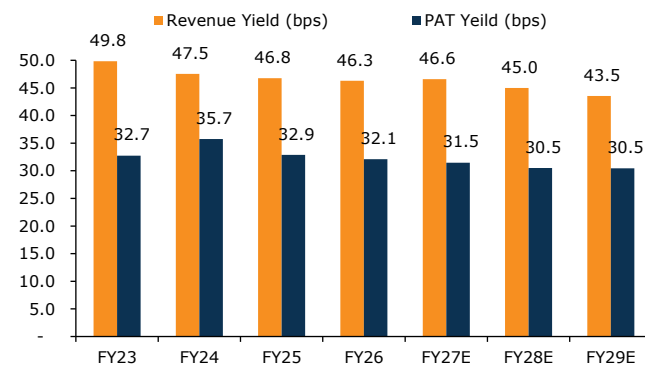
Source: Company, Emkay Research

**Exhibit 12: We expect EBITDA margin to expand to 81% by FY29E**

Source: Company, Emkay Research

**Exhibit 13: We expect PAT CAGR of ~14% over FY26-29E**

Source: Company, Emkay Research

**Exhibit 14: Revenue yield is likely to gradually decline**

Source: Company, Emkay Research

This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions)

## Earnings conference call highlights

- Yields for the quarter stood at 61bps for active equity, 58bps for overall equity, 28–29bps for debt, and 13bps for liquid funds.
- It launched two AIFs during the quarter: a Category II fund focused on private markets, with first close expected this quarter, and a Category III fund investing in listed securities, which has achieved first close. It also began managing the EPFO fixed income mandate during the quarter.
- The management attributed the marginal sequential improvement in yields largely to asset mix changes and said it was not due to the decline in AUM.
- Recent softness in systematic transactions came from STPs, which wealth managers paused amid choppy markets; excluding STP, the company's SIP market share has risen.
- The management reiterated its focus on cost discipline, describing the cost base as efficient relative to the ~Rs16trn of AUM it manages (~Rs9trn in MF and ~Rs6.5trn in PMS).
- Costs fall into two buckets: routine expenses that grow with inflation and business size, and investments in future capabilities. Those investments span alternates and PMS (20+ investment professionals), international, digital technology, AI-led capabilities, and a larger MF investment team (up from 30 to 40), in preparation for AUM growing from over time.
- AIFs are margin-accretive, at 80–90bps depending on the product. Non-discretionary PMS earns broadly in line with equity MFs, while discretionary PMS and government mandates such as EPFO and CMPFO are priced competitively and valued for the institutional credibility they bring.
- The management said that, having taken time to build systems, processes, and a team that includes two senior investment hires, the company expects to launch a couple of SIF products over the next couple of quarters and gain share in the category.
- It plans to launch contra and life cycle funds, opened up by SEBI's revised classification norms, over time, and has recently launched a REITs passive product.
- The management said it continues to guide distributors and investors toward long-term asset allocation; fund managers view large-cap valuations as below long-term averages.
- It views new entrants positively as validation of the industry's growth potential, citing its brand, distribution franchise, and track record (six strategies with 30+ year records) as key strengths.
- With a large share of net equity and hybrid flows now coming through SIPs, flows have become more structural and predictable, though a prolonged bear market would test this resilience.

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## Exhibit 15: Financial Summary

