

# Nippon Life India AMC

Estimate change

TP change

Rating change



Bloomberg	NAM IN
Equity Shares (m)	634
M.Cap.(INRb)/(USDb)	414.6 / 4.8
52-Week Range (INR)	816 / 430
1, 6, 12 Rel. Per (%)	-10/9/25
12M Avg Val (INR M)	694

## Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
AAUM	5,432	6,462	7,697
MF Yield (bp)	40.9	39.9	38.9
Rev from Ops	22.6	26.2	30.4
Core PAT	10.7	13.6	16.4
PAT	13.0	16.1	19.0
PAT (bp as AAUM)	24	25	25
Core EPS	17.0	21.6	26.1
EPS	20.7	25.6	30.1
EPS Grw. (%)	18	24	18
BVPS	64	66	67
RoE (%)	32	39	45
Div. Payout (%)	95	95	95

## Valuations

Mcap/AUM (%)	7.4	6.2	5.2
P/E (x)	31.6	25.6	21.7
P/BV (x)	10.2	10.0	9.8
Div. Yield (%)	3.0	3.7	4.4

## Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	72.4	72.5	73.1
DII	13.0	13.5	14.2
FII	8.3	7.7	5.5
Others	6.3	6.3	7.2

FII Includes depository receipts

**CMP: INR654**

**TP: INR850 (+30%)**

**BUY**

## EBITDA in line; PAT miss due to other income

- Nippon Life India AMC (NAM)'s operating revenue came in at INR5.9b (in line), resulting in a growth of 39% YoY and 3% QoQ. Yields declined to 41.3bp in 3QFY25 from 41.6bp in 2QFY25 and 44.8bp in 3QFY24. For 9MFY25, revenue came in at INR16.6b, recording a growth of 42% YoY.
- Total opex grew 23% YoY and 3% QoQ to INR2b. Resultant EBITDA stood at INR3.9b in 3QFY25, +49% YoY (in line). EBITDA margin improved 440bp YoY to 65.6%. For 9MFY25, EBITDA grew 53% YoY to INR10.8b.
- PAT stood at INR3b in 3QFY25; PAT rose 4% YoY but declined 18% QoQ (9% miss), mainly due to the MTM impact on investments, which led to lower-than-expected other income. In 9MFY25, PAT grew 29% YoY to INR10b.
- Investments in talent and technology are expected to continue, and management has guided an expense growth of 15-17%, excluding ESOP.
- We cut our FY25/FY26/FY27 earnings estimates by 4%/4%/3% mainly on account of lower-than-expected other income. However, due to continued strong fund performance, upside from international flows, and rising market share, we reiterate our BUY rating on the stock with a TP of INR850, based on 36x Sep'26E Core EPS.**

## Strong growth in AUM; market share also improves

- Overall, MF QAAUM grew 51% YoY to INR5.7t, driven by 61%/62%/25%/30% YoY growth in Equity/ETFs/Liquid/Debt Funds.
- NAM's market share for QAAUM increased 63bp YoY to 8.31%, with equity market share rising 31bp YoY to 6.99%. ETF market share surged 278bp YoY to 18.1%.
- The share of Equity/ETFs in MF AUM improved 250bp/180bp YoY to 51.1%/26.4%. However, the share of Debt/Liquid declined to 15.2%/7.3%.
- SIP flows of INR99.1b (the highest monthly run rate) were reported in 3QFY25 compared to INR59.3b in 3QFY24 and INR90.3b in 2QFY25, taking the SIP book to INR1.4t (+53% YoY)
- Employee costs grew 21% YoY to INR1.1b, while other expenses grew 27% YoY to INR770m on account of investments made in tech and alternate business.
- Other income came in at INR154m (75% miss), declining 86% YoY and 87% QoQ on account of adverse capital market and MTM hit on the seed funds in the alternate business.
- The distribution mix remained largely stable, with IFAs dominating the mix (56% share), followed by banks at 25% and national distributors at 19%.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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- On the product front, NAM recently launched two index funds, i.e., the Nifty Realty Index Fund and the Offshore Index Fund. It guides to launch many more such passive funds with no focus on mega NFO launches. It also launched a Nifty Large Cap Gift Fund in the Gift City, which is a feeder fund investing into existing large-cap funds in India.
- On the international business front, NAM continues to work extensively with subsidiaries of its parent and is planning for more launches, which would drive its revenue and profits.

#### Key takeaways from the management commentary

- During the quarter, it has done rationalization in the large and multi-cap schemes with a combined AUM size of ~INR760b. NAM will continue to evaluate if any more rationalizations are to be made to slow down the downfall in the yields. The rationalization is expected to reduce the intensity of the impact of telescopic structure on equity yields.
- On the AIF side, total commitments raised were at INR69.8b as of Dec'24 in CAT 2 and 3 funds with robust trends in deployment. Management guided that further fundraising is underway.
- Management guides for no substantial increase in the number of branches. It will focus on leveraging tech to improve the operating efficiency of the existing ones.

