

Ref/No/HDFCAMC/SE/2018-19/55

Date – January 21, 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/2018-19/54 dated January 21, 2019, please find enclosed herewith a copy of investor presentation along with press release on financial results for third quarter ended December 31, 2018.

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 AMC net profit rises 25% in Q3 FY'19

AUM rises to ₹3,291 billion, making it the largest Mutual Fund in the country

HDFC Asset Management Company Limited (HDFC AMC) declares financial results for the period ended Dec 31, 2018

- Regains No.1 position, becomes India's largest mutual fund manager with total AUM market share of 14.4% as on December 31, 2018
- India's largest Actively Managed Equity Mutual Fund AUM, with market share at 16% as on December 31, 2018
- Most preferred choice of individual investors, with a market share of 15.4% of the individual monthly average AUM as of December 2018
- Increase of 17% in individual customer accounts & increase of 20% in unique customer accounts year on year as on December 31, 2018
- Profit after tax growth of 25% during the quarter ended December 31, 2018
- Profit after tax growth of 21% during the nine months ended December 31, 2018

Mumbai, 21 January, 2019: HDFC Asset Management Company Limited today reported its financial performance for the quarter/ nine months ended December 31, 2018. Highlights of the unaudited financial results as compared to the previous period are:

CORPORATE HIGHLIGHTS FOR THE QUARTER (3Q FY19)

- Total AUM of ₹3,291 billion as of December 31, 2018 compared to ₹2,933 billion as on December 31, 2017, a growth of 12% with 14.4% 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 ₹1,535 billion as on December 31, 2018 with a market share of 16%. The AMC is the largest equity 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 45:55.
- 3.36 million systematic transactions with a value of ₹11.7 billion processed during the month of December 2018.
- 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 14.3%.
- An increase of 17% in the number of live individual accounts from 7.56 million as of December 31, 2017 to 8.86 million as of December 31, 2018.
- As of December 31, 2018, 61.8% of the company's total monthly average AUM is contributed by individual investors compared to 53.6% 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 5.2 million as on 31st December 2018 compared to 19.1 million for the industry.

BACKGROUND

SEBI Circular dated 22nd October 2018 has banned payment of upfront commission & mandated a full trail model for distributor commission. It has further mandated that all scheme related expenses including distributor commission shall have to be paid by the schemes of the MF & not by the AMC. As a result, HDFC AMC's expenses will decrease since the scheme related expenses will be borne by the schemes of the MF and consequently the Companies revenue will reduce accordingly.

FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDED DECEMBER 31, 2018

- Operating Profit for the quarter ended December 31, 2018 was Rs.3,124 million as compared to Rs.2,575 million for the quarter ended December 31, 2017. This was an increase of 21%.
- Profit before tax for the quarter ended December 31, 2018 was Rs.3,683 million as compared to Rs.2,851 million for the quarter ended December 31, 2017 which resulted in an increase of 29%.
- Profit after tax for the quarter ended December 31, 2018 was up by 25% to Rs.2,433 million as compared to Rs.1,951 million for the quarter ended December 31, 2017.

FINANCIAL HIGHLIGHTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2018

- Operating Profit for the nine months ended December 31, 2018 was Rs.8,395 million as compared to Rs.6,995 million for the nine months ended December 31, 2017. This was an increase of 20%.
- Profit before tax for the nine months ended December 31, 2018 was Rs.9,601 million as compared to Rs.7,812 million for the nine months ended December 31, 2017 which resulted in an increase of 23%.
- Profit after tax for the nine months ended December 31, 2018 was up by 21% to Rs.6,544 million as compared to Rs.5,395 million for the nine months ended December 31, 2017.

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

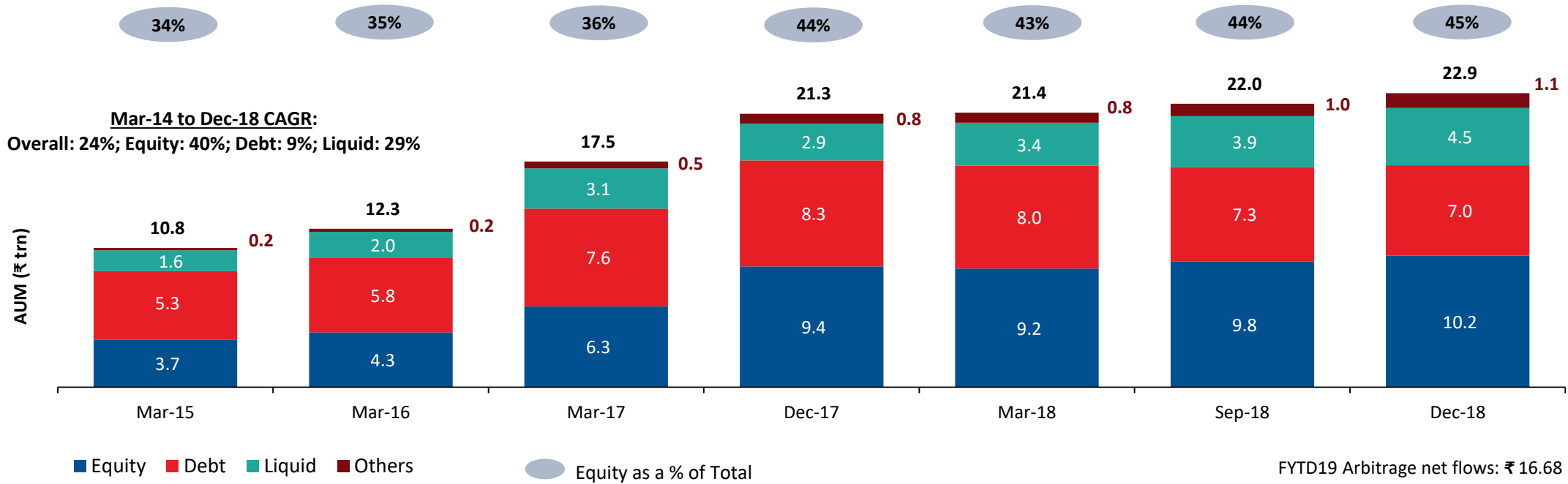
Email: naveeng@hdfcfund.com



HDFC Asset Management Company Limited

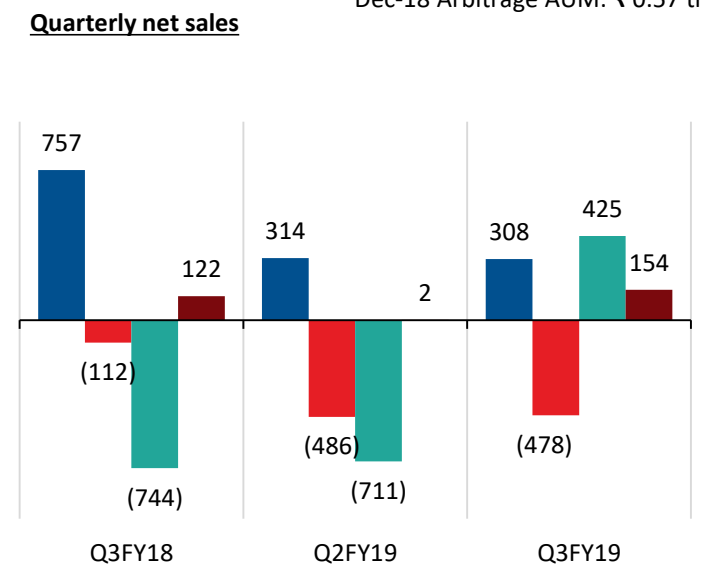
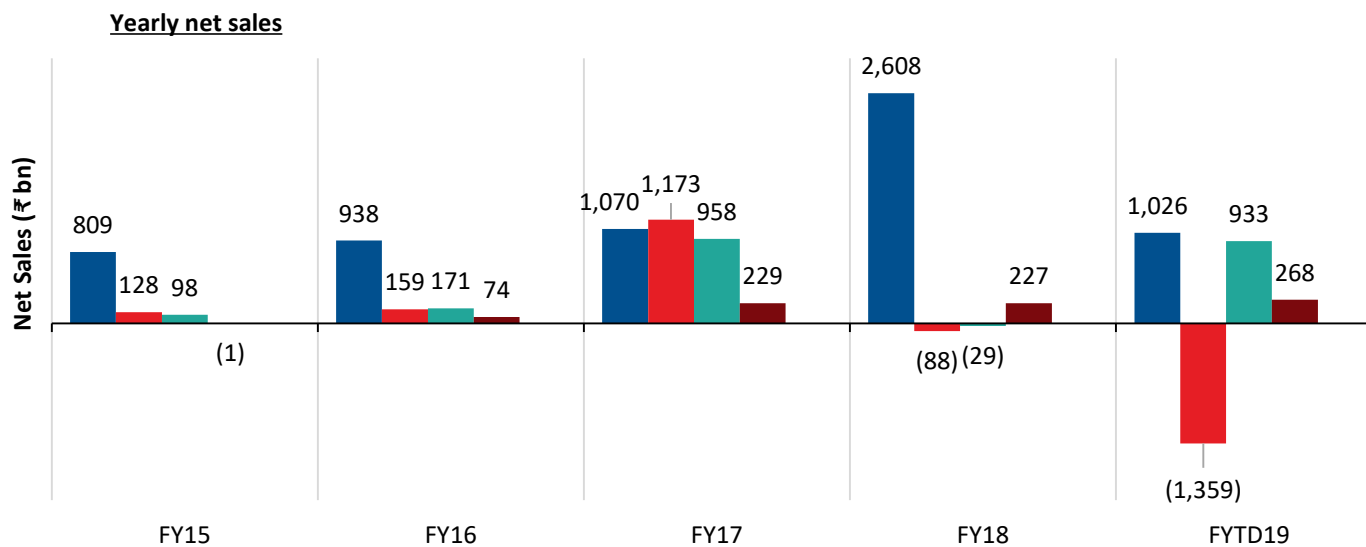
Q3 FY18-19

