

# Aditya Birla Sun Life AMC

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	ABSLAMC IN
Equity Shares (m)	289
M.Cap.(INRb)/(USDb)	302.8 / 3.2
52-Week Range (INR)	1082 / 612
1, 6, 12 Rel. Per (%)	10/30/58
12M Avg Val (INR M)	337

## Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
AAUM	4,269	4,790	5,488
MF Yield (bps)	40.3	38.8	37.8
Rev from Ops	18.5	20.3	22.7
Core PAT	8.1	8.6	9.8
PAT	9.8	11.1	12.6
PAT (bps as AAUM)	23	23	23
Core EPS	28	30	34
EPS	34	39	44
EPS Grw. (%)	5	13	14
BVPS	140	154	173
RoE (%)	25	26	27
Div. Payout (%)	76	65	57

## Valuations

M cap/AUM (%)	7.1	6.3	5.5
P/E (x)	30.8	27.2	23.9
P/BV (x)	7.5	6.8	6.1
Div. Yield (%)	2.4	2.4	2.4

## Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	74.8	74.8	74.9
DII	11.6	10.8	10.9
FII	5.8	6.1	5.3
Others	7.9	8.3	8.8

FII includes depository receipts

**CMP: INR1,047**

**TP: INR1,230 (+17%)**

**Buy**

## Revenue in line; 9% miss on PAT due to negative other income

- Aditya Birla Sun Life AMC (ABSL)'s operating revenue grew 7% YoY but declined 4% QoQ to ~INR4.6b (in line). The yields on management fees for the quarter stood at 42.1bp vs. 44.9bp in 4QFY25 and 43.1bp in 3QFY26. For FY26, revenue grew 10% YoY to INR18.5b.
- Total opex grew 4% YoY to INR1.9b (in line), reflecting a cost-to-income ratio of 41.9% in 4QFY26 vs. 43.1% in 4QFY25. EBITDA grew 9% YoY but declined 8% QoQ to INR2.7b (5% miss), reflecting an EBITDA margin of 58.1% (vs. 56.9% in 4QFY25 and MOFSLe of 59.5%).
- ABSL's PAT came in at INR1.9b, declining 18% YoY/ 31% QoQ. The 9% PAT miss was mainly led by negative other income, while core PAT came in at INR2.2b (+23% YoY). For FY26, PAT grew 5% YoY to INR9.8b.
- Management highlighted that regulatory changes effective Apr'26 could have a gross impact of ~3-4bp on equity yields. However, this impact is expected to be largely offset through recalibration of commission structures and cost optimization initiatives, thereby limiting the net impact on profitability to a marginal ~1-2bp or lower.
- We broadly retain our FY27/FY28 earnings estimates, incorporating slower AUM growth. This slower growth is expected to weigh on revenue, partly offset by stable cost structures. **We reiterate our BUY rating on the stock with a TP of INR1,230, based on 36x FY28E core P/E.**

## Flat sequential growth in AUM led by volatile market sentiments

- Overall MF QAAUM grew 14% YoY but was flat QoQ at INR4.4t driven by 8%/49%/15%/64% YoY growth in equity/hybrid/debt/ETF QAAUM while index QAAUM remained flat YoY.
- Overall average AUM grew 17% YoY to INR4.7t in 4QFY26, with the asset mix comprising domestic equity at 42%, debt at 36%, liquid at 14%, and alternate & offshore assets at 8%.
- Total alternate AUM at INR381b grew more than 60% YoY (INR239b in 4QFY25). PMS/AIF QAAUM, including the ESIC mandate, grew by 187% YoY to INR326b (supported by institutional mandates including ESIC), while Offshore AUM declined by 60% YoY. The company plans to launch ABSL Global Emerging Market Equity Fund Series 2.
- Passive QAAUM stood at INR411b as of Mar'26, growing 25% YoY with an ETF AUM at INR129b (up 68% YoY). The FoF AUM came in at INR60b, and the Index AUM stood at INR222b. The company has a passive product suite of 54 products and has serviced 11m folios.
- SIP contribution rose 11% YoY to INR12b for Mar'26, with SIP accounts declining to ~4.05m from ~4.2m in Mar'25. Notably, 95% of total accounts are older than five years, and 90% are older than 10 years.
- In terms of channel mix, the direct channel continued to dominate the overall asset sourcing mix with a 46% share, followed by MFDs (31%), national distributors (16%), and banks (7%). However, in equity AUM, MFDs contributed 52% to the distribution mix.