#### Valuation and view: Reiterate BUY

- Yields on the equity segment are expected to decline at a relatively moderate pace compared to the past couple of years. The decline in overall yields will be protected by strong net flows and the correction in commission structure.
- **We cut our FY25/FY26/FY27 earnings estimates by 4%/4%/3% mainly on account of lower-than-expected other income and higher expenses. However, due to continued strong fund performance, upside from international flows, and rising market share, we reiterate our BUY rating on the stock with a TP of INR850, based on 36x Sep'26E Core EPS.**

## Quarterly Performance

(INR m)

Y/E March	FY24				FY25				FY24	FY25E	3Q Act v/s FY25E Est. %		YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE						
Revenue from Operations	3,542	3,975	4,233	4,683	5,050	5,713	5,879	5,962	16,432	22,603	5,855	0.4	38.9	2.9
Change YoY (%)	12.0	19.9	19.6	34.4	42.6	43.7	38.9	27.3	21.7	37.6	38			
Fees & Commission	135	156	156	172	179	192	187	213	620	771	195.0	-3.9	20.1	-2.7
Employee Expenses	780	799	881	886	1,051	1,069	1,065	1,082	3,346	4,267	1,075.3	-1.0	20.8	-0.4
Other expenses	602	606	604	717	655	708	770	759	2,529	2,892	725.0	6.2	27.4	8.7
Total Operating Expenses	1,517	1,561	1,642	1,775	1,886	1,969	2,022	2,054	6,495	7,931	1,995	1.3	23.2	2.7
Change YoY (%)	11	13	17	27	24	26	23	16	17.0	22.1	22			
EBITDA	2,024	2,414	2,592	2,908	3,164	3,744	3,857	3,908	9,937	14,673	3,860	-0.1	48.8	3.0
EBITDA Margin	57.2	60.7	61.2	62.1	62.7	65.5	65.6	65.5	60.5	64.9	65.9	32bp	438bp	8bp
Other Income	1,169	779	1,071	923	1,308	1,208	154	465	3,941	3,135	604	-74.5	-85.6	-87.2
Depreciation	81	72	65	73	68	74	77	77	291	297	76	1.4	18.7	4.2
Finance Cost	13	17	17	16	16	17	17	26	62	75	19	-13.2	-0.6	-0.6
<b>PBT</b>	<b>3,099</b>	<b>3,104</b>	<b>3,581</b>	<b>3,741</b>	<b>4,388</b>	<b>4,861</b>	<b>3,917</b>	<b>4,271</b>	<b>13,525</b>	<b>17,436</b>	<b>4,369</b>	<b>-10.3</b>	9.4	-19.4
Tax Provisions	746	661	741	315	1,066	1,261	965	1,120	2,462	4,411	1,114	-13.4		
<b>Net Profit</b>	<b>2,354</b>	<b>2,443</b>	<b>2,840</b>	<b>3,426</b>	<b>3,322</b>	<b>3,600</b>	<b>2,953</b>	<b>3,151</b>	<b>11,063</b>	<b>13,025</b>	<b>3,255</b>	<b>-9.3</b>	4.0	-18.0
Change YoY (%)	105.9	18.6	38.7	73.3	41.1	47.4	4.0	-8.0	53.0	17.7	14.6			
Core PAT	1,466	1,830	1,991	2,581	2,331	2,705	2,836	2,807	7,839	10,681	2,805	1.1	42.5	4.8
Change YoY (%)	15.7	28.0	26.6	56.5	59.0	47.9	42.5	8.8	32	36	40.9			
<b>Key Operating Parameters (%)</b>														
Revenue / AUM (bp)	45.2	44.4	44.8	43.4	41.8	41.6	41.3	41.3	44.4	41.5	41.6	35bp	-359bp	-35bp
Opex / AUM (bp)	19.4	17.4	17.4	16.5	15.6	14.3	14.2	14.2	17.5	14.6	14.2	-1bp	-320bp	-15bp
PAT / AUM (bp)	30.0	27.3	30.1	31.8	27.5	26.2	20.7	21.8	29.9	23.9	23.1	241bp	-937bp	-550bp
Cost to Operating Income Ratio	42.8	39.3	38.8	37.9	37.3	34.5	34.4	34.5	39.5	35.1	34.1	-32bp	-438bp	-8bp
EBITDA Margin	57.2	60.7	61.2	62.1	62.7	65.5	65.6	65.5	60.5	64.9	65.9	32bp	438bp	8bp
Tax Rate	24.1	21.3	20.7	8.4	24.3	25.9	24.6	26.2	18.2	25.3	25.5	88bp	394bp	-131bp
PAT Margin	66.5	61.4	67.1	73.2	65.8	63.0	50.2	52.8	67.3	57.6	55.6	536bp	-	-
Core PAT Margin	41.4	46.0	47.0	55.1	46.2	47.4	48.2	47.1	47.7	47.3	47.9	-35bp	122bp	89bp
<b>Opex Mix (%)</b>														
Fees & Commission	8.9	10.0	9.5	9.7	9.5	9.8	9.3	10.3	9.5	9.7	9.8	51 bp	-24bp	-51bp
Employee Expenses	51.4	51.2	53.7	49.9	55.8	54.3	52.7	52.7	51.5	53.8	53.9	123 bp	-103bp	-161bp
Others	39.7	38.8	36.8	40.4	34.7	36.0	38.1	37.0	38.9	36.5	36.3	-173 bp	127bp	212bp
<b>Key Parameters</b>														
QAUM (INR b)	3,136	3,583	3,776	4,313	4,838	5,492	5,700	5,769	3,702	5,450	5,629	1.3	51.0	3.8
Mix (%)														
Equity	43.2	44.3	47.0	47.6	48.1	49.2	49.0		45.5	48.8	48.1		197bp	-15bp
Debt	12.8	13.9	10.9	9.5	8.7	8.4	9.4		11.7	8.8	8.7		-149bp	99bp
Liquid	17.3	16.2	14.4	14.0	13.3	12.4	11.9		15.5	12.5	13.3		-247bp	-47bp
Others	26.8	25.6	27.7	28.9	29.9	30.1	29.7		27.3	29.9	29.9		199bp	-38bp

