

Ref/No/HDFCAMC/SE/2019-20/64

Date – October 25, 2019

National Stock Exchange of India Limited Exchange Plaza, Plot C/1, Block G, Bandra Kurla Complex, Bandra (East) Mumbai – 400051	BSE Limited Sir PJ Towers, Dalal Street, Mumbai – 400001
Kind Attn: Head – Listing Department	Kind Attn: Sr. General Manager – DCS Listing Department

Sub: Outcome of Board Meeting

Dear Sir/Madam,

Further to our letter number Ref/No/HDFCAMC/SE/2019-20/63 dated October 25, 2019, please find enclosed herewith a copy of investor presentation along with press release on financial results for quarter and half year ended September 30, 2019.

Kindly take the same on your records.

Thanking You,

Yours faithfully,

For **HDFC Asset Management Company Limited**



Sylvia Furtado
Company Secretary

Encl: a/a

HDFC Asset Management Company Limited

A Joint Venture with Standard Life Investments

CIN: L65991MH1999PLC123027

Registered Office : "HDFC House", 2nd Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai-400 020
Tel.: 022 - 6631 6333 Fax: 022 - 2204 4304, 6658 0200 Website: www.hdfcfund.com

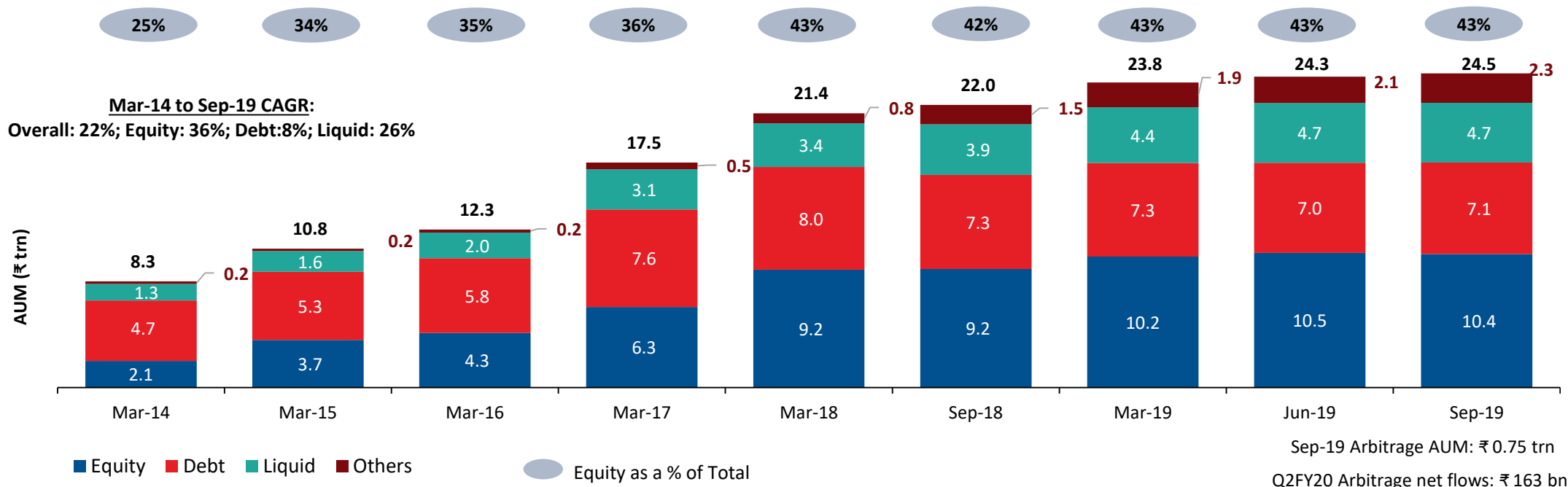
shareholders.relations@hdfcfund.com



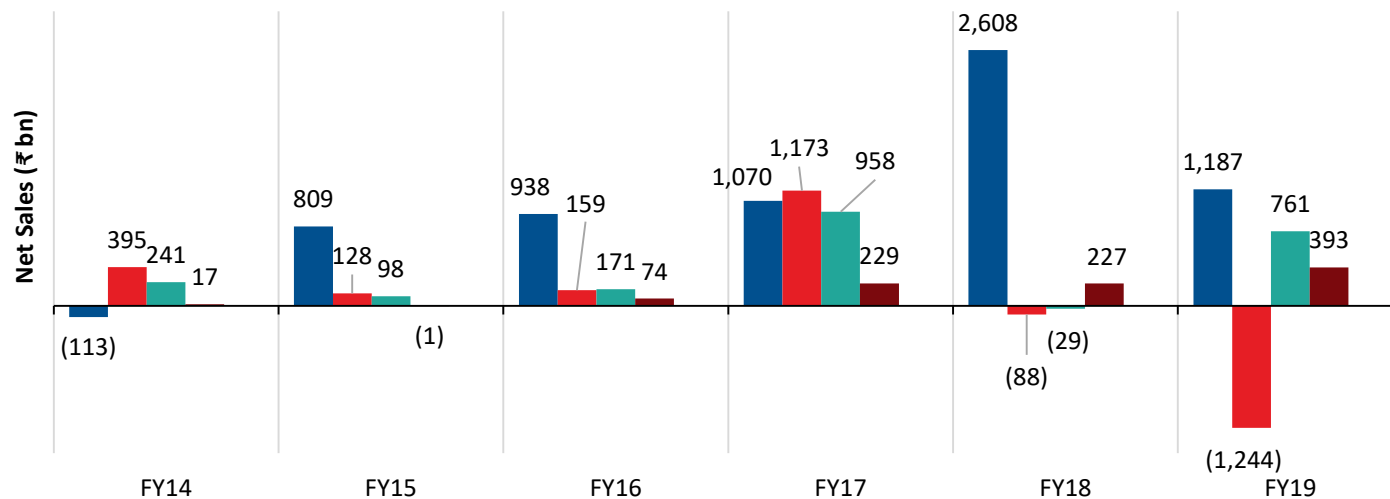
HDFC Asset Management Company Limited

Q2 FY19-20

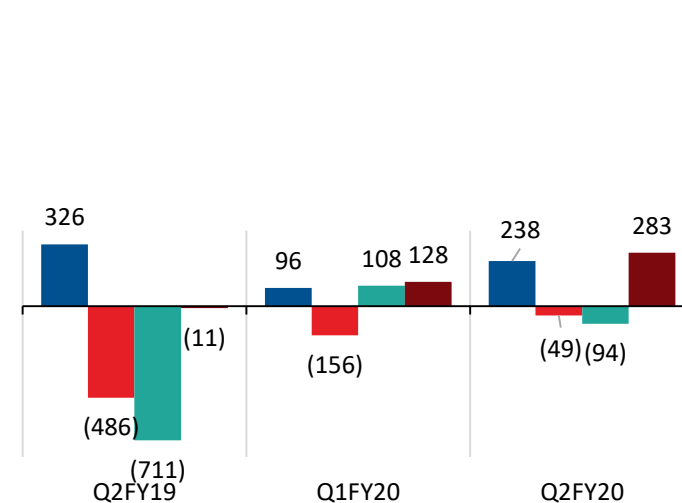
Industry - AUM and Net Sales



Yearly net sales



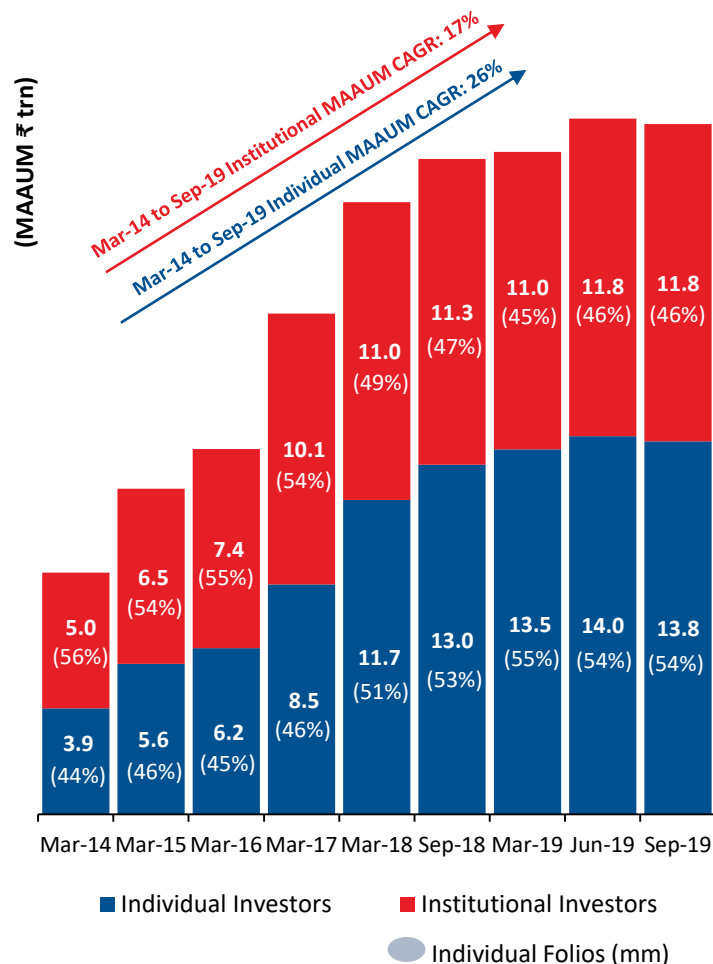
Quarterly net sales



Individual / Institutional MAAUM, SIP Flows, B-15/B30

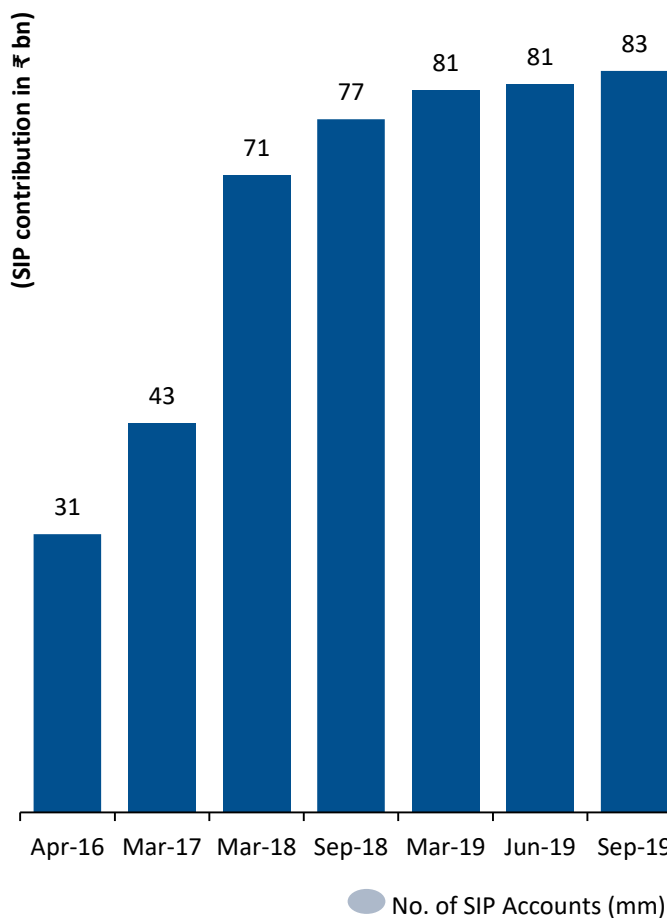
MAAUM of Individual Investors⁽¹⁾⁽²⁾⁽³⁾

39.2 41.4 47.2 54.8 70.9 77.5 82.1 83.4 85.2



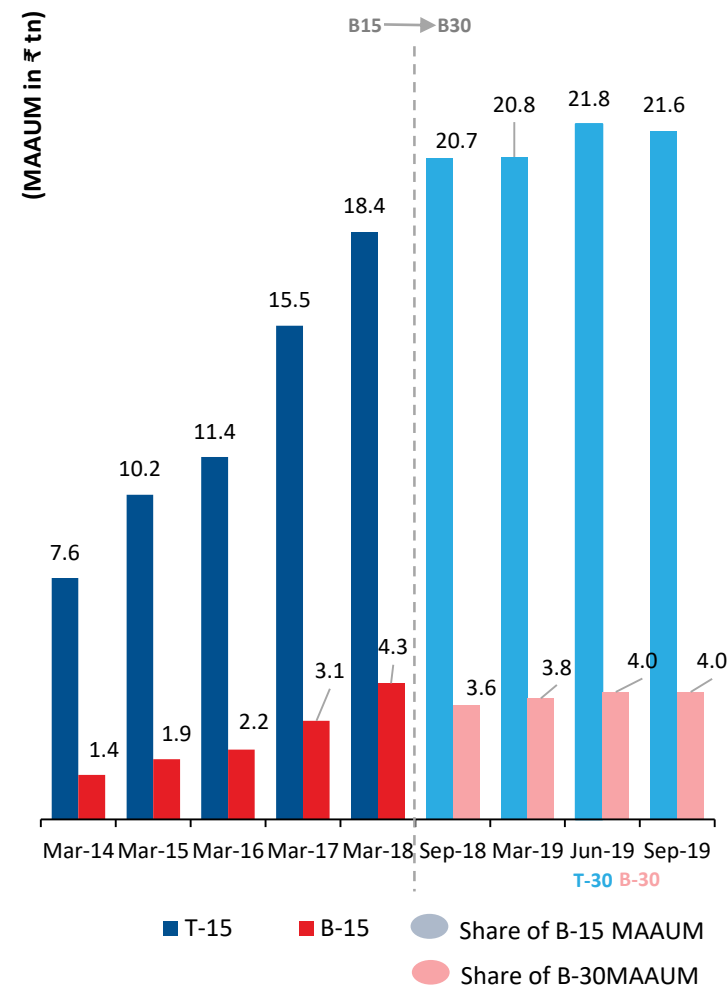
SIP Flows⁽¹⁾

10.1 13.5 21.1 24.4 26.2 27.4 28.4

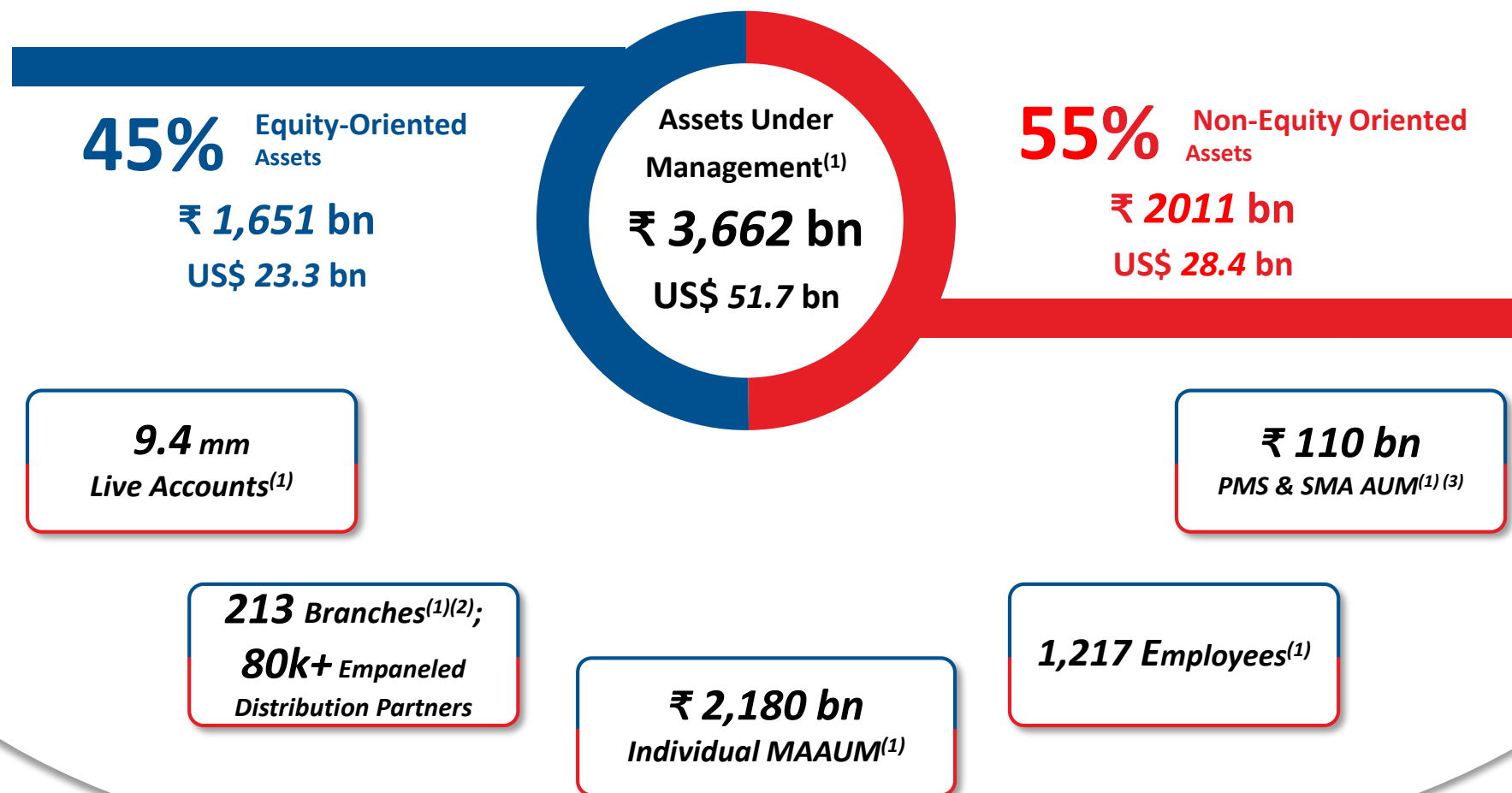


MAAUM of B-15/B-30⁽¹⁾⁽²⁾

16% 16% 16% 17% 19% 15% 15% 15% 16%



○ HDFC AMC at a glance



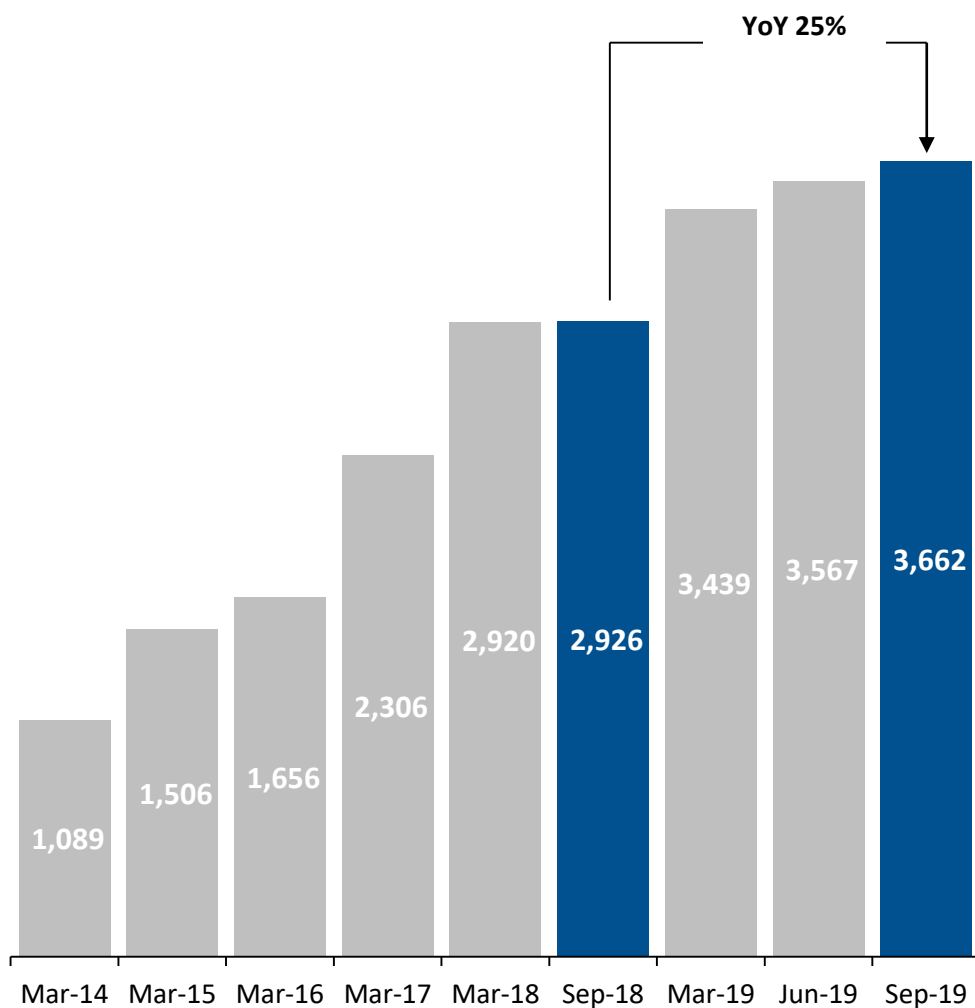
(1) As of Sep 30, 2019 / for Sep 2019; (2) Includes one representative office in Dubai; (3) Includes advisory mandates