Research Analyst: Prayesh Jain (Prayesh.Jain@MotilalOswal.com) | Nitin Aggarwal (Nitin.Aggarwal@MotilalOswal.com)

Research Analyst: Kartikeya Mohata (Kartikeya.Mohata@MotilalOswal.com) | Muskan Chopra (Muskan.Chopra@MotilalOswal.com)

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

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

- Investor folios rose to 11m (+3% YoY), while the number of MFDs rose ~10.4k in FY26, reaching more than 93.7k+.
- Opex, as a percentage of QAAUM, stood at 17.6bp in 4QFY26 vs. 19.4bp in 4QFY25 (est. 17.4bp). Overall cost growth is likely to remain controlled despite investments in talent and alternate businesses, reflecting continued operational discipline.
- Employee costs grew 6% YoY to INR1,044m (in line). ESOP costs are likely to rise by ~INR80–100m per quarter for FY27 due to a new scheme launched in 4Q. Apart from ESOPs, incremental employee cost impact is limited, with only normal run-rate increases expected (any additional hirings would be especially in the passive/ETF business). Other expenses declined 3% YoY to INR718m (4.2% higher than estimated).
- Other income dropped to negative INR329m, led by MTM impact in 4Q.

### Key takeaways from the management commentary

- The AMC has seen improvement in flows on a QoQ basis, supported by better product acceptance and increasing approvals from banking distribution channels. Key product categories driving flows include arbitrage funds (early part of the year), flexi-cap, multi-asset, multi-cap, balanced advantage, and thematic funds (Gen X), with recent traction in small and mid-cap funds.
- During the market volatility, the SIP cancellations were higher in total, but ABSL was still at a better position than the industry levels. Management emphasized strong investor education efforts to discourage SIP stoppages, reinforcing long-term investing discipline.
- On the flows side, management indicated that Apr'26 has started on a more stable footing, with volatility easing and markets showing early signs of recovery, which is helping improve investor sentiment and flows.

### Valuation and view

- ABSL's mutual fund business is witnessing strong and broad-based growth, aided by improved fund performance across equity and fixed income segments, a steady rise in SIP traction, and continued expansion of its distribution network. Strategic initiatives to strengthen market share, along with enhanced product offerings and operational efficiencies, are driving business momentum.
- The company's focus on innovation, including the launch of a separate SIF platform and increasing focus on the growth of the non-MF segment via innovative product launches, positions it well for sustainable growth.
- We have largely retained our FY27/FY28 earnings estimates, incorporating slower AUM growth that is expected to weigh on revenues, partly offset by stable cost structures. **We maintain our BUY rating with a target price of INR 1,230, based on a valuation of 36x FY28E core P/E.**

**Quarterly Performance**

(INR m)

Y/E March	FY25				FY26				FY25	FY26	4Q FY26E	Act v/s Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q						
Revenue from Operations	3,866	4,242	4,451	4,288	4,474	4,613	4,781	4,582	16,848	18,450	4,730	-3.1	6.9	(4.2)
Change YoY (%)	24.3	26.6	30.4	17.3	15.7	8.7	7.4	6.9	24.5	9.5	10.3			
Fees & Commission	105	121	124	122	135	145	161	156	471	596	171.2	-9.0	28.0	(3.3)
Employee Expenses	892	894	877	988	926	951	1,049	1,044	3,652	3,971	1,054	-0.9	5.7	(0.5)
Other expenses	667	723	707	739	753	692	674	718	2,836	2,836	689	4.2	(2.9)	6.6
Total Operating Expenses	1,664	1,738	1,708	1,849	1,814	1,788	1,884	1,918	6,958	7,404	1,914	0.2	3.7	1.8
Change YoY (%)	18	21	16	15	9	3	10	4	17.5	6.4	3.5			
EBITDA	2,203	2,504	2,743	2,439	2,660	2,826	2,897	2,664	9,890	11,047	2,816	-5.4	9.2	(8.0)
EBITDA margin (%)	57.0	59.0	61.6	56.9	59.5	61.3	60.6	58.1	58.7	59.9	59.5	-139bp	126bp	-246bp
Other Income	948	958	384	720	1,179	452	843	-329	3,010	2,145	58	-668.4	(145.7)	(139.0)
Depreciation/Reversal	91	98	111	98	103	108	117	130	398	458	122	6.5	33.1	11.0
Finance Cost	14	14	17	11	13	13	12	12	57	50	15	-23.7	7.3	(4.8)
<b>PBT</b>	<b>3,045</b>	<b>3,351</b>	<b>2,999</b>	<b>3,050</b>	<b>3,723</b>	<b>3,156</b>	<b>3,583</b>	<b>2,194</b>	<b>12,445</b>	<b>12,684</b>	<b>2,736</b>	<b>-19.8</b>	<b>(28.1)</b>	<b>(38.8)</b>
Tax Provisions	688	928	754	770	952	743	888	323	3,139	2,905	685	-52.8	(58.0)	(63.6)
<b>Net Profit</b>	<b>2,357</b>	<b>2,423</b>	<b>2,245</b>	<b>2,281</b>	<b>2,771</b>	<b>2,413</b>	<b>2,695</b>	<b>1,871</b>	<b>9,306</b>	<b>9,779</b>	<b>2,051</b>	<b>-8.8</b>	<b>(18.0)</b>	<b>(30.6)</b>
Change YoY (%)	27.7	36.1	7.2	9.5	17.6	-0.4	20.1	-18.0	19.2	5.1	-10.1			
<b>Core PAT</b>	<b>1,623</b>	<b>1,730</b>	<b>1,957</b>	<b>1,743</b>	<b>1,894</b>	<b>2,068</b>	<b>2,061</b>	<b>2,151</b>	<b>7,055</b>	<b>8,125</b>	<b>2,008</b>	<b>7.1</b>	<b>23.4</b>	<b>4.4</b>
Change YoY (%)	30.0	27.0	33.9	15.9	16.7	19.5	5.3	23.4	26.5	15.2	15.2			