## Financials &amp; Valuation (INR b)

Y/E March	New estimates			Old estimates			Change in estimates		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
AAUM (INRb)	5,432	6,462	7,697	5,432	6,462	7,697	0%	0%	0%
MF Yield (bp)	40.9	39.9	38.9	41.0	40.0	39.0	-1bp	0bp	0bp
Rev from Ops	22.6	26.2	30.4	22.6	26.2	30.5	0%	0%	0%
Core PAT	10.7	13.6	16.4	10.7	13.6	16.5	-1%	0%	0%
PAT	13.0	16.1	19.0	13.6	16.7	19.6	-4%	-4%	-3%
PAT margin(bp as AAUM)	24	25	25	25.1	25.9	25.5	-11bp	-10bp	-8bp
Core EPS	17.0	21.6	26.1	17.0	21.7	26.2	-1%	0%	0%
EPS	20.7	25.6	30.1	21.6	26.6	31.2	-4.3%	-3.8%	-3%
EPS Grw. (%)	18	24	18	23.0	23.0	17.3			
BVPS	64	66	67	64.3	65.6	67.2	0%	0%	0%
RoE (%)	32	39	45	33.9	40.9	46.9	-14bp	-15bp	-15bp
Div. Payout (%)	95	95	95	95.0	95.0	95.0	0bp	0bp	0bp
<b>Valuations</b>									
Mcap/AUM (%)	7.4	6.2	5.2	8.6	7.2	6.0			
P/E (x)	31.6	25.6	21.7	34.9	28.4	24.2			
P/BV (x)	10.2	10.0	9.8	11.7	11.5	11.2			
Div. Yield (%)	3.0	3.7	4.4	2.7	3.3	3.9			



## Key takeaways from the management commentary

## Business:

- The unique investor base grew to 20m with a 38% market share. Investor folio base (highest) grew to 31m and has added 2.3m folios in 3QFY25.
- The market share in the overall AAUM increased for seven successive quarters to 8.31% (+63bp YoY and +1bp QoQ).
- The equity market share increased to 6.99% (+31bp YoY and 3bp+ QoQ) – which is the highest after Dec'20).
- On the ETF front, the QAAUM stood at INR1.5t (26% of MF AUM) with market share at 18.1% (up 278bp YoY) and continues to maintain leadership in this segment with one of the largest bouquet of 24 ETFs in the industry across Equities, Debt, and Commodities Markets. NAM has ~55% ETF share on both NSE and BSE.
- On the AIF side, total commitments raised were at INR69.8b as of Dec'24 in CAT 2 and 3 funds with robust trends in deployment. Management guided for further fundraising being underway.
- Management guides for no substantial increase in number of branches. It will focus on leveraging tech to improve the operating efficiency of the existing ones.
- While the ticket sizes of folios have reduced, the vintage of funds has been stronger.
- On the GIFT City front, it recently opened a branch and has taken a Fund Management Entity (FME) license to manage funds. It also launched Nippon India Large Cap Fund GIFT in Jan'25. This Feeder fund is investing in existing large cap MF in India. More fund launches are in the pipeline and will be launched later during the year.
- On the international business front, NAM continues to work extensively with subsidiaries of its parent and is planning for more launches, which would drive its revenue and profits.

- ~4.08m digital transactions were done in Q3FY25 and contributed ~73% to overall purchase + new SIP transactions for 3QFY25. New features were launched for creating more ease for the investors

#### **Systematic book:**

- Management does not expect any distortion in the uptick of SIP flows trend as compared to the Dec'24 numbers; it is currently in line. It expects the retail SIP flow to be stronger.
- The SIP discontinuation % for NAM is much lower than industry levels based on proven track records.