(2) Source: Internal. USD/INR conversion rate: ₹ 70.8688

○ Total AUM and Market Share

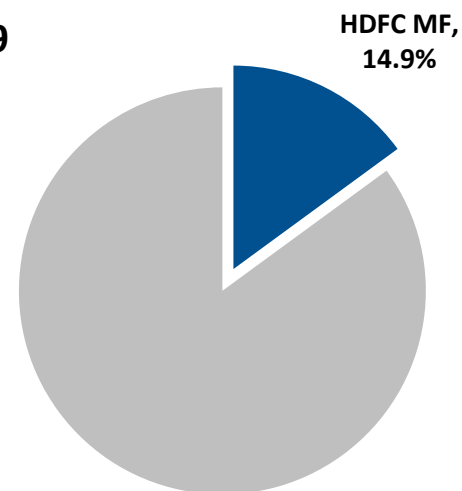
Total AUM⁽¹⁾

₹ billion

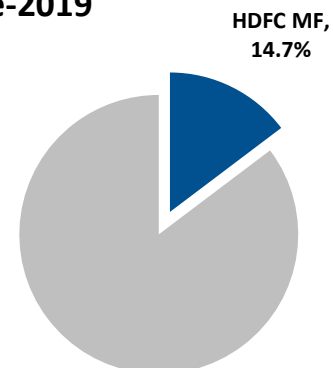


Market Share in Total AUM⁽²⁾

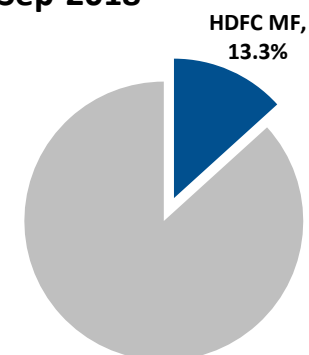
Sep-2019



June-2019



Sep-2018

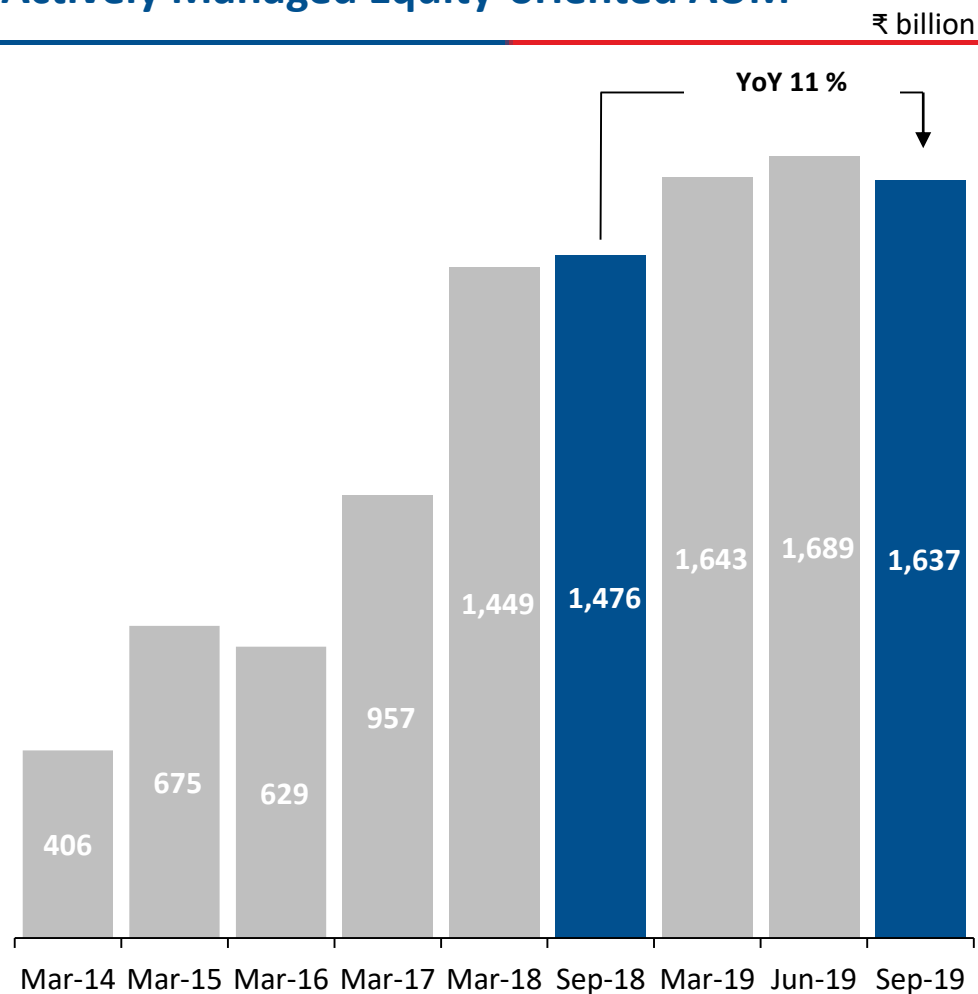


(1) Source: Internal

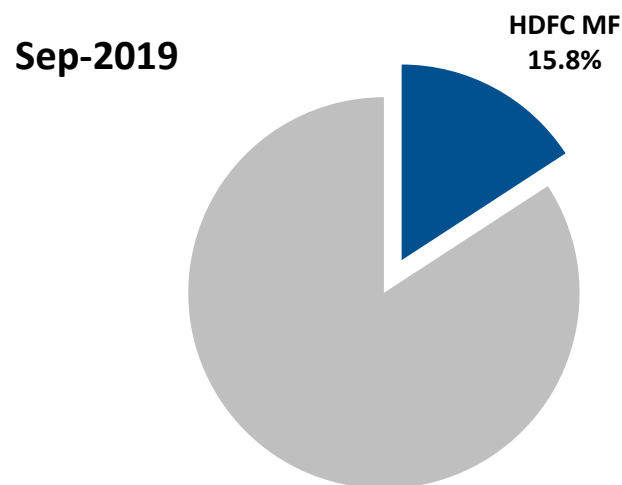
(2) Source: Internal, AMFI

Actively Managed Equity-oriented AUM and Market Share

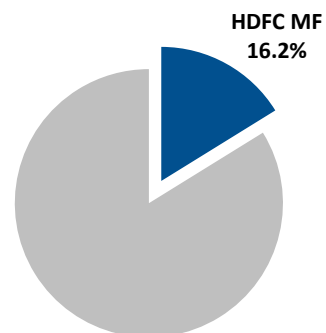
Actively Managed Equity-oriented AUM⁽¹⁾



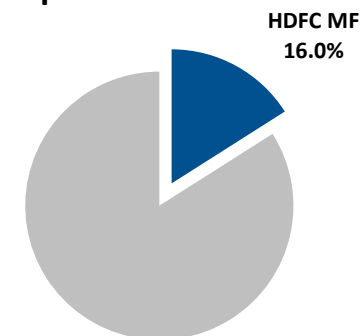
#1 Market Share in Actively Managed Equity-oriented AUM⁽²⁾



June-2019



Sep-2018



(1) Source: Internal

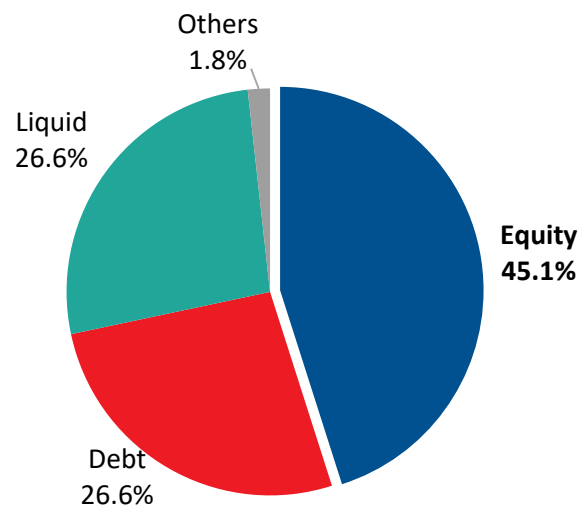
(2) Source: AMFI, Internal

Actively managed equity-oriented AUM excludes index and arbitrage funds from equity-oriented funds

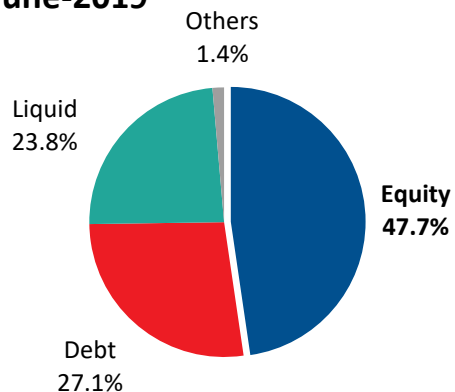
○ AUM by Segment – HDFC AMC and Industry