Industry - AUM and Net Sales



FYTD19 Arbitrage net flows: ₹ 16.68 bn

Dec-18 Arbitrage AUM: ₹ 0.57 trn



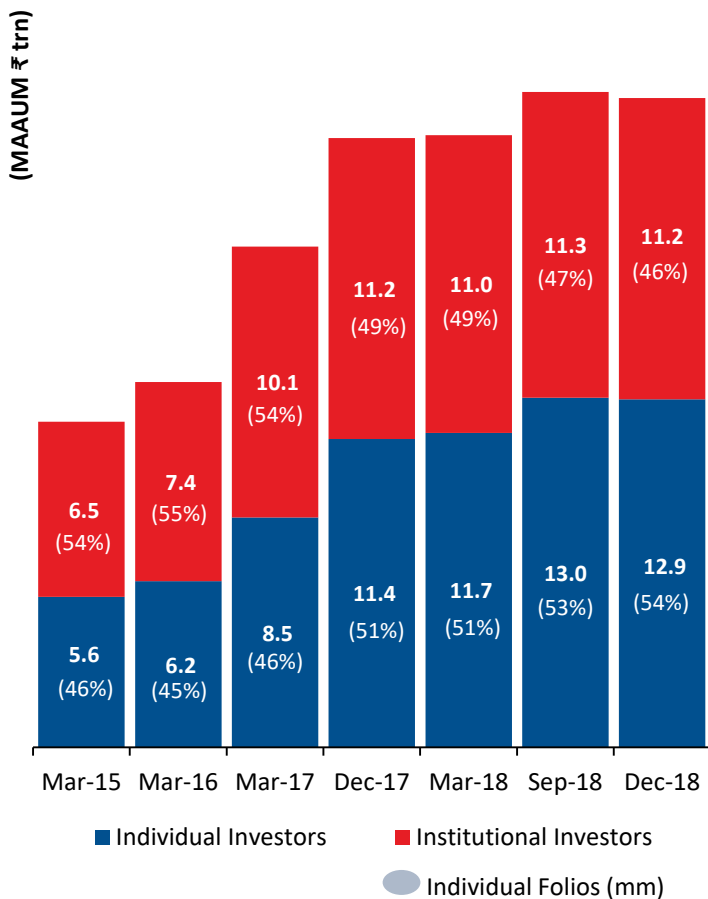
Source: AMFI

AUM excluding FOF – domestic; equity includes balanced funds; others include Liquid / Money Market, Gold ETFs, other ETFs and FOF – investing overseas

