



# BLAZING PICKS

FREQUENCY	ALLOCATION	DURATION	APPROX RETURNS	RISK	MAX OPEN CALLS
Every Monday	20% of capital on every call	3 months	15-20%	<10%	5

## SALIENT FEATURES:

- 👍 Allocation based product – 20% of capital on every call
- 👍 For Short to Medium term clients
- 👍 Mid Cap & Large Cap quality stocks
- 👍 Company with growth prospects and compliance free
- 👍 Moderate risk product

## Key Data

NSE / BSE Code	HDFCAMC
Sector	Finance—Investment
Industry	Finance—Investment
Face value / Book Value (₹ per share)	5 / 144
Dividend yield	480%
52 H/L (₹)	2185 / 1100
Market Cap. (₹ mn)	39,829
Shares Outstanding (mn)	21.5
2W Avg Traded Volume (lakh)	0.34

## Key Ratios

	FY15	FY16	FY17	FY18
P/E (x)	0	0	0	0
P/B (x)	0	0	0	0
EV/Sales	0.02	0.02	0.02	0.06
EV/EBITDA	0.04	0.03	0.03	0.01
ROCE	61.61	62.37	62.14	59.31
ROE	0.85	1.07	0.99	0.89

## Earnings Summary

(In ₹ Crs)	FY15	FY16	FY17	FY18
Net Sales	1064.28	1494.34	1587.91	1867.25
Sales Growth	19.09	41.09	2.60	18.90
EBITDA	632.73	719.31	811.76	1073.96
EBITDA Margin	61.88	49.86	54.85	61.03
PAT	415.50	477.88	550.25	721.62
PAT Margin	40.64	33.13	37.18	41.01
EPS (₹)	164.61	189.90	218.64	34.27

Dealmoney Research

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## HDFC AMC Ltd.

CMP: 1873

► **HDFC Asset Management Company Ltd (HDFC AMC)** is one of the largest Asset Management Companies (AMC) in India, manages a total Asset Under Management (AUM) of Rs2,920bn as on 31st March 2018. Through organic and inorganic growth, the company has grown to one of the top 2 AMCs in the country and enjoys a robust AUM market share of about 14% in the industry. It is the most profitable AMC, in FY18 the company had reported PAT/AUM ratio of 0.25% while the other top 5 players had reported the same in a range of 0.14% to 0.21%. HDFC AMC currently offers a total of 133 mutual fund (MF) schemes that includes 27 equity oriented schemes 98 debt schemes, 3 liquid schemes and 5 other schemes.

► **Consistent financial performance:** Over the years the company has demonstrated robust financial performance. During the period FY14-18, HDFC AMC's revenue grew at a CAGR of 20% over FY14-18. This growth was largely on account of robust AUM growth of 28% CAGR during the same period. In the profitability front the company enjoys superior margins as equity oriented schemes (51% of FY18 AUM) generally have higher fee structure. In the last 5 fiscals the company has reported a healthy average EBITDA margin of 53% and currently it stood at 55%. Aid by robust topline and stable margins, the company's PAT has grown at 19% CAGR over FY14-18 with an average PAT margin of 39%

► **Penetrated well in B-15 cities:** Order inflows grew by 17% YoY to INR19bn in 4Q18 and were up 16% YoY to INR 67.3bn in CY18. Order book was up 10% YoY to INR 42.3bn, 0.6x TTM sales, as separation of Power Grids division has led to a sharp decline in execution period. The book-to-bill ratio (order inflow/sales) becomes more relevant to monitor future performance, stood at 1.0x at end-CY18 vs 0.95x at end- CY17. Power-grids division reported 9% decline in order intake at INR 34bn .

► **Superior product mix with great investment track record:** HDFC AMC offer a wide range of investment schemes across asset classes catering to various risk return profiles, many of which have recorded strong and consistent performance compared to industry benchmarks. Currently, its product mix includes 27 equity oriented schemes, 98 debt schemes, 3 liquid schemes and 5 other schemes. The well diversified product mix enables them to operate through various market cycles providing specific customer requirements and reduce concentration risk .

► **Valuation:** We recommend **buy on HDFC AMC**, with a price target of **Rs 2100.p**

Source: Company, ACE Equity, Dealmoney Research

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