

Ref/No/HDFCAMC/SE/2019-20/11

Date – April 26, 2019

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

Dear Sir/Madam,

Further to our letter number Ref/No/HDFCAMC/SE/2019-20/09 dated April 26, 2019, please find enclosed herewith a copy of investor presentation along with press release on financial results for quarter and year ended March 31, 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

**Press Release**

26 April, 2019

HDFC AMC FY18-19 net profit at ₹9,306 million, a year on year increase of 31%.

Board declares final dividend of ₹12 per share *(subject to shareholders approval)*.

Total dividend for FY'19 at ₹24 per share.

AUM rises to ₹3,439 billion, a year on year increase of 18%.

HDFC Asset Management Company Limited (HDFC AMC) declares financial results for the period ended March 31, 2019.

- India's largest mutual fund manager with total AUM market share of 14.5% as on March 31, 2019.
- India's largest Actively Managed Equity Mutual Fund AUM, with market share at 16.2% as on March 31, 2019.
- Most preferred choice of individual investors, with a market share of 15.4% of the individual monthly average AUM as of March 2019.
- Increase of 12% in individual customer accounts & increase of 14% in unique customer accounts year on year as on March 31, 2019.
- Profit after tax growth of 61% during the quarter ended March 31, 2019.
- Profit after tax growth of 31% during the financial year ended March 31, 2019.
- Board declares final dividend of ₹12. Total dividend for FY'19 at ₹24. Final dividend is subject to shareholders approval.

**Mumbai, 26 April, 2019:** HDFC Asset Management Company Limited today reported its financial performance for the quarter/ financial year ended March 31, 2019. Highlights of the unaudited financial results as compared to the previous period are:

### **CORPORATE HIGHLIGHTS**

- Total AUM of ₹3,439 billion as of March 31, 2019 compared to ₹2,920 billion as on March 31, 2018, a growth of 18%. 14.5% 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 grew to ₹1,643 billion as on March 31, 2019 with a market share of 16.2%. 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 48:52 compared to the industry ratio of 43:57.
- 3.38 million systematic transactions with a value of ₹11.8 billion processed during the month of March 2019.
- Over 75,000 empanelled distribution partners across IFAs, National Distributors and Banks, serviced through a total of 210 branches of which 134 are in B-30 locations. The contribution of B-30 locations to our total monthly average AUM is 14.9%.
- An increase of 12% in the number of live individual accounts from 8.05 million as of March 31, 2018 to 9.03 million as of March 31, 2019.
- As of March 31, 2019, 63.0% of the company's total monthly average AUM is contributed by individual investors compared to 55.1% for the industry.
- Market share of 15.4% 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 5.3 million as on 31st March 2019 compared to 19.3 million for the industry, a market share of 28%.

## **BACKGROUND**

SEBI Circular dated 22nd October 2018 has prohibited payment of upfront commission & mandated a full trail model for distributor commission. It has further mandated that all scheme related expenses, (barring a few minor exceptions) including distributor commission, shall have to be paid by the schemes of the MF & not by the AMC. As a result, the AMC's expenses have decreased since the scheme related expenses are now borne by the schemes of the MF. As a consequence of these expenses now being borne by the schemes, the AMC fee they pay to the company will reduce by a commensurate amount.

## **FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDED MARCH 31, 2019**

- Operating Profit for the quarter ended March 31, 2019 was ₹3,536 million as compared to ₹2,458 million for the quarter ended March 31, 2018. This is an increase of 44%.
- Profit before tax for the quarter ended March 31, 2019 was ₹4,146 million as compared to ₹2,771 million for the quarter ended March 31, 2018 which resulted in an increase of 50%.
- Profit after tax for the quarter ended March 31, 2019 was up by 61% to ₹2,762 million as compared to ₹1,719 million for the quarter ended March 31, 2018.

## **FINANCIAL HIGHLIGHTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019**

- Operating Profit for the financial year ended March 31, 2019 was ₹11,931 million as compared to ₹9,453 million for the financial year ended March 31, 2018. This is an increase of 26%.
- Profit before tax for the financial year ended March 31, 2019 was ₹13,747 million as compared to ₹10,583 million for the financial year ended March 31, 2018 which resulted in an increase of 30%.
- Profit after tax for the financial year ended March 31, 2019 was up by 31% to ₹9,306 million as compared to ₹7,114 million for the financial year ended March 31, 2018.

### **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

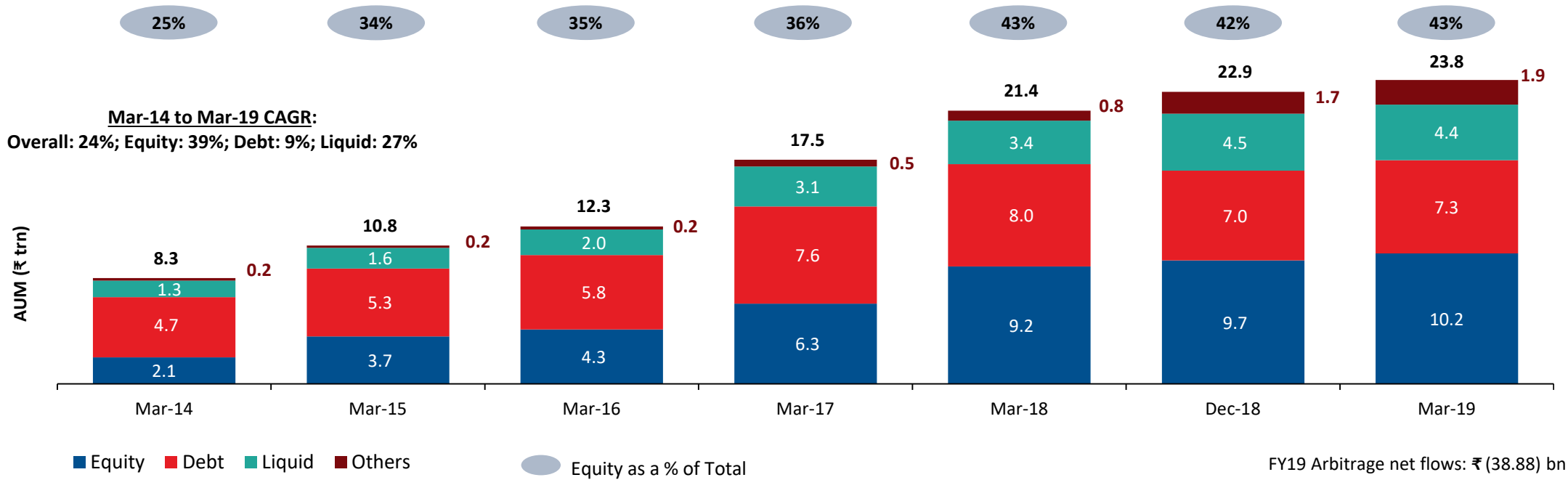
Email: [naveeng@hdfcfund.com](mailto:naveeng@hdfcfund.com)



# HDFC Asset Management Company Limited

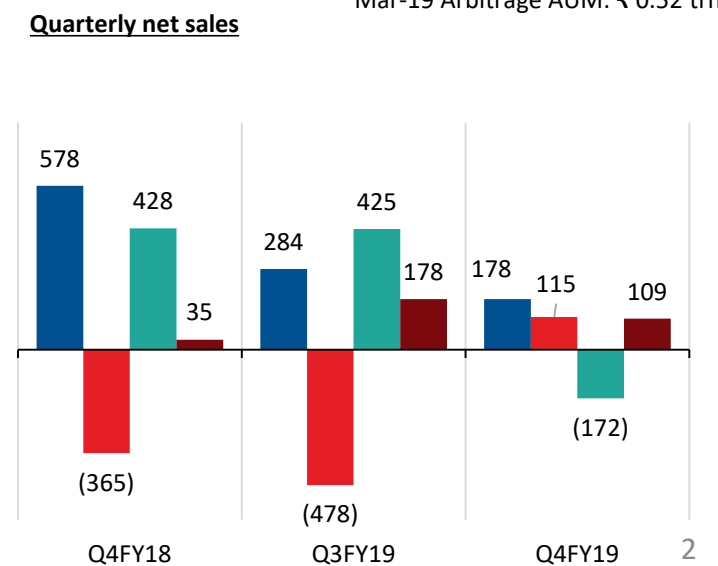
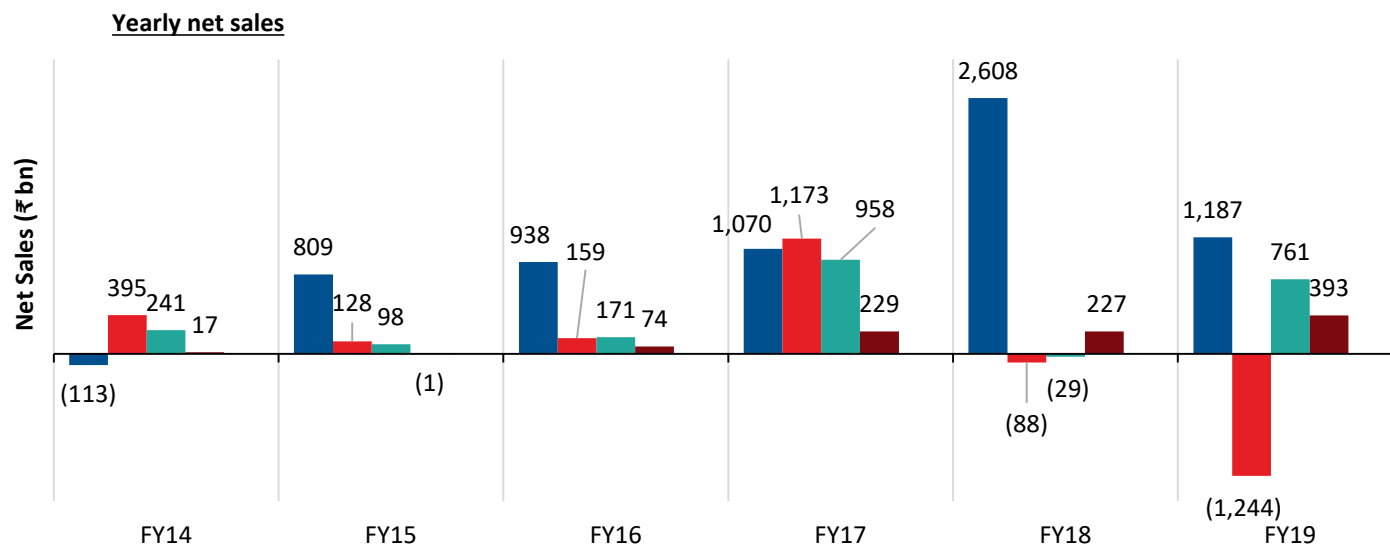
Q4 FY18-19