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

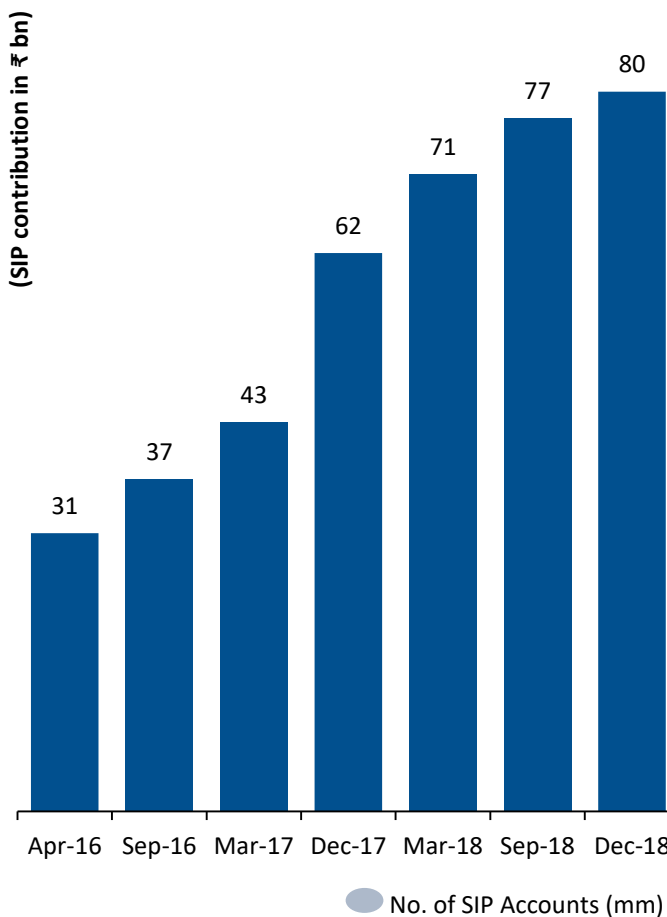
MAAUM of Individual Investors⁽¹⁾⁽²⁾⁽³⁾

41.4 47.2 54.8 66.1 70.9 77.5 79.8



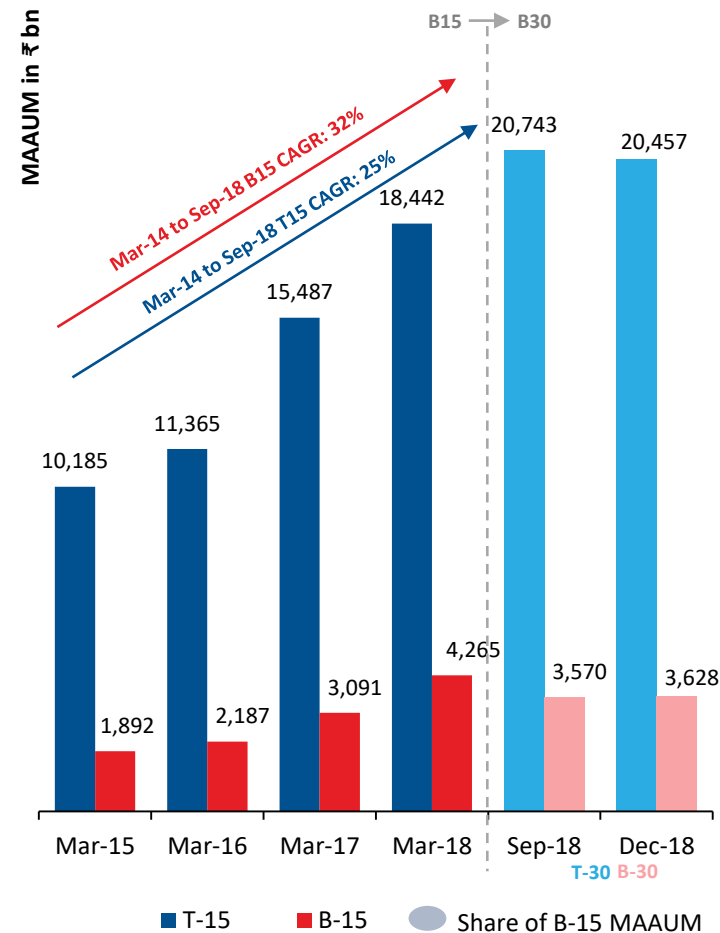
SIP Flows⁽¹⁾

10.1 11.3 13.5 18.8 21.1 24.4 25.4

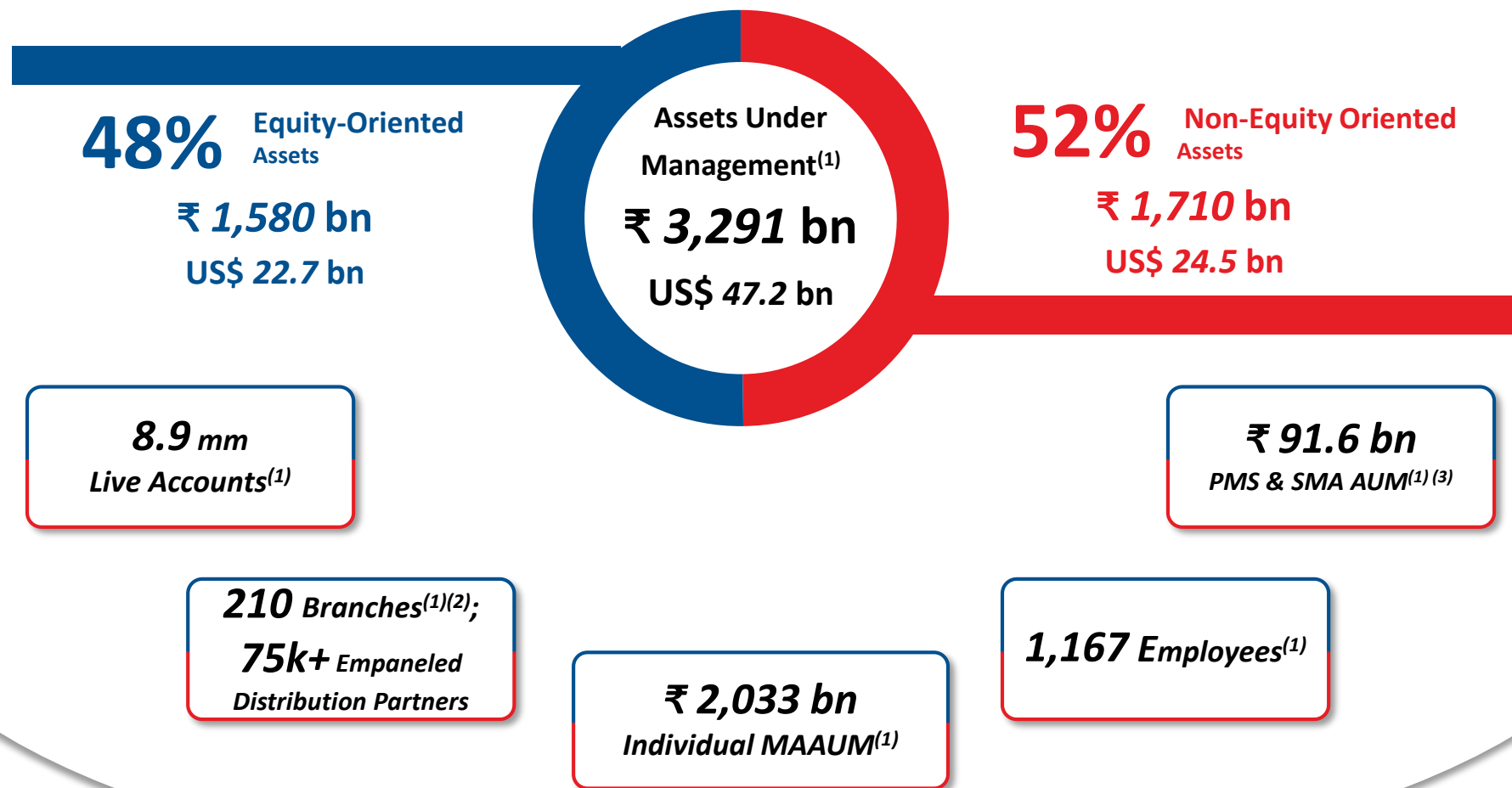


MAAUM of B-15/B-30⁽¹⁾⁽²⁾

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



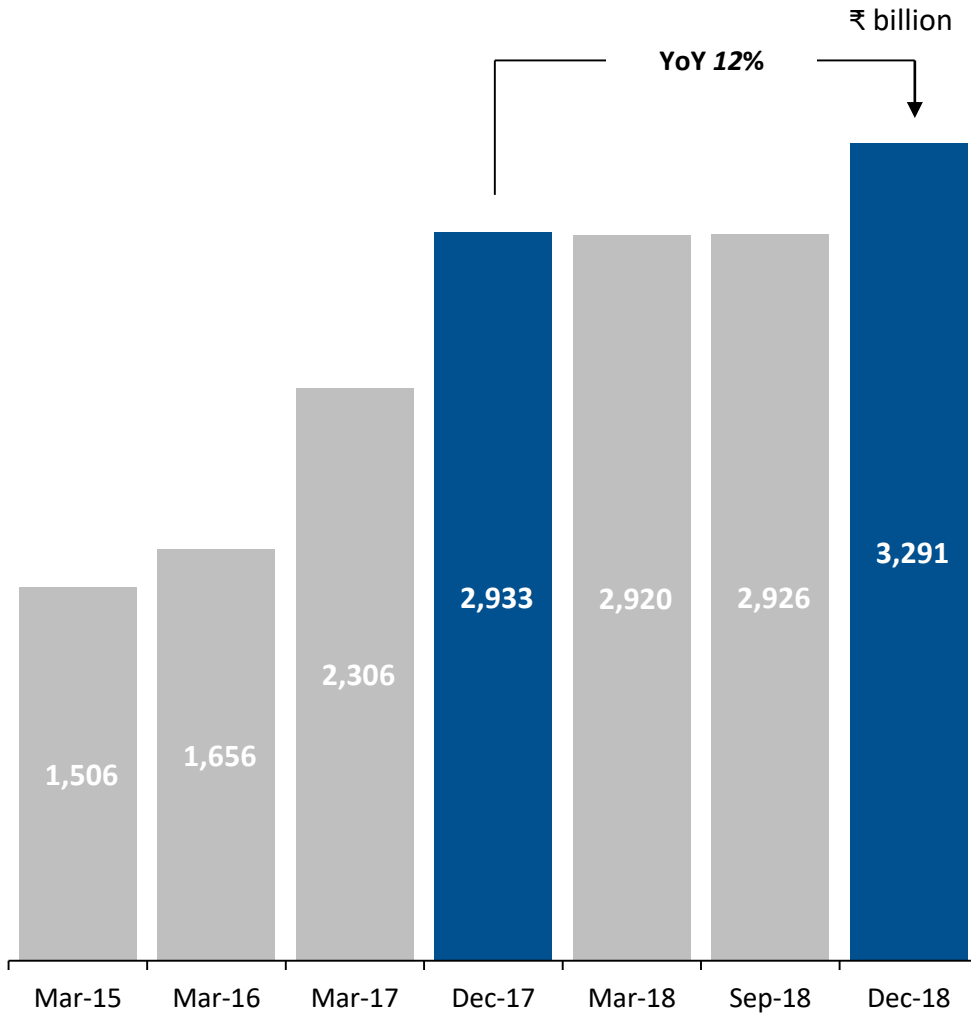
(1) Source: AMFI, (2) Based on monthly average AUM of the last month of the period; (3) Percentages in brackets denote % share of total



