

Ref/No/HDFCAMC/SE/2018-19/27

Date – October 29, 2018

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
<b>Kind Attn: Head – Listing Department</b>	<b>Kind Attn: Sr. General Manager – DCS Listing Department</b>

**Sub: Outcome of Board Meeting**

Dear Sir/Madam,

Further to our letter number Ref/No/HDFCAMC/SE/2018-19/26 dated October 29, 2018, please find enclosed herewith a copy of investor presentation along with press release on financial results for second quarter ended September 30, 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

29<sup>th</sup> October, 2018

**PRESS RELEASE**

**HDFC ASSET MANAGEMENT COMPANY LIMITED DECLARES  
FINANCIAL RESULTS FOR THE PERIOD ENDED SEPTEMBER  
30, 2018**

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**Total AUM growth of 9% year on year as on September 30, 2018**

**Actively Managed Equity AUM growth of 20% year on year as on September 30, 2018**

**Increase of 24% in individual customer accounts & increase of 27% in unique customer  
accounts year on year as on September 30, 2018**

**Recently won an equity mandate from a foreign portfolio investor of USD 450 million**

**Profit after tax growth of 19% during the half year ended September 30, 2018**

**Operating Profit growth of 19% during the half year ended September 30, 2018**

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**Key Highlights:**

- Total AUM of Rs.2926 billion as of September 30, 2018 compared to Rs.2681 billion as on September 30, 2017 a growth of 9% with 13.3% market share in total AUM across mutual funds.
- AUM in actively managed equity oriented funds i.e. equity oriented total AUM excluding arbitrage funds and index funds grew to Rs.1476 billion as on September 30, 2018 from Rs.1227 billion as on September 30, 2017 a growth of over 20% and a market share of 16%, making the company largest equity mutual fund manager.
- The ratio of equity oriented assets and non-equity oriented assets is 52:48 compared to the industry ratio of 44:56.
- An increase of 24% in the number of live individual accounts from 6.96 million as of September 30, 2017 to 8.62 million as of September 30, 2018 and an increase of 28% in individual monthly average AUM during the same period. The company now services 8.7 million live accounts.

- As of September 30, 2018, 64% of the company's total monthly average AUM is contributed by individuals, compared to 53% for the industry.
- Market share of 15.1% 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 5.1 million as on 30th September 2018 compared to 18.4 million for the industry. The unique customers for industry over past one year has grown by 25%, while for the company has grown by 27%.
- 3.23 million systematic transactions with a value of Rs.11.47 billion processed in September 2018.
- Over 65,000 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 16.4%.
- The company has recently won an equity mandate of USD 450 million from a reputed foreign portfolio investor, of which approximately one third has got funded recently.
- Operating profit margin which is the operating profit as a basis point of Average AUM improved to 34 basis points for the half year ended September 30, 2018 as compared to 33 basis points for the half year ended September 30, 2017.

### **H1FY19**

- Total Revenue for the half year ended September 30, 2018 was Rs.10,164 million as compared to Rs.8,746 million for the half year ended September 30, 2017 resulting in an increase of 16%.
- Revenue from operations grew by 16% to reach Rs.9,516 million for the half year ended September 30, 2018 from Rs.8,204 million for the half year ended September 30, 2017.

- Operating Profit for the half year ended September 30, 2018 was Rs.5,271 million as compared to Rs.4,419 million for the half year ended September 30, 2017. This was an increase of 19%.
- Profit before tax for the half year ended September 30, 2018 was Rs.5,919 million as compared to Rs.4,961 million for the half year ended September 30, 2017 which resulted in an increase of 19%.
- Profit after tax for the half year ended September 30, 2018 was up by 19% to Rs.4,112 million as compared to Rs.3,444 million for the half year ended September 30, 2017.