# Industry - AUM and Net Sales



FY19 Arbitrage net flows: ₹ (38.88) bn

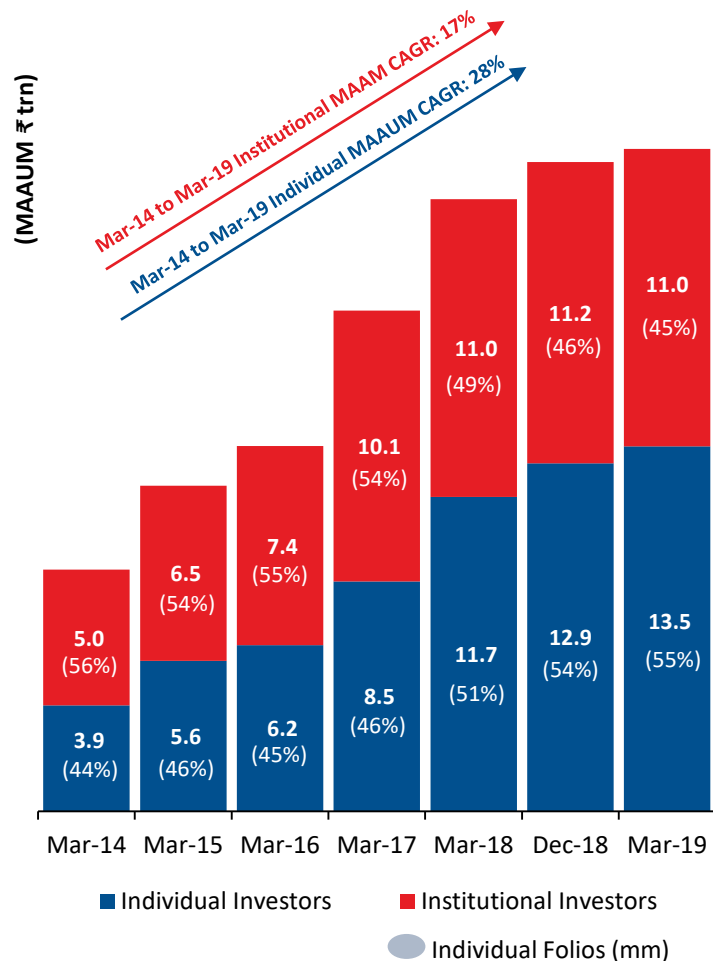
Mar-19 Arbitrage AUM: ₹ 0.52 trn



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

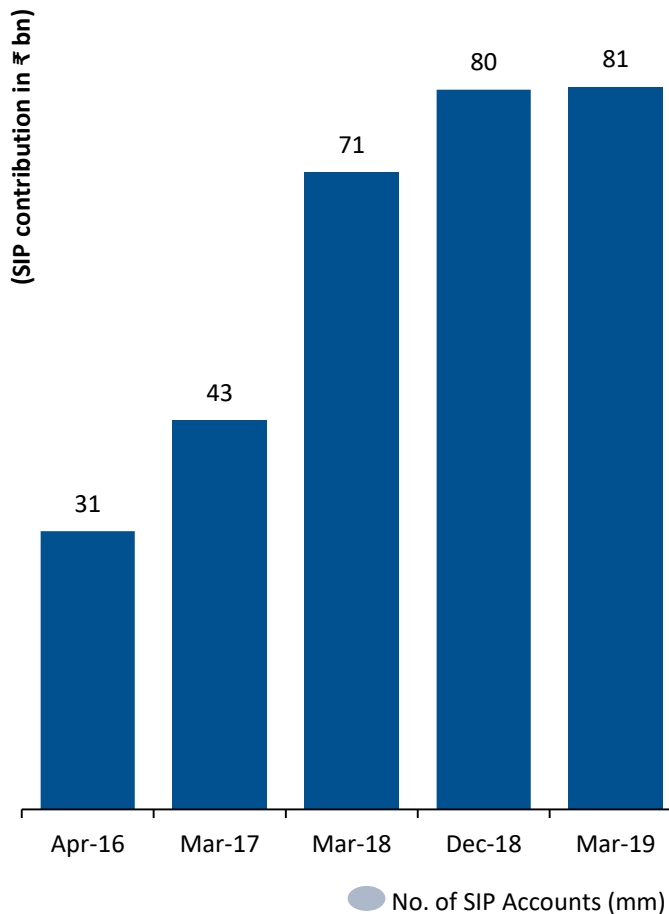
## MAAUM of Individual Investors<sup>(1)(2)(3)</sup>

