

Ref/No/HDFCAMC/SE/2020-21/07

Date – May 09, 2020

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

Dear Sir/Madam,

We wish to inform you that the Board of Directors of HDFC Asset Management Company Limited (“the Company”) at its meeting held today i.e. May 09, 2020, has, *inter-alia*, approved the audited financial results of the Company for quarter and year ended March 31, 2020, in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A copy of said results along with Auditors’ Report on the financial results with unmodified opinion are enclosed herewith and the same are being uploaded on the website of the Company i.e. www.hdfcfund.com.

Further, the Board of Directors in the said meeting has recommended a dividend of Rs. 28/- per equity share of Rs. 5/- each of the Company, for the financial year ended March 31, 2020, subject to approval of the shareholders at the ensuing Annual General Meeting. The dividend if approved by the shareholders, will be dispatched / remitted commencing from the day after the ensuing Annual General Meeting.

Please note that in terms of the AMC Share Dealing Code and the SEBI (Prohibition of Insider Trading) Regulations, 2015, the trading window for all the special (designated) employees and directors of the Company and their immediate relatives, in the shares of the Company will open from Tuesday, May 12, 2020.

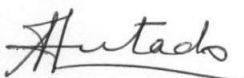
The Board Meeting commenced at 3:30 p.m. and concluded at 6:10 p.m.

You are requested to take note of the above and arrange to bring to notice of all concerned.

Thanking you,

Yours faithfully,

For **HDFC Asset Management Company Limited**



Sylvia Furtado
Company Secretary

Encl: a/a

B S R & Co. LLP

Chartered Accountants

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Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

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Independent Auditor's report on audited annual financial results of HDFC Asset Management Company Limited pursuant to the Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of
HDFC Asset Management Company Limited

Report on the audit of the annual financial results

Opinion

We have audited the accompanying annual financial results of HDFC Asset Management Company Limited (hereinafter referred to as the 'Company') for the year ended 31 March 2020, attached herewith (the 'Statement'), being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid annual financial results:

- (i) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- (ii) give a true and fair view in conformity with the recognition and measurement principles laid down in applicable Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ('Ind AS'), and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information for the year ended 31 March 2020.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143 (10) of the Companies Act, 2013 (the 'Act'). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the audit of the annual financial results* section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion on the annual financial results.

Independent Auditor's report (*Continued*)

HDFC Asset Management Company Limited

Management's and Board of Director's responsibilities for the annual financial results

These annual financial results have been prepared on the basis of the annual financial statements.

The Company's Management and Board of Directors are responsible for the preparation and presentation of these annual financial results that give a true and fair view of the net profit/loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Ind AS and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the annual financial results, the Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the annual financial results

Our objectives are to obtain reasonable assurance about whether the annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's report (*Continued*)

HDFC Asset Management Company Limited

Auditor's responsibility for the audit of the annual financial results (*Continued*)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the annual financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial results, including the disclosures, and whether the annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

The annual financial results include the results for the quarter ended 31 March 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For **B S R & Co. LLP**
Chartered Accountants

Firm's Registration No: 101248W/W-100022

Akeel Master
Partner

Mumbai
09 May 2020

Membership No: 046768
UDIN: 20046768AAAHP1526

HDFC ASSET MANAGEMENT COMPANY LIMITED

Audited Financial Results for the Quarter and Year Ended March 31, 2020

₹ (in Crore except per equity share data)