### **Q2FY19**

- Total Revenue for the quarter ended September 30, 2018 was Rs.5,153 million as compared to Rs.4,576 million for the quarter ended September 30, 2017 resulting in an increase of 13%.
- Revenue from operations grew by 12% to reach Rs.4,804 million for the quarter ended September 30, 2018 from Rs.4,300 million for the quarter ended September 30, 2017.
- Operating Profit for the quarter ended September 30, 2018 was Rs.2,623 million as compared to Rs.2,366 million for the quarter ended September 30, 2017. This was an increase of 11%.
- Profit before tax for the quarter ended September 30, 2018 was Rs.2,972 million as compared to Rs.2,642 million for the quarter ended September 30, 2017 which resulted in an increase of 12%.
- Profit after tax for the quarter ended September 30, 2018 was up by 15% to Rs.2,059 million as compared to Rs.1,798 million for the quarter ended September 30, 2017.



**About HDFC AMC:**

HDFC Asset Management Company Limited (HDFC AMC), Investment Manager to HDFC Mutual Fund, is one of the leading asset management companies 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)

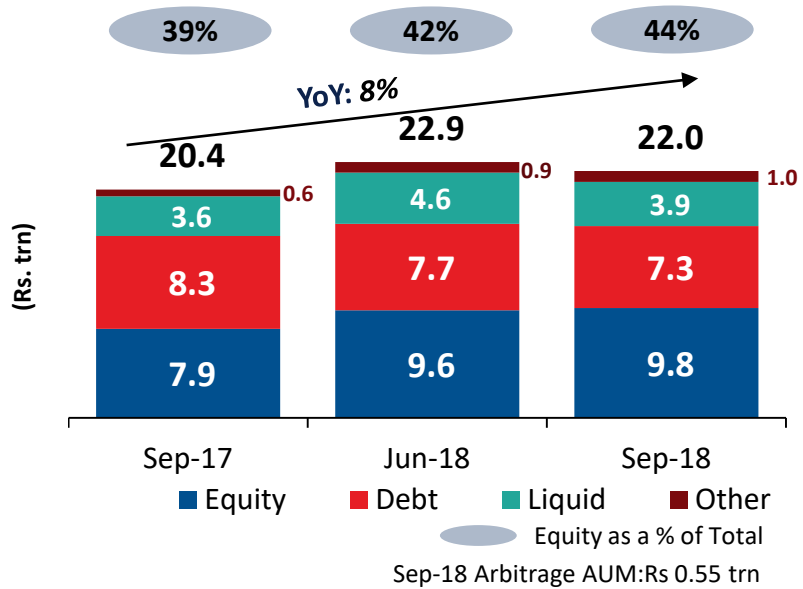


# HDFC Asset Management Company Limited

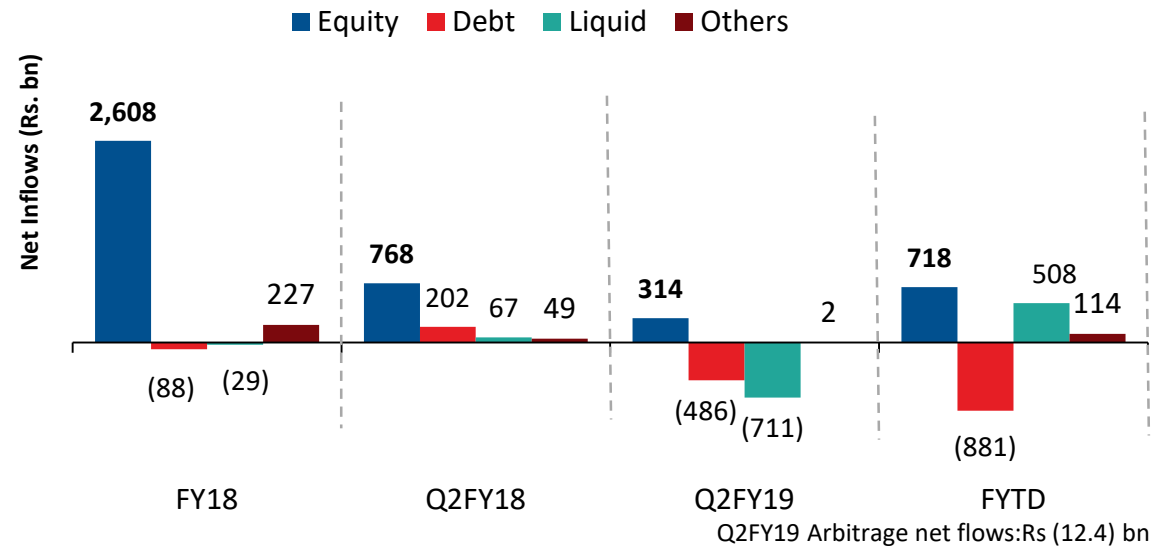
Company Presentation

September 2018

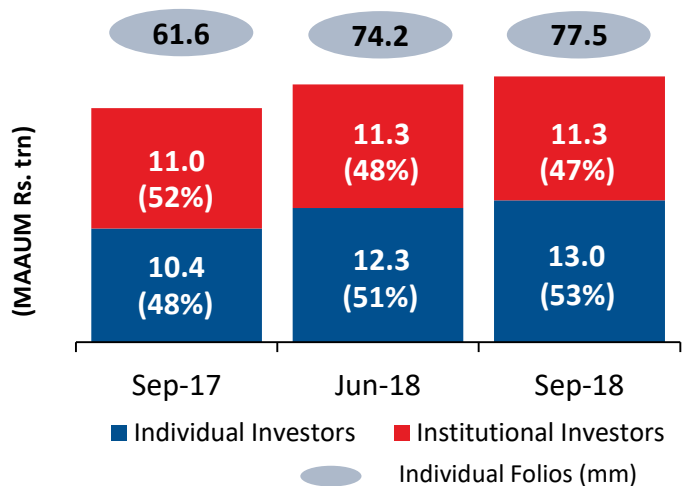
## Assets Under Management (AUM)