39.2 41.4 47.2 54.8 70.9 79.8 82.1



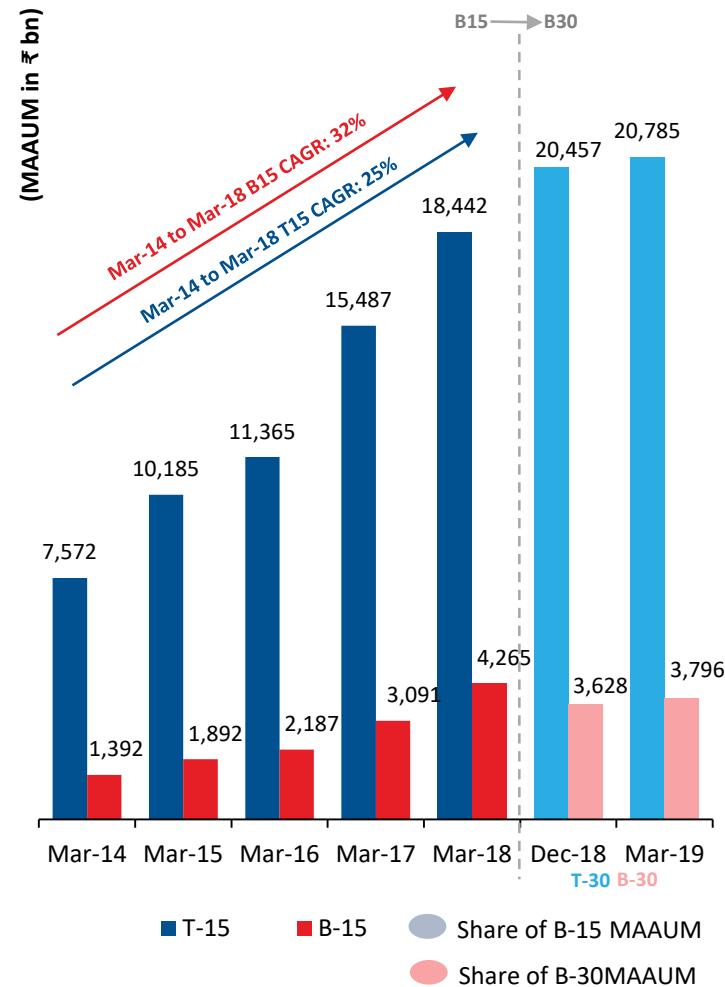
## SIP Flows<sup>(1)</sup>

10.1 13.5 21.1 25.4 26.2



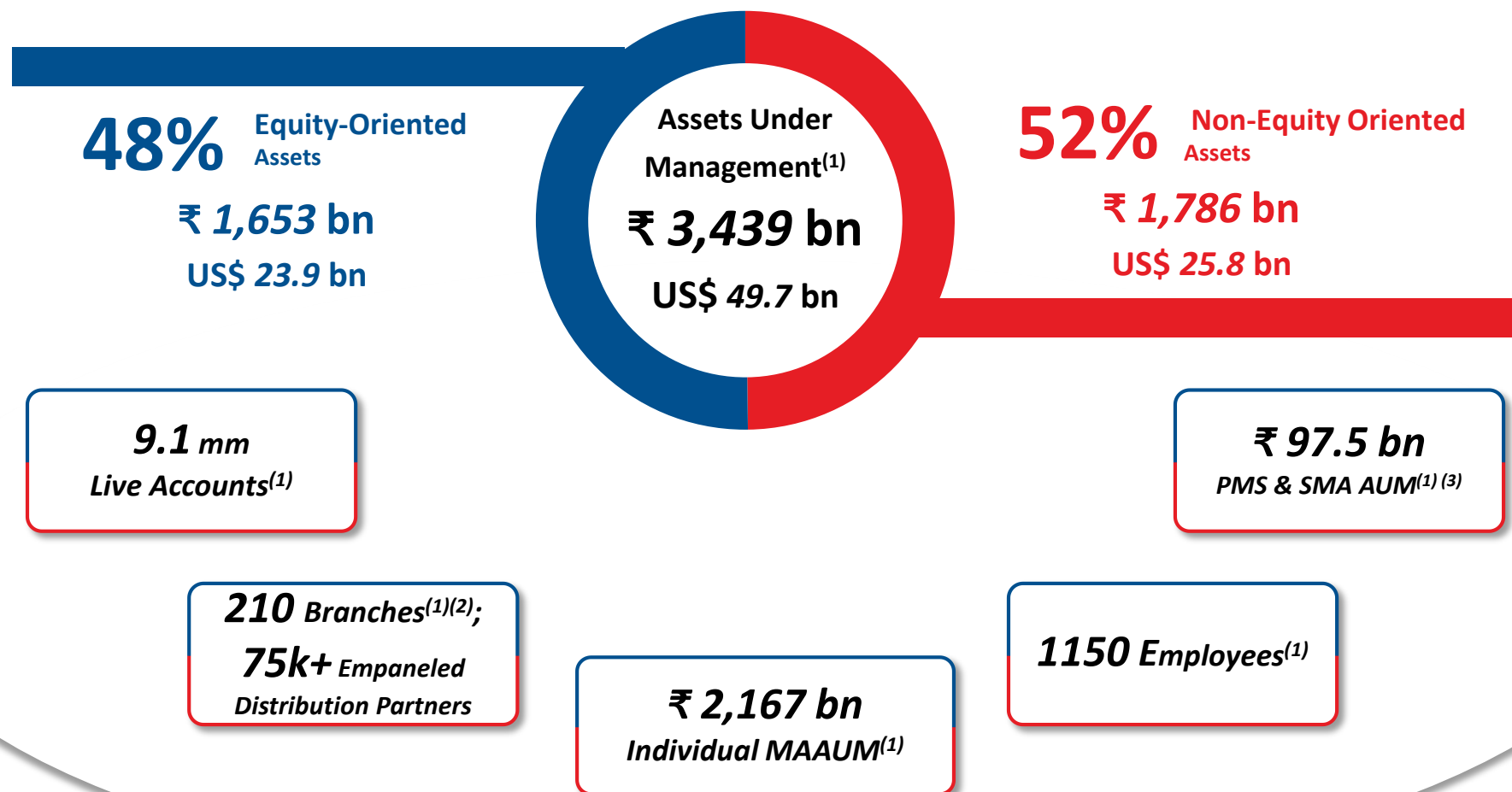
## MAAUM of B-15/B-30<sup>(1)(2)</sup>

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



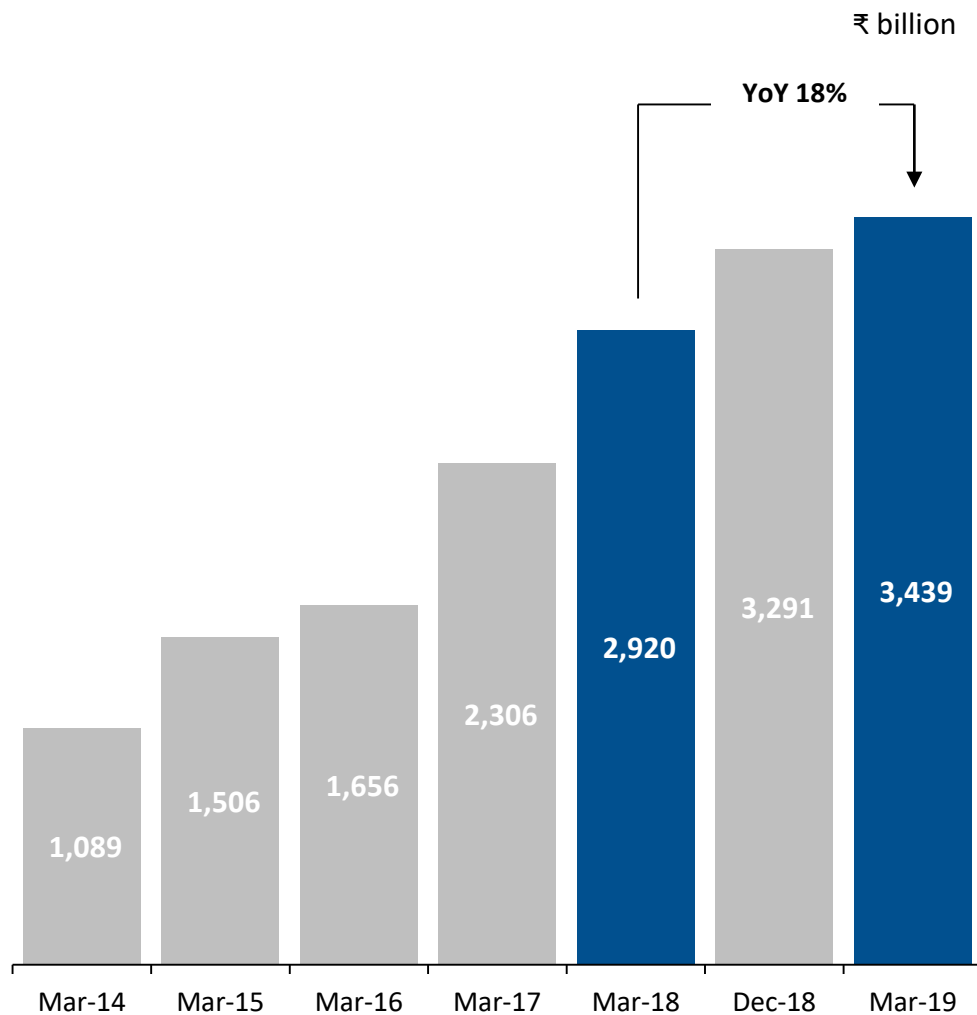


# ○ HDFC AMC at a glance



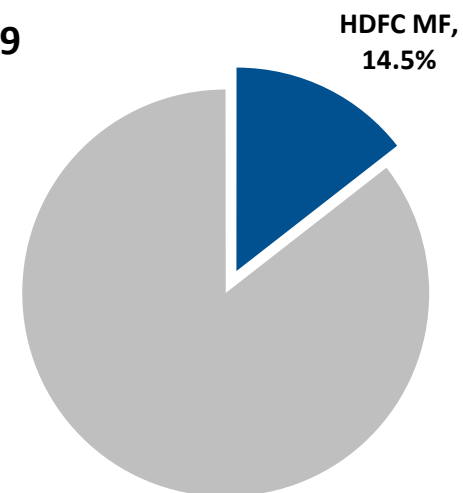
# ○ Total AUM and Market Share

## Total AUM<sup>(1)</sup>

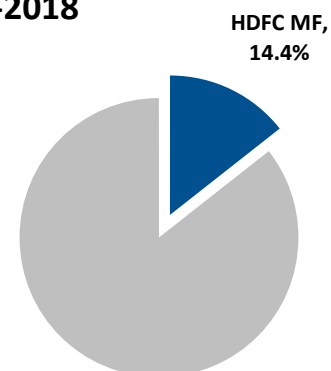


## Market Share in Total AUM<sup>(2)</sup>

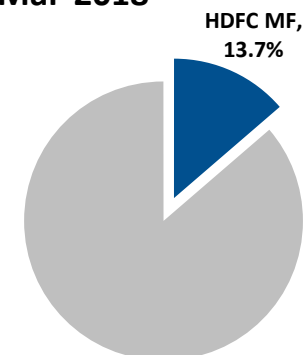
Mar-2019



Dec-2018



Mar-2018

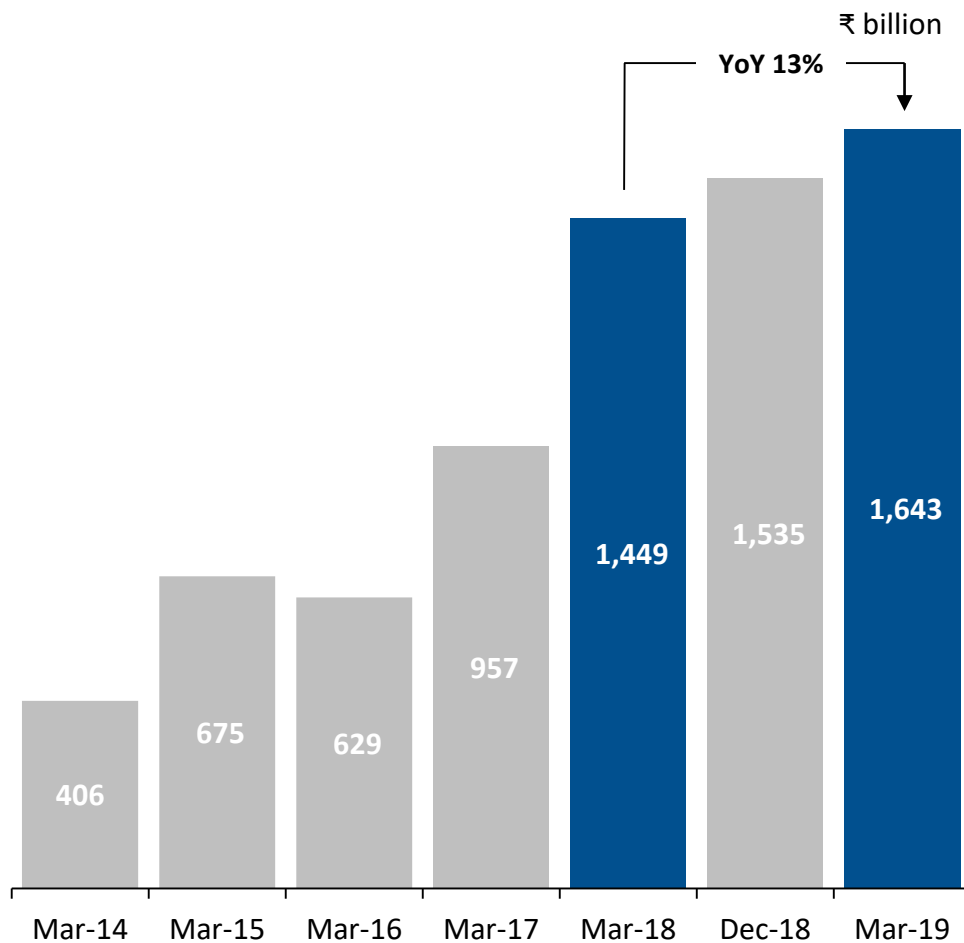


(1) Source: Internal

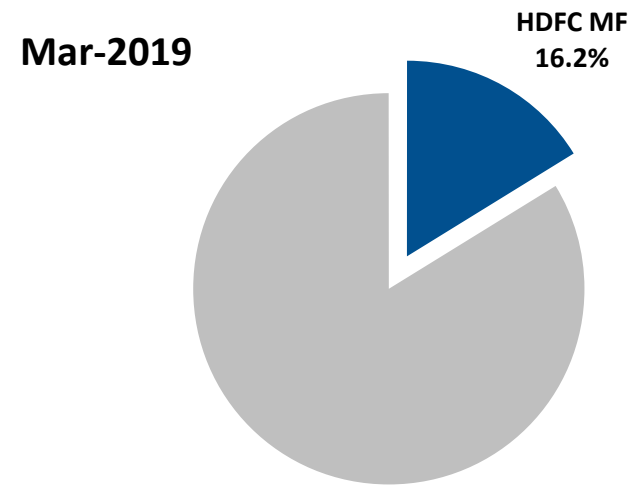
(2) Source: Internal, AMFI

# Actively Managed Equity-oriented AUM and Market Share

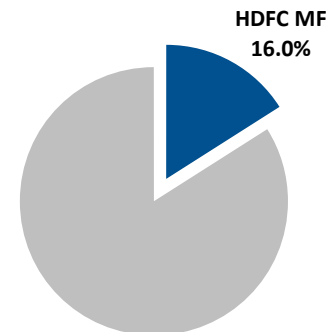
## Actively Managed Equity-oriented AUM<sup>(1)</sup>