**Key Operating Parameters (%)**

	1Q FY25	2Q FY25	3Q FY25	4Q FY25	1Q FY26	2Q FY26	3Q FY26	4Q FY26	FY25	FY26	4Q FY26E	Act v/s Est. (%)	YoY	QoQ
Revenue / AUM (bps)	43.9	44.3	46.4	44.9	44.4	43.4	43.1	42.1	44.9	43.2	43.0	-96bp	-288bp	-109bp
Opex / AUM (bps)	18.9	18.1	17.8	19.4	18.0	16.8	17.0	17.6	18.5	17.3	17.4	19bp	-177bp	60bp
PAT / AUM (bps)	26.7	25.3	23.4	23.9	27.5	22.7	24.3	17.2	24.8	22.9	18.7	-148bp	-673bp	-715bp
Cost to Operating Income Ratio	43.0	41.0	38.4	43.1	40.5	38.7	39.4	41.9	41.30	40.13	40.5	139bp	-126bp	246bp
EBITDA Margin	57.0	59.0	61.6	56.9	59.5	61.3	60.6	58.1	58.7	59.9	59.5	-139bp	126bp	-246bp
Tax Rate	22.6	27.7	25.2	25.2	25.6	23.5	24.8	14.7	25.2	22.9	25.0	-1031bp	-1051bp	-1005bp
PAT Margin	61.0	57.1	50.4	53.2	61.9	52.3	56.4	40.8	55.2	53.0	43.4	-254bp	-1235bp	-1554bp
Core PAT Margin	42.0	40.8	44.0	40.6	42.3	44.8	43.1	46.9	41.9	44.0	42.5	449bp	631bp	384bp


**Key takeaways from the management commentary**
**Business**

- Management indicated that regulatory changes (effective Apr'26) may have a gross impact of ~3–4 bp on equity yields, but they intend to largely neutralize the impact through adjustments in commission structures and cost optimization. Ensuring minimal hit to profitability, with likely net impact being marginal (possibly ~1–2 bps or lower).
- Improved investment performance (especially in equity funds) has driven higher investor and distributor confidence, resulting in consistent flows into key categories like flexi-cap, multi-asset, and mid/small-cap funds, with ~85% of funds in the higher quartile category.
- Flow market share is broadly in line with book market share.
- The AMC has seen improvement in flows QoQ, supported by better product acceptance and increasing approvals from banking distribution channels. Key product categories driving flows include arbitrage funds (early part of the year), flexi-cap, multi-asset, multi-cap, balanced advantage, and thematic funds (Gen X), with recent traction in small & mid-cap funds.

- On the SIF front launched an equity long-short fund and soon plans to launch another fund.
- Also plans to explore the lifecycle funds and REIT funds going ahead
- Employee base stood at ~1,650 as of Mar'26.

#### **Alternates/PMS & Offshore**

- On the PMS/AIF front, AUM grew 187% YoY in 4Q, supported by institutional mandates (including ESIC). Excluding the ESIC mandates, the segment still delivered ~14% YoY growth, indicating healthy underlying momentum. Plans to launch ABSL India Select Sector Fund.
- The AMC secured an EPFO equity mandate approval, which is in place, with inflows expected to begin shortly.
- Continued product expansion across ESG, global, and thematic strategies, along with plans for new fund launches, strengthens the alternate platform.
- On the offshore side, AUM declined 60% YoY in 4Q. Plans to launch ABSL Global Emerging Market Equity Fund Series 2.
- Real Estate AUM stood at INR7b. Fundraising is underway for Aditya Birla Real Estate Credit Opp. Fund II.
- Transitioned to a wholly owned GIFT City subsidiary, enabling global product launches with low ticket sizes (~\$2k–\$3k), expanding international investor access.

#### **Yields and SIP**

- Yields for 4QFY26: Equity/Debt/Liquid/ETF and Passives: ~62–63 bp/ ~24–25 bp/~12–13 bp/~6 bp
- On the equity yields side, it remained broadly stable at ~60–63bps, with no structural decline, but any minor movement was largely due to product mix changes such as higher passive allocation and pricing dynamics.
- Monthly SIP contribution (including STP) stood at INR12b for Mar'26 with 4.1m contributing SIP accounts. Registered ~0.6m new SIPs (including STP) for 4Q.
- SIP AUM stood at INR760b vs. INR870b in 3QFY26. The decline was mainly due to volatile market movement.
- SIP flows for Q4 were ~INR36b, with March SIP inflow at ~INR12.1b, indicating steady contribution despite volatility.
- During the market volatility, the SIP cancellations were higher in total, but ABSL was still at a better position than the industry levels. Management emphasized strong investor education efforts to discourage SIP stoppages, reinforcing long-term investing discipline.
- On the flows side, management indicated that Apr'26 has started on a more stable footing, with volatility easing and markets showing early signs of recovery, which is helping improve investor sentiment and flows.