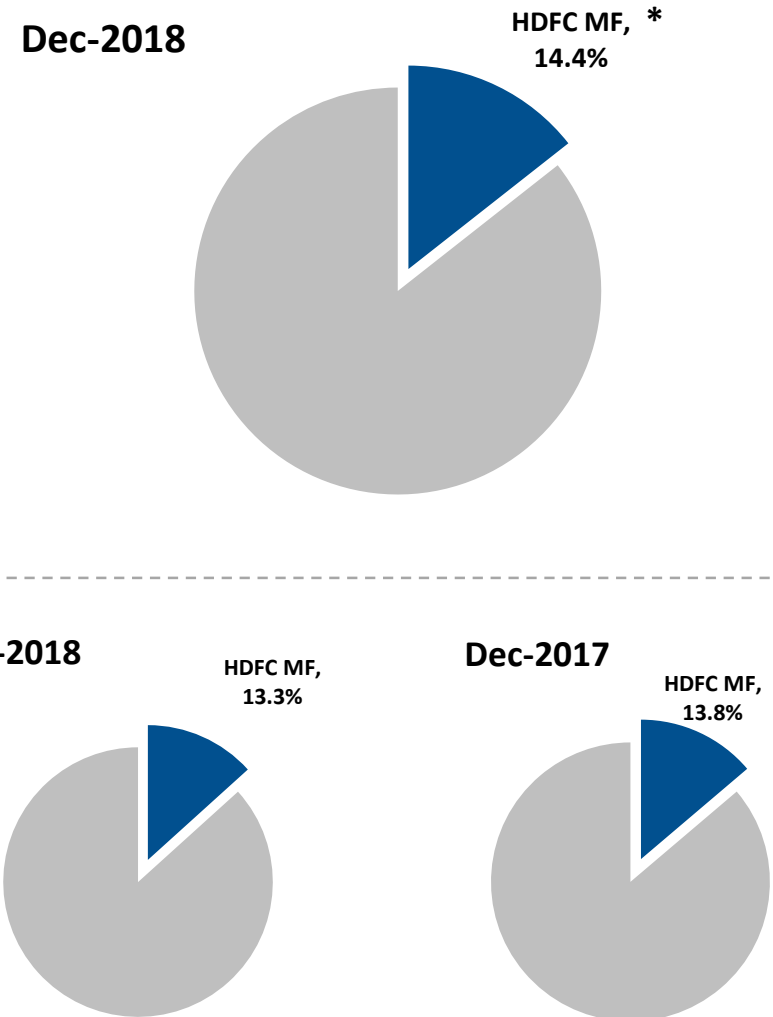
(1) As of Dec 31, 2018 / for Dec 2018; (2) Includes one representative office in Dubai; (3) Includes advisory mandates; (4) USD/INR conversion rate: ₹69.7675
Source: Internal

Total AUM and Market Share

Total AUM⁽¹⁾



Market Share in Total AUM⁽²⁾



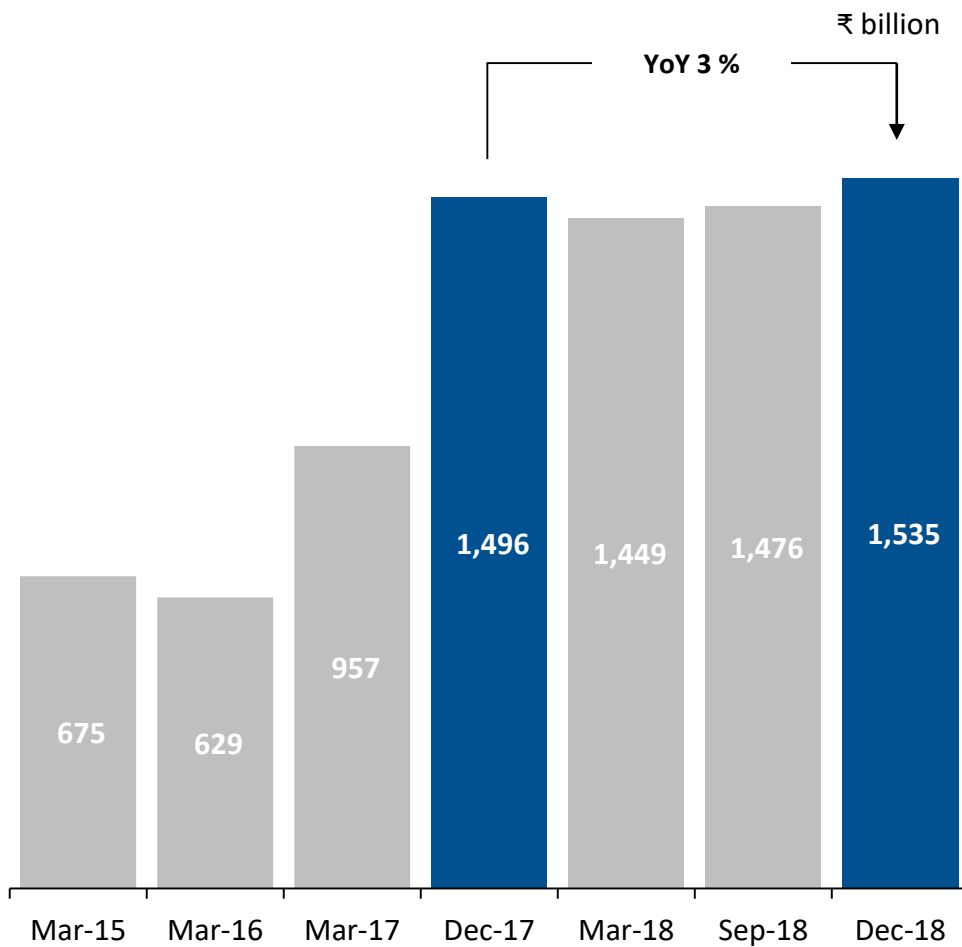
(1) Source: Internal

(2) Source: Internal, AMFI

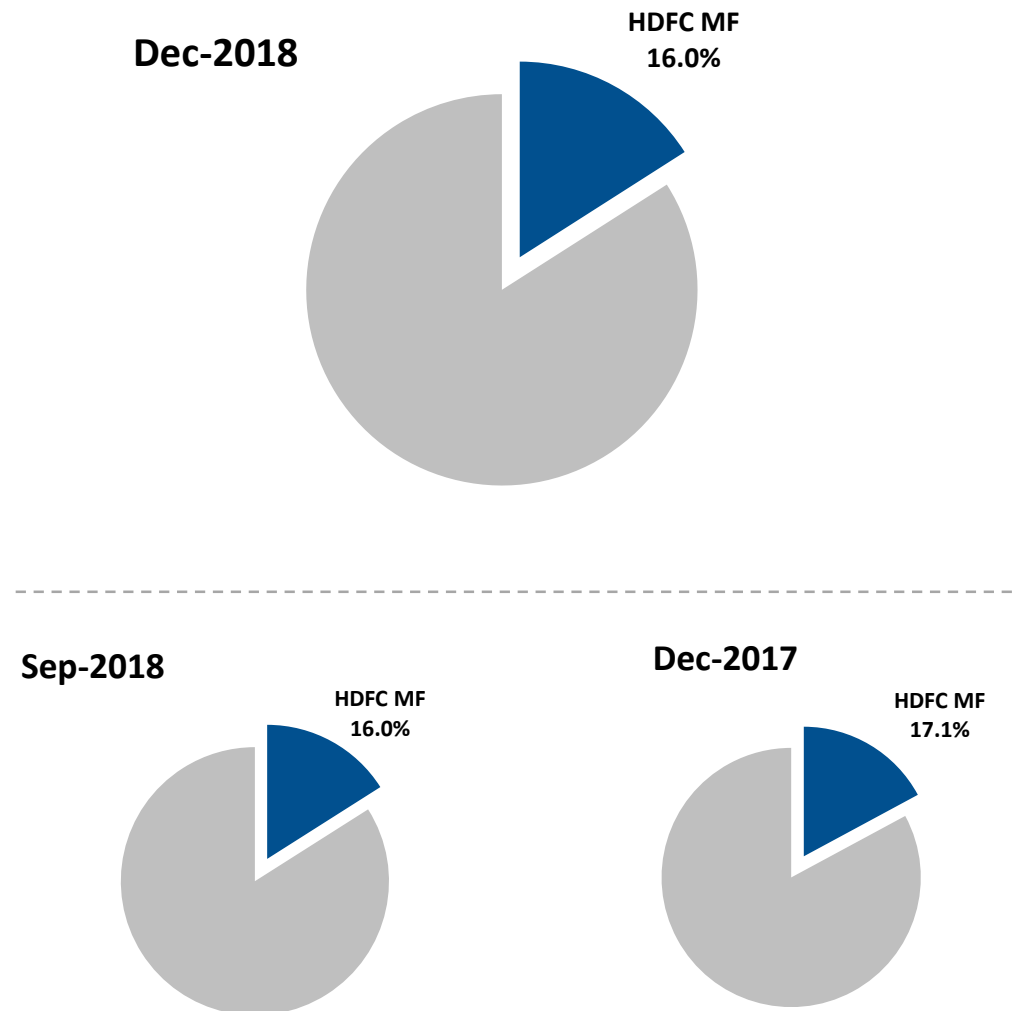
*Due to sharp increase in AUM of liquid funds

