

Research Report

HDFC ASSET MANAGEMENT COMPANY Limited



Prepared By-

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About

Incorporated in 1999, HDFC Asset Management Company Limited provides Fund Management Services. HDFC Trustee Company Limited appointed HDFC AMC as investment manager of HDFC Mutual Fund. Company is also registered under the SEBI to provide Portfolio Management Services. In FY 24, the company expanded by opening 26 new branches in India. HDFC Asset Management Company has 50 branches in North zone, 81 in West, 60 in East and 62 in south. Out of these, 80 branches are in the top 30 locations while 174 are outside the top 30 cities in India with a few representative offices located in Dubai. 70% of AUM comes under individual investors while the rest comes under Institutions.

Product Category

- a) Diversified Equity
- b) Index
- c) Thematic/ Sectorial Equity
- d) Equity Linked Savings Scheme
- e) Hybrid
- f) Solution Oriented
- g) Theme Based Debt
- h) Duration Based Debt
- i) ETF and Fund of Funds

Synopsis of Financials

- **Added 1.1 million unique investors in the quarter.**
- **Total income is INR 9,483 million, with revenue from operations increasing by 35% Y-o-Y.**
- **Operating profit grew by 40% Y-o-Y.**
- **PAT at INR 6,039 million, a growth of 26% Y-o-Y.**

Source: Company Annual Report

Stock data (as 17th September 2024)

Nifty Price	: 25,416.10
52 week High (in Rs.)	: 4,546
52 week Low (in Rs.)	: 2,563
Market Cap. (in Crore)	: 94,546
NSE Code	: HDFCAMC

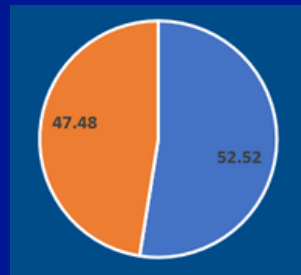
Stock data



-NIFTY50

-HDFC Asset Management Company Limited

Shareholding Pattern (March 2024)



-PUBLIC GROUP

-PROMOTER GROUP

Financial Summary

Particulars	March 2024	March 2023	March 2022
Sales	3,159	2,478	2,429
Sales Growth %	27.46%	2.04%	10.70%
Expenses	623	549	515
Operating Profit	2,536	1,929	1,913
OPM %	80%	78%	79%
Net Profit	1,946	1,424	1,393
EPS in Rs	91.15	66.72	65.32

Quarterly Results



Particular	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
Sales	560	541	575	643	671	695	775
Expenses	146	130	146	161	160	156	180
Operating Profit	413	411	429	482	511	539	595
OPM %	74%	76%	75%	75%	76%	78%	77%
Other Income	103	97	158	122	142	155	173
Interest	2	2	2	2	2	2	2
Depreciation	13	13	13	13	13	13	13
Profit before tax	501	492	571	589	639	679	752
Tax %	26%	24%	16%	26%	23%	20%	20%
Net Profit	369	376	478	438	490	541	604

Source: Screener

Key Ratios

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	Change (%)
Annual Average AUM (₹ in Crore)	543,710.44	436,126.02	24.67
Profit After Tax as a % of Annual Average AUM	0.36	0.33	9.62
Debtors Turnover (times)	18.66	16.78	11.20
Current Ratio (times)	6.78	6.15	10.24
Operating Profit Margin (%)	73.52	71.76	2.45
Net Profit Margin (%)	61.53	57.36	7.27

Source: Annual Report

Yearly Results

Particulars	March 2024	March 2023	March 2022
Equity Capital	107	107	107
Reserves	6,972	6,002	5,423
Borrowings	0	0	0
Other Liabilities	478	428	350
Total Liabilities	7,558	6,537	5,880
Fixed Assets	151	150	135
CWIP	1	2	0
Investments	7,190	6,079	5,570
Other Assets	215	305	175
Total Assets	7,558	6,537	5,880

Synopsis Quarter Results

Con-Call Q1 FY'24: Key Highlights

Industry Overview:

- Mutual fund industry has grown significantly, AUM of over INR 61 trillion.
- Equity-oriented funds have witnessed positive net flows for 40 consecutive months.
- Actively managed equity-oriented funds saw net flows exceeding INR 1 trillion in the quarter.

Company Performance:

- AUM has surpassed INR 7 trillion.
- Asset mix has tilted towards equity, now at 64.3% on a quarterly average basis.
- Actively managed equity funds have grown to INR 4.4 trillion, with a market share of 13%.
- Debt and liquid AUM have seen a Q-on-Q increase of 9% and 14% respectively.

Employee Expenses:

- Employee costs increased due to year-end increments and increase in headcount by 280 people.
- Focus on learning and development, employee engagement, and overall increase in expenses.