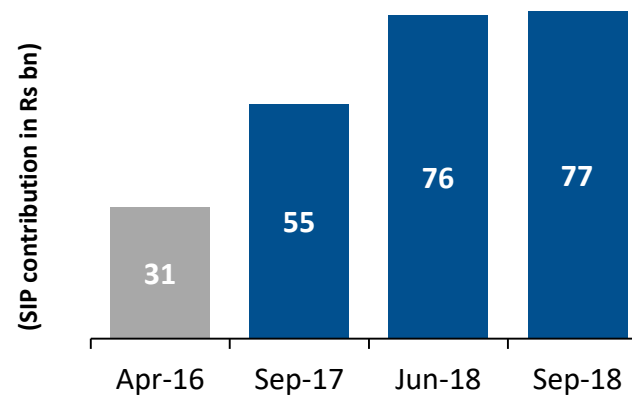
## Net Flows



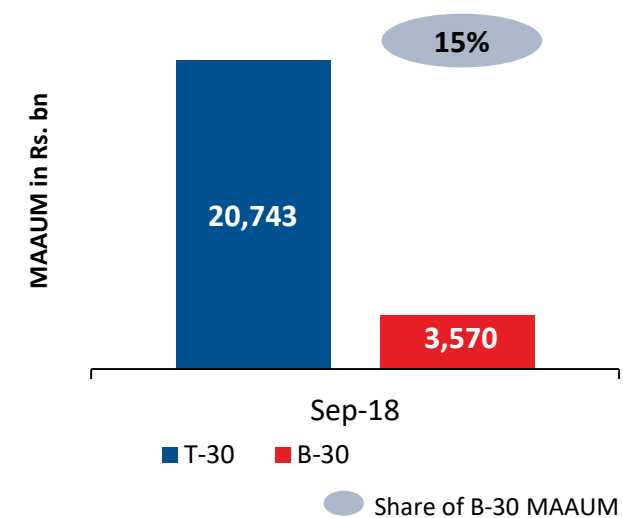
## Individual MAAUM



## SIP Flows



## B-30 MAAUM





**52%** Equity-Oriented Assets

**₹1519 bn**  
**US\$20.9bn**

Assets Under Management<sup>(1)</sup>

**₹2,926 bn**  
**US\$40.4bn**

**48%** Non-Equity Oriented Assets

**₹1408 bn**  
**US\$19.4bn**

**8.7mm**  
**Live Accounts<sup>(1)</sup>**

**₹ 72.2 bn**  
**PMS & SMA AUM<sup>(1) (3)</sup>**

**210 Branches<sup>(1)(2)</sup>;**  
**65K+ Empaneled**  
**Distribution Partners**

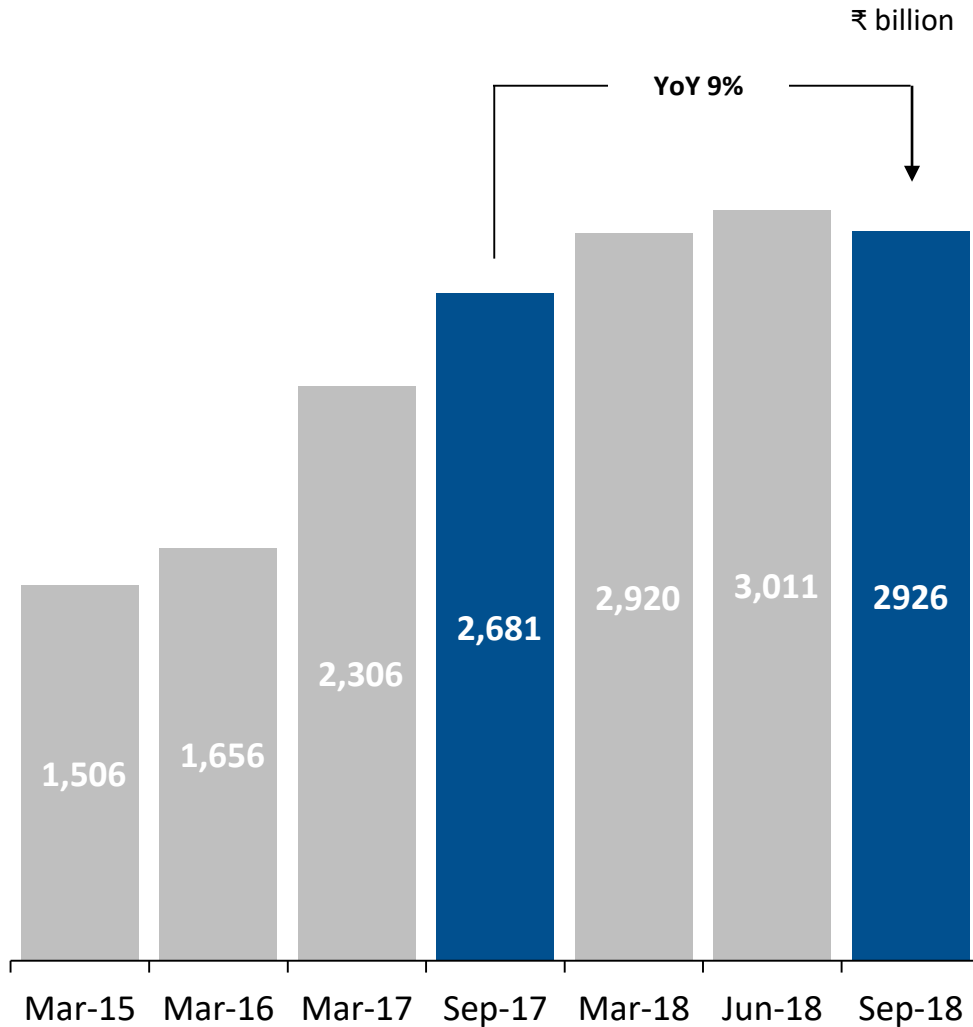
**₹ 1,985 bn**  
**Individual MAAUM<sup>(1)</sup>**