Actively Managed Equity-oriented AUM and Market Share

Actively Managed Equity-oriented AUM⁽¹⁾



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



(1) Source: Internal

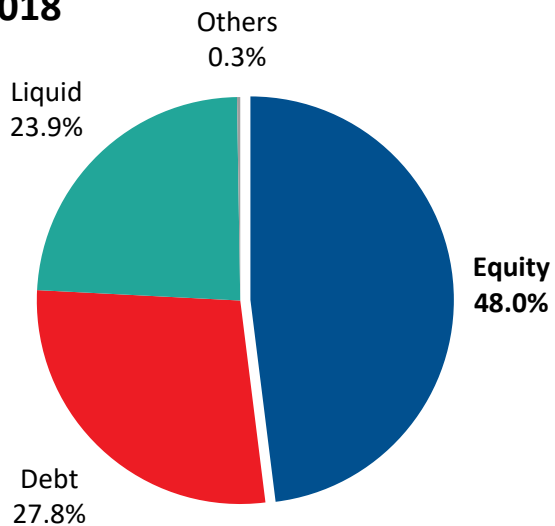
(2) Source: AMFI, Internal

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

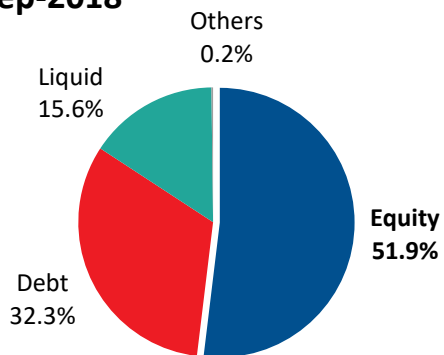
AUM by Segment – HDFC AMC and Industry

HDFC AMC MF AUM by Segment ⁽¹⁾

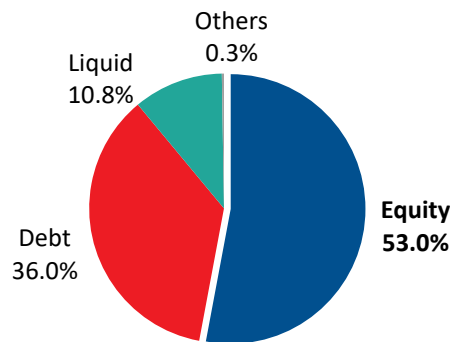
Dec-2018



Sep-2018

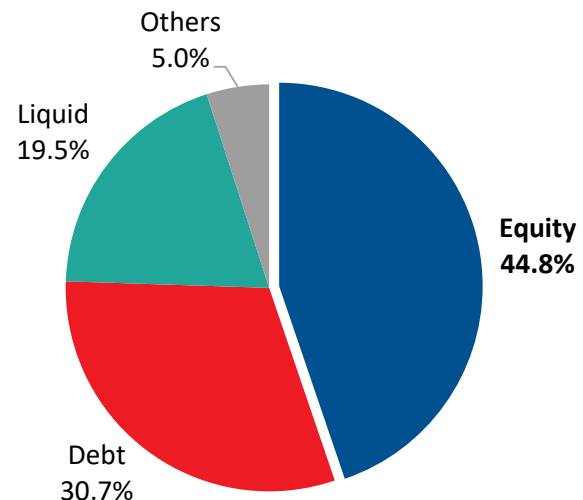


Dec-2017

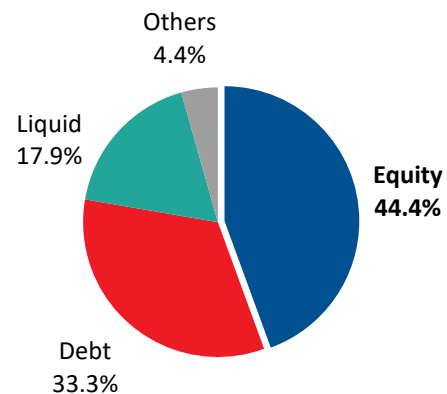


Industry AUM by Segment ⁽²⁾

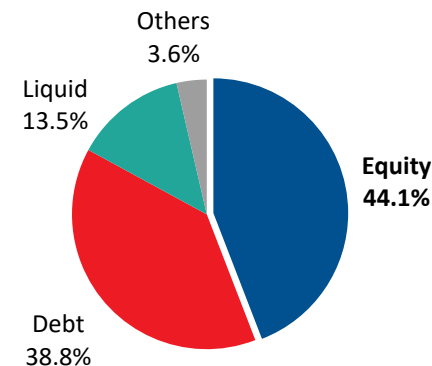
Dec-2018



Sep-2018



Dec-2017

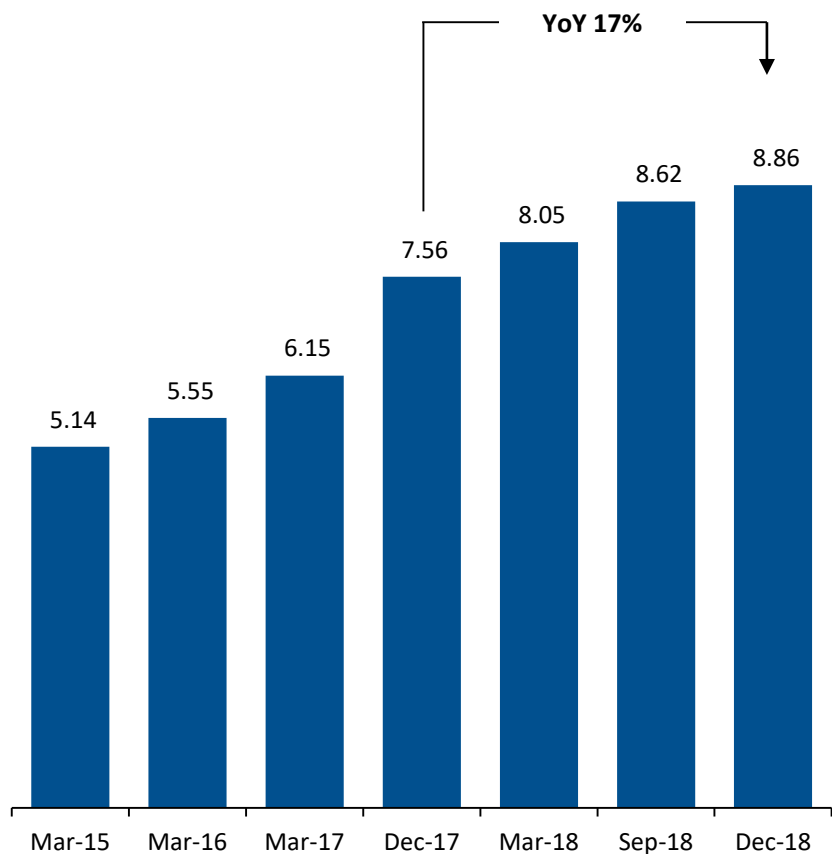


(1) Source: Internal

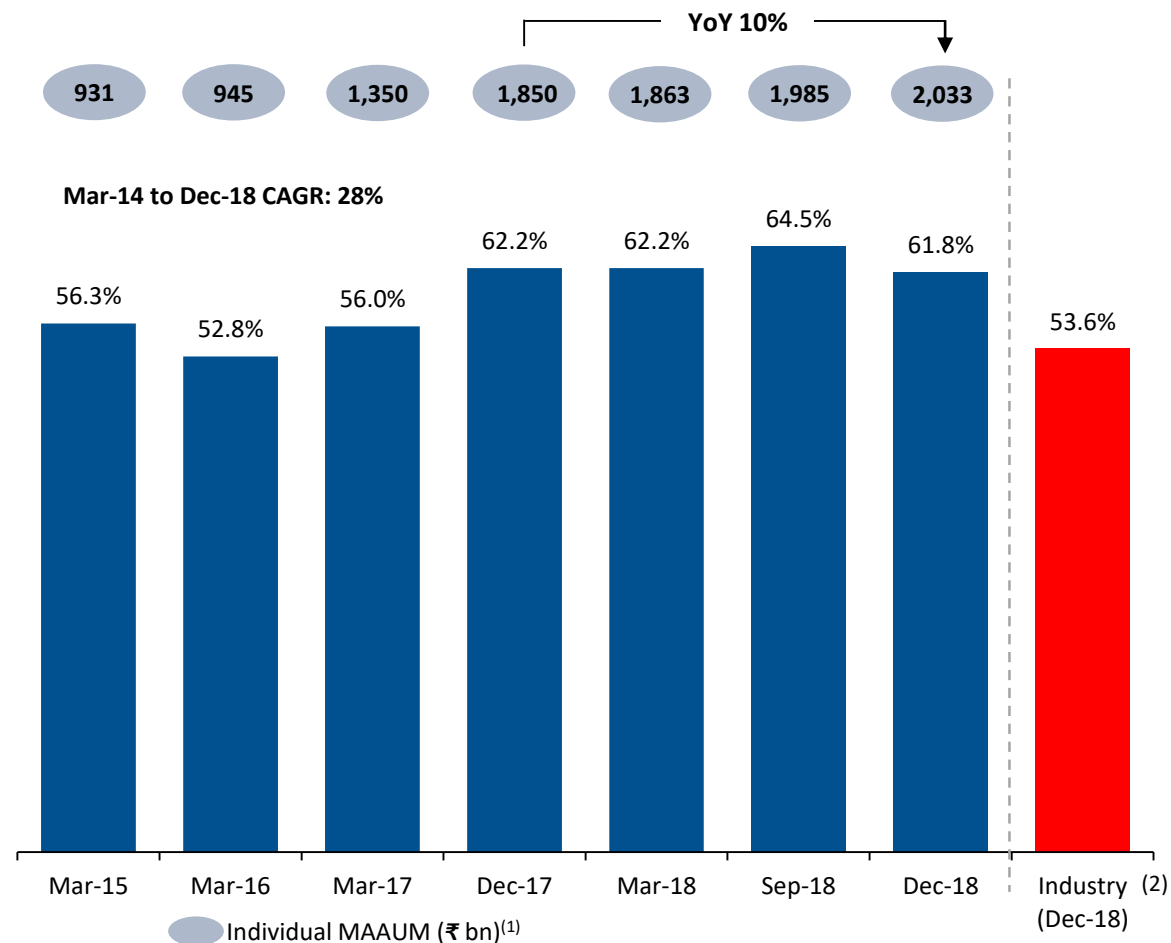
(2) Source: AMFI

Individual Investors – no of Accounts & MAAUM

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



Individual MAAUM % of Total ⁽¹⁾



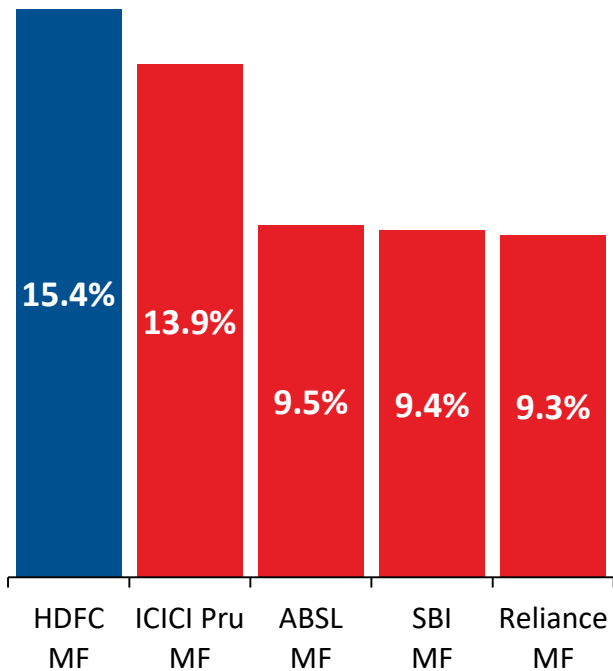
Individual customer prefer equity-oriented schemes and stay invested for longer periods

(1) Source: Internal

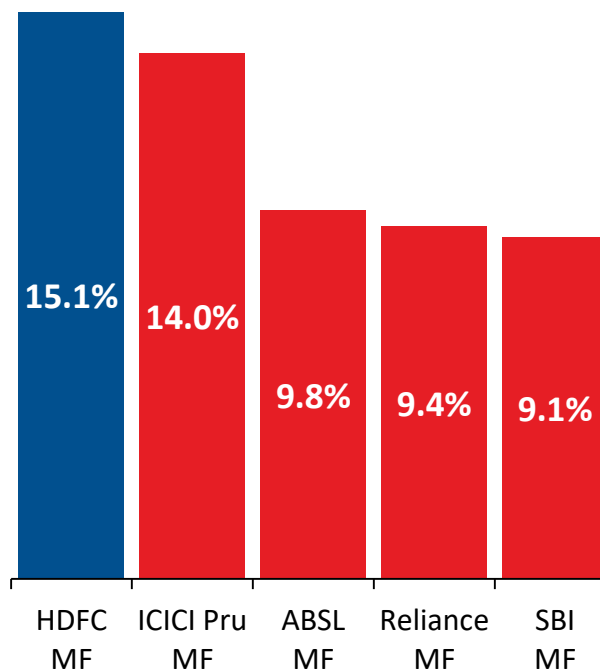
(2) Source: AMFI

Most Preferred Choice of Individual Investors

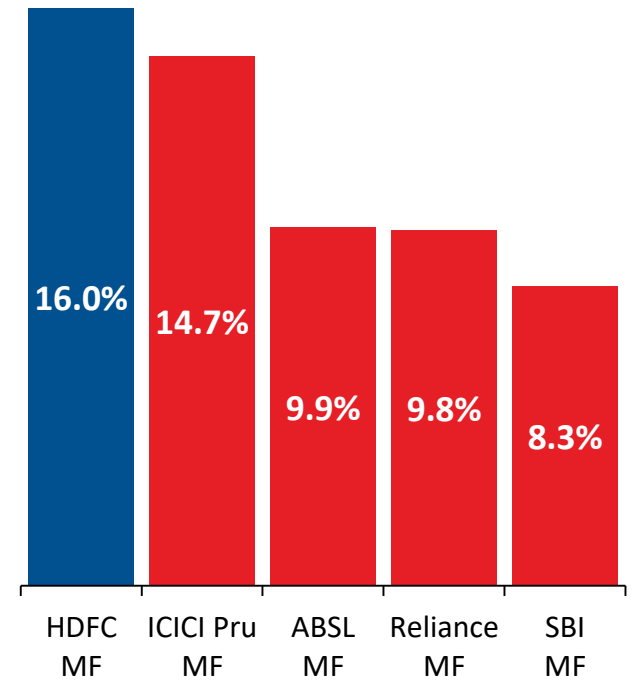
Individual Assets Market Share (Dec-18)



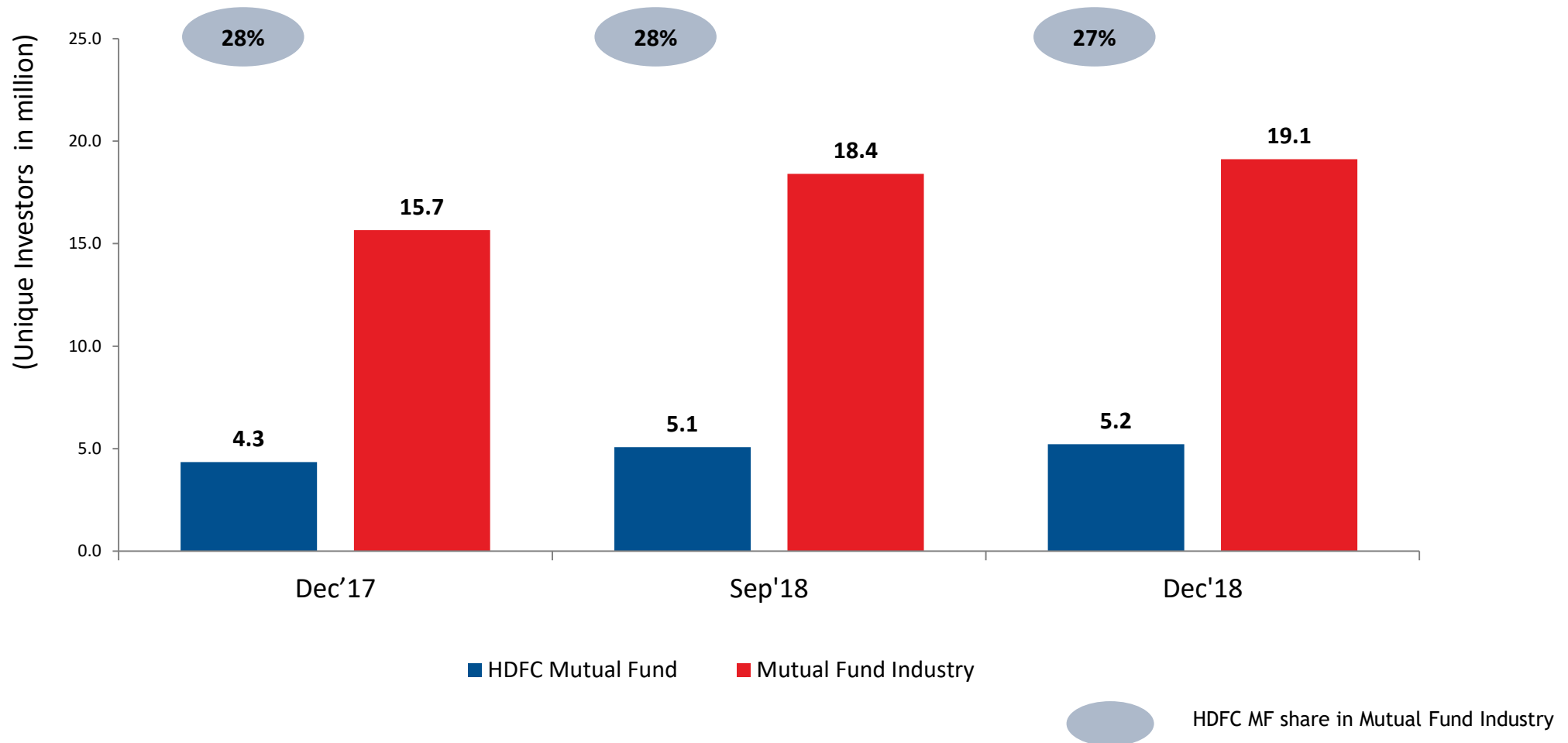
Individual Assets Market Share (Sep-18)



Individual Assets Market Share (Dec-17)