#### **Yields:**

- NAM had earlier done commission rationalization in the Small Cap scheme. During the quarter, it has done rationalization in the Large and multi-Cap schemes with combined AUM size of ~INR760b. NAM will continue to evaluate if any more rationalizations to be done in order to slow down the downfall in the yields. (~50% of AUM book currently is rationalized)
- The rationalization is expected to reduce the intensity of impact of telescopic structure on equity yields.
- Yields for 3QFY25 for Equity/Debt/Liquid/ETF stood at 57bp/25bp/10-12bp/15bp. And the blended yield stood at 37bp.

#### **Financials:**

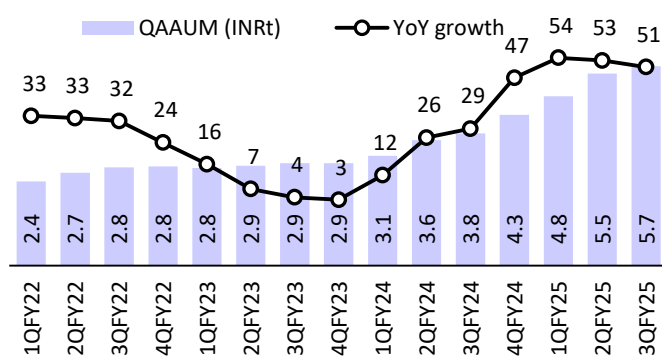
- Management guided overall operating expense growth ex of ESOP costs to range ~15-17%. It will continue to invest in technology and the alternative business.
- Other expenses were up 27% YoY and 9% QoQ to INR770m on account of investments in tech and alternative business. The ESOP Costs for 3QFY25/9MFY25 stood at INR110m/310m.
- The overall income declined 86% YoY and 87% QoQ to INR154m mainly on account of MTM loss on the alternate asset business side as majority of the money is invested in CAT 3 (consisting mainly equity schemes).
- The cash surplus balance stood at ~INR33b vs ~INR43b as of Jun'24 due to 1) dividend payout and 2) new corporate office.

#### **Products:**

- Regarding product in pipeline, NAM will be launching few more passives schemes (currently ~48).
- Recently launched 2 new index funds – Nifty Realty Fund and Offshore Index Fund.

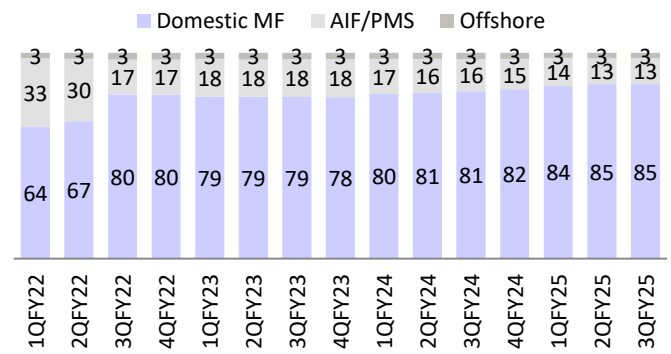
## Key exhibits

Exhibit 1: AUM growth momentum remains strong



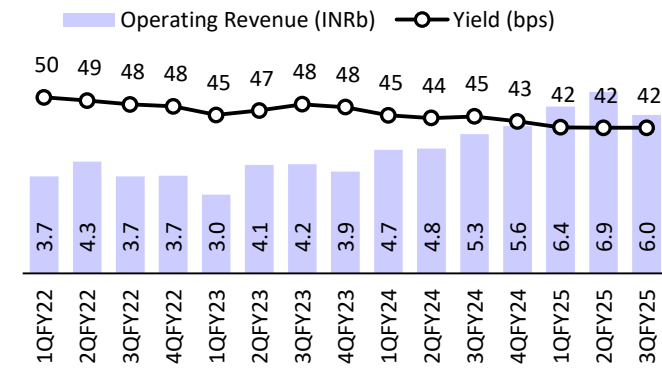
Source: MOFSL, Company

Exhibit 2: Overall AUM mix (%)