HDFC AMC MF AUM by Segment ⁽¹⁾⁽³⁾

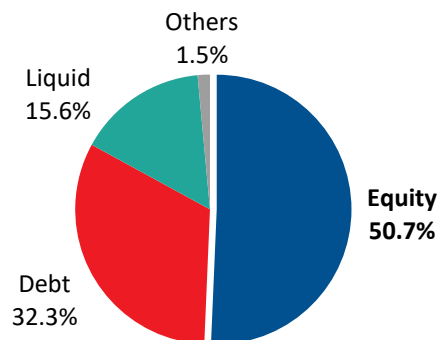
Sep-2019



June-2019

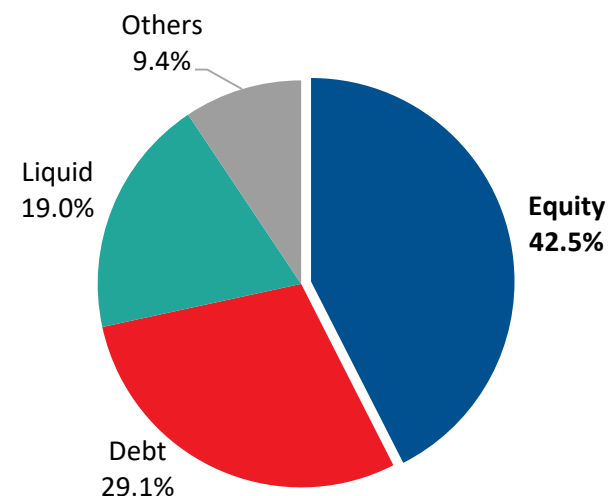


Sep-2018

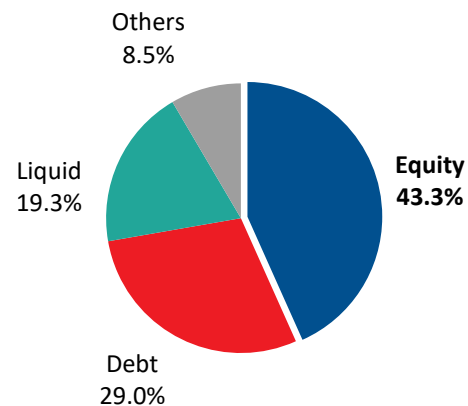


Industry AUM by Segment ⁽²⁾⁽³⁾

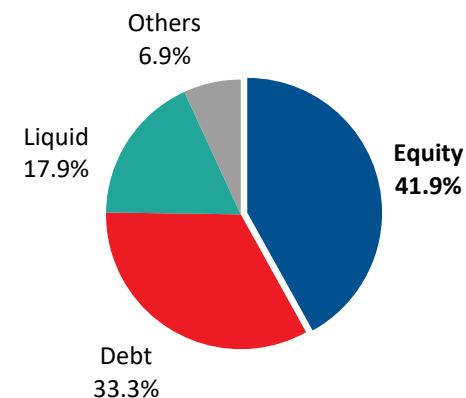
Sep-2019



June-2019



Sep-2018



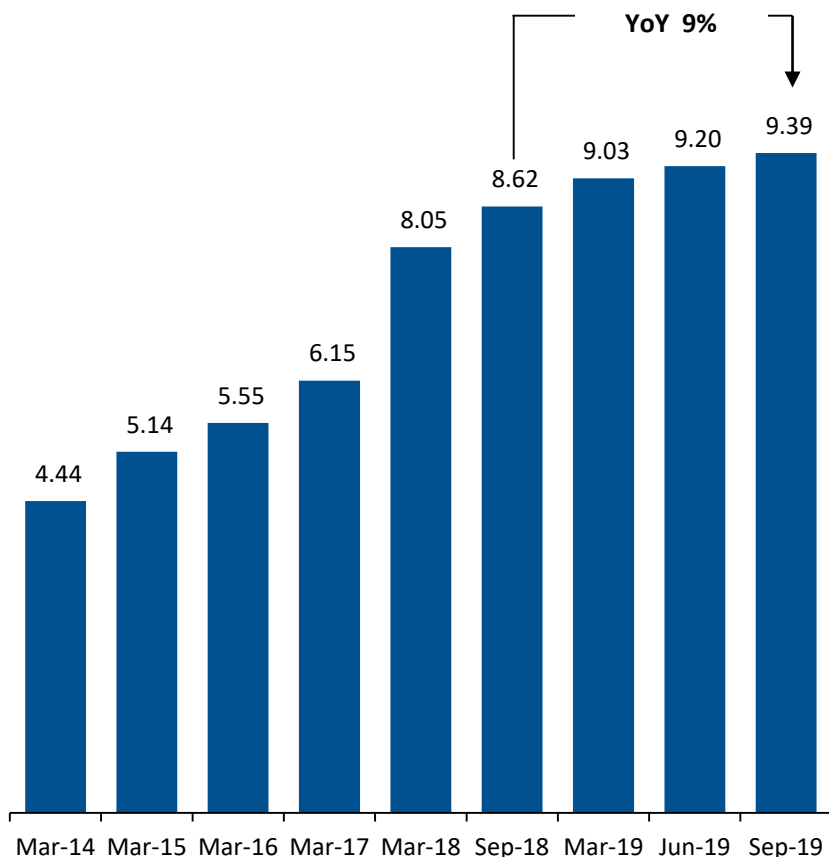
(1) Source: Internal

(2) Source: AMFI

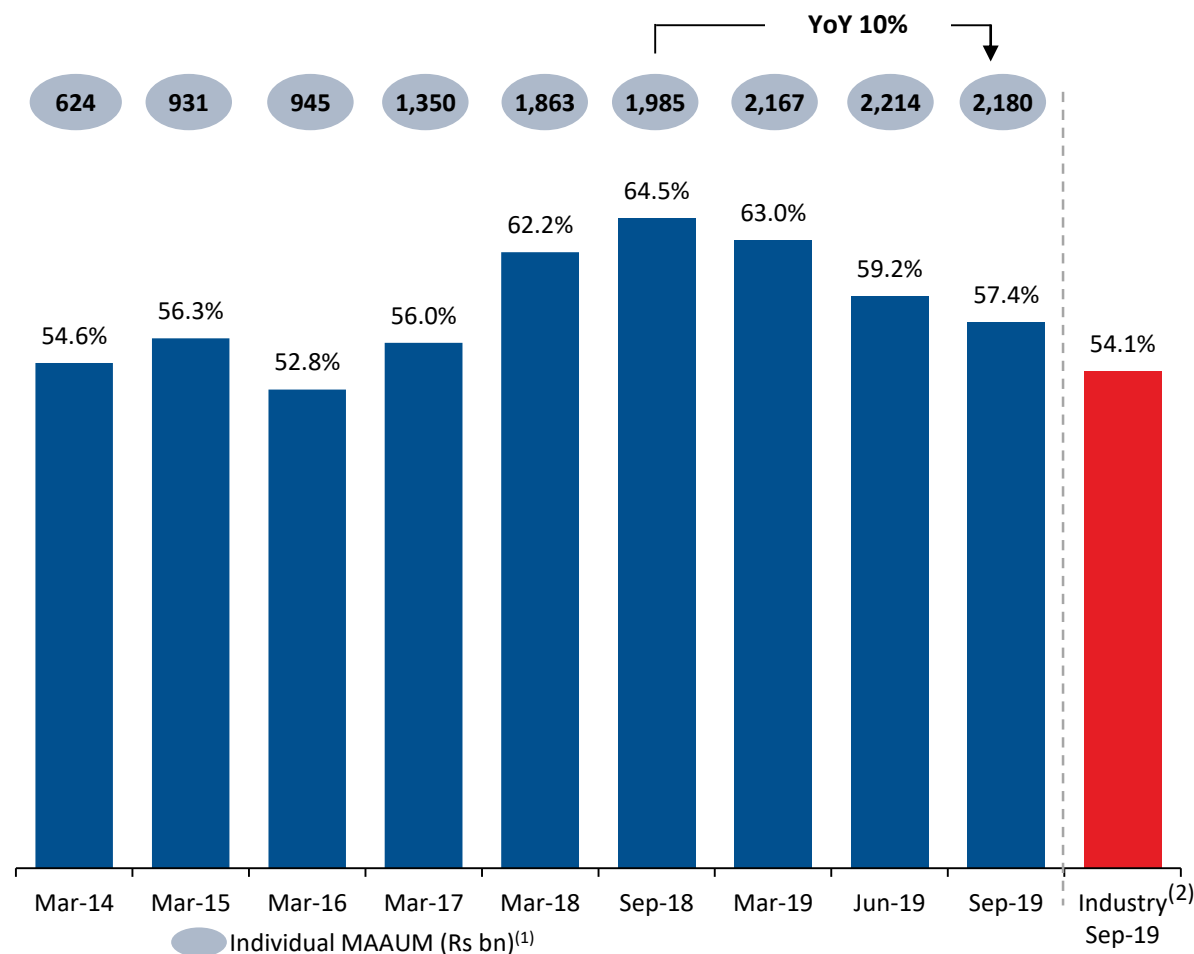
(3) From April 2018, Arbitrage is included in other category