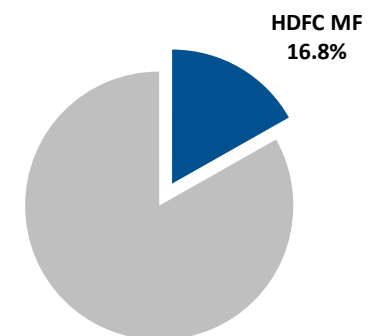
## #1 Market Share in Actively Managed Equity-oriented AUM<sup>(2)</sup>



**Dec-2018**



**Mar-2018**



(1) Source: Internal

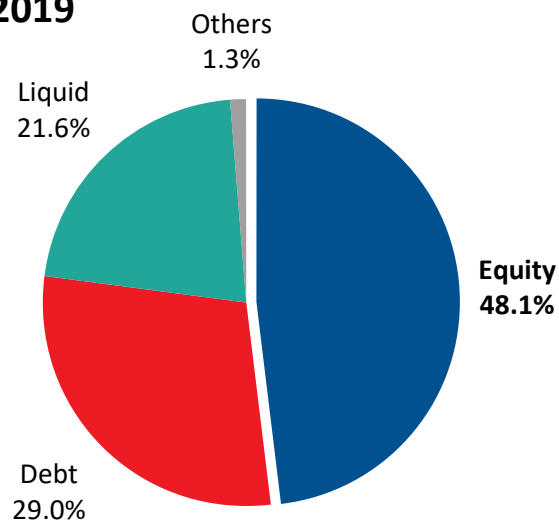
(2) Source: AMFI, Internal

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

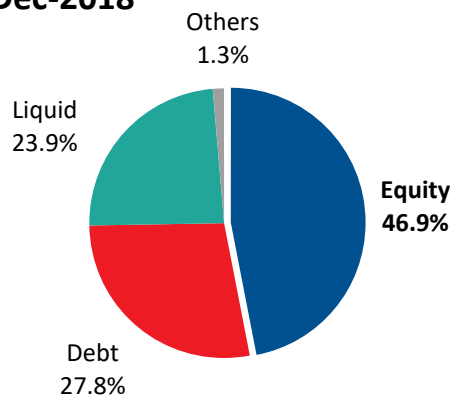
# ○ AUM by Segment – HDFC AMC and Industry

## HDFC AMC MF AUM by Segment <sup>(1)(3)</sup>

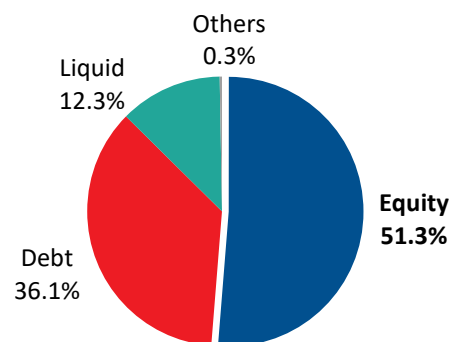
**Mar-2019**



**Dec-2018**

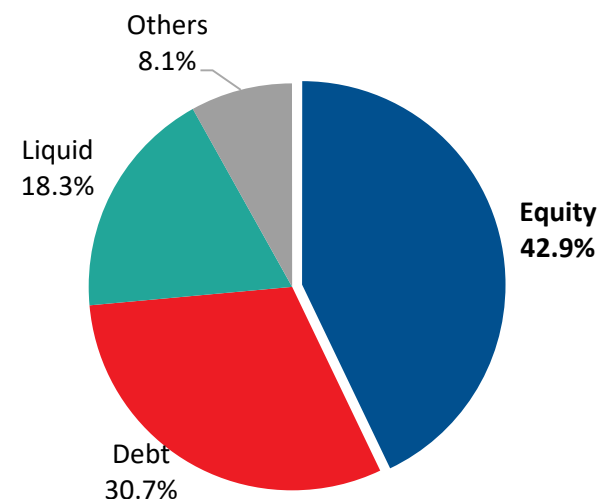


**Mar-2018**

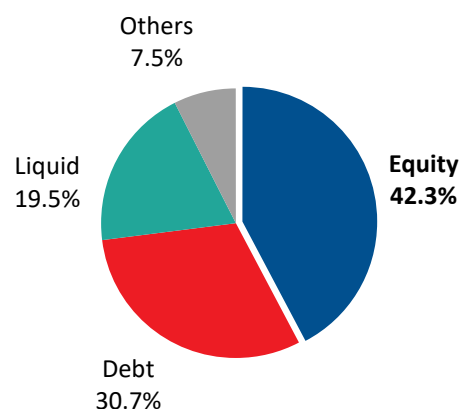


## Industry AUM by Segment <sup>(2)(3)</sup>

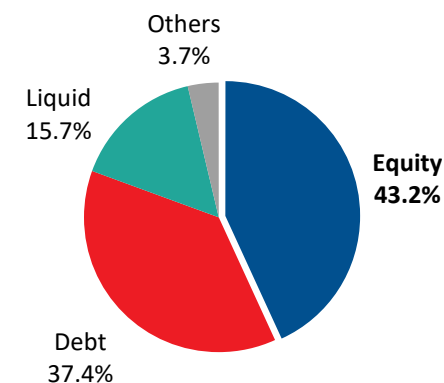
**Mar-2019**



**Dec-2018**



**Mar-2018**



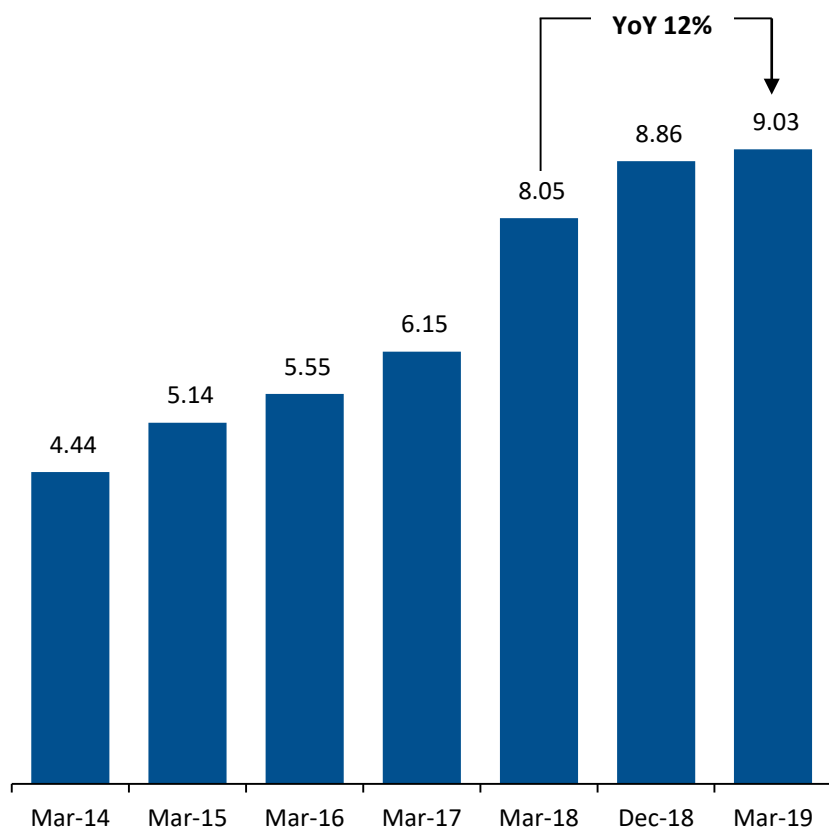
(1) Source: Internal

(2) Source: AMFI

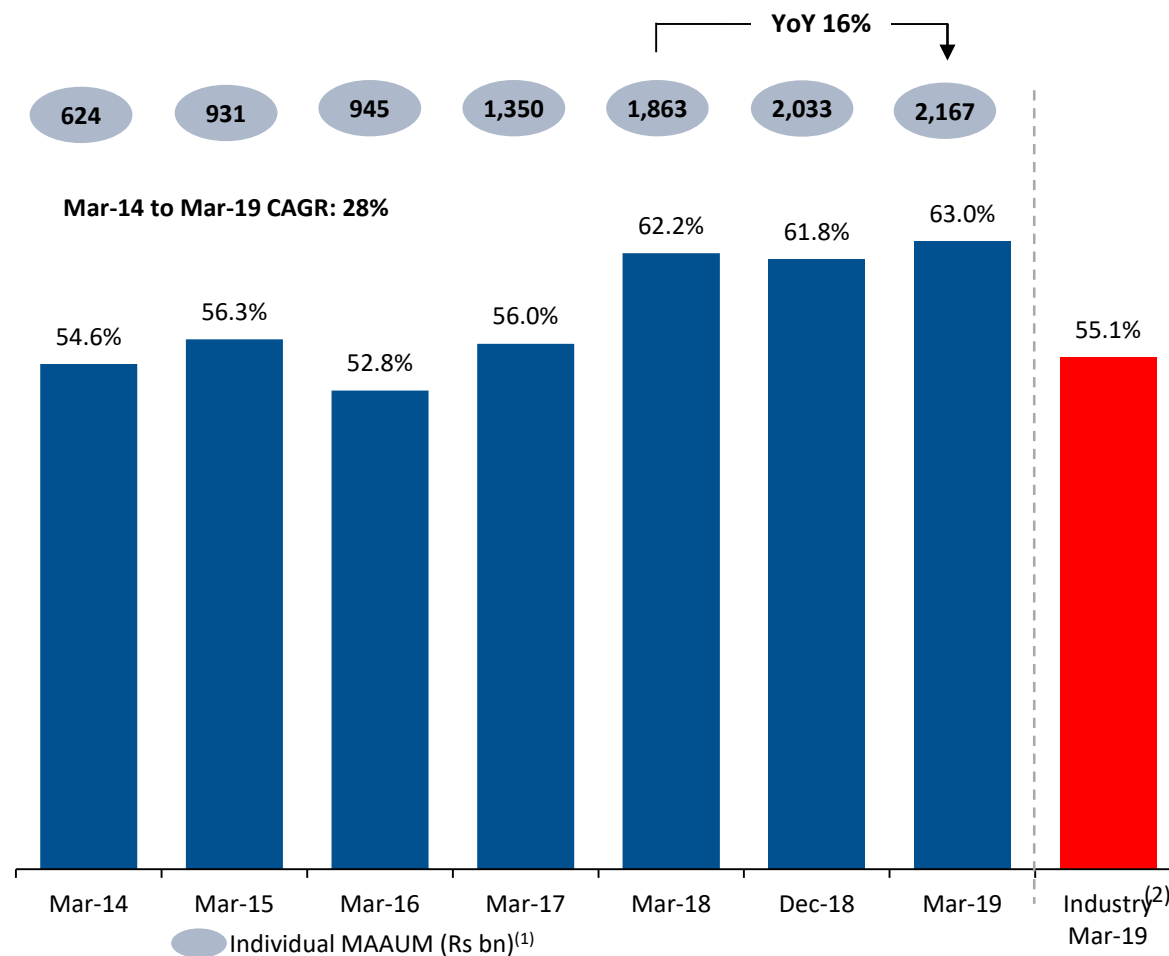
(3) From April 2018, Arbitrage is included in other category