**1,188**  
**Employees<sup>(1)</sup>**



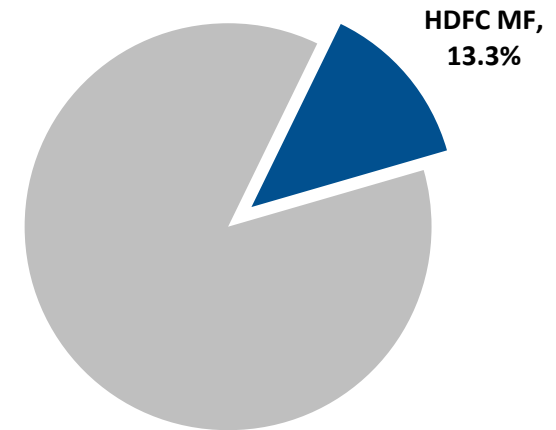
# Total AUM and Market Share

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

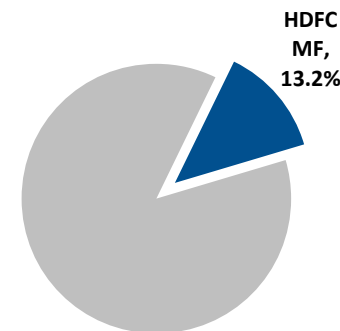


## Market Share in Total AUM<sup>(2)</sup>

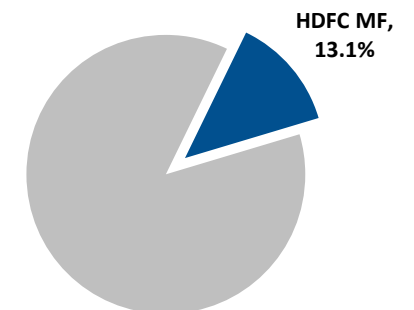