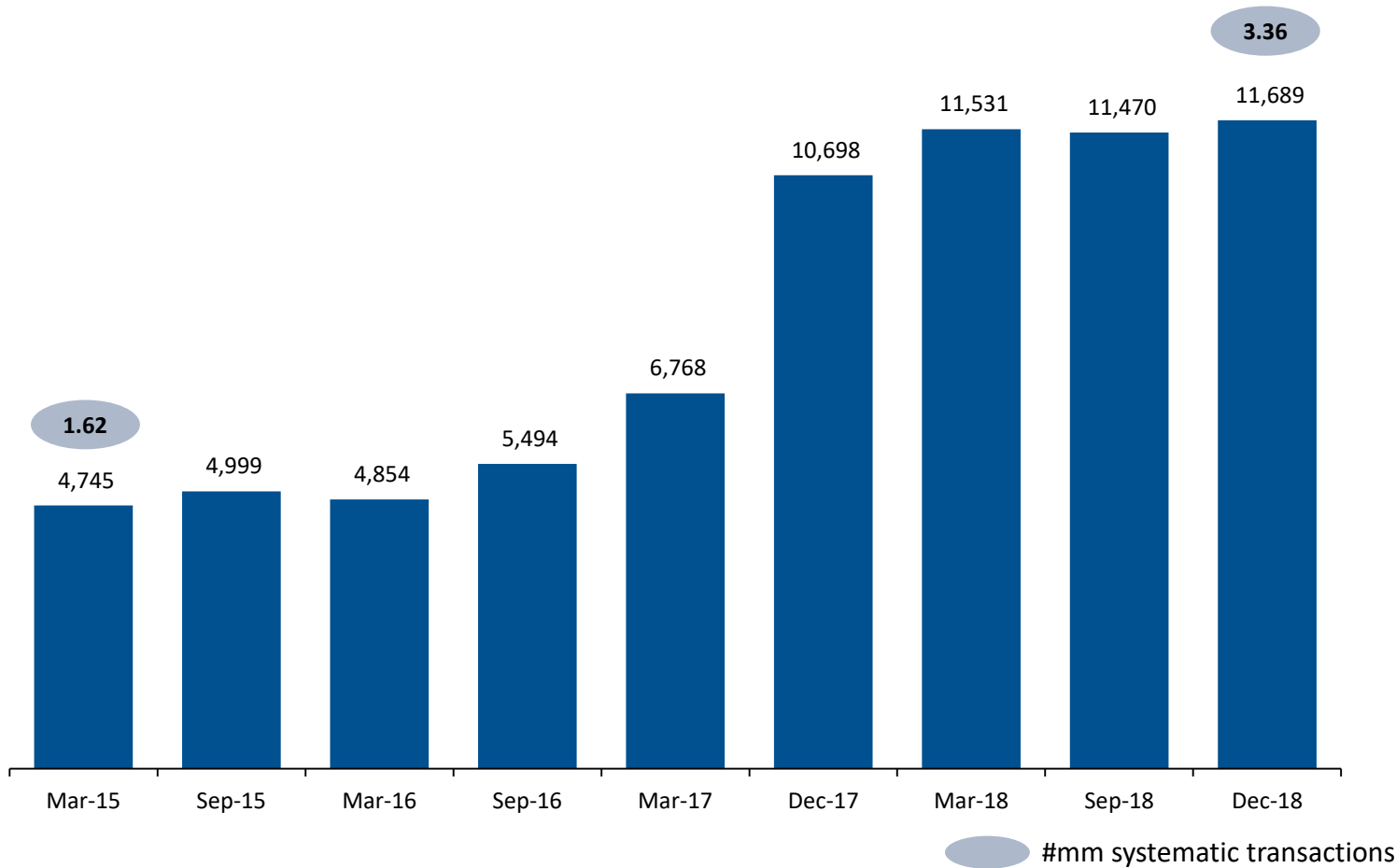


Unique Investors- HDFC AMC vs MF Industry

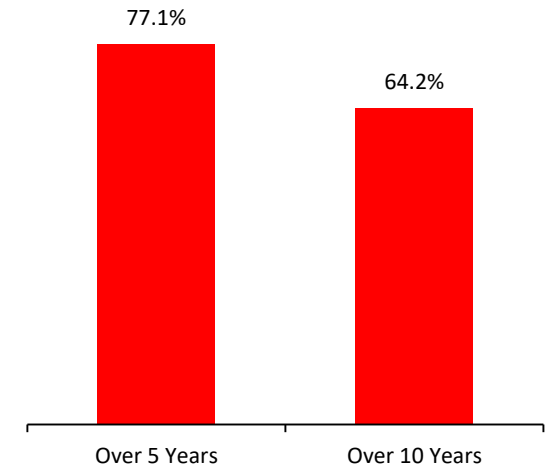


Quality Long-term Inflows Through Systematic Transactions

Strong Growth in Systematic Transactions (₹ mm)



Long Tenure SIP Book⁽¹⁾



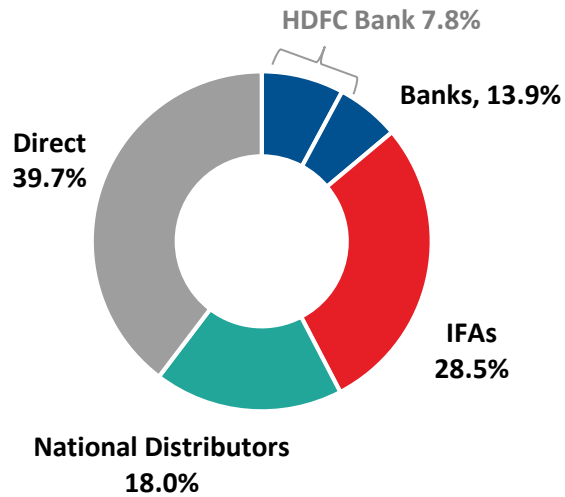
**Strong and growing
“Order Book” to provide
predictable flows**

Source: Internal

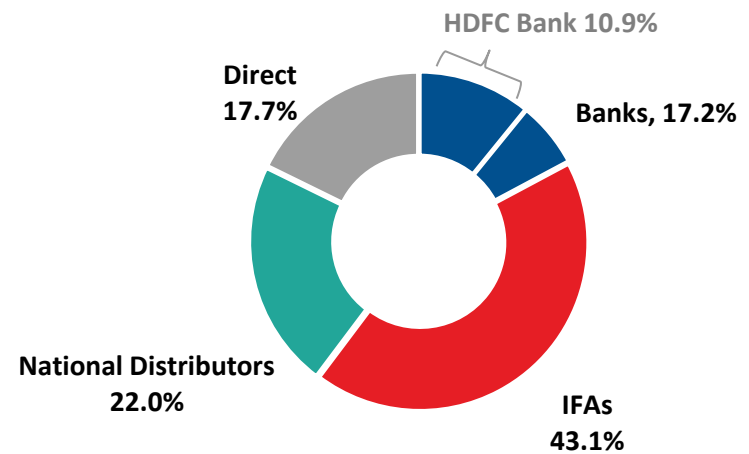
(1) Based on tenure at the time of registration of all live SIPs during Dec-18

Well Diversified Distribution Channel

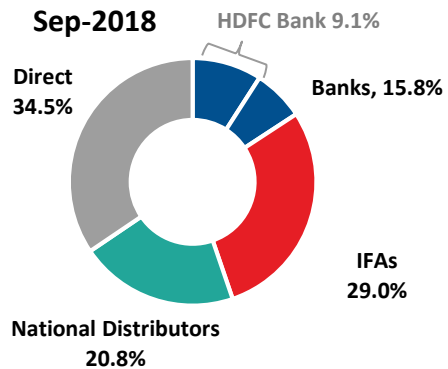
Total AUM (Dec-18)



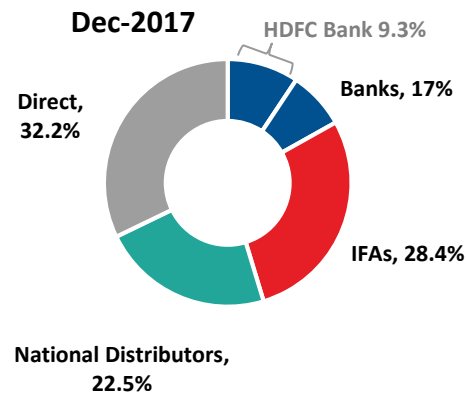
Equity-oriented AUM (Dec-18)