# Individual Investors – no of Accounts & MAAUM

Number of Live Individual Accounts (in millions) <sup>(1)</sup>



Individual MAAUM % of Total <sup>(1)</sup>



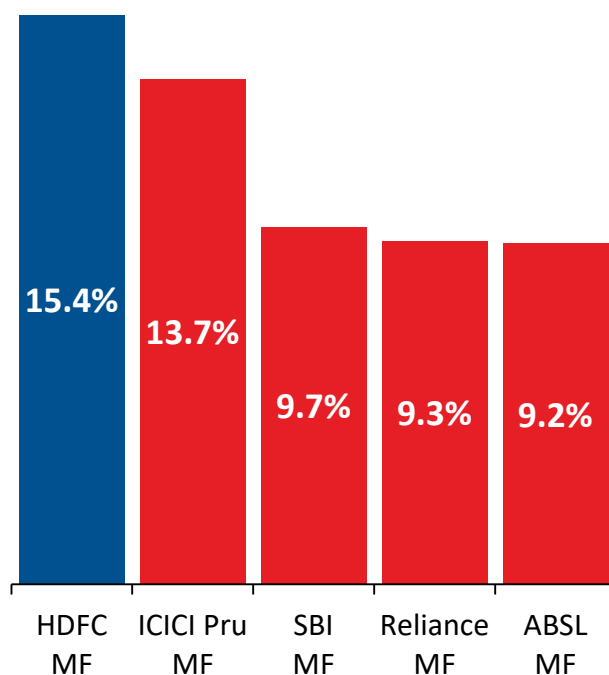
*Individual customer prefer equity-oriented schemes and stay invested for longer periods*

(1) Source: Internal

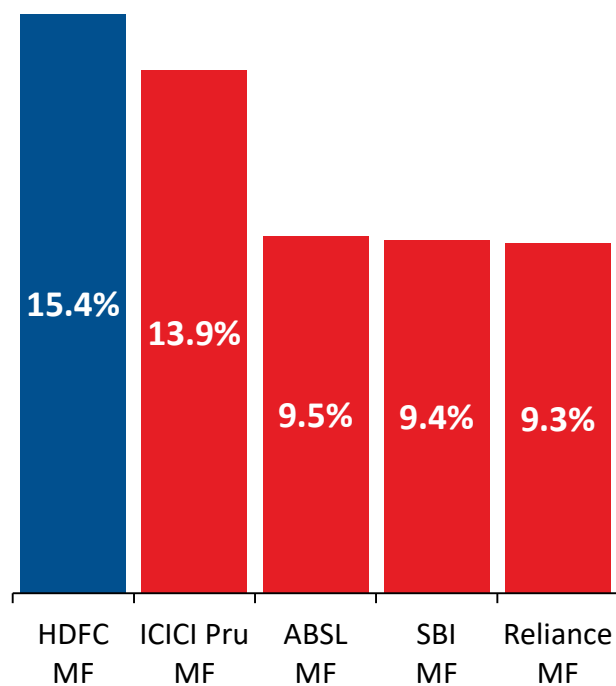
(2) Source: AMFI

# Most Preferred Choice of Individual Investors

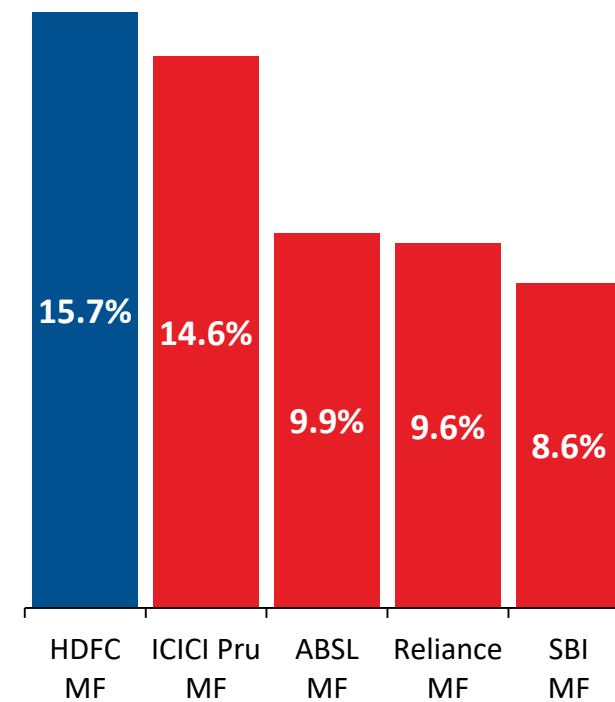
Individual Assets Market Share (Mar-19)



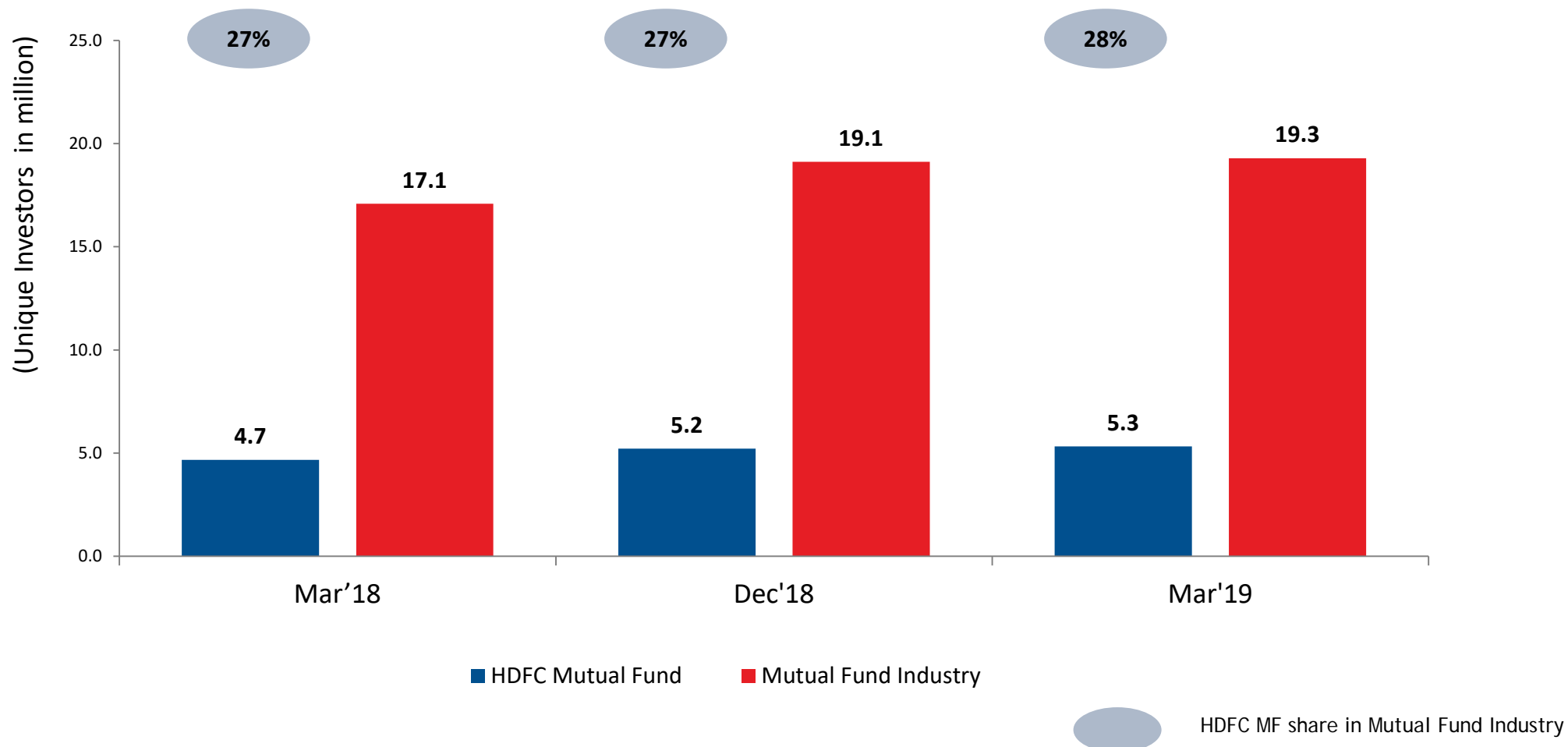
Individual Assets Market Share (Dec-18)



Individual Assets Market Share (Mar-18)