PARTICULARS	Quarter Ended			Year Ended	
	March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
	(Audited) #	(Reviewed)	(Audited) #	(Audited)	(Audited)
1. INCOME					
- Revenue from Operations	476.13	524.73	486.50	2,003.25	1,915.18
- Other Income	(26.51)	67.26	61.17	140.18	181.60
Total Income	449.62	591.99	547.67	2,143.43	2,096.78
2. EXPENSES					
- Finance Costs	2.21	2.20	-	8.98	-
- Fees and Commission Expenses	1.59	7.10	29.85	20.89	240.26
- Impairment on Financial Instruments	-	-	9.78	-	40.00
- Employee Benefit Expenses	43.15	57.05	47.61	214.71	206.27
- Depreciation, Amortisation and Impairment	13.39	12.64	3.47	50.37	12.85
- Other Expenses	59.71	46.97	42.41	195.43	222.70
Total Expenses	120.05	125.96	133.12	490.38	722.08
3. PROFIT BEFORE TAX (1-2)	329.57	466.03	414.55	1,653.05	1,374.70
4. TAX EXPENSES					
- Current Tax	99.07	106.37	136.12	410.52	445.47
- Deferred Tax	(19.33)	7.11	2.26	(19.88)	(1.37)
Total Tax Expenses	79.74	113.48	138.38	390.64	444.10
5. PROFIT AFTER TAX (3-4)	249.83	352.55	276.17	1,262.41	930.60
6. OTHER COMPREHENSIVE INCOME					
- Items that will not be reclassified to profit or loss	0.57	0.48	0.36	(4.11)	(0.62)
- Income tax on above	(0.07)	(0.13)	(0.09)	1.03	0.22
Total Other Comprehensive Income (net of tax)	0.50	0.35	0.27	(3.08)	(0.40)
7. TOTAL COMPREHENSIVE INCOME (5+6)	250.33	352.90	276.44	1,259.33	930.20
Earnings per equity share (Face value of ₹ 5 each) (Not Annualised)					
- Basic	11.74	16.58	12.99	59.37	43.87
- Diluted	11.72	16.53	12.97	59.24	43.78
Paid-up Equity Share Capital (Face value of ₹ 5)	106.40	106.31	106.29	106.40	106.29
Other Equity (excluding revaluation reserve) as at March 31				3,922.86	2,964.43

See accompanying notes to the Financial Results

Figures for the quarter ended March 31, 2020 and March 31, 2019 are derived by deducting the published unaudited year to date figures for the period ended December 31, 2019 and period ended December 31, 2018 from the audited figures for the year ended March 31, 2020 and March 31, 2019 respectively.

HDFC ASSET MANAGEMENT COMPANY LIMITED

Notes:

1. Statement of Assets and Liabilities

₹ (in Crore)

Particulars	As at March 31, 2020 (Audited)	As at March 31, 2019 (Audited)
ASSETS		
FINANCIAL ASSETS		
Cash and Cash Equivalents	26.64	0.90
Bank Balance other than above	0.46	31.09
Receivables		
Trade Receivables	60.59	82.66
Other Receivables	3.99	20.20
Investments	3,944.51	2,934.96
Other Financial Assets	29.95	27.98
Sub-total - Financial Assets	4,066.14	3,097.79
NON FINANCIAL ASSETS		
Current Tax Assets (net)	32.37	35.16
Deferred Tax Assets (net)	21.67	-
Property, Plant and Equipment	141.39	25.63
Intangible Assets Under Development	4.60	3.17
Goodwill	6.04	6.04
Other Intangible Assets	9.28	8.03
Other Non Financial Assets	27.11	47.93
Sub-total - Non Financial Assets	242.46	125.96
TOTAL ASSETS	4,308.60	3,223.75
LIABILITIES AND EQUITY		
LIABILITIES		
FINANCIAL LIABILITIES		
Payables		
Trade Payables		
Total Outstanding Dues of Micro Enterprises and Small Enterprises	-	-
Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises	46.73	47.36
Other Financial Liabilities	178.37	65.69
Sub-total - Financial Liabilities	225.10	113.05
NON FINANCIAL LIABILITIES		
Current Tax Liabilities (net)	3.94	1.77
Provisions	7.25	1.01
Deferred Tax Liabilities (net)	-	2.84
Other Non Financial Liabilities	43.05	34.36
Sub-total - Non Financial Liabilities	54.24	39.98
TOTAL LIABILITIES	279.34	153.03
EQUITY		
Equity Share Capital	106.40	106.29
Other Equity	3,922.86	2,964.43
Sub-total - Equity	4,029.26	3,070.72
TOTAL LIABILITIES AND EQUITY	4,308.60	3,223.75