| Income Statement (Y/E Mar, Rs mn)   | FY25          | FY26          | FY27E          | FY28E          | FY29E          |
|-------------------------------------|---------------|---------------|----------------|----------------|----------------|
| Revenue from operations             | 34,984        | 41,222        | 47,422         | 54,077         | 60,606         |
| Other income                        | 5,617         | 5,000         | 5,421          | 6,632          | 7,350          |
| <b>Total Revenue</b>                | <b>40,601</b> | <b>46,222</b> | <b>52,843</b>  | <b>60,710</b>  | <b>67,956</b>  |
| Employee expenses                   | 3,894         | 4,821         | 5,702          | 6,362          | 7,042          |
| Depreciation and amortization       | 585           | 729           | 849            | 954            | 1,062          |
| Other expenses                      | 3,132         | 3,365         | 3,704          | 4,000          | 4,400          |
| Total Operating Expenses            | 7,066         | 8,268         | 9,566          | 10,582         | 11,711         |
| EBITDA                              | 27,919        | 32,953        | 37,856         | 43,495         | 48,895         |
| <b>Total Opex</b>                   | <b>7,745</b>  | <b>9,131</b>  | <b>10,566</b>  | <b>11,695</b>  | <b>12,938</b>  |
| <b>PBT</b>                          | <b>32,856</b> | <b>37,092</b> | <b>42,277</b>  | <b>49,015</b>  | <b>55,018</b>  |
| Tax expense                         | 8,254         | 8,511         | 10,247         | 12,352         | 12,617         |
| <b>PAT</b>                          | <b>24,602</b> | <b>28,581</b> | <b>32,031</b>  | <b>36,663</b>  | <b>42,401</b>  |
| <b>PAT (Adj)</b>                    | <b>24,602</b> | <b>28,581</b> | <b>32,031</b>  | <b>36,663</b>  | <b>42,401</b>  |
| <b>Core PAT</b>                     | <b>20,396</b> | <b>24,728</b> | <b>27,924</b>  | <b>31,702</b>  | <b>36,736</b>  |
| Balance Sheet (Rs mn)               | FY25          | FY26          | FY27E          | FY28E          | FY29E          |
| Share Capital                       | 1,069         | 2,142         | 2,142          | 2,142          | 2,142          |
| Reserves and Surplus                | 80,231        | 90,145        | 99,054         | 110,093        | 123,163        |
| <b>Shareholders' equity</b>         | <b>81,300</b> | <b>92,287</b> | <b>101,196</b> | <b>112,235</b> | <b>125,305</b> |
| Payables                            | 401           | 474           | 650            | 889            | 996            |
| Other liabilities                   | 5,806         | 7,153         | 7,636          | 8,534          | 9,245          |
| <b>Total equity and liabilities</b> | <b>87,507</b> | <b>99,914</b> | <b>109,482</b> | <b>121,657</b> | <b>135,546</b> |
| Cash and bank balances              | 418           | 547           | 614            | 634            | 966            |
| Investments                         | 82,548        | 93,620        | 102,714        | 114,613        | 128,106        |
| Receivables                         | 1,455         | 1,586         | 1,824          | 2,074          | 2,325          |
| Fixed assets                        | 1,923         | 2,666         | 2,668          | 2,485          | 2,197          |
| Other assets                        | 1,163         | 1,495         | 1,661          | 1,851          | 1,953          |
| <b>Total Assets</b>                 | <b>87,507</b> | <b>99,914</b> | <b>109,482</b> | <b>121,657</b> | <b>135,546</b> |
| Assets Under Management (Rs bn)     | FY25          | FY26          | FY27E          | FY28E          | FY29E          |
| <b>AAAUM</b>                        | <b>7,480</b>  | <b>8,906</b>  | <b>10,178</b>  | <b>12,018</b>  | <b>13,920</b>  |
| Equity                              | 4,838         | 5,786         | 6,712          | 8,049          | 9,433          |
| Debt                                | 1,539         | 1,795         | 1,833          | 2,124          | 2,321          |
| Liquid                              | 789           | 798           | 894            | 888            | 941            |
| Other                               | 313           | 527           | 739            | 958            | 1,225          |
| <b>AAAUM yoy (%)</b>                | <b>38%</b>    | <b>19%</b>    | <b>14.3%</b>   | <b>18.1%</b>   | <b>15.8%</b>   |
| Equity                              | 51%           | 20%           | 16.0%          | 19.9%          | 17.2%          |
| Debt                                | 14%           | 17%           | 2.1%           | 15.9%          | 9.3%           |
| Liquid                              | 15%           | 1%            | 12.0%          | -0.7%          | 6.0%           |
| Other                               | 69%           | 68%           | 40.3%          | 29.5%          | 27.9%          |
| AAAUM Mix (%)                       |               |               |                |                |                |
| Equity                              | 65            | 65.0          | 65.9           | 67.0           | 67.8           |
| Debt                                | 21            | 20.2          | 18.0           | 17.7           | 16.7           |
| Liquid                              | 11            | 9.0           | 8.8            | 7.4            | 6.8            |
| Other                               | 4             | 5.9           | 7.3            | 8.0            | 8.8            |
| DuPont analysis (bps of AAUM)       | FY25          | FY26          | FY27E          | FY28E          | FY29E          |
| Revenue from operations             | 46.8          | 46.3          | 46.6           | 45.0           | 43.5           |
| Total Opex                          | 10.4          | 10.3          | 10.4           | 9.7            | 9.3            |
| <b>PAT (Adj)</b>                    | <b>32.9</b>   | <b>32.1</b>   | <b>31.5</b>    | <b>30.5</b>    | <b>30.5</b>    |
| Key ratios (%)                      | FY25          | FY26          | FY27E          | FY28E          | FY29E          |
| Cost-to-income ratio                | 20.2          | 20.1          | 20.2           | 19.6           | 19.3           |
| ROE (Adj)                           | 32.4          | 32.9          | 33.1           | 34.4           | 35.7           |
| Per share data (Rs)                 | FY25          | FY26          | FY27E          | FY28E          | FY29E          |
| EPS (Adj.)                          | 57.58         | 66.77         | 74.79          | 85.61          | 99.01          |
| BVPS                                | 190.1         | 215.5         | 236.3          | 262.1          | 292.6          |
| DPS                                 | 45.0          | 54.0          | 59.8           | 68.5           | 79.2           |