#### **Passives**

- Passive AUM grew 25% YoY, with ETF AUM growing ~68% YoY, significantly ahead of industry growth.
- Product suite expanded to 54 offerings, covering equity, debt, commodities, and multi-asset strategies.

- New ETF launches (MSCI India ETF, Banking ETF) aim to capture both domestic and potential FII flows.

#### Channel Mix & Distribution

- Digital channels remain the dominant contributor to SIP flows.
- MFD (distributor) channel showed improvement, supported by better fund performance and stronger engagement from the sales team.
- Bank channel contribution increased due to more product approvals.
- The company continues to expand distribution reach (~19k PIN codes) and deepen presence in emerging markets, with plans to further expand in FY27.

#### Financials

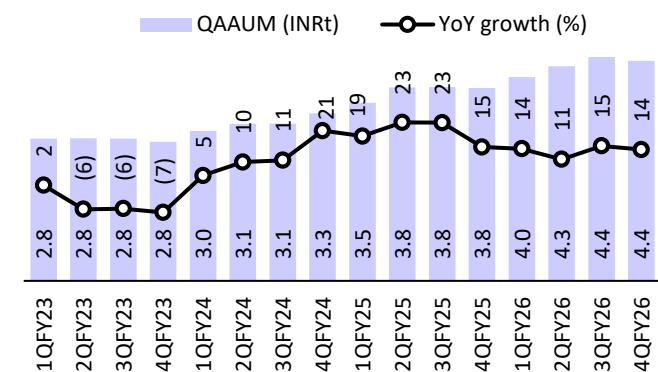
- PAT declined YoY due to lower other income (MTM impact), despite strong core operating performance.
- PMS & AIF revenue contribution: ~6% of gross revenue, and on a net basis, the contribution stood at ~3.5%
- ESOP costs to increase by ~INR80–100m per quarter going forward for FY27 due to a new scheme launched in 4Q. Apart from ESOPs, incremental employee cost impact is limited, with only normal run-rate increases expected (any additional hirings would be especially in the passive/ETF business).
- Overall, cost growth will remain controlled despite investments in talent and alternate businesses, maintaining operating discipline.
- The Board has proposed a dividend of INR25.5 per share.

#### Exhibit 1: Summary of our revised estimates

(INR b) Y/E March	New		Old		Change in Estimates	
	2027E	2028E	2027E	2028E	2027E	2028E
AAUM (INRb)	4,790	5,488	4,887	5,599	-2%	-2%
MF Yield (bps)	38.8	37.8	38.8	37.3	0bps	5bps
Rev from Ops	20.3	22.7	20.7	22.9	-2%	-1%
Core PAT	8.6	9.8	8.8	9.8	-2%	0%
PAT	11.1	12.6	11.6	13.1	-4%	-4%
PAT (bp/AAUM)	23	23	24	23	-5bps	-4bps
Core EPS	30	34	31	34	-2%	0%
EPS	39	44	40	45	-4.2%	-3.7%
EPS Grw. (%)	13	14	16	13		
BVPS	154	173	159	180	-3%	-4%
RoE (%)	26	27	27	27		
Div. Payout (%)	65	57	62	55		