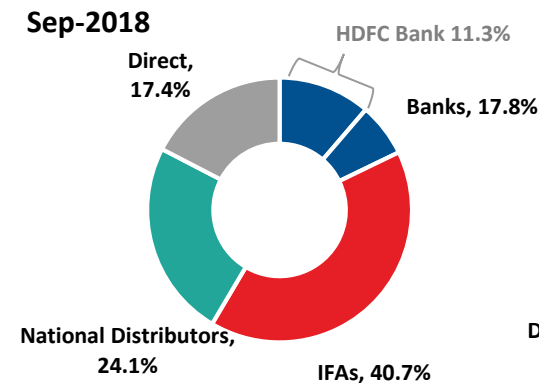
Sep-2018



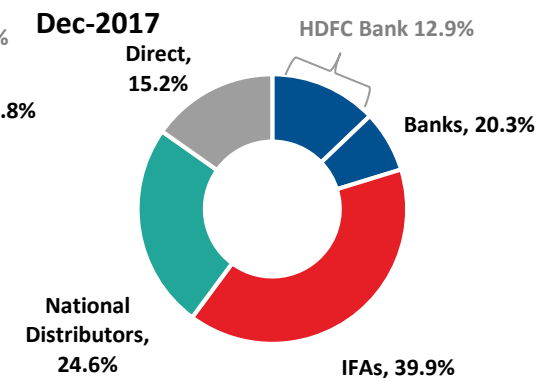
Dec-2017



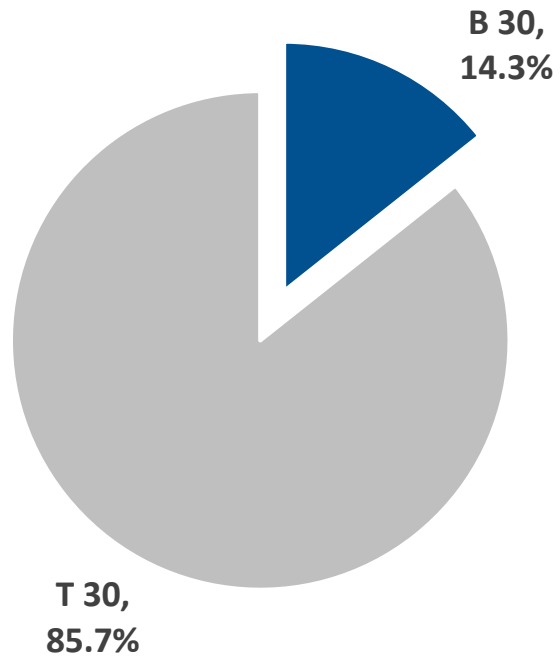
Sep-2018



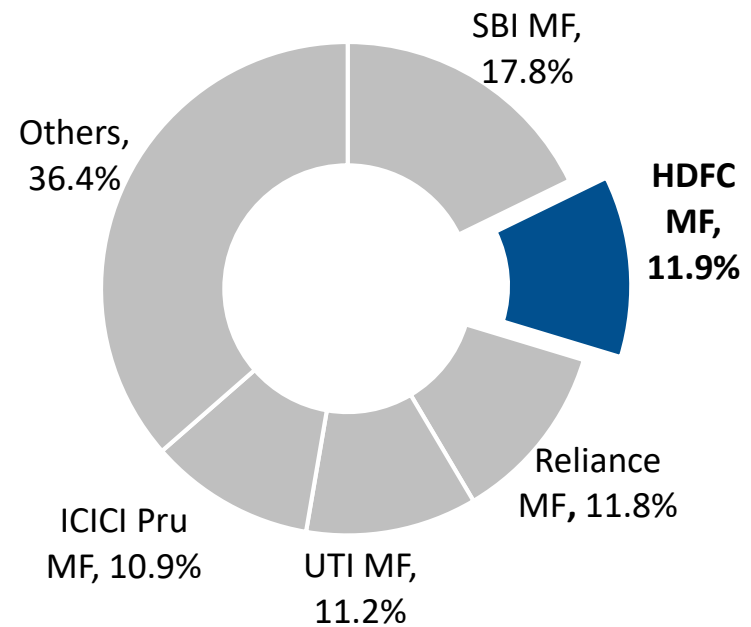
Dec-2017



Total MAAUM by T30 and B30 cities⁽¹⁾



#2 Player in B-30 Markets⁽¹⁾



Network of 210 branches with 134 in B-30 cities⁽²⁾

c. 75k+ empaneled distribution partners

⁽¹⁾ Source: Internal

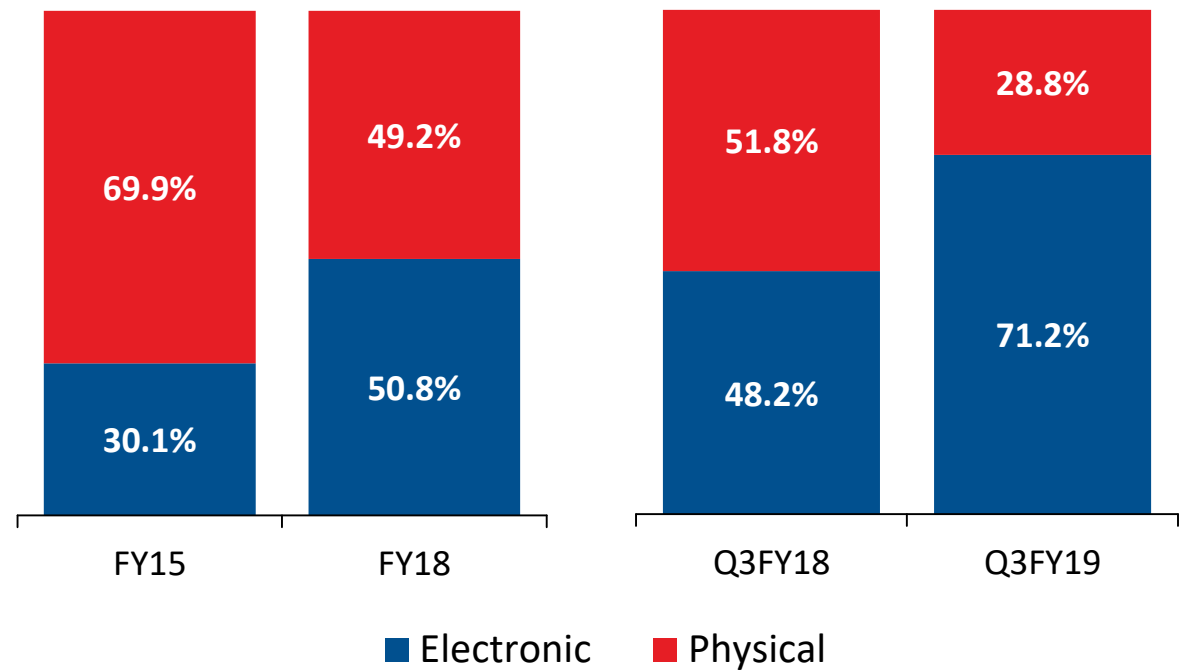
⁽²⁾ As of Dec 31, 2018. Includes one representative office in Dubai;

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
- FY15-18 CAGR of 46.2% for electronic transactions
- 17.4% transaction are through HDFC MFOnline and mobile application

○ Recent Developments

- Amendments in TER as per SEBI notification dated 13th December 2018, effective from 1st April 2019.
- Effective 22nd October 2018, regulator has made following key changes
 - All scheme related expenses, including distributor commissions, to be paid from scheme accounts only and not from the AMC accounts.
 - Ban on upfront commission.

Financials



- Adoption of Indian Accounting Standards (Ind AS) with effect from 1st April 2018.
- Results of Q3 FY19 & 9M FY19 are prepared as per Ind AS requirements.
- Accordingly figures for Q3 FY18 & 9M FY18 have been restated.

Key Changes	Remarks
Investments	Investments are fair valued through P/L except certain debt instruments which are valued at amortised cost.
Employee Stock Option Schemes (ESOS)	Obligations under outstanding & unvested ESOS have to be fair valued and amortised as part of employee benefit expenses over the period of vesting.
Others	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).

PAT Reconciliation- Previous GAAP Vs Ind AS – Q3 FY 18

Particulars	(Rs. mm)
	Q3 FY 18
Net profit after tax as reported under Previous GAAP	1,846
Adjustment increasing / (decreasing) net profit after tax as reported under Previous GAAP (net of tax):	
Fair value change in investments	139
Fair valuation of employee stock options	(33)
Others	2
Actuarial (gain) / loss on employee defined benefit plan recognised in 'Other Comprehensive Income'	(3)
Net Profit after tax as per Ind AS	1,951
Other Comprehensive Income	2
Total Comprehensive Income (net of tax) as per Ind AS	1,953

Financials Summary – Nine months ended Earnings

(Rs. mm)

Particulars	9M FY19	9M FY18	Change
Revenue from Operations	14,287	12,881	11%
Other Income	1,206	817	48%
Total Revenue	15,493	13,698	13%
Expenses			
Employee Benefit Expense	1,587	1,422	12%
Depreciation and Amortization Expense	94	70	34%
Business Development and Other Expenses	4,211	4,394	-4%
Total Expenses	5,892	5,886	0%
Profit before tax	9,601	7,812	23%
Tax Expenses	3,057	2,417	26%
Profit after tax	6,544	5,395	21%
Other Comprehensive Income (Net of Tax)	(7)	(5)	44%
Total Comprehensive Income	6,537	5,390	21%

Particulars	9M FY19	9M FY18	Change
Revenue from Operations	14,287	12,881	11%
Total Expenses*	5,590	5,886	-5%
Operating Profit from core AM business*	8,697	6,995	24%

*Adjusted for non recurring expenses

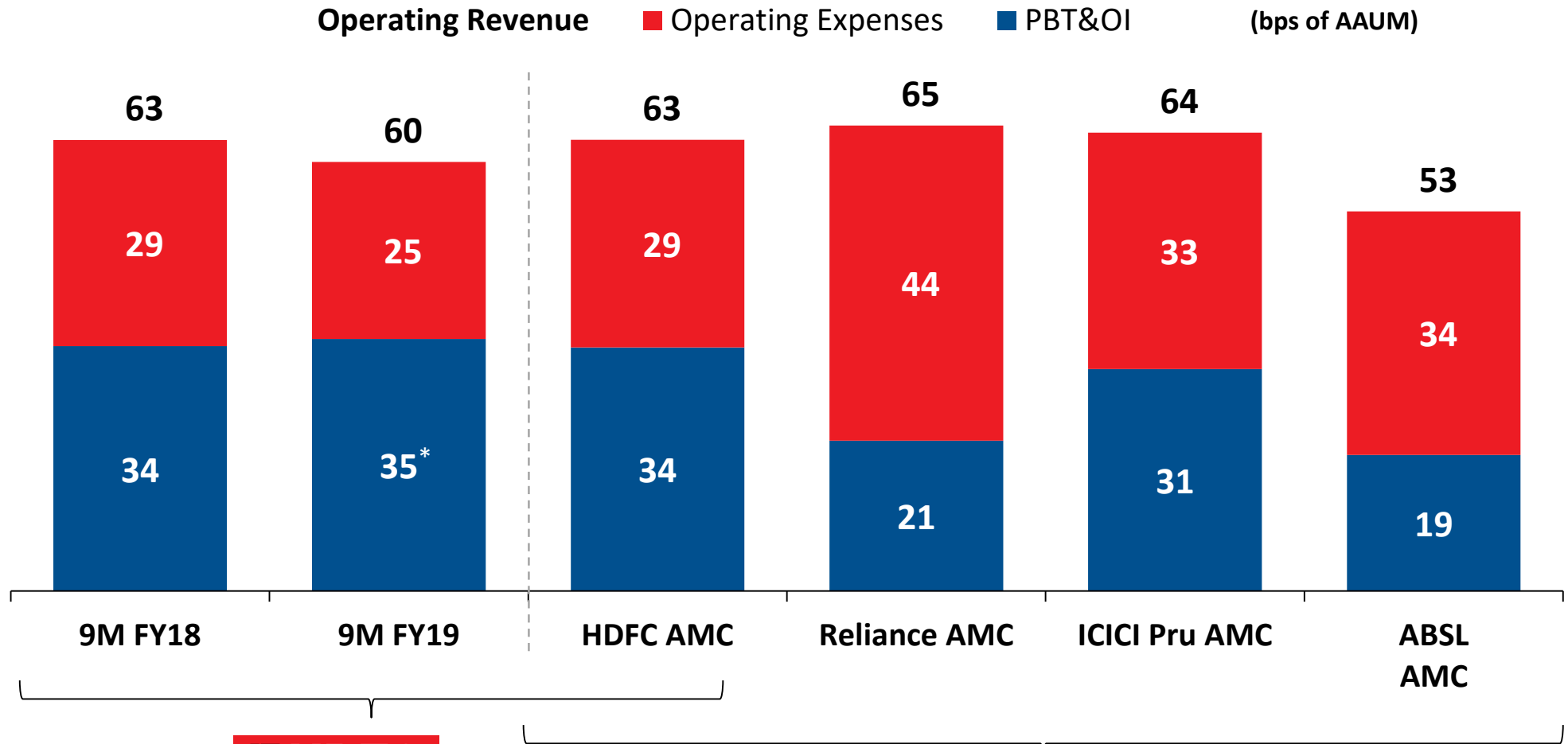
Financials Summary – Quarterly Earnings

Particulars	(Rs. mm)		
	Q3 FY19	Q3 FY18	Change
Revenue from Operations	4,771	4,676	2%
Other Income	559	276	103%
Total Revenue	5,330	4,952	8%
Expenses			
Employee Benefit Expense	505	503	0%
Depreciation and Amortization Expense	37	25	49%
Business Development and Other Expenses	1,105	1,573	-30%
Total Expenses	1,647	2,101	-22%
Profit before tax	3,683	2,851	29%
Tax Expenses	1,250	900	39%
Profit after tax	2,433	1,951	25%
Other Comprehensive Income (Net of Tax)	(9)	2	-453%
Total Comprehensive Income	2,424	1,953	24%

Particulars	Q3 FY19	Q3 FY18	Change
Revenue from Operations	4,771	4,676	2%
Total Expenses*	1,557	2,101	-26%
Operating Profit from core AM business*	3,214	2,575	25%