Individual Investors – no of Accounts & MAAUM

Number of Live Individual Accounts (in millions) ⁽¹⁾



Individual MAAUM % of Total ⁽¹⁾



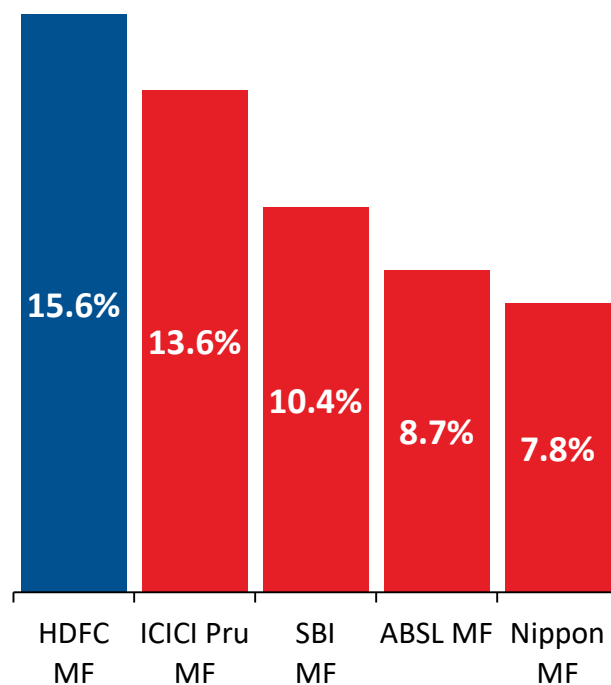
Individual customer prefer equity-oriented schemes and stay invested for longer periods

⁽¹⁾ Source: Internal

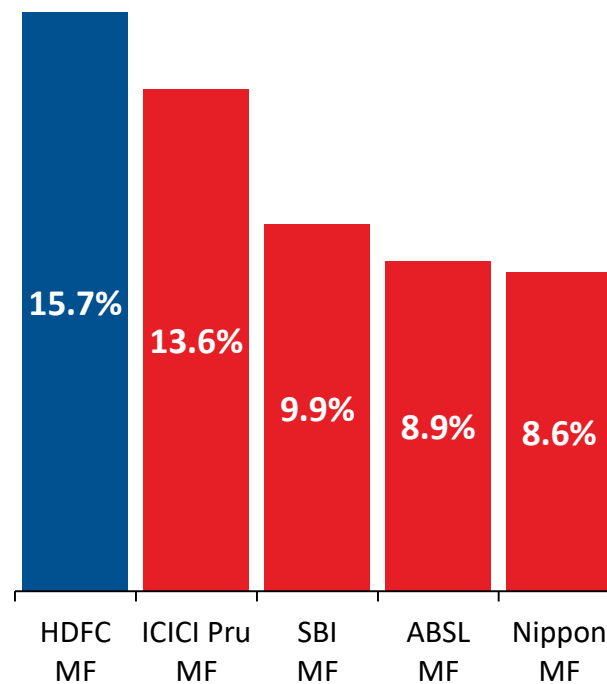
⁽²⁾ Source: AMFI

Most Preferred Choice of Individual Investors

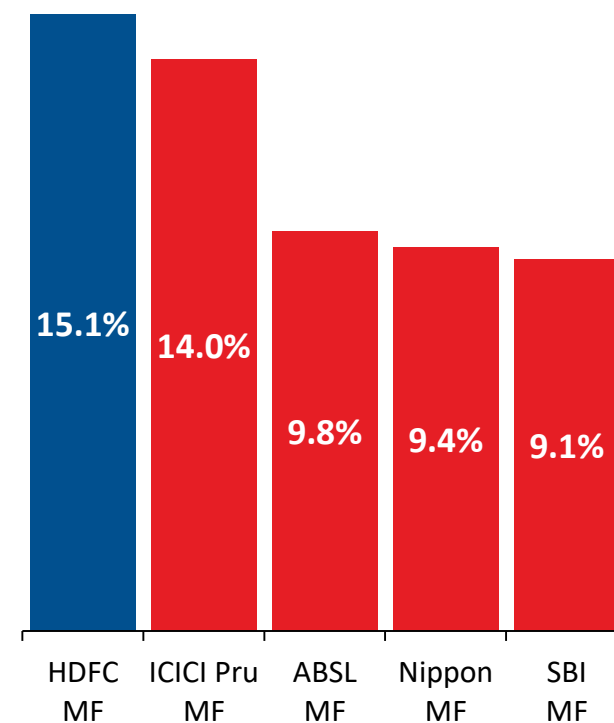
Individual Assets Market Share (Sep-19)



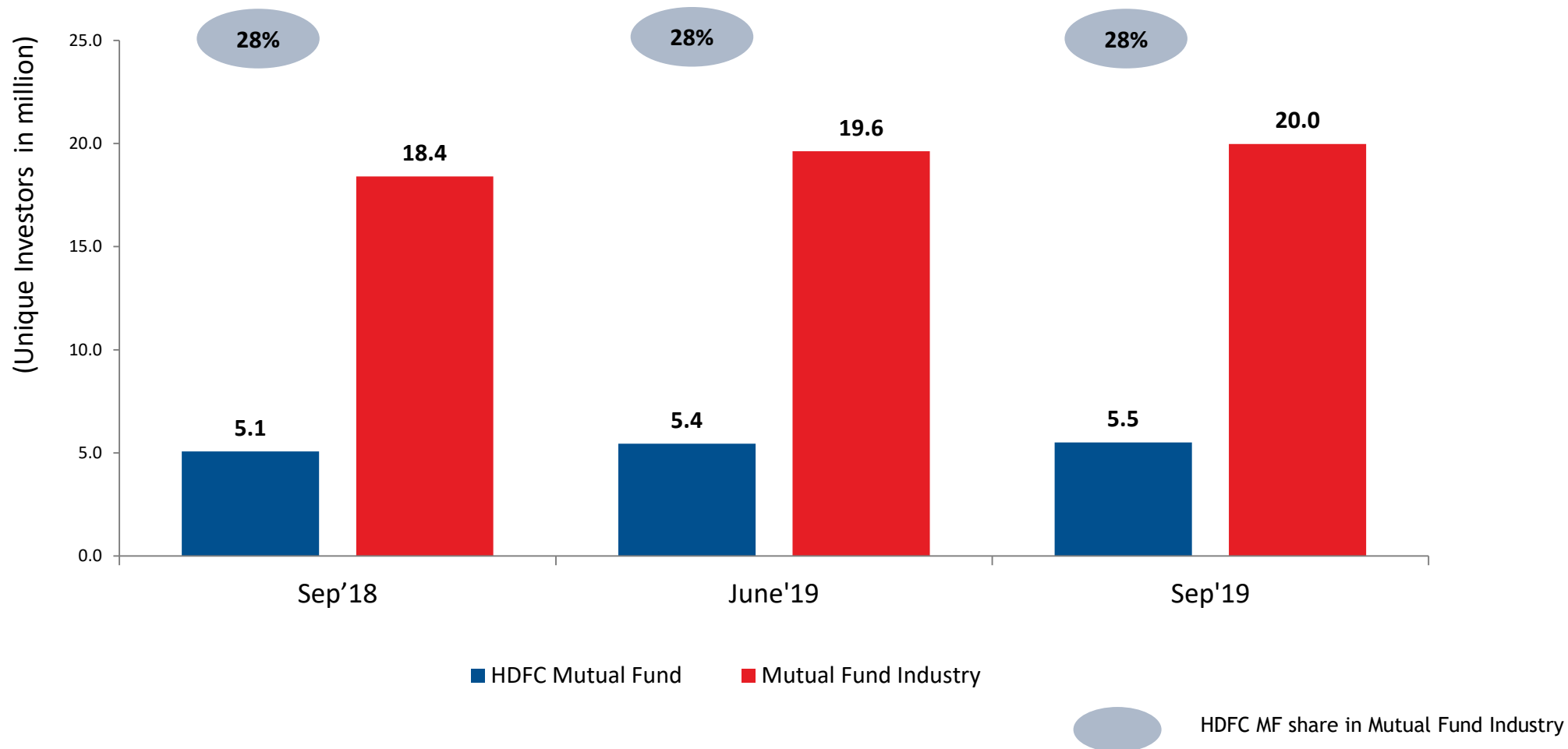
Individual Assets Market Share (June-19)



Individual Assets Market Share (Sep-18)