HDFC ASSET MANAGEMENT COMPANY LIMITED

2. Statement of Cash Flows

₹ (in Crore)

Particulars	For the Year Ended	
	March 31, 2020	March 31, 2019
	(Audited)	(Audited)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	1,653.05	1,374.70
Add / (Less) : Adjustments for		
Depreciation, Amortisation and Impairment	50.37	12.85
Finance Costs	8.98	-
Share Based Payments to Employees	-	5.25
(Profit) / Loss on Sale of Investments (net)	(18.49)	(1.09)
Fair Value (Gain) / Loss on Investments	21.88	(60.14)
Net (Gain) / Loss on foreign currency transactions and translations	(0.02)	(0.01)
(Profit) / Loss on Derecognition of Property, Plant and Equipment and Other Intangible Assets (net)	(0.05)	0.20
Impairment on Financial Instruments	-	40.00
Investment Income from Financial Instruments	(119.08)	(95.77)
Other Interest Income	(1.72)	(1.10)
Operating Profit before working capital changes	1,594.92	1,274.89
Adjustments for:		
(Increase) / Decrease in Trade Receivables	22.08	7.62
(Increase) / Decrease in Other Receivables	16.21	(7.49)
(Increase) / Decrease in Other Financial Assets	32.90	(36.66)
(Increase) / Decrease in Other Non Financial Assets	18.40	168.51
Increase / (Decrease) in Trade Payable	(0.77)	(64.22)
Increase / (Decrease) in Other Financial Liabilities	(5.19)	(0.96)
Increase / (Decrease) in Provisions	6.24	0.12
Increase / (Decrease) in Other Non Financial Liabilities	4.58	2.20
Cash generated from / (used in) operations	1,689.37	1,344.01
Income Tax Paid	(404.53)	(449.87)
Net cash from / (used in) operating activities (A)	1,284.84	894.14
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment and Other Intangible Assets	(29.83)	(17.54)
Proceeds from Sale of Property, Plant and Equipment and Other Intangible Assets	0.06	0.04
Purchase of Investments	(6,057.29)	(3,439.55)
Proceeds from Sale of Investments	5,110.24	2,636.55
Dividend Received	4.10	6.83
Interest Received / (Paid)	45.18	37.12
Net cash from / (used in) investing activities (B)	(927.54)	(776.55)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Share Capital	15.53	188.75
Share Application Money - Pending allotment	(0.13)	0.13
Principal Element of Lease Payments	(30.43)	-
Interest Element of Lease Payments	(8.98)	-
Interim Equity Dividend Paid	-	(255.09)
Tax Paid on Interim Equity Dividend	-	(52.43)
Final Equity Dividend Paid	(255.11)	-
Tax Paid on Final Equity Dividend	(52.44)	-
Net cash from / (used in) financing activities (C)	(331.56)	(118.64)
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	25.74	(1.05)
Cash and Cash Equivalents at the beginning of the year	0.90	1.95
Cash and Cash Equivalents at the end of the year	26.64	0.90
	25.74	(1.05)
Cash and cash equivalents comprising of:		
Balance with banks	26.64	0.90
Effect of exchange rate difference on balances with banks in foreign currency	0.00	(0.00)
Total	26.64	0.90
Note: The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.		

Notes:

3 The financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards, notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, and other accounting principles generally accepted in India.

4 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.

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 114.93 Crore (including ₹ 2.96 Crore reclassified from other non-financial assets) and a lease liability of ₹ 125.23 Crore. The cumulative effect of applying the standard resulted in ₹ 8.63 Crore (net of taxes) being debited to retained earnings. The effect of this adoption is not material to the profit for the year and earnings per share.

ROU has been included under the line 'Property, Plant and Equipment' and Lease Liability has been included under 'Other Financial Liabilities' in the Statement of Assets and Liabilities.