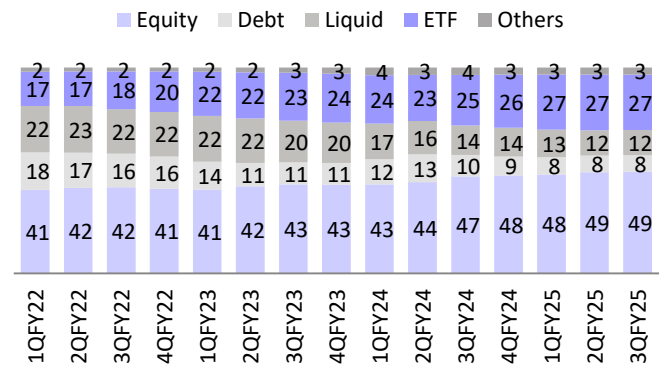
Source: MOFSL, Company

Exhibit 3: YoY growth in revenue despite declining yields



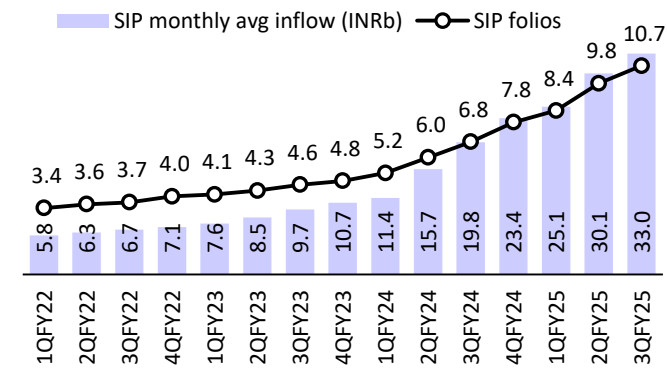
Source: MOFSL, Company

Exhibit 4: Equity contribution rising YoY in MF AUM mix (%)



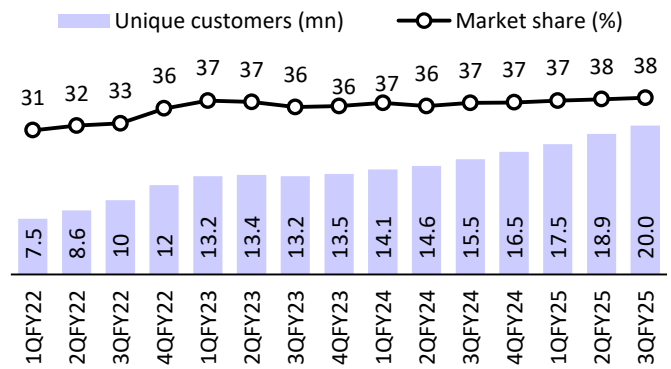
Source: MOFSL, Company

Exhibit 5: SIP monthly avg inflows and folios on the rise



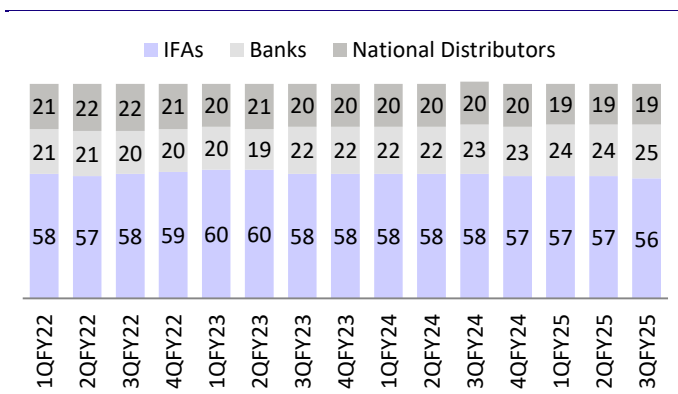
Source: MOFSL, Company

Exhibit 6: Unique customers' market share rising gradually



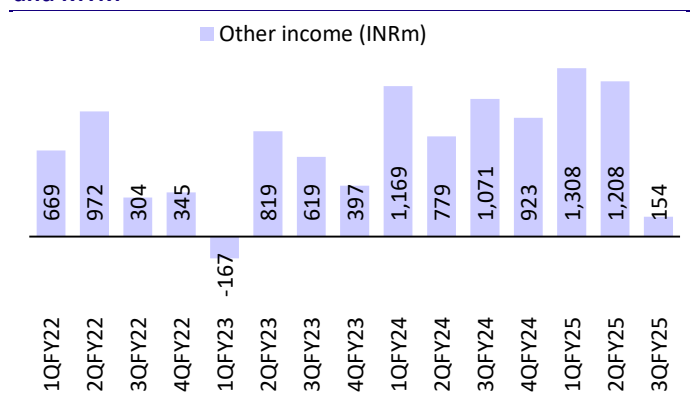
Source: MOFSL, Company

Exhibit 7: Stable distribution mix (%)