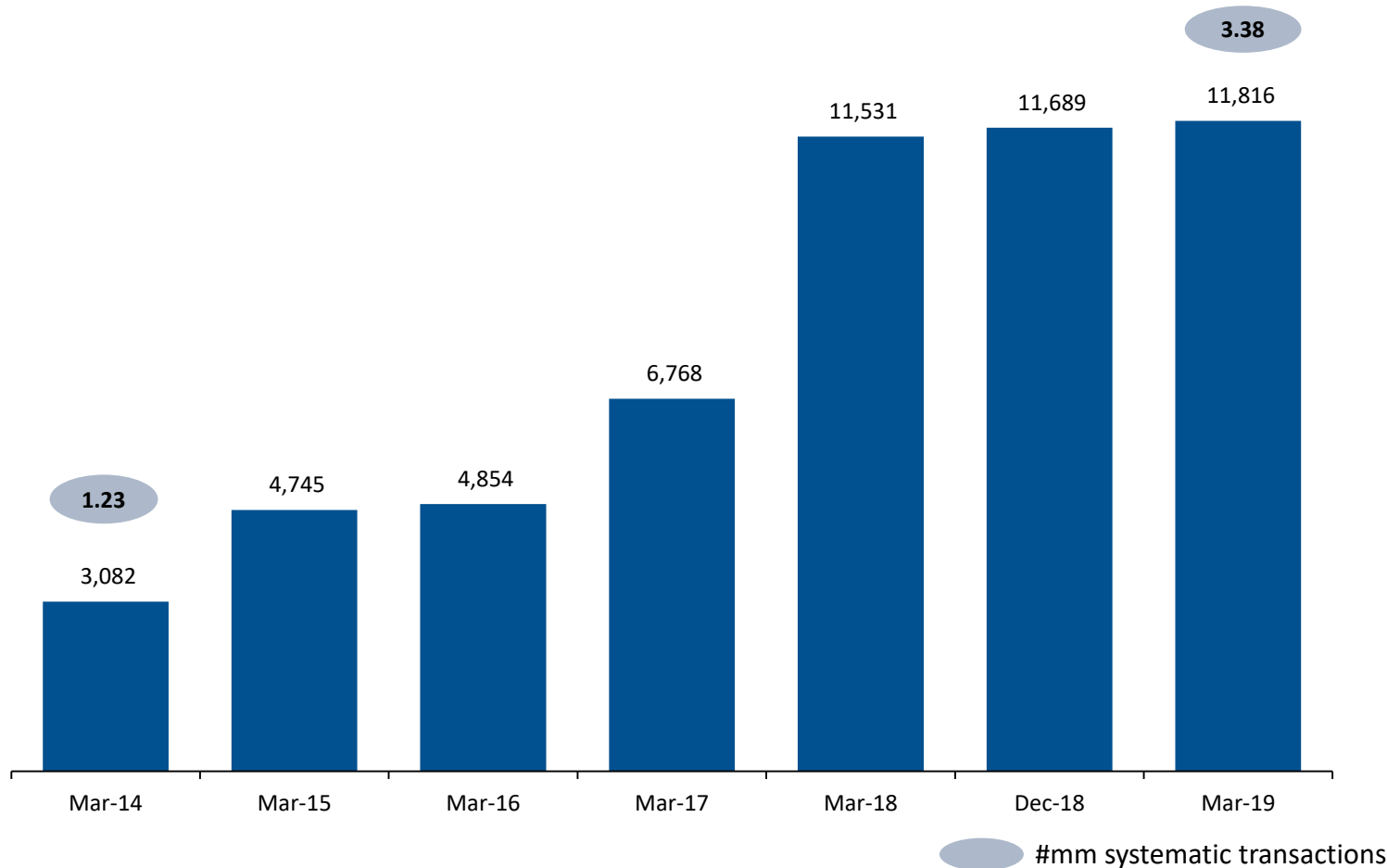


## Unique Investors- HDFC AMC vs MF Industry

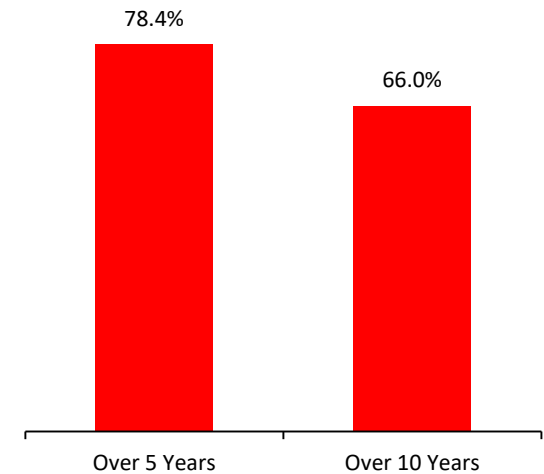


## Quality Long-term Inflows Through Systematic Transactions

### Strong Growth in Systematic Transactions (₹ mm)



### Long Tenure SIP Book<sup>(1)</sup>



Strong and growing  
“Order Book” to provide  
predictable flows

Source: Internal

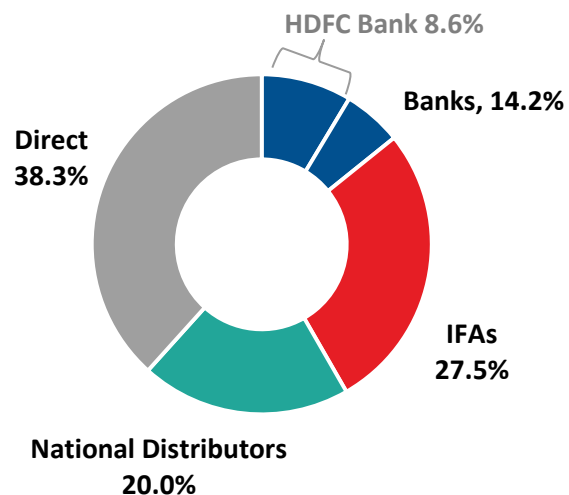
(1) Based on tenure at the time of registration of all live SIPs during Mar-19