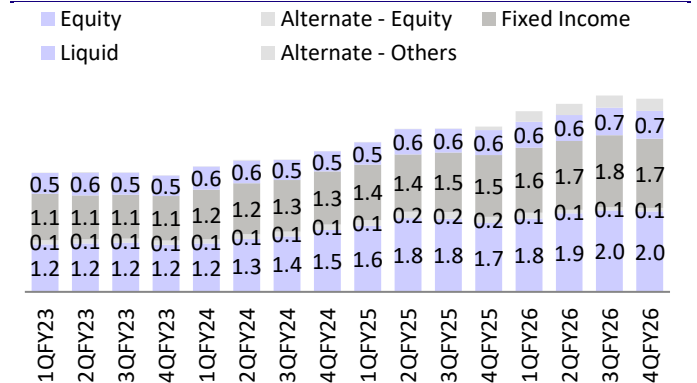
## Key exhibits

**Exhibit 1: QAAUM grew 14% YoY in 4QFY26**



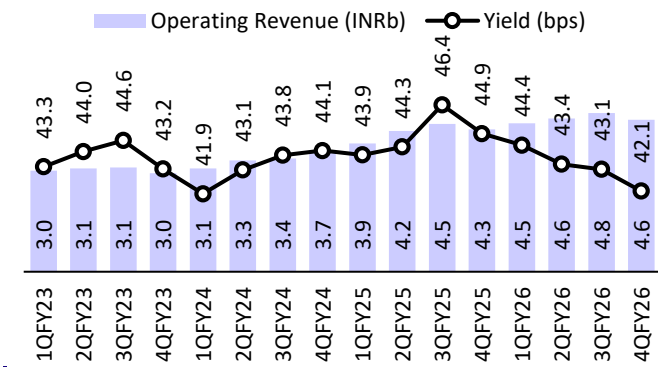
Source: MOFSL, Company

**Exhibit 2: AUM mix (INR t)**



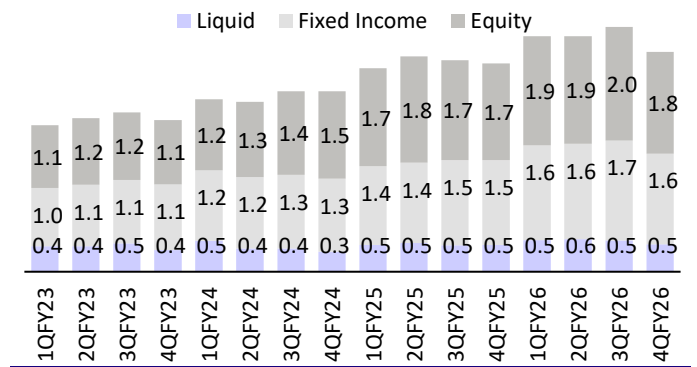
Source: MOFSL, Company

**Exhibit 3: Yields declined on a YoY basis in 4QFY26**



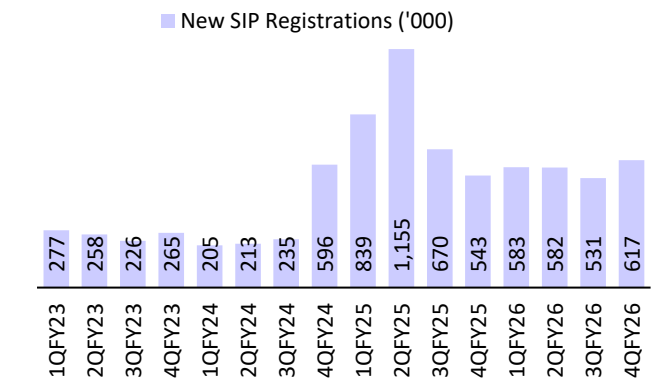
Source: MOFSL, Company

**Exhibit 4: Equity AUM dropped to ~INR1.8t in 4QFY26**



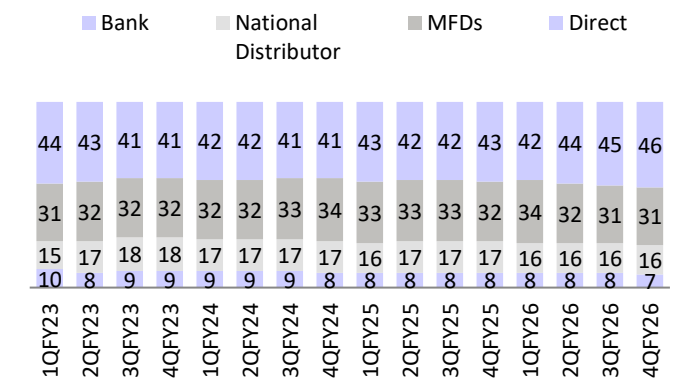
Source: MOFSL, Company

**Exhibit 5: New SIP registration trend**



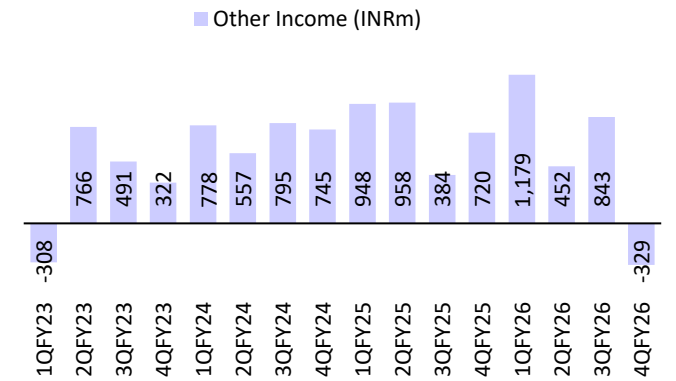
Source: MOFSL, Company

**Exhibit 6: Distribution mix (%)**



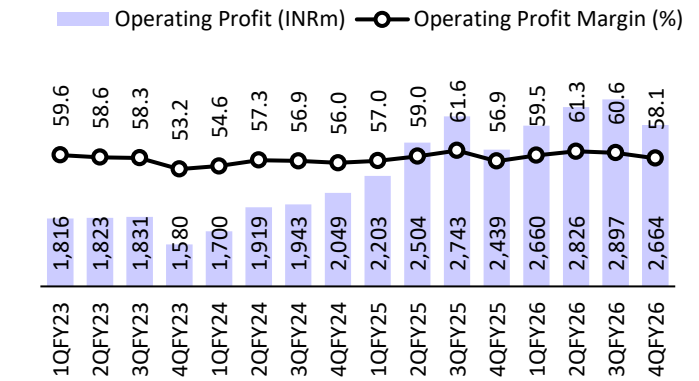
Source: MOFSL, Company

**Exhibit 7: Other income was negative INR329m in 4QFY26**



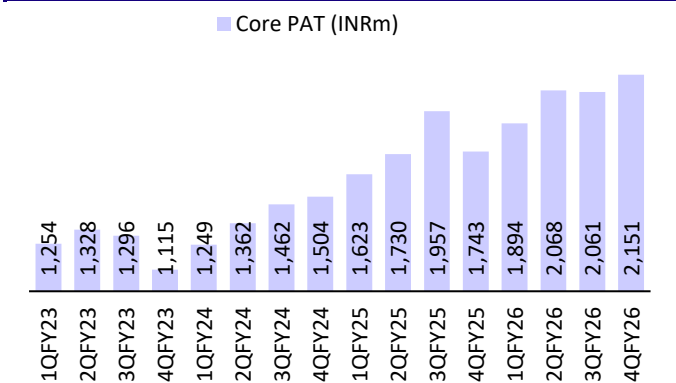
Source: MOFSL, Company

**Exhibit 8: Operating profit trends**



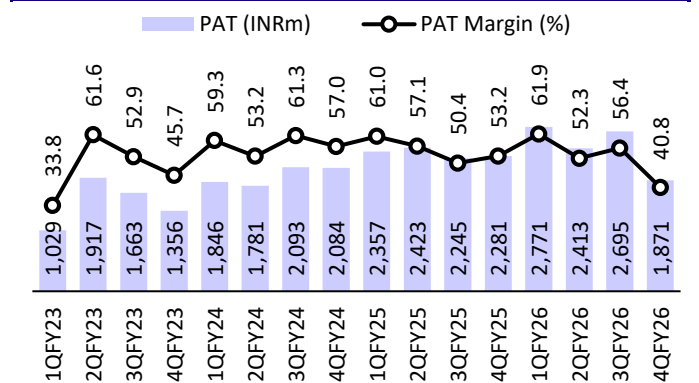
Source: MOFSL, Company

**Exhibit 9: Core PAT trend**



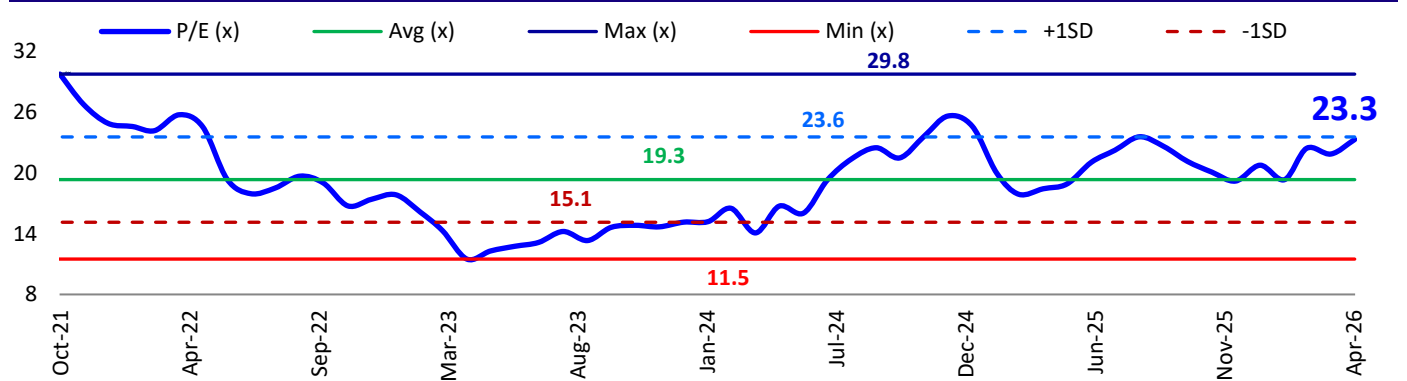
Source: MOFSL, Company

**Exhibit 10: PAT and margin trends**



Source: MOFSL, Company

**Exhibit 11: One-year forward P/E**



Source: MOFSL, Company

## Financials and valuations

Income Statement									INR m
Y/E March	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
Investment management fees	11,597	10,679	12,930	12,266	13,532	16,848	18,450	20,278	22,742
Change (%)	(12.6)	(7.9)	21.1	(5.1)	10.3	24.5	9.5	9.9	12.2