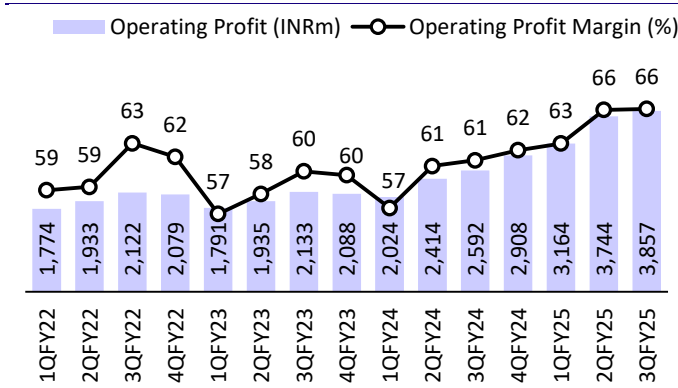
Source: MOFSL, Company

Exhibit 8: Other income falls on account of adverse markets and MTM



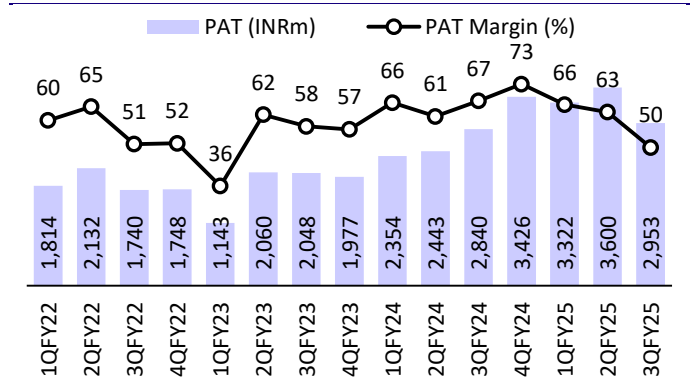
Source: MOFSL, Company

Exhibit 9: Operating profit trends



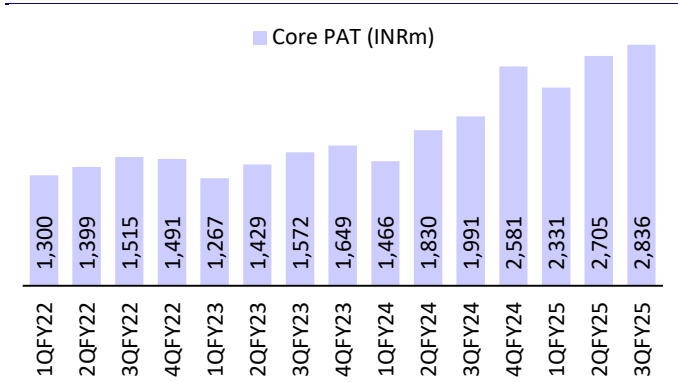
Source: MOFSL, Company

Exhibit 10: PAT trends



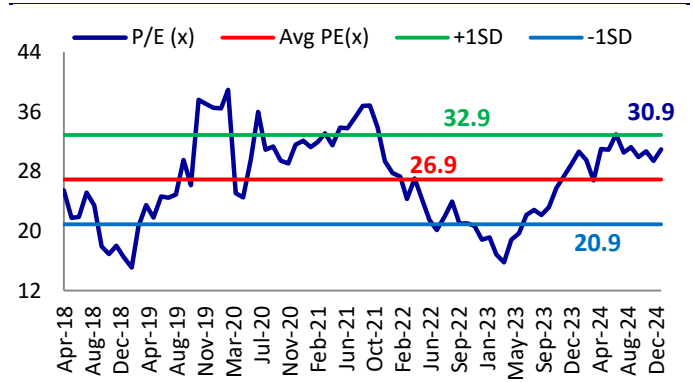
Source: MOFSL, Company

Exhibit 11: Core PAT trends



Source: MOFSL, Company

Exhibit 12: 1-yr forward P/E



Source: MOFSL, Company



## Financials and valuations

Income Statement						INRm		
Y/E March	2020	2021	2022	2023	2024	2025E	2026E	2027E
Investment management fees	12,030	10,621	13,066	13,498	16,432	22,603	26,212	30,414
Change (%)	(18.6)	(11.7)	23.0	3.3	21.7	37.6	16.0	16.0
Operating Expenses	5,945	5,046	5,159	5,551	6,495	7,931	8,414	8,960
<b>Core Operating Profits</b>	<b>6,085</b>	<b>5,575</b>	<b>7,907</b>	<b>7,947</b>	<b>9,937</b>	<b>14,673</b>	<b>17,799</b>	<b>21,454</b>
Change (%)	12.9	-8.4	41.8	0.5	25.0	47.7	21.3	20.5
Dep/Interest/Provisions	389	377	310	338	354	372	388	405
<b>Core PBT</b>	<b>5,696</b>	<b>5,198</b>	<b>7,597</b>	<b>7,609</b>	<b>9,584</b>	<b>14,301</b>	<b>17,410</b>	<b>21,049</b>
Change (%)	7.7	-8.7	46.1	0.2	25.9	49.2	21.7	20.9
Other Income	-98	3,572	2,290	1,668	3,941	3,135	3,234	3,284
<b>PBT</b>	<b>5,598</b>	<b>8,770</b>	<b>9,887</b>	<b>9,277</b>	<b>13,525</b>	<b>17,436</b>	<b>20,644</b>	<b>24,333</b>
Change (%)	-20.1	56.7	12.7	-6.2	45.8	28.9	18.4	17.9
Tax	1,441	1,976	2,472	2,048	2,462	4,411	4,542	5,353
Tax Rate (%)	25.7	22.5	25.0	22.1	18.2	25.3	22.0	22.0
<b>PAT</b>	<b>4,158</b>	<b>6,794</b>	<b>7,415</b>	<b>7,229</b>	<b>11,063</b>	<b>13,025</b>	<b>16,102</b>	<b>18,979</b>
Change (%)	-14.6	63.4	9.1	-2.5	53.0	17.7	23.6	17.9
Core PAT	4,230	4,027	5,698	5,929	7,839	10,683	13,580	16,418
Change (%)	15.0	-4.8	41.5	4.1	32.2	36.3	27.1	20.9
Proposed Dividend	3,061	4,932	6,839	7,167	10,395	12,385	15,308	18,042