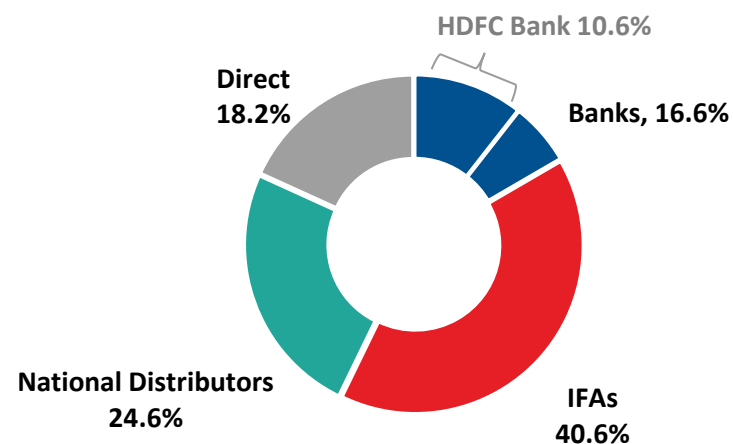
# Multi-channel Distribution Network

## Well Diversified Distribution Channel

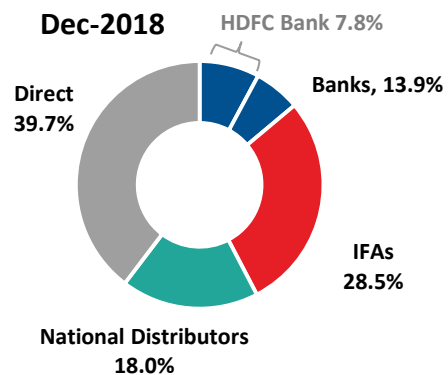
**Total AUM (Mar-19)**



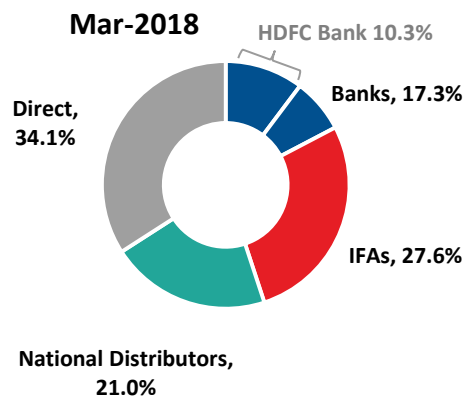
**Equity-oriented AUM (Mar-19)**



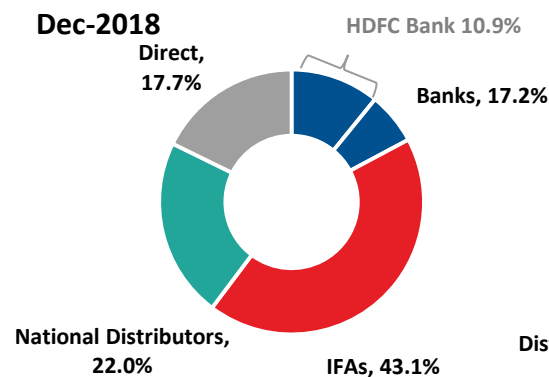
**Dec-2018**



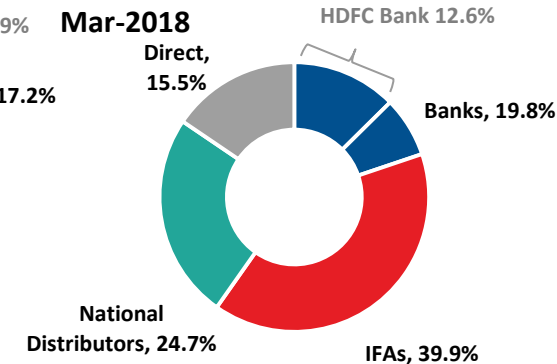
**Mar-2018**



**Dec-2018**

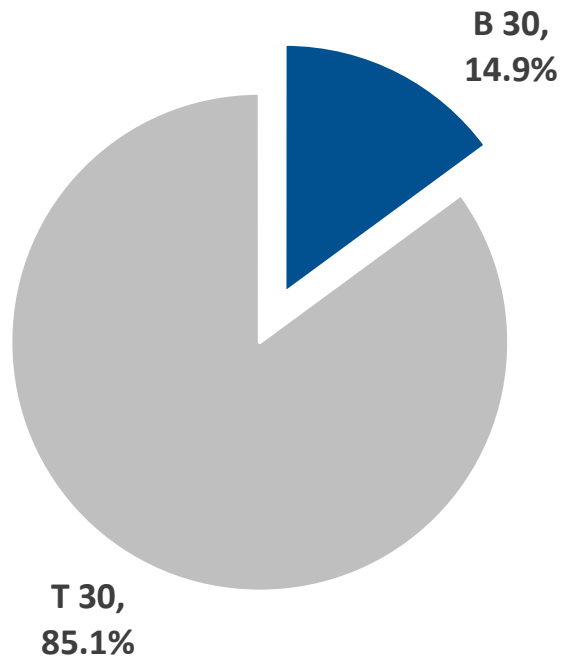


**Mar-2018**

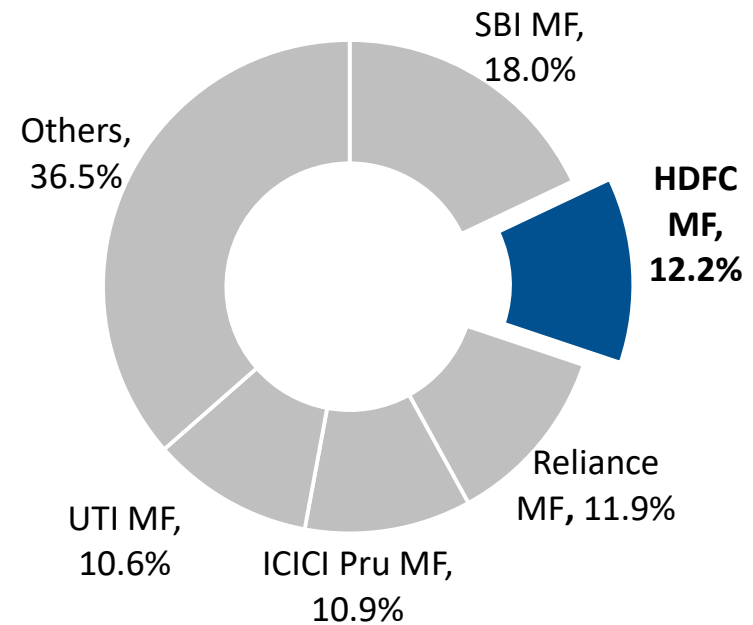


# Geographic Spread

## Total MAAUM by T30 and B30 cities<sup>(1)</sup>



## #2 Player in B-30 Markets<sup>(1)</sup>



**Network of 210 branches with 134 in B-30 cities<sup>(2)</sup>**

**c. 75k+ empaneled distribution partners**

(1) Source: Internal

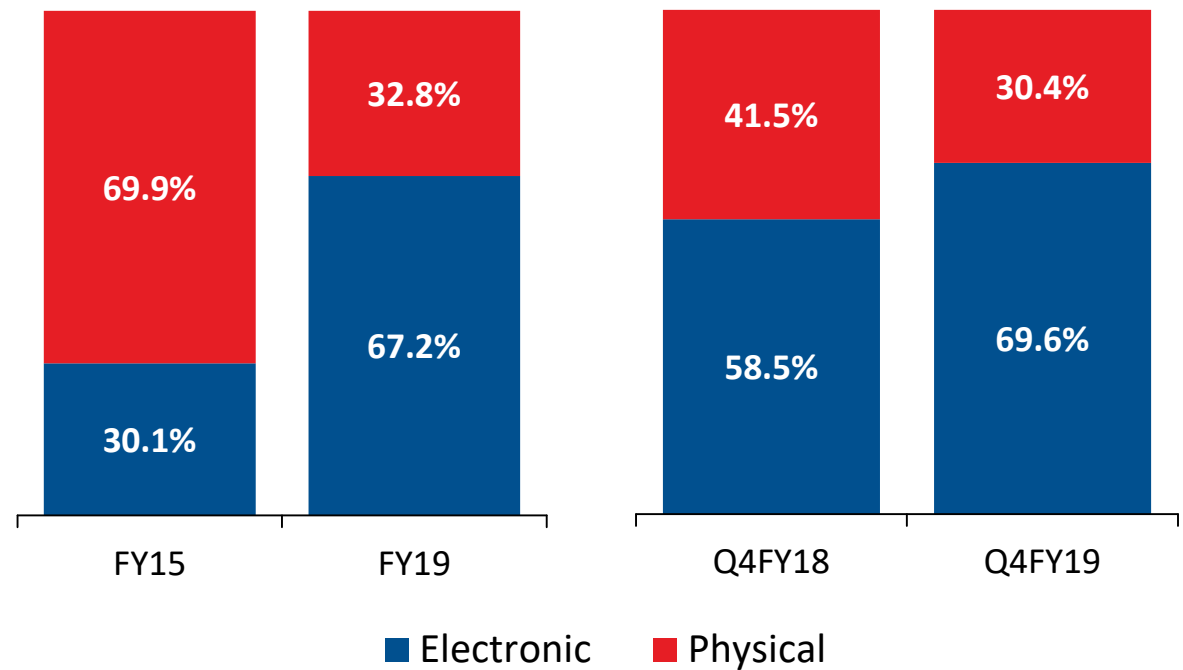
(2) As of Mar 31, 2019. Includes one representative office in Dubai;

# 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 are through HDFC MF Online and mobile application

# Financials

- Adoption of Indian Accounting Standards (Ind AS) with effect from 1<sup>st</sup> April 2018.
- Results of Q4 FY19 & YE FY19 are prepared as per Ind AS requirements.
- Accordingly figures for Q4 FY18 & YE FY18 have been restated.

Key Changes	Remarks
<b>Investments</b>	Investments are fair valued through P/L except certain debt instruments which are valued at amortised cost.
<b>Employee Stock Option Schemes (ESOS)</b>	Obligations under outstanding & unvested ESOS have to be fair valued and amortised as part of employee benefit expenses over the period of vesting.
<b>Others</b>	Interest free refundable security deposits are required to be measured at present value using an appropriate discount rate.  Deferred Tax adjustments on GAAP differences (where required).

# Financials Summary – Year ended Earnings

(Rs. mm)			
Particulars	YE FY19	YE FY18	Change
Revenue from Operations	19,152	17,568	9%
Other Income	1,816	1,130	61%
<b>Total Revenue</b>	<b>20,968</b>	<b>18,698</b>	<b>12%</b>
<b>Expenses</b>			
Fees and Commission Expenses	2,403	3,270	-27%
Impairment on Financial Instruments	400	-	-
Employee Benefit Expenses	2,063	1,861	11%
Depreciation and Amortization Expenses	128	94	37%
Other Expenses	2,227	2,890	-23%
<b>Total Expenses</b>	<b>7,221</b>	<b>8,115</b>	<b>-11%</b>
<b>Profit before tax</b>	<b>13,747</b>	<b>10,583</b>	<b>30%</b>
<b>Tax Expenses</b>	<b>4,441</b>	<b>3,469</b>	<b>28%</b>
<b>Profit after tax</b>	<b>9,306</b>	<b>7,114 #</b>	<b>31%</b>
Other Comprehensive Income (net of tax)	(4)	1	-827%
<b>Total Comprehensive Income</b>	<b>9,302</b>	<b>7,115</b>	<b>31%</b>

Particulars	YE FY19	YE FY18	Change
Revenue from Operations	19,152	17,568	9%
Total Expenses*	6,821	8,115	-16%
<b>Operating Profit from core AM business*</b>	<b>12,331</b>	<b>9,453</b>	<b>30%</b>

# Profit after tax for YE FY 18 as per Previous GAAP was Rs. 7,216 mm

\*Adjusted for non recurring expenses

# Financials Summary – Quarterly Earnings

(Rs. mm)			
Particulars	Q4 FY19	Q4 FY18	Change
Revenue from Operations	4,865	4,687	4%
Other Income	610	313	95%
<b>Total Revenue</b>	<b>5,475</b>	<b>5,000</b>	<b>10%</b>
<b>Expenses</b>			
Fees and Commission Expenses	299	1,002	-70%
Impairment on Financial Instruments	98	-	-
Employee Benefit Expenses	476	439	9%
Depreciation and Amortization Expenses	34	24	47%
Other Expenses	422	764	-45%
<b>Total Expenses</b>	<b>1,329</b>	<b>2,229</b>	<b>-40%</b>
<b>Profit before tax</b>	<b>4,146</b>	<b>2,771</b>	<b>50%</b>
<b>Tax Expenses</b>	<b>1,384</b>	<b>1,052</b>	<b>32%</b>
<b>Profit after tax</b>	<b>2,762</b>	<b>1,719</b>	<b>61%</b>
Other Comprehensive Income (net of tax)	3	5	-49%
<b>Total Comprehensive Income</b>	<b>2,765</b>	<b>1,724</b>	<b>60%</b>

Particulars	Q4 FY19	Q4 FY18	Change
Revenue from Operations	4,865	4,687	4%
Total Expenses*	1,231	2,229	-45%
<b>Operating Profit from core AM business*</b>	<b>3,634</b>	<b>2,458</b>	<b>48%</b>