Other Expenses:

- Increase in other expenses mainly due to general business-related expenses, new fund offer expenses, KYC related expenses, and outsourced service costs.
- Costs related to NFOs impact expenses but are expected to be offset by higher fees from increased AUM.

Branch Expansion:

- Opened 24 branches in the first week of January.
- Branches are set up in locations where breakeven can be achieved quickly.
- Branches are relatively small with two to three people and located in B-30 towns.

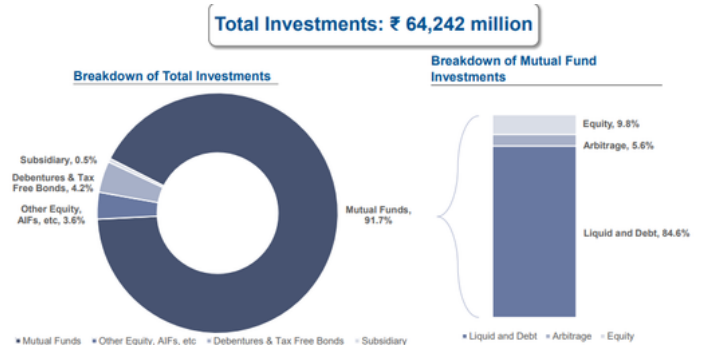
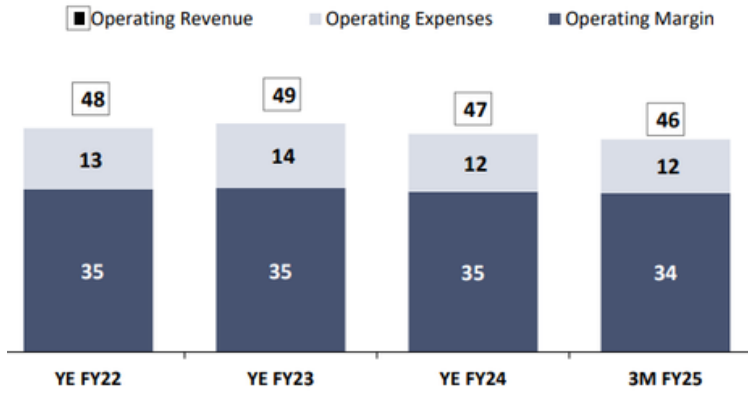
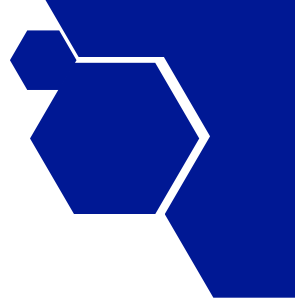
Future Outlook:

- Focus on growing all segments of the business, including fixed income.
- Intent to consolidate position in existing funds and aim for top 3 positions across categories.
- Continuous efforts to provide disciplined investing experience for investors.

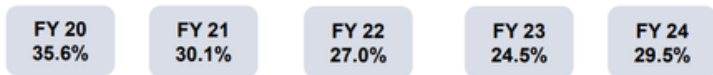
AUM Growth & Margin Management:

- AUM growth leading to lower margins.
- Management evaluating options to manage the lower margins.

