

# Ratings Monitor

One Report – to monitor stocks and identify triggers to re-evaluate ratings

## HDFC AMC

| Current Market Price | Potential Returns | Fair Value (FV) |
|----------------------|-------------------|-----------------|
| Rs. 1,850            | 2.7%              | Rs. 1,900       |

**Date:** 21<sup>st</sup> June, 2022

**Previous Rating:** **Sell;**

**Current Rating:** **ADD**

**Change:** Upgrade

## Ratings Rationale

- We upgrade HDFC AMC to ADD on potential reversal of some of the specific factors such as performance-led market share loss in equity along with pressure on margins due to rising distributor payout.
- Improved fund performance to augur well for future flows.
- Distributor commissions likely to cool off.
- The turnaround is unlikely to be quick and weak equity markets would imply a difficult operating environment, but these risks are fairly captured at current valuations.

## Valuation

Fair Value of Rs. 1,900, valuing at ~25x FY2024 EPS.

**Read Full Report**

**Note:** The performance horizon is 12 months unless specified.

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