Operating Expenses	5,321	4,670	4,992	5,216	5,922	6,958	7,403	8,235	9,072
<b>Core Operating Profits</b>	<b>6,276</b>	<b>6,010</b>	<b>7,937</b>	<b>7,050</b>	<b>7,610</b>	<b>9,890</b>	<b>11,047</b>	<b>12,043</b>	<b>13,670</b>
Change (%)	4.0	-4.2	32.1	-11.2	7.9	30.0	11.7	9.0	13.5
Dep/Interest/Provisions	420	430	147	382	402	455	508	529	550
<b>Core PBT</b>	<b>5,856</b>	<b>5,580</b>	<b>7,791</b>	<b>6,668</b>	<b>7,208</b>	<b>9,435</b>	<b>10,539</b>	<b>11,514</b>	<b>13,120</b>
Change (%)	3.6	-4.7	39.6	-14.4	8.1	30.9	11.7	9.3	13.9
Other Income	751	1,379	1,156	1,271	2,874	3,010	2,145	3,278	3,695
<b>PBT</b>	<b>6,607</b>	<b>6,959</b>	<b>8,947</b>	<b>7,938</b>	<b>10,082</b>	<b>12,445</b>	<b>12,684</b>	<b>14,792</b>	<b>16,815</b>
Change (%)	2.3	5.3	28.6	-11.3	27.0	23.4	1.9	16.6	13.7
Tax	1,663	1,696	2,219	1,975	2,278	3,139	2,905	3,698	4,204
Tax Rate (%)	25.2	24.4	24.8	24.9	22.6	25.2	22.9	25.0	25.0
<b>PAT</b>	<b>4,944</b>	<b>5,263</b>	<b>6,728</b>	<b>5,964</b>	<b>7,804</b>	<b>9,306</b>	<b>9,779</b>	<b>11,094</b>	<b>12,611</b>
Change (%)	10.7	6.4	27.8	-11.4	30.9	19.3	5.1	13.5	13.7
Core PAT	4,382	4,220	5,858	5,009	5,579	7,055	8,125	8,636	9,840
Change (%)	12.0	-3.7	38.8	-14.5	11.4	26.5	15.2	6.3	13.9
Dividend	3,978	1,400	3,298	2,952	3,889	6,924	7,364	7,200	7,200

Balance Sheet									INR m
Y/E March	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
Equity Share Capital	180	180	1,440	1,440	1,441	1,442	1,444	1,440	1,440