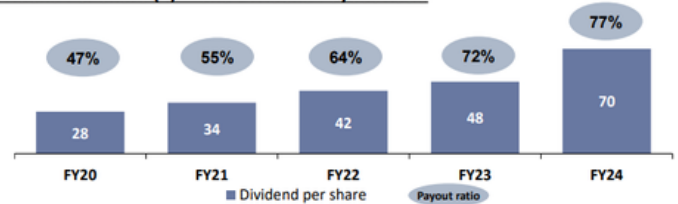
Revenue Highlights



Return on Equity⁽¹⁾

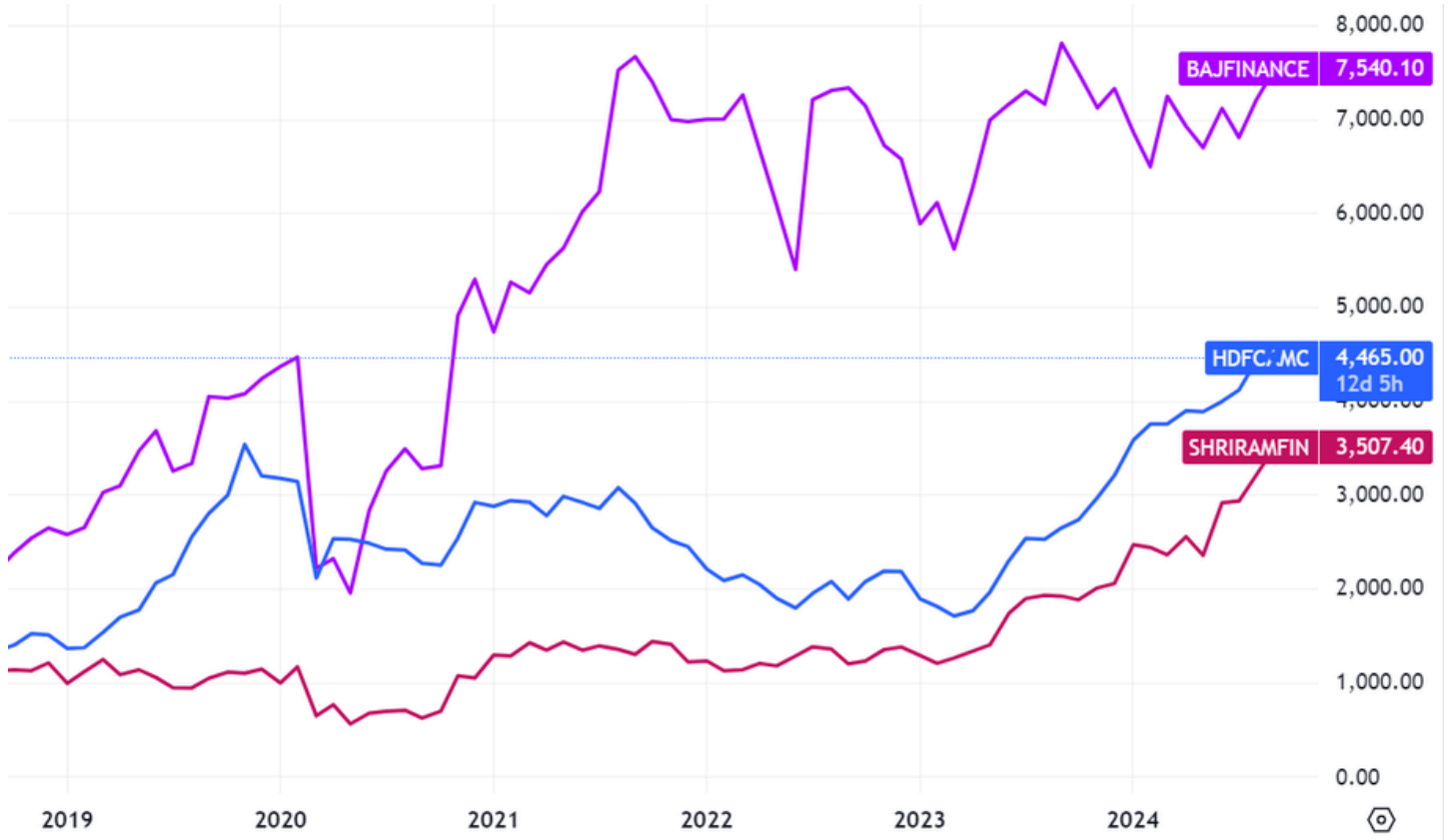


Dividend Per Share (₹) ⁽²⁾ and Dividend Payout Ratio



Peer Comparison

Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	Bajaj Finance	7363.60	30.55	456030.72	0.49	3911.98	13.82	16098.67	28.81	11.93
2.	Bajaj Finserv	1848.50	35.37	295071.50	0.05	4209.28	10.04	31479.93	35.22	11.72
3.	Jio Financial	351.65	140.89	223349.20	0.00	312.63	-5.81	417.82	0.89	1.55
4.	Cholaman.Inv.&Fn	1573.45	36.18	132326.10	0.13	947.15	33.41	5812.31	41.77	10.41
5.	Shriram Finance	3423.95	17.01	128654.06	1.31	2030.64	18.23	9604.98	20.02	11.27
6.	Bajaj Holdings	10334.00	15.41	114981.66	1.26	1614.51	13.77	133.76	28.53	13.07
7.	HDFC AMC	4425.60	45.62	94546.22	1.58	603.98	26.49	775.24	34.93	37.72
	Median: 204 Co.	242.2	24.22	627.3	0.0	7.82	26.67	28.78	29.58	10.48

Source: Screener

Final Outlook

HDFCAMC: HOLD | LTP: 4,426

The management has laid emphasis on diversified investment, performance excellence, customer centricity, investor education, distribution, corporate governance and risk management, talent management and ESG integration for FY 24.

- Major fund houses like Motilal Oswal, JM Financial etc have displayed a positive outlook on the stock based on strong fundamentals, growth in business and increase in market share.
- The stock has also displayed significant growth in the last 1 year with a price growth of 64%.
- Due to its fundamental strength and business growth complemented by a bullish signal on the price chart, investors are recommended to **BUY** the stock with a potential upside of 10-12% based on the current price, i.e. INR 4,165.