Source: Company, Emkay Research

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HDFC AMC: Consolidated Financials and Valuations

| Profit & Loss               |        |        |        |        |        |
|-----------------------------|--------|--------|--------|--------|--------|
| Y/E Mar (Rs mn)             | FY25   | FY26   | FY27E  | FY28E  | FY29E  |
| Revenue                     | 34,984 | 41,222 | 47,422 | 54,077 | 60,606 |
| Revenue growth (%)          | 35.4   | 17.8   | 15.0   | 14.0   | 12.1   |
| EBITDA                      | 27,919 | 32,953 | 37,856 | 43,495 | 48,895 |
| EBITDA growth (%)           | 42.6   | 18.0   | 14.9   | 14.9   | 12.4   |
| Depreciation & Amortization | 585    | 729    | 849    | 954    | 1,062  |
| EBIT                        | 27,333 | 32,224 | 37,007 | 42,541 | 47,833 |
| EBIT growth (%)             | 43.5   | 17.9   | 14.8   | 15.0   | 12.4   |
| Other operating income      | -      | -      | -      | -      | -      |
| Other income                | 5,617  | 5,000  | 5,421  | 6,632  | 7,350  |
| Financial expense           | 94     | 133    | 151    | 159    | 165    |
| PBT                         | 32,856 | 37,092 | 42,277 | 49,015 | 55,018 |
| Extraordinary items         | 0      | 0      | 0      | 0      | 0      |
| Taxes                       | 8,254  | 8,511  | 10,247 | 12,352 | 12,617 |
| Minority interest           | -      | -      | -      | -      | -      |
| Income from JV/Associates   | -      | -      | -      | -      | -      |
| Reported PAT                | 24,602 | 28,581 | 32,031 | 36,663 | 42,401 |
| PAT growth (%)              | 26.6   | 16.2   | 12.1   | 14.5   | 15.7   |
| Adjusted PAT                | 24,602 | 28,581 | 32,031 | 36,663 | 42,401 |
| Diluted EPS (Rs)            | 57.4   | 66.5   | 74.5   | 85.3   | 98.7   |
| Diluted EPS growth (%)      | 26.3   | 15.9   | 12.1   | 14.5   | 15.7   |
| DPS (Rs)                    | 44.9   | 53.8   | 59.6   | 68.2   | 78.9   |
| Dividend payout (%)         | 78.0   | 80.6   | 79.7   | 79.7   | 79.7   |
| EBITDA margin (%)           | 79.8   | 79.9   | 79.8   | 80.4   | 80.7   |
| EBIT margin (%)             | 78.1   | 78.2   | 78.0   | 78.7   | 78.9   |
| Effective tax rate (%)      | 25.1   | 22.9   | 24.2   | 25.2   | 22.9   |
| NOPLAT (pre-IndAS)          | 20,467 | 24,830 | 28,038 | 31,821 | 36,864 |
| Shares outstanding (mn)     | 429    | 430    | 430    | 430    | 430    |