Reserves & Surplus	12,989	16,866	20,525	23,730	30,248	35,826	38,973	42,867	48,278
<b>Net Worth</b>	<b>13,169</b>	<b>17,046</b>	<b>21,965</b>	<b>25,170</b>	<b>31,689</b>	<b>37,269</b>	<b>40,417</b>	<b>44,307</b>	<b>49,718</b>
Borrowings	0	0	0	0	0	0	0	0	0
Other Liabilities	2,551	2,799	2,382	2,711	3,330	3,876	3,738	4,111	4,523
<b>Total Liabilities</b>	<b>15,720</b>	<b>19,846</b>	<b>24,347</b>	<b>27,881</b>	<b>35,019</b>	<b>41,144</b>	<b>44,154</b>	<b>48,418</b>	<b>54,241</b>
Cash and Investments	14,038	18,393	22,848	25,896	33,167	39,120	41,962	46,017	51,641
Change (%)	5.4	31.0	24.2	13.3	28.1	18.0	7.3	9.7	12.2
<b>Loans</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Fixed Assets	872	782	750	723	1,128	1,081	1,211	1,321	1,425
Current Assets	808	670	750	1,263	724	943	982	1,080	1,175
<b>Total Assets</b>	<b>15,720</b>	<b>19,846</b>	<b>24,347</b>	<b>27,881</b>	<b>35,019</b>	<b>41,144</b>	<b>44,154</b>	<b>48,418</b>	<b>54,241</b>

E: MOSL Estimates

Y/E March	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
<b>AAAUM (INR B)</b>	<b>2,513</b>	<b>2,445</b>	<b>2,926</b>	<b>2,802</b>	<b>3,127</b>	<b>3,754</b>	<b>4,269</b>	<b>4,790</b>	<b>5,488</b>
Change (%)	1.3	-2.7	19.7	-4.2	11.6	20.0	13.7	12.2	14.6
Equity (Including Hybrid)	36.5	34.9	39.5	42.1	42.6	45.4	44.2	44.6	45.9
Debt	35.0	40.7	32.7	23.0	21.9	20.3	21.8	21.8	21.3
Liquid	28.2	23.7	26.4	28.6	26.2	25.9	25.3	24.8	23.8
Others	0.4	0.6	1.4	6.3	9.3	8.4	8.6	8.9	9.0