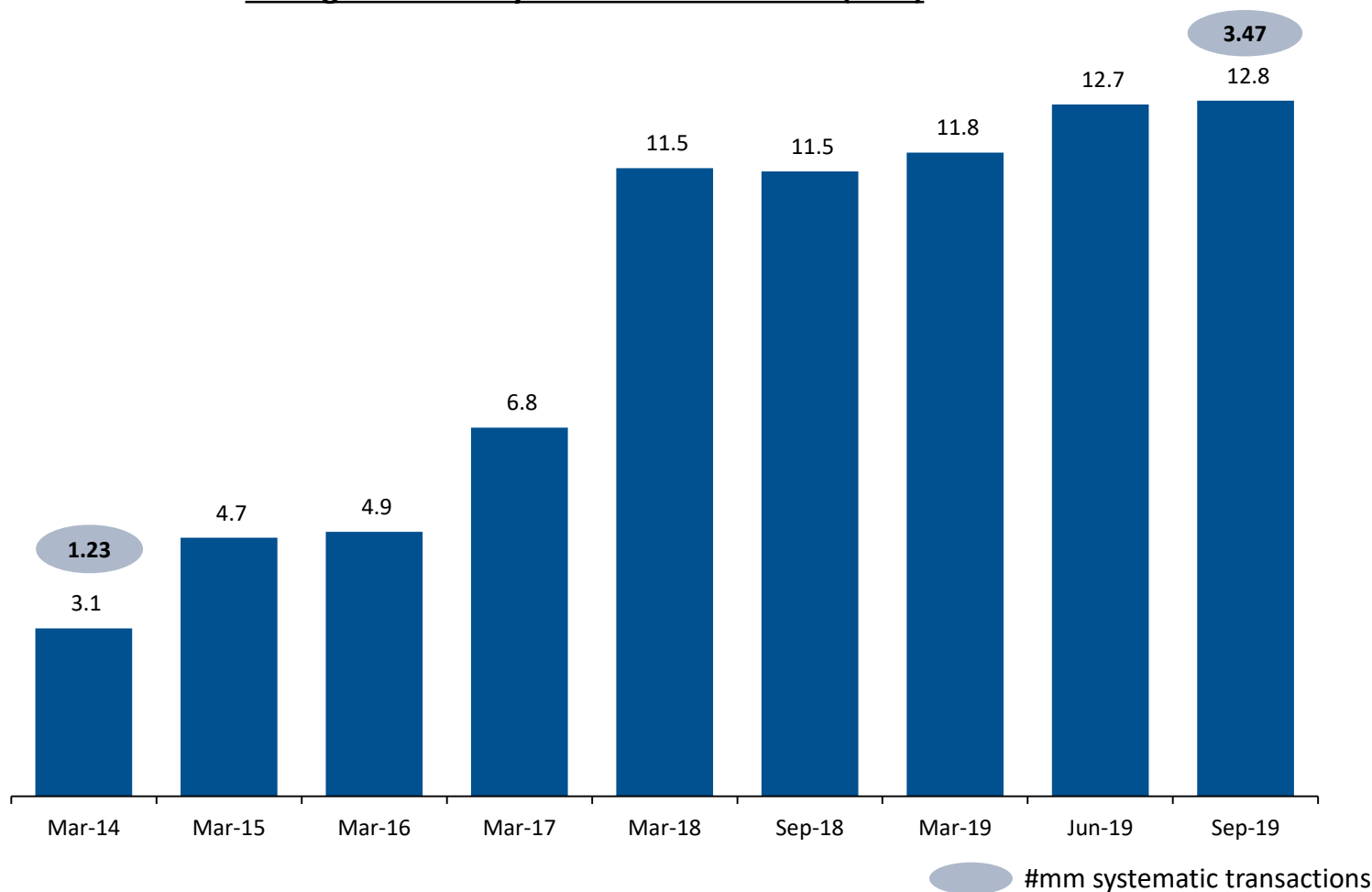


Unique Investors- HDFC AMC vs MF Industry

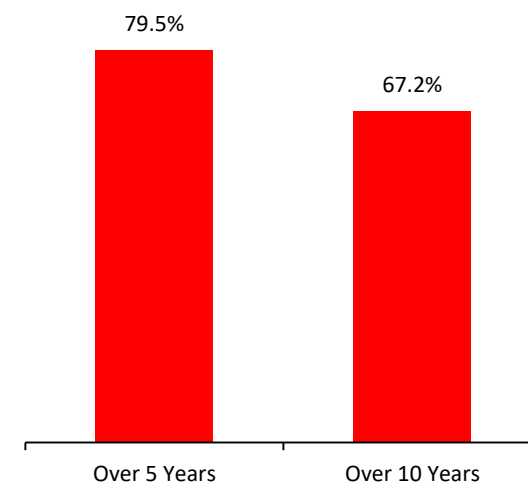


Quality Long-term Inflows Through Systematic Transactions

Strong Growth in Systematic Transactions (₹ bn)



Long Tenure SIP Book⁽¹⁾



Strong and growing
“Order Book” to provide
predictable flows

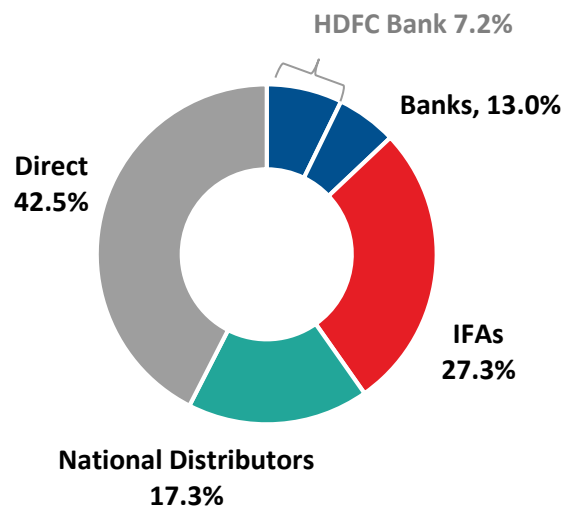
Source: Internal

(1) Based on tenure at the time of registration of all live SIPs during Sep-19

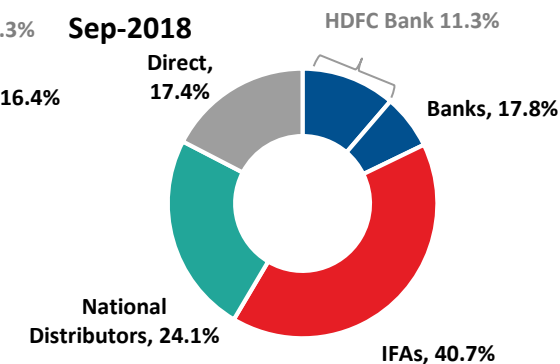
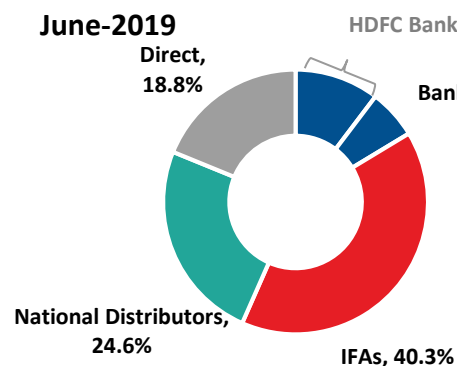
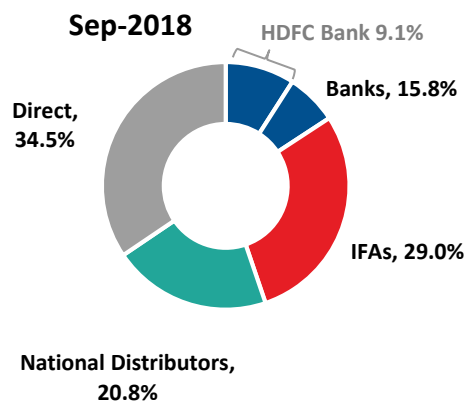
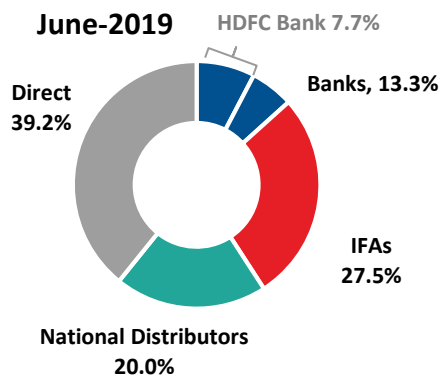
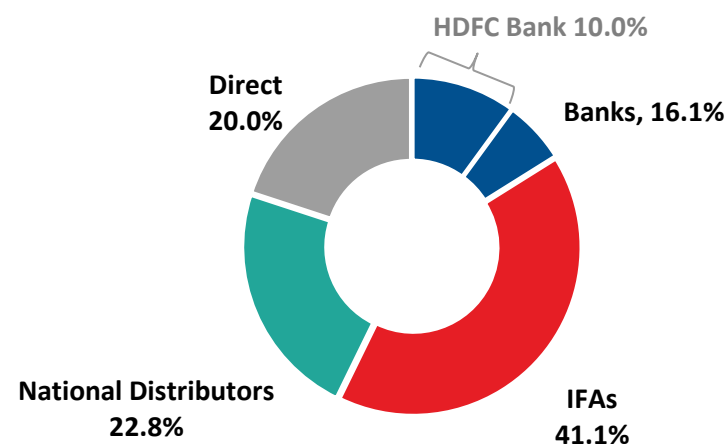
Multi-channel Distribution Network

Well Diversified Distribution Channel

Total AUM (Sep-19)

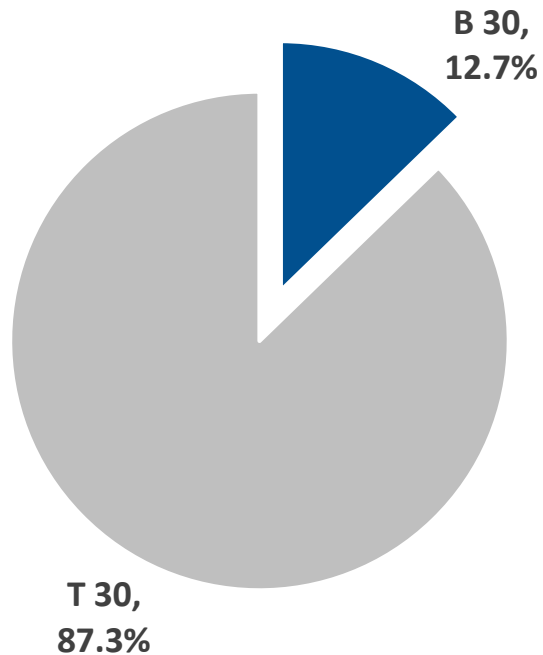


Equity-oriented AUM (Sep-19)

