



Ref/No/HDFCAMC/SE/2020-21/19

Date – June 2, 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: Disclosure of material impact of CoVID 19 pandemic under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”)

Dear Sir/Madam,

With reference to Circular No. SEBI/HO/CFD/CMDI/CIR/P/2020/84 dated May 20, 2020 issued by Securities and Exchange Board of India, please find enclosed herewith the disclosure of material impact of CoVID 19 pandemic on HDFC Asset Management Company Limited.

We also wish to bring your attention to slide no. 15 and 23 of the Investor Presentation filed by the Company along with the financial results under Regulation 33 on May 9, 2020 with the Stock Exchanges wherein the Company had provided its response on managing COVID-19 outbreak and also an update on the impact of the pandemic on the Company and its assets including the value of its investments and trade receivables as at March 31, 2020.

This is for your information and records.

Thank You,

Yours faithfully,

For HDFC Asset Management Company Limited

Sylvia Furtado
Company Secretary

HDFC Asset Management Company Limited

A Joint Venture with Standard Life Investments

CIN: L65991MH1999PLC123027

Registered Office : "HDFC House", 2ndFloor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai-400 020

Tel.: 022 - 6631 6333 Fax: 022 - 6658 0203 Website: www.hdfcfund.com email: shareholders.relations@hdfcfund.com

Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, we wish to inform you the following;

1) Impact of the CoVID-19 pandemic on the business;

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. The fall in Indian equity markets has led to fall in the Mutual Fund Industry's equity-oriented assets under management. Our equity-oriented assets have also seen a material decline as compared to December 31, 2019.

Our total closing AUM as of May 29, 2020 was Rs 3.63 lac crore as against Rs 3.69 lac crore as of December 31, 2019, and Rs 3.19 lac crore as of March 31, 2020. Our equity-oriented closing AUM as of May 29, 2020 was Rs 1.32 lac crore as against Rs 1.71 lac crore as of December 31, 2019, and Rs. 1.22 lac crore as of March 31, 2020. On the fixed income side, one of the asset management companies decided to wind up six of their schemes owing to liquidity challenges caused by the recent lockdown, amongst various other reasons, in the month of April 2020. This had a cascading effect on the industry and funds categorized as credit risk funds saw material redemptions. The total Industry AUM in Credit Risk funds moved from Rs 55,182 crore on March 31, 2020 to Rs 35,817 crore on April 30, 2020 and to Rs 30,242 as of May 29, 2020. The AUM of our Credit Risk fund, moved from Rs 13,812 crore on March 31, 2020 to Rs 8,436 crore on April 30, 2020 and to Rs 6,584 as of May 29, 2020 (Source: AMFI website).

Equity oriented assets contribute to 70-75% of our fee income and any fall or rise has impact on our revenue and profits.

2) Ability to maintain operations including the factories/units/office spaces functioning and closed down;

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

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intermediaries including our Company are exempt from the lock-down and therefore functional. However, in order to mitigate any risk to our employees and customers, we had closed our sales and service branches. While this suspended any physical transaction and interactions, our strong digital presence and well connected distribution network helped successfully shift these operations to our established electronic channels. We are therefore able to maintain our external activities such as client interactions through video/voice calls, and client transactions through various electronic means such as email, messaging services, website, mobile application and third party digital platforms. As of 1st June, we have reopened 30% of our branches, which are now operating with all possible measures of safety.

3) Schedule, if any, for restarting the operations;

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. We will continue to follow guidelines issued by the Government and regulatory authorities when it comes to increasing operations at our physical locations. In the meanwhile, all our operations are functional within the limitations provided.

4) Steps taken to ensure smooth functioning of operations;

At start of Covid-19 Pandemic the AMC's BCP Plans were fully activated from the alternate sites, the Virtual Private Network connectivity ensured all critical functions worked seamlessly from home and also adhered to all regulatory timelines.

Our entire team was provided with Work from Home (WFH) infrastructure and continued to engage with customers, partners and service providers. We have successfully been working with our partners and service delivery providers remotely utilizing our cloud based infrastructure. Our IT systems and digital platforms were the pillars on which we continued to operate seamlessly even from remote locations. We enhanced the capacity of our cloud-based infrastructure to manage the additional online volumes and activity.

Electronic transactions have dominated our total transactions and have continued to do so since the start of COVID-19. With a robust electronic transactions platform, we are well equipped and prepared since the onset of the pandemic. More than two-thirds of our

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transactions during the year and last quarter the year were carried out electronically. Being at the forefront of embracing digitalisation helped us maintain continuity and efficacy of our sales process during this tough time. In addition to providing comprehensive digital solutions to our partners and investors, we also conducted online meetings to ensure smooth flow of information.

We continued to provide essential services to our customers using the various digital platform solutions for transactions. Customer services continuity was ensured by our staff working from home with the back office support of our RTA. The RTA support services continued using a combination of work from office and work from home for a large segment of the services.

Our teams are available for any kind of assistance required by our customers and distributors for processing of transactions online. We have been leveraging on our digital platforms comprising our website, mobile applications, CAMS online platform, messaging services (including WhatsApp) and pre-filled transaction links. We also provide our distributors online facilities such as a digital marketing tool, financial planning platform and so on, to facilitate their communication with customers. Our investment and sales teams' interaction with distributors and customers are comfortably carried out over video and audio calls.

5) Estimation of the future impact of CoVID-19 on its operations;

Given the successful continuity of the business, we intend to continue the current method of operating until further notice. We will evaluate any regulatory relaxation keeping the safety of our employees and customers in mind. We believe that the savings and investment culture, around which the asset management industry has grown, will continue to expand in size over medium to longer periods of time.

6) Details of impact of CoVID-19 on listed entity's (capital and financial resources, profitability, liquidity position, ability to service debt and other financing arrangements, assets, internal financial reporting and controls, supply chains and demand for its products/services);

The Company has assessed the impact of the pandemic on its assets including the value of its investments and trade receivables. The management does not, at this juncture, believe that the impact on the value of the Company's assets is likely to be material. In view of the uncertainty

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regarding the fallout of the pandemic the company has attempted to ensure that its financial resources are deployed in a manner that provides the company adequate liquidity to deal with unforeseen situations.

However, since the revenue of the Company is ultimately dependent on the value of the assets it manages, a reduction in the size of those assets due to changes in market conditions or any other factor caused by the pandemic may have an adverse impact on the profitability of the Company.

There has been no material change in the controls or processes followed by the Company. These changes have largely been related to the use of electronic methods of communication in lieu of physical. The company does not believe that the pandemic has thus far had any significant impact on the demand for its products/services

Since the situation is still evolving, its overall impact on the operations of the Company may ultimately be different from current estimates. The Company will continue to closely monitor material changes in markets and economic conditions.

7) Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business;

Till the date of this communication there has been no impact on the business due to non-fulfilment of any obligations by any party to existing contracts/agreements. While the management does not at this juncture anticipate any material impact on the business of the company due to this factor, as the full ramifications of the pandemic are yet unknown, the management will attempt to take all steps in its control to monitor the situation and mitigate any potential impact on its business on this account.

8) Other relevant material updates about the listed entity's business.

The upcoming FY19-20 Annual Report will further elaborate on our Digital Platforms and Information Technology infrastructure in the context of the current pandemic.

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