E: MOFSL Estimates

## Financials and valuations

								INR m	
Y/E March	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
<b>Cashflow from operations</b>	<b>5014</b>	<b>6067</b>	<b>6624</b>	<b>6153</b>	<b>9350</b>	<b>10074</b>	<b>10070</b>	<b>11885</b>	<b>13464</b>
PBT	6,607	6,959	8,947	7,938	10,082	12,445	12,656	14,792	16,815
Depreciation and amortization	365	374	356	343	346	398	458	476	495
Tax Paid	-1,663	-1,696	-2,219	-1,975	-2,278	-3,139	-2,905	-3,698	-4,204
Deferred tax	76	-9	115	96	266	194	-297	51	56
Interest, dividend income (post-tax)	0	0	0	0	0	0	0	0	0
Interest expense (post-tax)	41	42	37	29	44	42	39	39	41
Change in Working Capital	(412)	396	(611)	(279)	891	134	120	225	260
<b>Cash from investments</b>	<b>-908</b>	<b>-4540</b>	<b>-4368</b>	<b>-3077</b>	<b>-8440</b>	<b>-6119</b>	<b>-3073</b>	<b>-4837</b>	<b>-6148</b>
Capex	-268	-284	-324	-317	-751	-352	-588	-587	-598
Others	-641	-4,255	-4,044	-2,761	-7,689	-5,768	-2,485	-4,250	-5,550
<b>Cash from financing</b>	<b>-4022</b>	<b>-1427</b>	<b>-1845</b>	<b>-2788</b>	<b>-1328</b>	<b>-3767</b>	<b>-6640</b>	<b>-7247</b>	<b>-7241</b>
Equity	0	0	0	0	1	2	2	-4	0
Interest costs	-41	-42	-37	-29	-44	-42	-39	-39	-41
Dividend Expense	-3,978	-1,400	-3,298	-2,952	-3,889	-6,924	-7,364	-7,200	-7,200
Others	-3	15	1,489	193	2,605	3,197	762	-4	0
<b>Change of cash</b>	<b>84</b>	<b>99</b>	<b>411</b>	<b>287</b>	<b>-418</b>	<b>188</b>	<b>358</b>	<b>-198</b>	<b>74</b>
Opening Cash	385	469	568	979	1,266	848	1,034	1,390	1,196
<b>Closing Cash</b>	<b>469</b>	<b>568</b>	<b>979</b>	<b>1,266</b>	<b>848</b>	<b>1,034</b>	<b>1,390</b>	<b>1,196</b>	<b>1,270</b>
<b>FCFF</b>	<b>4,746</b>	<b>5,782</b>	<b>6,300</b>	<b>5,836</b>	<b>8,599</b>	<b>9,722</b>	<b>9,483</b>	<b>11,299</b>	<b>12,865</b>

Y/E March	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
<b>Margins Analysis (%)</b>									
Operating income to total income	93.9	88.6	91.8	90.6	82.5	84.8	89.6	86.1	86.0
<b>Cost to Core Income Ratio</b>	<b>45.9</b>	<b>43.7</b>	<b>38.6</b>	<b>42.5</b>	<b>43.8</b>	<b>41.3</b>	<b>40.1</b>	<b>40.6</b>	<b>39.9</b>
EBITDA Margins	54.1	56.3	61.4	57.5	56.2	58.7	59.9	59.4	60.1
<b>Core PBT Margins</b>	<b>50.5</b>	<b>52.2</b>	<b>60.3</b>	<b>54.4</b>	<b>53.3</b>	<b>56.0</b>	<b>57.1</b>	<b>56.8</b>	<b>57.7</b>
PBT Margins (On total income)	53.5	57.7	63.5	58.6	61.5	62.7	61.6	62.8	63.6
<b>Profitability Ratios (%)</b>									
RoE	39.0	34.8	34.5	25.3	27.4	27.0	25.2	26.2	26.8
Dividend Payout Ratio	80.5	26.6	49.0	49.5	49.8	74.4	75.5	64.9	57.1

Valuations	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
BVPS (INR)	46	59	76	87	110	129	140	154	173
Change (%)	7.9	29.4	28.9	14.6	25.9	17.6	8.4	9.6	12.2
Price-BV (x)	<b>22.9</b>	<b>17.7</b>	<b>13.7</b>	<b>12.0</b>	<b>9.5</b>	<b>8.1</b>	<b>7.5</b>	<b>6.8</b>	<b>6.1</b>
EPS (INR)	17.2	18.3	23.4	20.7	27.1	32.3	33.9	38.5	43.8
Change (%)	10.7	6.4	27.8	-11.4	30.9	19.3	5.1	13.5	13.7
Price-Earnings (x)	<b>61.0</b>	<b>57.3</b>	<b>44.8</b>	<b>50.6</b>	<b>38.7</b>	<b>32.4</b>	<b>30.8</b>	<b>27.2</b>	<b>23.9</b>
Core EPS (INR)	15.2	14.6	20.3	17.3	19.3	24.4	28.1	29.9	34.1
Change (%)	11.8	-3.7	38.8	-14.5	11.4	26.5	15.2	6.3	13.9
Core Price-Earnings (x)	<b>69.0</b>	<b>71.7</b>	<b>51.6</b>	<b>60.4</b>	<b>54.2</b>	<b>42.9</b>	<b>37.2</b>	<b>35.0</b>	<b>30.7</b>
DPS (INR)	183.3	77.8	11.5	10.3	13.5	24.0	25.5	25.0	25.0
Dividend Yield (%)	<b>17.5</b>	<b>7.4</b>	<b>1.1</b>	<b>1.0</b>	<b>1.3</b>	<b>2.3</b>	<b>2.4</b>	<b>2.4</b>	<b>2.4</b>

E: MOFSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

## NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>. As per Regulatory requirements, Research Audit Report is uploaded on [www.motilaloswal.com](http://www.motilaloswal.com) > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

#### Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

#### For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

#### For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

#### For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to [grievances@motilaloswal.com](mailto:grievances@motilaloswal.com).

Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

#### Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies). MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.  
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.  
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report:No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.  
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.  
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

**Analyst Certification**

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

**Terms & Conditions:**

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

**Disclaimer:**

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN : 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.