Balance Sheet						INR m		
Y/E March	2020	2021	2022	2023	2024	2025E	2026E	2027E
Equity Share Capital	6,121	6,165	6,220	6,232	6,300	6,300	6,300	6,300
Reserves & Surplus	19,809	24,844	28,566	28,925	33,522	34,174	34,979	35,929
<b>Net Worth</b>	<b>25,931</b>	<b>31,009</b>	<b>34,786</b>	<b>35,156</b>	<b>39,822</b>	<b>40,474</b>	<b>41,279</b>	<b>42,229</b>
Borrowings	0	0	0	0	0	0	0	0
Other Liabilities	2,878	2,914	3,179	3,453	3,929	5,230	6,003	6,925
<b>Total Liabilities</b>	<b>28,808</b>	<b>33,922</b>	<b>37,965</b>	<b>38,609</b>	<b>43,750</b>	<b>45,703</b>	<b>47,282</b>	<b>49,154</b>
Cash and Investments	23,479	29,106	32,802	32,959	37,832	38,371	39,028	39,837
Change (%)	28.1	24.0	12.7	0.5	14.8	1.4	1.7	2.1
<b>Loans</b>	<b>1,006</b>	<b>781</b>	<b>842</b>	<b>1,164</b>	<b>848</b>	<b>1,244</b>	<b>1,480</b>	<b>1,763</b>
Change (%)	-76.9	-22.4	7.8	38.3	-27.2	46.7	19.0	19.1
Net Fixed Assets	3,256	3,021	2,961	3,073	3,328	3,532	3,732	3,932
Current Assets	1,067	1,015	1,361	1,413	1,743	2,557	3,042	3,623
<b>Total Assets</b>	<b>28,808</b>	<b>33,922</b>	<b>37,965</b>	<b>38,609</b>	<b>43,751</b>	<b>45,703</b>	<b>47,282</b>	<b>49,154</b>

Cash flow statement								
INR m	2020	2021	2022	2023	2024	2025E	2026E	2027E
<b>Cash flow from operations</b>	<b>10,582</b>	<b>7,309</b>	<b>7,562</b>	<b>7,450</b>	<b>11,125</b>	<b>13,450</b>	<b>16,412</b>	<b>19,332</b>
PBT	5,598	8,770	9,887	9,277	13,525	17,436	20,644	24,333
Depreciation and amortization	333	333	272	298	291	297	313	330
Tax Paid	-1,441	-1,976	-2,472	-2,048	-2,462	-4,411	-4,542	-5,353
Deferred tax	0	396	386	-73	186	0	0	0
Interest, dividend income (post-tax)	-592	-221	-183	-181	-235	-214	-231	-234
Interest expense (post-tax)	42	34	29	31	51	56	59	59
Changes in working capital	6,643	-26	-357	146	-231	287	169	198
<b>Cash from investments</b>	<b>-7,244</b>	<b>-6,466</b>	<b>-4,036</b>	<b>-1,198</b>	<b>-4,869</b>	<b>-1,768</b>	<b>-1,070</b>	<b>-1,640</b>
Capex	-1,021	-97	-213	-410	-546	-501	-513	-530
Interest, dividend income (post-tax)	592	221	183	181	235	214	231	234
Investments	-6,815	-6,590	-4,006	-969	-4,558	-1,482	-787	-1,344
<b>Cash from financing</b>	<b>-4,259</b>	<b>-1,821</b>	<b>-3,690</b>	<b>-6,903</b>	<b>-6,212</b>	<b>-12,143</b>	<b>-15,185</b>	<b>-17,884</b>
Equity	-126	49	58	6	66	0	0	0
Debt	-164	-120	-82	-19	170	286	170	204
Dividend paid	-3,061	-4,932	-6,839	-7,167	-10,395	-12,385	-15,308	-18,042
Interest costs	-42	-34	-29	-31	-51	-56	-59	-59
Others	-867	3,216	3,202	308	3,998	12	12	12
<b>Change of cash</b>	<b>-920</b>	<b>-978</b>	<b>-163</b>	<b>-651</b>	<b>43</b>	<b>-461</b>	<b>158</b>	<b>-192</b>
Op Cash	5,428	4,633	3,606	3,385	2,728	2,706	2,244	2,402
CI Cash	4,633	3,606	3,385	2,728	2,706	2,244	2,402	2,210
<b>FCFF</b>	<b>9,562</b>	<b>7,212</b>	<b>7,350</b>	<b>7,040</b>	<b>10,578</b>	<b>12,949</b>	<b>15,899</b>	<b>18,802</b>