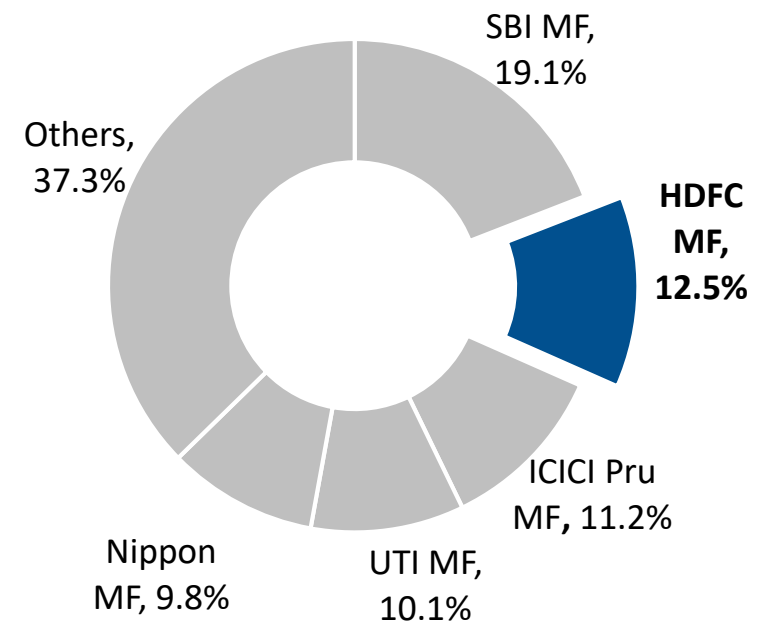


Geographic Spread

Total MAAUM by T30 and B30 cities⁽¹⁾



#2 Player in B-30 Markets⁽¹⁾



Network of 213 branches with 137 in B-30 cities⁽²⁾

c. 80k+ empaneled distribution partners

(1) Source: Internal

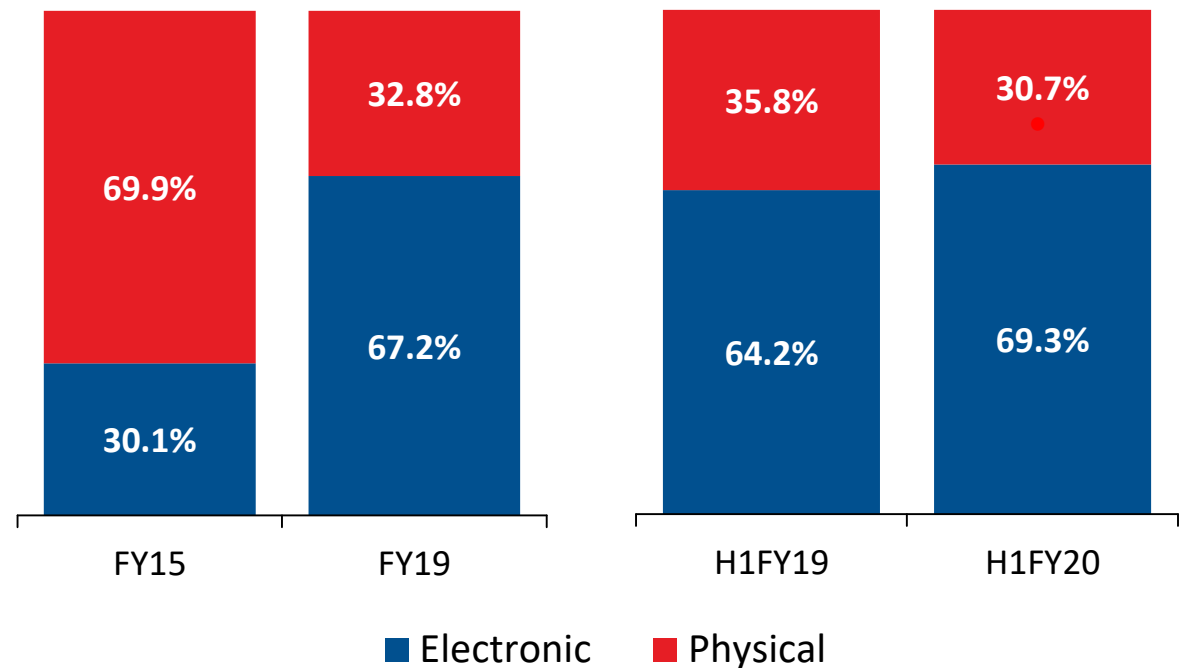
(2) As of Sep 30, 2019. Includes one representative office in Dubai;

Strong Digital Presence

Supported by Integrated Online Platform



Electronic and Physical Transaction as % of Total Transactions



■ Strong online presence - dedicated separate digital platforms distribution partners and customers

■ FY15-19 CAGR of 42% for electronic transactions

■ 17.2% transaction during FY19 were through HDFC MF Online and mobile application

Financials

Financials Summary – Half Yearly Earnings

(₹ mm)

Particulars	HYE FY20	HYE FY19	Change
Income			
Revenue from Operations	10,024	9,516	5%
Other Income	994	648	53%
Total Income	11,018	10,164	8%
Expenses			
Finance Costs	46	-	-
Fees and Commission Expenses	122	1,574	-92%
Impairment on Financial Instruments	-	212	-
Employee Benefit Expenses	1,145	1,081	6%
Depreciation and Amortization Expenses	243	57	326%
Other Expenses	888	1,321	-33%
Total Expenses	2,444	4,245	-42%
Profit before tax	8,574	5,919	45%
Tax Expenses	1,974	1,807	9%
Profit after tax	6,600	4,112	61%
Other Comprehensive Income (net of tax)	(40)	2	
Total Comprehensive Income	6,560	4,114	59%

Particulars	HYE FY20	HYE FY19	Change
Revenue from Operations	10,024	9,516	5%
Total Expenses*	2,444	4,033	-39%
Operating Profit from core AM business	7,580	5,483	38%

*Adjusted for non recurring expenses

Financials Summary – Quarterly Earnings

(₹ mm)			
Particulars	Q2 FY20	Q2 FY19	Change
Income			
Revenue from Operations	4,980	4,804	4%
Other Income	510	349	46%
Total Income	5,490	5,153	7%
Expenses			
Finance Costs	23	-	-
Fees and Commission Expenses	8	735	-99%
Impairment on Financial Instruments	-	212	-
Employee Benefit Expenses	578	544	6%
Depreciation and Amortization Expenses	124	31	300%
Other Expenses	482	659	-27%
Total Expenses	1,215	2,181	-44%
Profit before tax	4,275	2,972	44%
Tax Expenses	592	913	-35%
Profit after tax	3,683	2,059	79%
Other Comprehensive Income (net of tax)	(8)	3	
Total Comprehensive Income	3,675	2,062	78%

Particulars	Q2 FY20	Q2 FY19	Change
Revenue from Operations	4,980	4,804	4%
Total Expenses*	1,215	1,969	-38%
Operating Profit from core AM business	3,765	2,835	33%

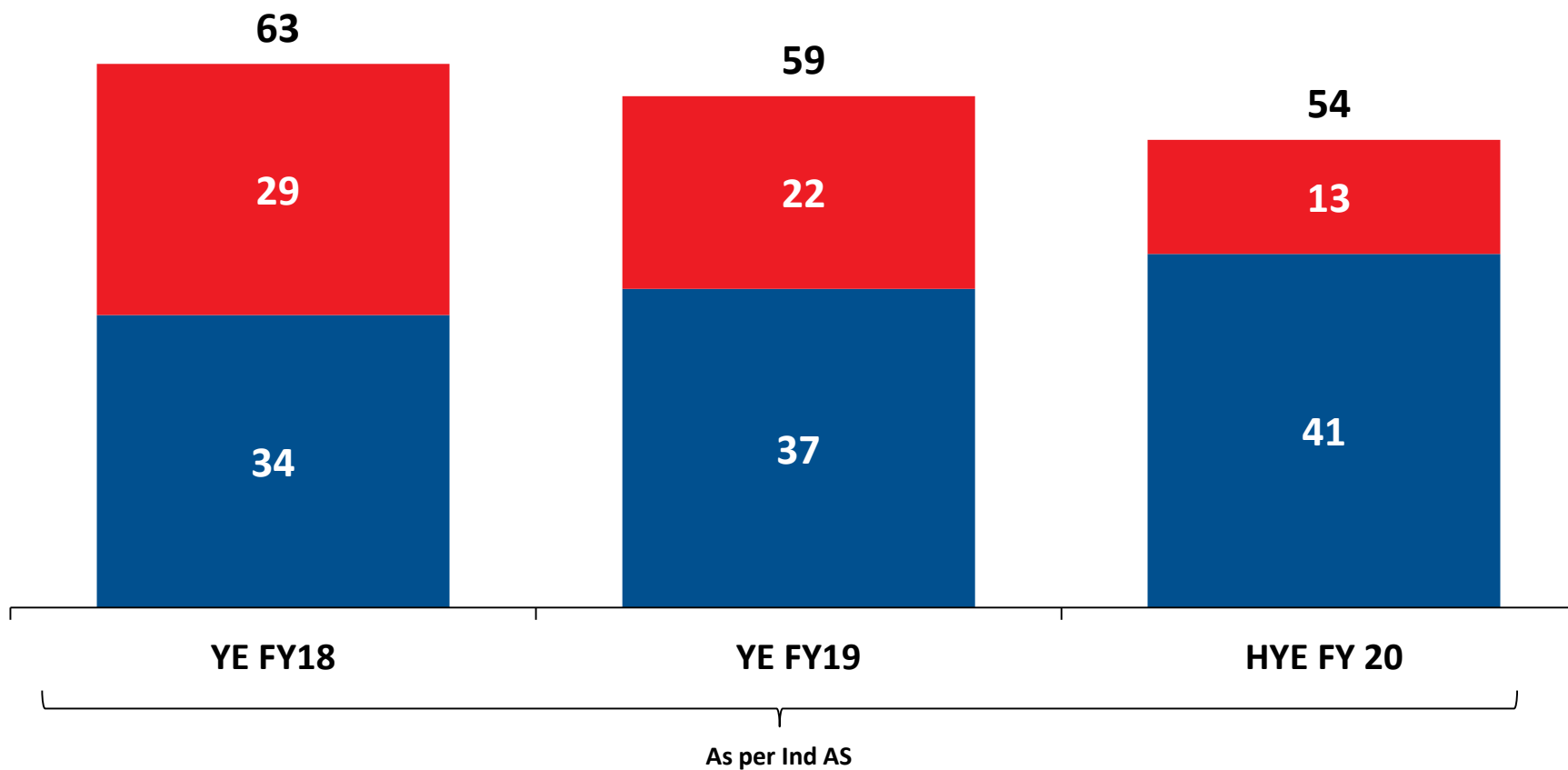
*Adjusted for non recurring expenses

1. The Company has elected to exercise the option of a lower tax rate provided under Section 115BAA of the Income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. Accordingly, the Company has recognised provision for income tax for the half year ended September 30, 2019 and re-measured its deferred tax assets basis the rate provided in the said section. The full impact of above mentioned change, amounting to approximately ₹667 mm. has been recognised in the result for the half year ended September 30, 2019, out of which, approximately ₹343 mm. pertains to quarter ended June 30, 2019.
2. As at September 30, 2019, the Company holds certain Non Convertible Debentures (NCDs) that are secured by a pledge of listed equity shares. Since these NCDs are classified as financial assets at fair value through profit and loss, any changes in their fair value is reflected as a part of 'Other Income'. The unrealized loss recognized in the results for the half year ended September 30, 2019 on the said NCDs, is ₹249.7 mm.
3. Effective April 01, 2019, the Company has adopted 'Ind AS 116 - Leases' and applied it to all lease contracts existing on April 01, 2019 using the modified retrospective method. Consequently, the cumulative adjustment has been taken to retained earnings on the date of initial application i.e. April 01, 2019. Based on the same and as permitted under the specific transitional provisions in the standard, the Company is not required to restate the comparative figures. The effect of this adoption is not material to the profit for the period and earnings per share.