Source: Company, Emkay Research

| Cash flows                   |          |          |          |          |          |
|------------------------------|----------|----------|----------|----------|----------|
| Y/E Mar (Rs mn)              | FY25     | FY26     | FY27E    | FY28E    | FY29E    |
| PBT (ex-other income)        | 32,856   | 37,092   | 42,277   | 49,015   | 55,018   |
| Others (non-cash items)      | (5,291)  | (4,256)  | (5,421)  | (6,632)  | (7,350)  |
| Taxes paid                   | (7,174)  | (8,204)  | (10,247) | (12,352) | (12,617) |
| Change in NWC                | 908      | 971      | 255      | 696      | 466      |
| Operating cash flow          | 20,748   | 25,278   | 27,864   | 31,840   | 36,744   |
| Capital expenditure          | (447)    | (223)    | (851)    | (771)    | (773)    |
| Acquisition of business      | -        | -        | -        | -        | -        |
| Interest & dividend income   | 219      | 425      | 5,421    | 6,632    | 7,350    |
| Investing cash flow          | (5,981)  | (6,431)  | (4,568)  | (6,056)  | (6,936)  |
| Equity raised/(repaid)       | 693      | 975      | 0        | 0        | 0        |
| Debt raised/(repaid)         | -        | -        | -        | -        | -        |
| Payment of lease liabilities | (399)    | (440)    | 0        | 0        | 0        |
| Interest paid                | (94)     | (133)    | (151)    | (159)    | (165)    |
| Dividend paid (incl tax)     | (14,951) | (19,252) | (23,122) | (25,625) | (29,330) |
| Others                       | -        | -        | -        | -        | -        |
| Financing cash flow          | (14,751) | (18,858) | (23,273) | (25,783) | (29,496) |
| Net chg in Cash              | 17       | (11)     | 24       | -        | 312      |
| OCF                          | 20,748   | 25,278   | 27,864   | 31,840   | 36,744   |
| Adj. OCF (w/o NWC chg.)      | 19,840   | 24,307   | 27,609   | 31,143   | 36,278   |
| FCFF                         | 20,301   | 25,055   | 27,013   | 31,069   | 35,971   |
| FCFE                         | 20,426   | 25,347   | 32,283   | 37,542   | 43,156   |
| OCF/EBITDA (%)               | 74.3     | 76.7     | 73.6     | 73.2     | 75.1     |
| FCFE/PAT (%)                 | 83.0     | 88.7     | 100.8    | 102.4    | 101.8    |
| FCFF/NOPLAT (%)              | 99.2     | 100.9    | 96.3     | 97.6     | 97.6     |

Source: Company, Emkay Research

| Balance Sheet               |          |          |           |           |           |
|-----------------------------|----------|----------|-----------|-----------|-----------|
| Y/E Mar (Rs mn)             | FY25     | FY26     | FY27E     | FY28E     | FY29E     |
| Share capital               | 1,069    | 2,142    | 2,142     | 2,142     | 2,142     |
| Reserves & Surplus          | 80,231   | 90,145   | 99,054    | 110,093   | 123,163   |
| Net worth                   | 81,300   | 92,287   | 101,196   | 112,235   | 125,305   |
| Minority interests          | -        | -        | -         | -         | -         |
| Non-current liab. & prov.   | 2,108    | 2,556    | 2,562     | 2,841     | 2,902     |
| Total debt                  | 0        | 0        | 0         | 0         | 0         |
| Total liabilities & equity  | 83,408   | 94,843   | 103,758   | 115,076   | 128,207   |
| Net tangible fixed assets   | 488      | 521      | 550       | 511       | 460       |
| Net intangible assets       | 96       | 57       | 78        | 92        | 101       |
| Net ROU assets              | 1,338    | 2,088    | 2,039     | 1,883     | 1,636     |
| Capital WIP                 | 4        | 17       | 17        | 17        | 17        |
| Goodwill                    | 60       | 60       | 60        | 60        | 60        |
| Investments [JV/Associates] | -        | -        | -         | -         | -         |
| Cash & equivalents          | 82,966   | 94,167   | 103,329   | 115,246   | 129,072   |
| Current assets (ex-cash)    | 2,554    | 3,004    | 3,407     | 3,848     | 4,200     |
| Current Liab. & Prov.       | 4,099    | 5,072    | 5,724     | 6,582     | 7,339     |
| NWC (ex-cash)               | (1,545)  | (2,068)  | (2,317)   | (2,734)   | (3,139)   |
| Total assets                | 83,408   | 94,843   | 103,758   | 115,076   | 128,207   |
| Net debt                    | (82,966) | (94,167) | (103,329) | (115,246) | (129,072) |
| Capital employed            | 83,408   | 94,843   | 103,758   | 115,076   | 128,207   |
| BVPS (Rs)                   | 189.6    | 214.7    | 235.5     | 261.1     | 291.6     |
| Net Debt/Equity (x)         | (1.0)    | (1.0)    | (1.0)     | (1.0)     | (1.0)     |
| Net Debt/EBITDA (x)         | (3.0)    | (2.9)    | (2.7)     | (2.6)     | (2.6)     |
| Interest coverage (x)       | 350.2    | 279.5    | 280.9     | 309.8     | 334.1     |
| RoCE (%)                    | 43.3     | 42.9     | 43.9      | 46.1      | 46.5      |