## Financials and valuations

Y/E March	2020	2021	2022	2023	2024	2025E	2026E	2027E
<b>AAAUM (INR B)</b>	<b>2,086</b>	<b>2,054</b>	<b>2,654</b>	<b>2,876</b>	<b>3,702</b>	<b>5,432</b>	<b>6,462</b>	<b>7,697</b>
Change (%)	-12.6	-1.5	29.2	8.4	28.7	46.7	19.0	19.1
Equity (Including Hybrid)	42.7	38.6	40.8	42.3	45.7	49.1	50.4	51.6
Debt	23.1	20.6	17.5	12.0	11.6	8.1	7.6	7.2
Liquid	20.0	24.8	22.2	20.9	15.3	12.5	11.8	11.1
Others	14.2	16.0	19.4	24.8	27.4	30.3	30.2	30.2

E: MOFSL Estimates

### Dupont Analysis (Bp of AAAUM)

Y/E March	2020	2021	2022	2023	2024	2025E	2026E	2027E
Operating Income	58	52	49	47	44	42	41	40
Operating Expenses	28	25	19	19	18	15	13	12
<b>EBITDA</b>	<b>29</b>	<b>27</b>	<b>30</b>	<b>28</b>	<b>27</b>	<b>27</b>	<b>28</b>	<b>28</b>
Depreciation and Others	2	2	1	1	1	1	1	1
<b>Core PBT</b>	<b>27</b>	<b>25</b>	<b>29</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>27</b>	<b>27</b>
Other Income	0	17	9	6	11	6	5	4
<b>PBT</b>	<b>27</b>	<b>43</b>	<b>37</b>	<b>32</b>	<b>37</b>	<b>32</b>	<b>32</b>	<b>32</b>
Tax	7	10	9	7	7	8	7	7
<b>ROAAAUM</b>	<b>20</b>	<b>33</b>	<b>28</b>	<b>25</b>	<b>30</b>	<b>24</b>	<b>25</b>	<b>25</b>

Y/E March	2020	2021	2022	2023	2024	2025E	2026E	2027E
<b>Margins Analysis (%)</b>								
Operating income to total income	100.8	74.8	85.1	89.0	80.7	87.8	89.0	90.3
<b>Cost to Core Income Ratio</b>	<b>49.4</b>	<b>47.5</b>	<b>39.5</b>	<b>41.1</b>	<b>39.5</b>	<b>35.1</b>	<b>32.1</b>	<b>29.5</b>
EBITDA Margins	50.6	52.5	60.5	58.9	60.5	64.9	67.9	70.5
<b>Core PBT Margins</b>	<b>47.3</b>	<b>48.9</b>	<b>58.1</b>	<b>56.4</b>	<b>58.3</b>	<b>63.3</b>	<b>66.4</b>	<b>69.2</b>
PBT Margins (On total income)	46.9	61.8	64.4	61.2	66.4	67.7	70.1	72.2
<b>Profitability Ratios (%)</b>								
RoE	16.1	23.9	22.5	20.7	29.5	32.4	39.4	45.5
Dividend Payout Ratio	73.7	72.5	92.1	99.1	93.9	95.0	95.0	95.0

Valuations	2020	2021	2022	2023	2024	2025E	2026E	2027E
BVPS (INR)	41	49	55	56	63	64	66	67
Change (%)	0.9	19.6	12.2	1.1	13.3	1.6	2.0	2.3
Price-BV (x)	<b>15.9</b>	<b>13.3</b>	<b>11.8</b>	<b>11.7</b>	<b>10.3</b>	<b>10.2</b>	<b>10.0</b>	<b>9.8</b>
EPS (INR)	6.6	10.8	11.8	11.5	17.6	20.7	25.6	30.1
Change (%)	-14.6	63.4	9.1	-2.5	53.0	17.7	23.6	17.9
Price-Earnings (x)	<b>99.1</b>	<b>60.6</b>	<b>55.6</b>	<b>57.0</b>	<b>37.2</b>	<b>31.6</b>	<b>25.6</b>	<b>21.7</b>
Core EPS (INR)	6.7	6.4	9.0	9.4	12.4	17.0	21.6	26.1
Change (%)	15.0	-4.8	41.5	4.1	32.2	36.3	27.1	20.9
Core Price-Earnings (x)	<b>97.4</b>	<b>102.3</b>	<b>72.3</b>	<b>69.5</b>	<b>52.6</b>	<b>38.6</b>	<b>30.3</b>	<b>25.1</b>
DPS (INR)	5.0	8.0	11.0	11.5	16.5	19.7	24.3	28.6
Dividend Yield (%)	<b>0.8</b>	<b>1.2</b>	<b>1.7</b>	<b>1.8</b>	<b>2.5</b>	<b>3.0</b>	<b>3.7</b>	<b>4.4</b>

E: MOFSL Estimates

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