Operating Profit Margin

■ Operating Revenue ■ Operating Expenses ■ PBT&OI

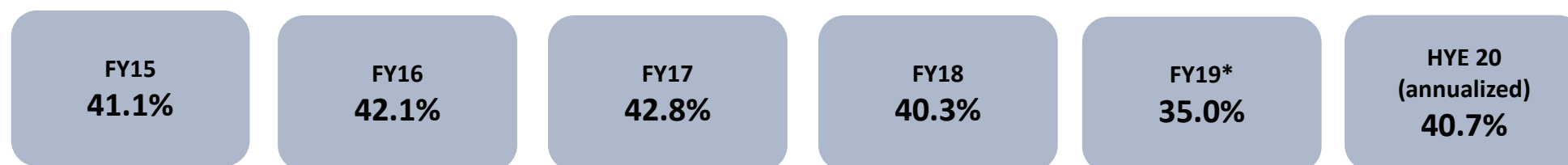
(bps of AAUM)



○ Statement of Assets and Liabilities

	(₹ mm)	
Particulars	As at September 30, 2019	As at March 31, 2019
Assets		
Financial Assets	33,843	30,978
Non Financial Assets	2,805	1,260
Total Assets	36,648	32,238
Liabilities And Equity		
Liabilities		
Financial Liabilities	2,057	1,130
Non-Financial Liabilities	459	400
Equity		
Equity Share Capital	1,063	1,063
Other Equity	33,069	29,645
Total Liabilities And Equity	36,648	32,238

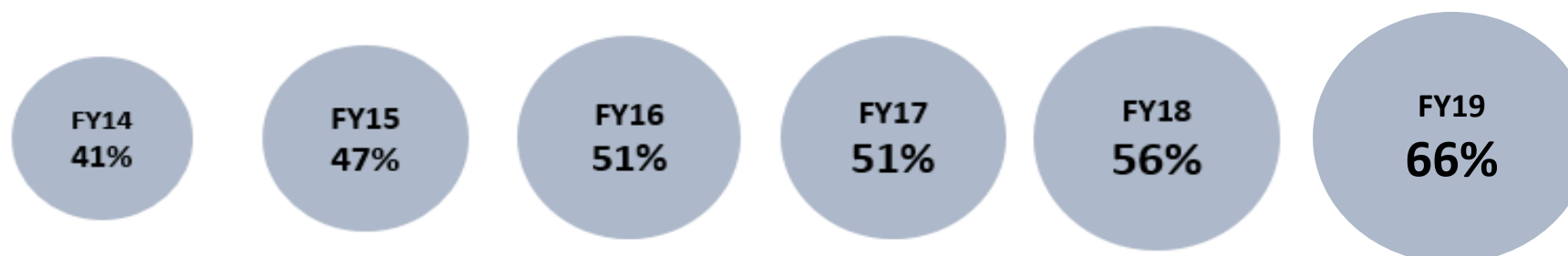
Return on Equity⁽¹⁾



*Return on Equity has reduced in FY 19 due to substantial increase in average networth

Return on Equity from FY15 to FY18 was under Previous GAAP whereas for FY19, it is under Ind AS

Consistently improving Dividend Payout Ratio⁽²⁾



(1) Calculated as Profit After Tax divided by average Net Worth

(2) Including dividend distribution tax. FY19 includes interim dividend of Rs. 12 paid in March 2019 and a final dividend of Rs. 12 proposed by the board on 26th April 2019 and approved by the shareholders at the Annual General Meeting held on July, 16, 2019.

Thank You



This presentation is for information purposes only and does not constitute an offer or invitation to sell or the recommendation or solicitation of an offer or invitation to purchase any securities (“Securities”) of HDFC Asset Management Company Limited (the “Company”) in India, the United States, Canada, the People’s Republic of China, Japan or any other jurisdiction. This document has not been and will not be reviewed or approved by a regulatory authority in India or by any stock exchange in India.

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This presentation may contain, words or phrases like will”, “aim” “believe”, “expect”, “will continue”, “anticipate”, “estimate” and similar expressions or variations of these expressions, that are “forward-looking statements that involve risks and uncertainties and are based on certain beliefs, plans and expectations of the Company. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Although the Company believes that such forward-looking statements are based on reasonable assumptions, it can give no assurance that such expectations will be met. Representative examples of factors that could affect the accuracy of forward-looking statements include (without limitation) the condition of, and changes in, India’s political and economic status, government policies, applicable laws, global capital markets, the mutual fund industry in India, and international and domestic events having a bearing on the Company’s business, and such other factors beyond the Company’s control. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current views of the Company’s management on future events. Further, nothing in this presentation should be construed as constituting legal, business, tax or financial advice or a recommendation regarding the securities. None of the Company or any of its affiliates, advisers or representatives accepts any liability whatsoever for any loss howsoever arising from any information presented or contained in this presentation. Before acting on any information you should consider the appropriateness of the information having regard to these matters, and in particular, you should seek independent financial advice.

Definitions

AUM refers to Assets Under Management as on end of any given month/period

MAAUM refers to a given month’s average Assets Under Management

QAAUM refers to a given quarter’s average Assets Under Management

AAAUM refers to a given year’s average Assets Under Management

Unless otherwise stated, the above definitions are used for Mutual Fund Assets under management

Press Release

25 October, 2019

HDFC AMC Q2FY20 net profit at ₹3,683 million, a year on year increase of 79%.

AUM rises to ₹3,662 billion, a year on year increase of 25%.

HDFC Asset Management Company Limited (HDFC AMC) declares financial results for the period ended September 30, 2019.

- India's largest mutual fund manager with total AUM market share of 14.9% as on September 30, 2019.
- India's largest Actively Managed Equity Mutual Fund AUM, with market share at 15.8% as on September 30, 2019.
- Most preferred choice of individual investors, with a market share of 15.6% of the individual monthly average AUM as of September 2019.
- Increase of 9% in individual customer accounts & increase of 9% in unique customer accounts year on year as on September 2019.
- Profit after tax growth of 79% during the quarter ended September 30, 2019.

Mumbai, 25 October, 2019: HDFC Asset Management Company Limited today reported its financial performance for the quarter ended September 30, 2019.

CORPORATE HIGHLIGHTS

- Total AUM of ₹3,662 billion as of September 30, 2019 compared to ₹2,926 billion as on September 30, 2018, a growth of 25%. 14.9% market share in total AUM of the mutual fund industry.
- AUM in actively managed equity oriented funds i.e. equity oriented total AUM excluding arbitrage funds and index funds stood at ₹1,637 billion as on September 30, 2019 with a market share of 15.8%. The AMC is the largest actively managed equity-oriented mutual fund manager in the country.
- The ratio of equity oriented assets and non-equity oriented assets is 45:55 compared to the industry ratio of 43:57.
- 3.47 million Systematic transactions with a value of ₹12.8 billion processed during the month of September 2019.
- Over 80,000 empanelled distribution partners across IFAs, National Distributors and Banks, serviced through a total of 213 branches of which 137 are in B-30 locations. The contribution of B-30 locations to our total monthly average AUM is 12.7%.
- An increase of 9% in the number of live individual accounts from 8.62 million as of September 30, 2018 to 9.39 million, as of September 30, 2019.
- As of September 30, 2019, 57.4% of the company's total monthly average AUM is contributed by individual investors compared to 54.1% for the industry.
- Market share of 15.6% of the individual monthly average AUM in the industry, making the company the most preferred choice of individual investors.
- Unique customers as identified by PAN or PEKRN now stands at 5.5 million as on 30th September 2019 compared to 20.0 million for the industry, a market share of 28%.

FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

- The Operating Profit of the company for the quarter ended September 30, 2019 was ₹3,765 million as compared to ₹2,623 million for the quarter ended September, 2018. This is an increase of 44%.
- Profit before tax for the quarter ended September 30, 2019 was also up by 44% to ₹4,275 million as compared to ₹2,972 million for the quarter ended September 30, 2018.
- Profit after tax for the quarter ended September 30, 2019 was ₹3,683 million as compared to ₹2,059 million for the quarter ended September 30, 2018 resulting in an increase of 79%.

FINANCIAL HIGHLIGHTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2019

- The Operating Profit for the half year ended September 30, 2019 was ₹7,580 million as compared to ₹5,271 million for the half year ended September, 2018. This is an increase of 44%.
 - Profit before tax for the half year ended September 30, 2019 was up by 45% to ₹8,574 million as compared to ₹5,919 million for the half year ended September 30, 2018.
 - Profit after tax for the half year ended September 30, 2019 was ₹6,600 million as compared to ₹4,112 million for the half year ended September 30, 2018 resulting in an increase of 61%.
-

About HDFC AMC

HDFC Asset Management Company Limited (HDFC AMC) is Investment Manager to HDFC Mutual Fund, the largest mutual fund in the country. It was incorporated under the Companies Act, 1956, on 10th December 1999 and was approved to act as an Asset Management Company for HDFC Mutual Fund by SEBI on 3rd July 2000.

HDFC AMC has a diversified asset class mix across Equity and Fixed Income/Others. It also has a countrywide network of branches along with a diversified distribution network comprising Banks, Independent Financial Advisors and National Distributors.

For any media queries, contact:

Mr. Naveen Gogia, Head – Public Relations, HDFC AMC

Email: naveeng@hdfcfund.com