*Adjusted for non recurring expenses

Operating Profit Margin



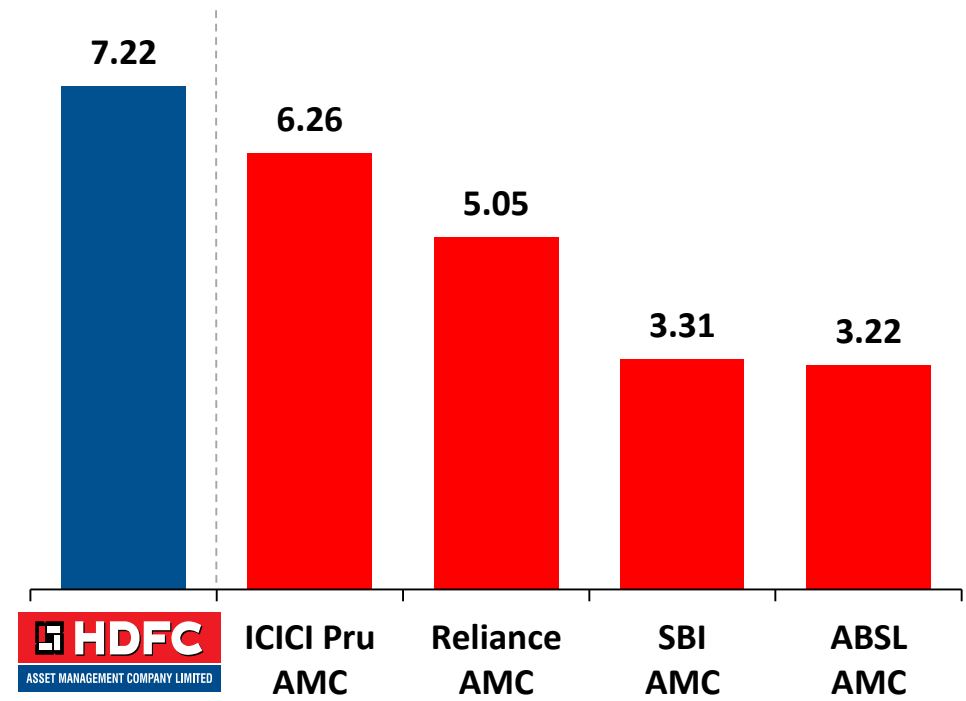
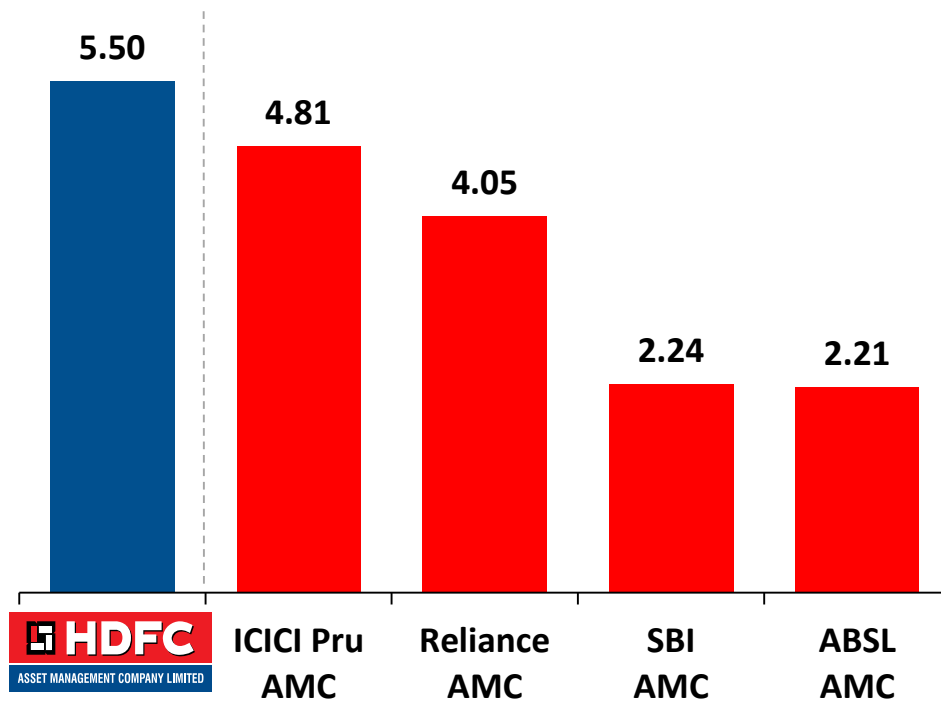
FY18 as per previous GAAP
 9M FY18 as per Ind AS
 9M FY19 as per Ind AS

*Adjusted for non recurring expenses: 36

Based on internal computations

FY17 Profit after tax (Rs bn)

FY18 Profit after tax (Rs bn)



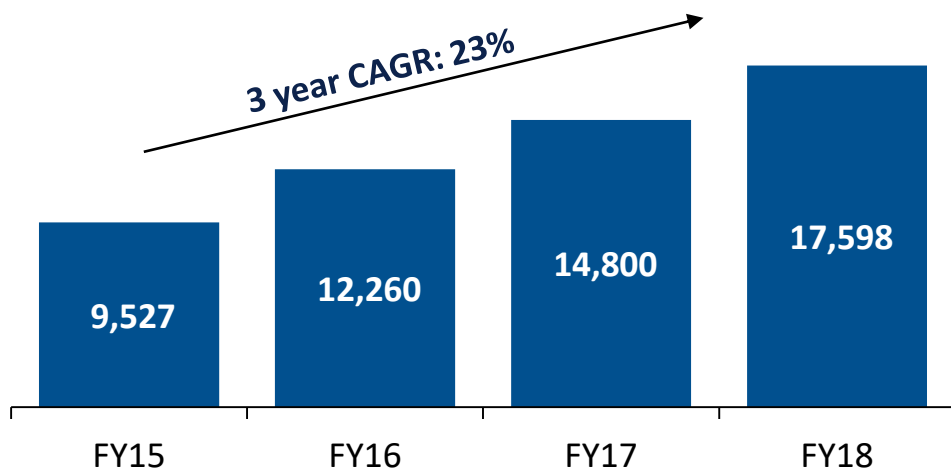
Most profitable asset management company in India in terms of net profits since FY14

Source: Annual reports, AMFI, CRISIL Research
 Note- The above is as per previous GAAP.

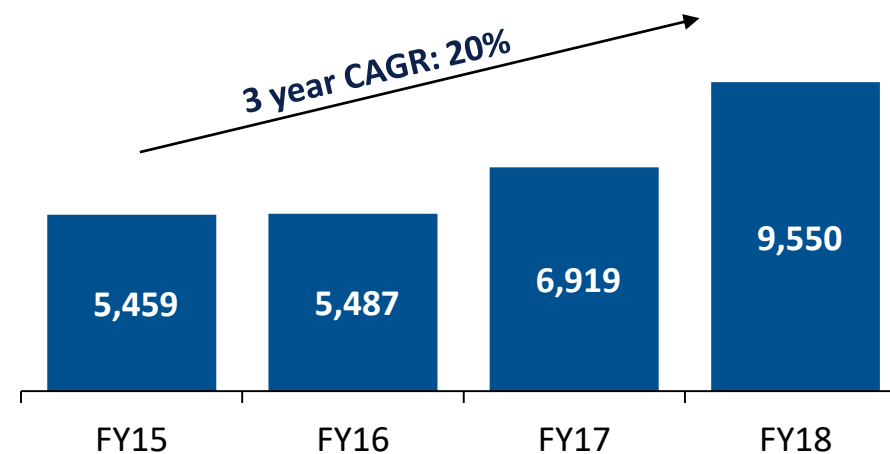
Financials Summary – Historical Trends

Figures In Rs mm

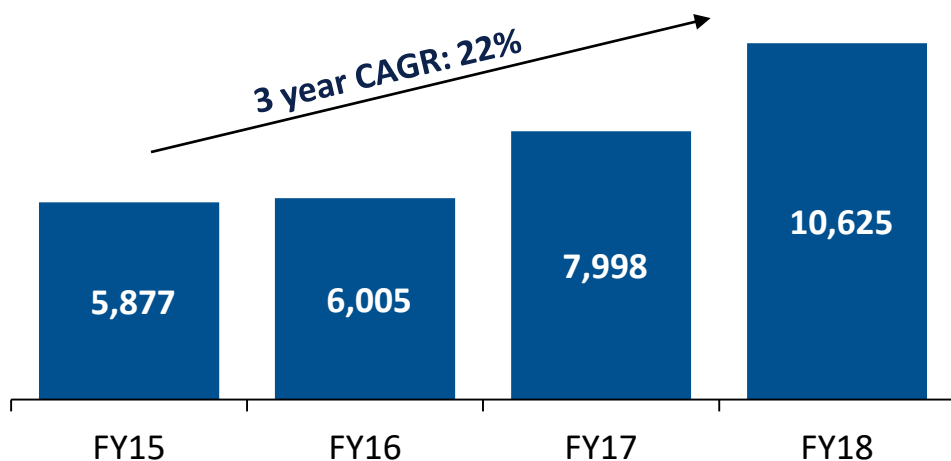
Revenue from Operations



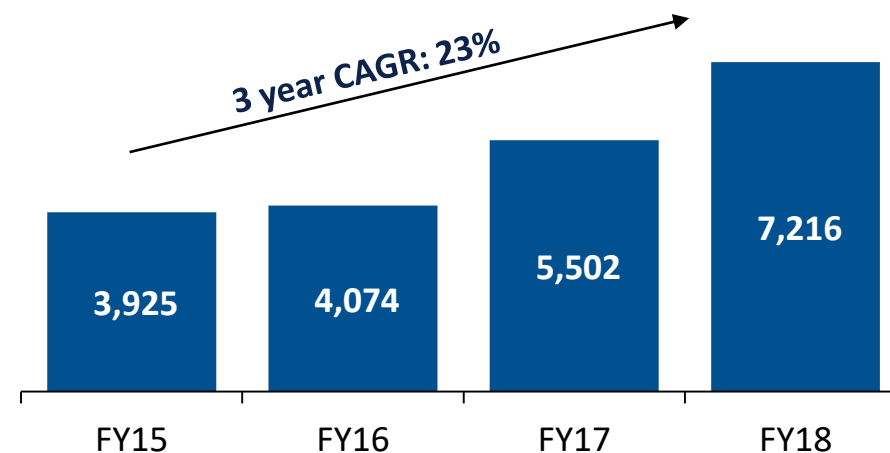
Operating Profit



Profit before tax

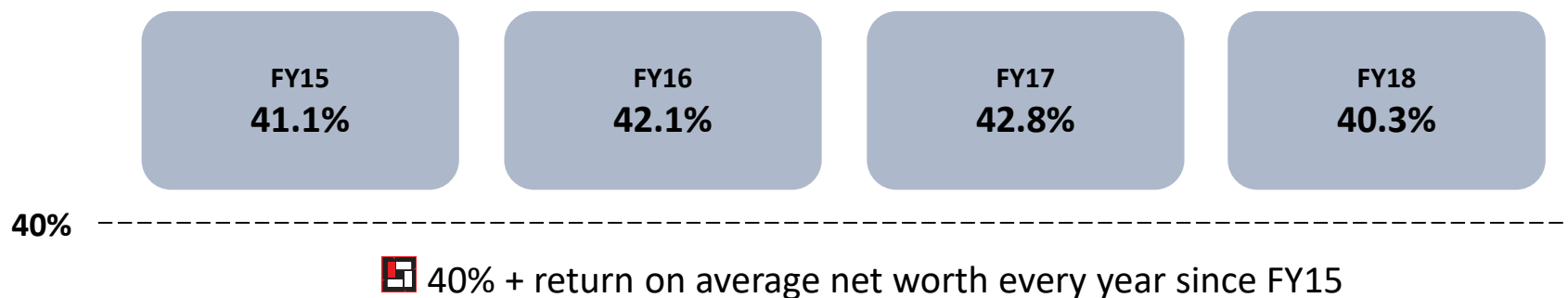


Profit after tax



Note-The above is (Excluding REP Performance Fee). The preparation is as per previous GAAP.

40% + Return on Equity⁽¹⁾



Consistently improving Dividend Payout Ratio⁽²⁾



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

(2) Including dividend distribution tax

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