5 The Company holds certain Non Convertible Debentures (NCDs) that are secured by a pledge of listed equity shares. These NCDs are classified as financial assets at fair value through profit and loss. Hence, any changes in their fair value on the reporting date is reflected as a part of 'Other Income'. In case where a fall in their value results in the aggregate fair value of financial assets measured through profit and loss turning negative, the aggregate amount is shown as 'Other Expenses'.

On fair valuation of the said NCDs as at March 31, 2020, the unrealized loss recognized in the results for the year ended March 31, 2020 stands at ₹ 120.36 Crore as compared to ₹ 25.11 Crore for the nine months ended December 31, 2019. As a result of this, the changes in fair value of all financial assets measured through profit and loss for the year ended March 31, 2020, in aggregate amounted to a negative ₹ 3.40 Crore which has been shown as a component of Other Expenses.

6 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 recognised provision for income tax and re-measured its deferred tax assets basis the rate provided in the said section and recognised the impact of above changes upto September 30, 2019 in the result for the quarter ended September 30, 2019.

7 During the quarter ended March 31, 2020, the Company has allotted 1,74,380 equity shares of ₹ 5 each pursuant to exercise of stock options by certain employees.

Notes:

- 8 The Board of Directors have proposed a final dividend of ₹ 28 per equity share for the year ended March 31, 2020, subject to the approval of the shareholders at the ensuing Annual General Meeting.
- 9 The Company is in the business of providing asset management services to HDFC Mutual Fund and portfolio management & advisory services to clients. The primary segment is identified as asset management services. As such, the Company's financial statements / results are largely reflective of the asset management business and accordingly there are no separate reportable segments as per Ind AS 108 - Operating Segment.
- 10 During the year ended March 31, 2020, the Company and its certain employees along with HDFC Trustee Company Limited received show cause notices from Securities and Exchange Board of India (SEBI) for matters related to Essel group exposure in certain fixed maturity plans of HDFC Mutual Fund. All the concerned parties along with the Company had filed an application for Settlement with SEBI and have received a Settlement Order dated April 16, 2020. The Company being the Investment Manager to HDFC Mutual Fund, has already compensated the unit holders of the affected mutual fund schemes and has also paid the settlement amount to SEBI.
- 11 In early 2020, the existence of a new coronavirus named SARS-CoV-2 responsible for the disease COVID-19, was confirmed and since then the virus has spread across the globe necessitating the World Health Organization (WHO) to declare it a global pandemic. The pandemic has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in markets across the globe. Various governments have introduced a variety of measures to contain the spread of the virus. The Government of India announced a country wide lockdown which still continues across large swathes of the country with some variations. In this nation-wide lock-down, though most services across the nation have been suspended, some establishments like securities market intermediaries including our Company are exempt from the lock-down and therefore functional. There has been no material change in the controls or processes followed in the closing of the financial statements of the Company.

The Company has assessed the impact of the pandemic on its operations and its assets including the value of its investments and trade receivables as at March 31, 2020. The management does not, at this juncture, believe that the impact on the value of the Company's assets is likely to be material. However, since the revenue of the Company is ultimately dependent on the value of the assets it manages, changes in market conditions and the trend of flows into mutual funds may have an impact on the operations of the Company. Since the situation is rapidly evolving, its effect on the operations of the Company may be different from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor material changes in markets and future economic conditions.

- 12 Previous period figures have been regrouped / reclassified wherever necessary.

Notes:

- 13 The above financial results for the quarter and year ended March 31, 2020 alongwith comparative quarterly and yearly results have been reviewed by the Audit Committee of Directors and subsequently approved by the Board of Directors at its meeting held on May 09, 2020, in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 14 The financial results for the year ended March 31, 2020 and March 31, 2019 have been audited by the Statutory Auditors of the Company.

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.
101248W/W-100022

For HDFC Asset Management Company Limited

Akeel Master
Partner
Membership No: 046768

Milind Barve
Managing Director
(DIN: 00087839)

Mumbai, May 09, 2020