Source: Company, Emkay Research

| Valuations and key Ratios |        |        |        |        |        |
|---------------------------|--------|--------|--------|--------|--------|
| Y/E Mar                   | FY25   | FY26   | FY27E  | FY28E  | FY29E  |
| P/E (x)                   | 41.9   | 36.2   | 32.3   | 28.2   | 24.4   |
| EV/CE(x)                  | 11.7   | 10.2   | 9.2    | 8.2    | 7.2    |
| P/B (x)                   | 12.7   | 11.2   | 10.3   | 9.2    | 8.3    |
| EV/Sales (x)              | 27.1   | 22.8   | 19.6   | 17.0   | 14.9   |
| EV/EBITDA (x)             | 34.0   | 28.5   | 24.6   | 21.1   | 18.5   |
| EV/EBIT(x)                | 34.7   | 29.2   | 25.2   | 21.6   | 18.9   |
| FCFF yield (%)            | 2.1    | 2.7    | 2.9    | 3.4    | 4.0    |
| FCFE yield (%)            | 2.0    | 2.5    | 3.1    | 3.6    | 4.2    |
| Dividend yield (%)        | 1.9    | 2.2    | 2.5    | 2.8    | 3.3    |
| DuPont-RoE split          |        |        |        |        |        |
| Net profit margin (%)     | 70.3   | 69.3   | 67.5   | 67.8   | 70.0   |
| Total asset turnover (x)  | 0.5    | 0.5    | 0.5    | 0.5    | 0.5    |
| Assets/Equity (x)         | 1.0    | 1.0    | 1.0    | 1.0    | 1.0    |
| RoE (%)                   | 32.4   | 32.9   | 33.1   | 34.4   | 35.7   |
| DuPont-RoIC               |        |        |        |        |        |
| NOPLAT margin (%)         | 58.5   | 60.2   | 59.1   | 58.8   | 60.8   |
| IC turnover (x)           | (33.4) | (35.4) | (31.0) | (29.2) | (26.4) |
| Operating metrics         |        |        |        |        |        |
| Core NWC days             | (16.1) | (18.3) | (17.8) | (18.5) | (18.9) |
| Total NWC days            | (16.1) | (18.3) | (17.8) | (18.5) | (18.9) |
| Fixed asset turnover      | -      | -      | -      | -      | -      |
| Opex-to-revenue (%)       | 20.2   | 20.1   | 20.2   | 19.6   | 19.3   |

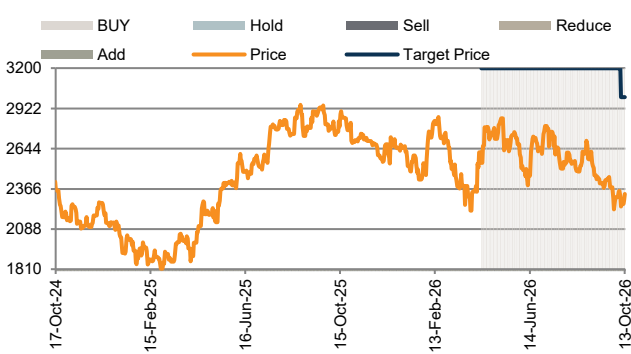
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

| Date      | Closing Price (Rs) | TP (Rs) | Rating | Analyst       |
|-----------|--------------------|---------|--------|---------------|
| 08-Oct-26 | 2,245              | 3,000   | Buy    | Avinash Singh |
| 09-Sep-26 | 2,440              | 3,200   | Buy    | Avinash Singh |
| 16-Jul-26 | 2,602              | 3,200   | Buy    | Avinash Singh |
| 09-Jul-26 | 2,737              | 3,200   | Buy    | Avinash Singh |
| 17-Apr-26 | 2,792              | 3,200   | Buy    | Avinash Singh |
| 13-Apr-26 | 2,546              | 3,200   | Buy    | Avinash Singh |

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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|---------------|-----------------------------------------------|
| <b>BUY</b>    | >15% upside                                   |
| <b>ADD</b>    | 5-15% upside                                  |
| <b>REDUCE</b> | 5% upside to 15% downside                     |
| <b>SELL</b>   | >15% downside                                 |

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