\*Adjusted for non recurring expenses

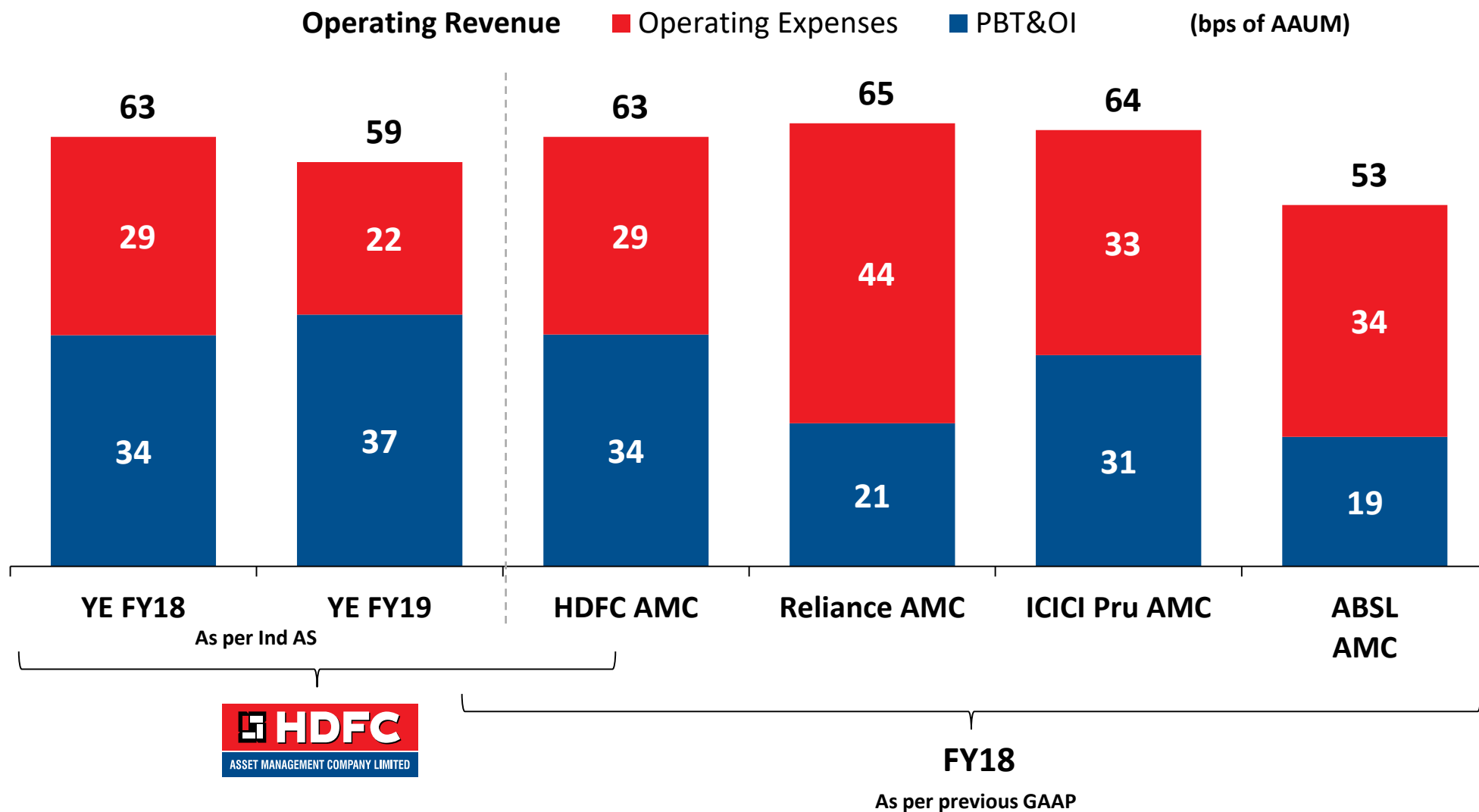


# PAT Reconciliation- Previous GAAP Vs Ind AS – Q4 FY 18

(Rs. mm)	
Particulars	Q4 FY 18
Net profit after tax as reported under Previous GAAP	2,261
<b>Adjustment increasing / (decreasing) net profit after tax as reported under Previous GAAP (net of tax):</b>	
Fair value change in investments	(503)
Fair valuation of employee stock options	(35)
Others	2
Actuarial (gain) / loss on employee defined benefit plan recognised in 'Other Comprehensive Income'	(5)
Net Profit after tax as per Ind AS	1,720
Other Comprehensive Income	5
Total Comprehensive Income (net of tax) as per Ind AS	1,725



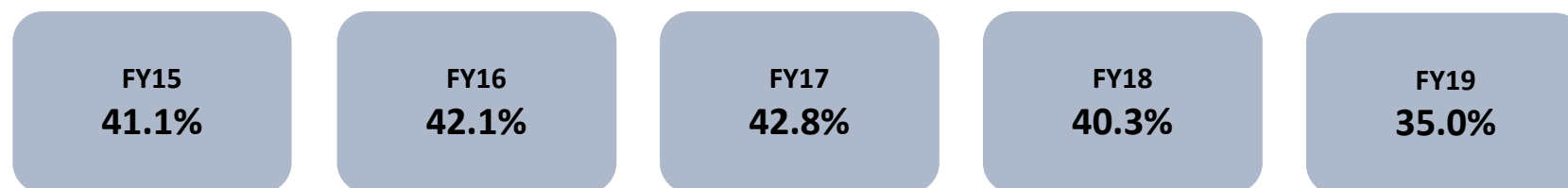
# Operating Profit Margin



# ○ Statement of Assets and Liabilities

		(Rs. mm)
Particulars	As at March 31, 2019	As at March 31, 2018
<b>Assets</b>		
Financial Assets	30,978	21,851
Non Financial Assets	1,260	2,870
<b>Total Assets</b>	<b>32,238</b>	<b>24,721</b>
<b>Liabilities And Equity</b>		
<b>Liabilities</b>		
Financial Liabilities	1,130	1,782
Non-Financial Liabilities	400	400
<b>Equity</b>		
Equity Share Capital	1,063	1,053
Other Equity	29,645	21,486
<b>Total Liabilities And Equity</b>	<b>32,238</b>	<b>24,721</b>

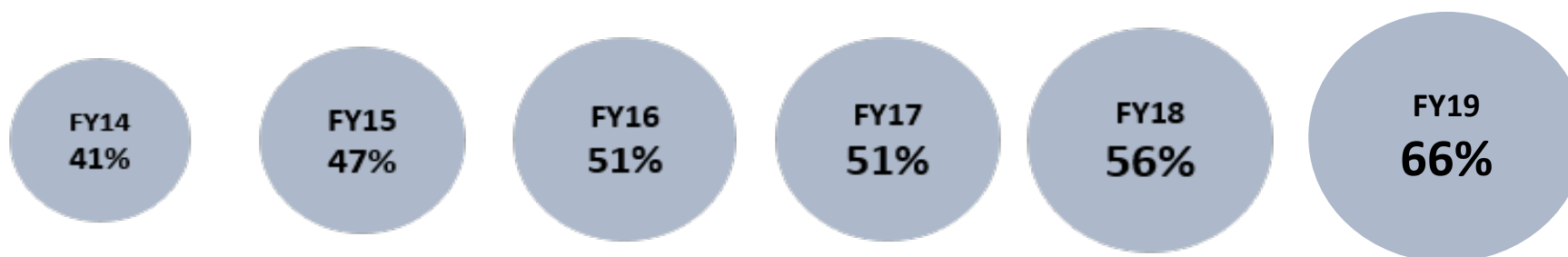
## Return on Equity<sup>(1)</sup>



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<sup>(2)</sup>



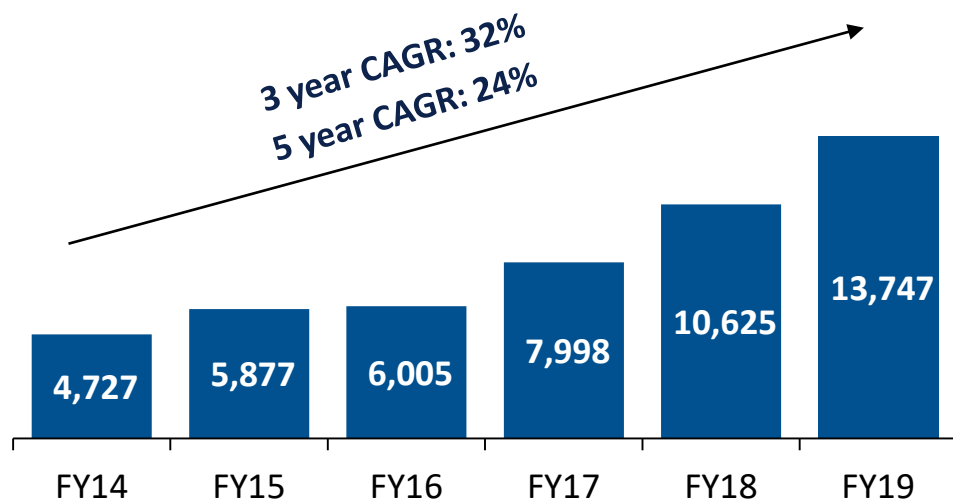
(1) Calculated as Profit After Tax divided by average Net Worth

(2) Including dividend distribution tax. FY19 includes interim dividend of Rs12 paid in March 2019 and a final dividend proposed by the board on 26th April 2019 which is subject to shareholders approval.

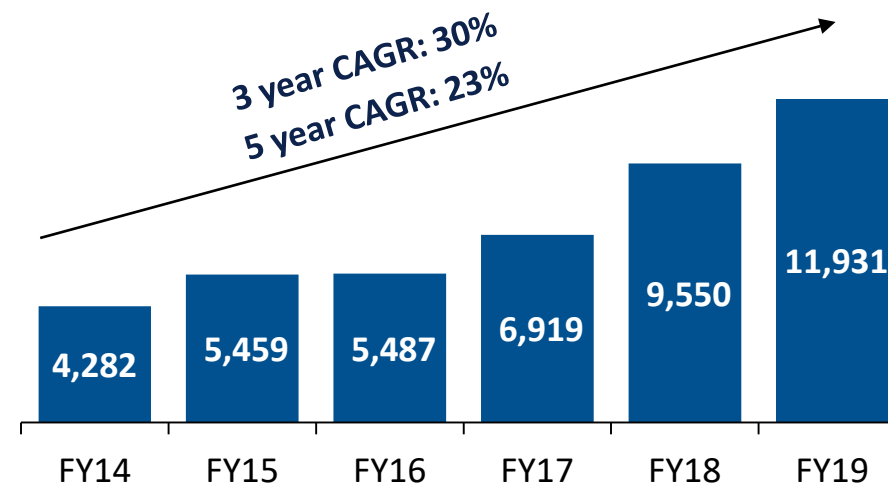
# Financials Summary – Historical Trends

Figures In Rs mm

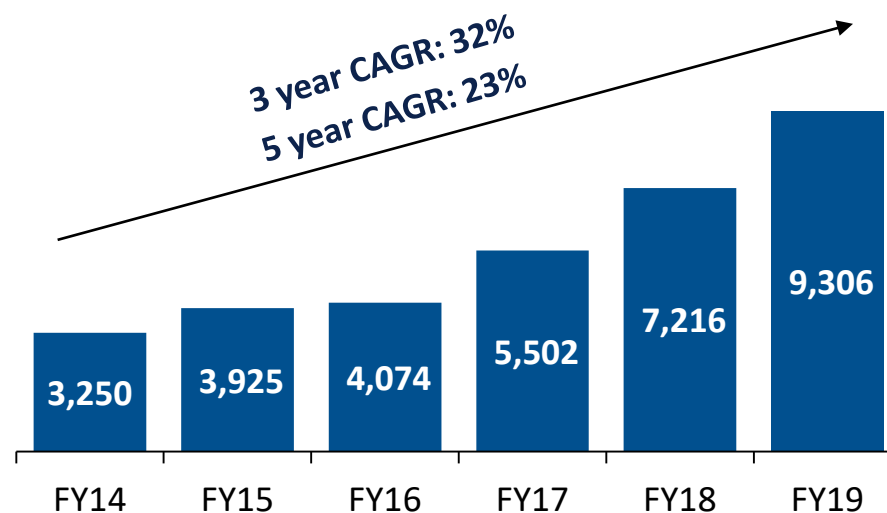
## Profit before tax



## Operating Profit



## Profit after tax



Note-The above is (Excluding REP Performance Fee). The preparation is as per previous GAAP for FY 16, FY 17 and FY18 and as per IND AS for FY 19

# Thank You



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## 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