### Sep-2018



### Jun-2018



### Sep-2017

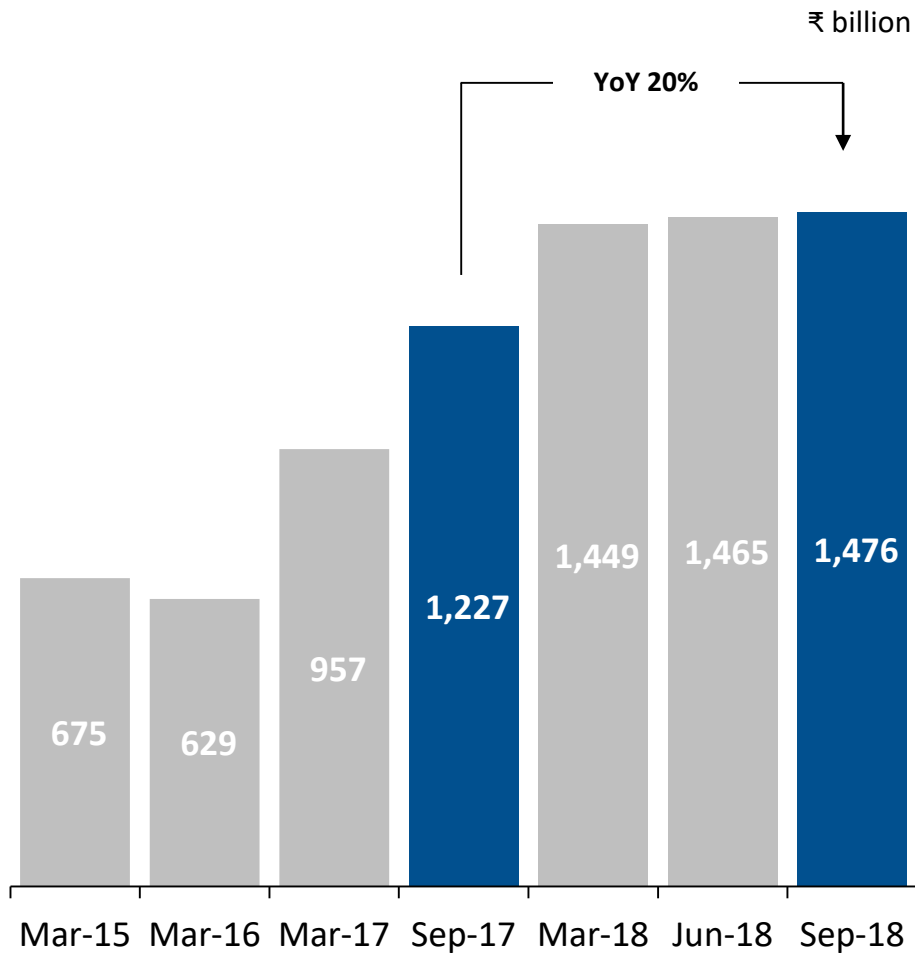


(1) Source: Internal

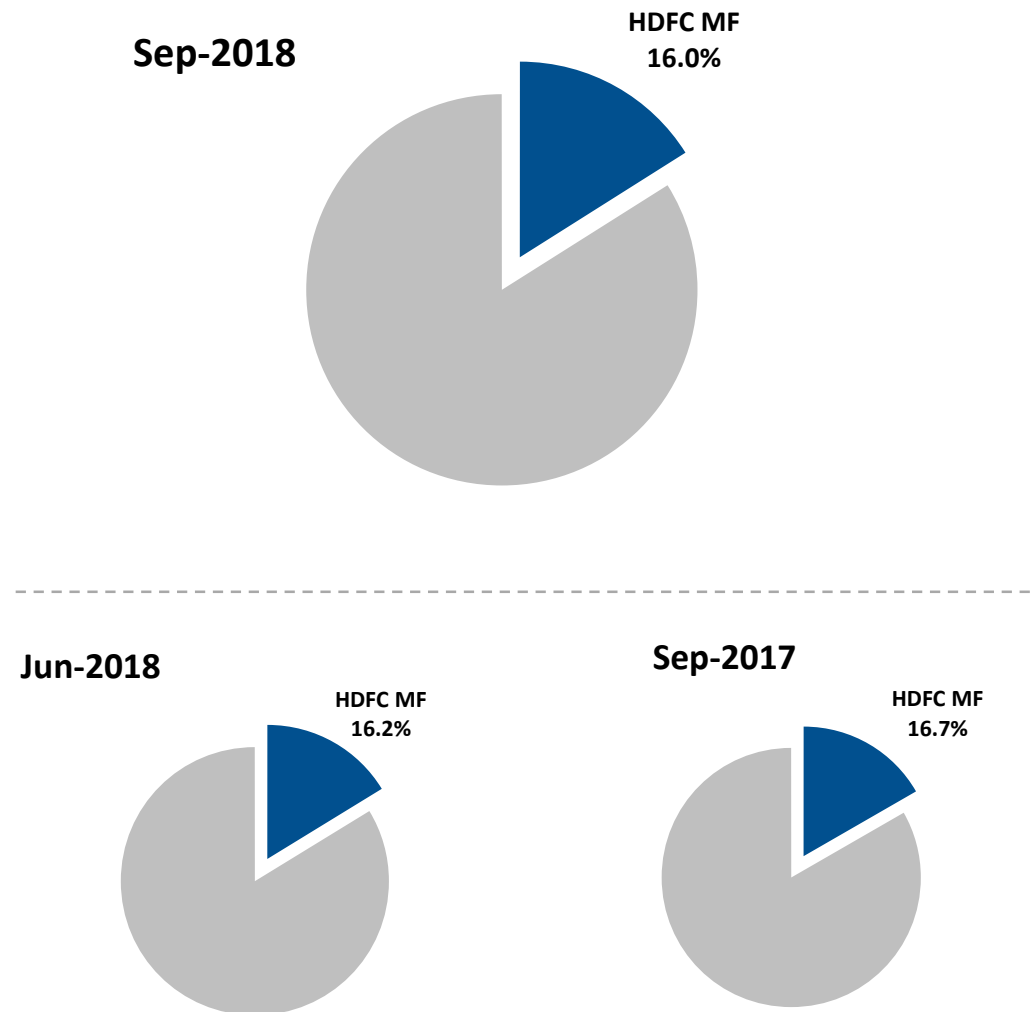
(2) Source: Internal, AMFI

# 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>



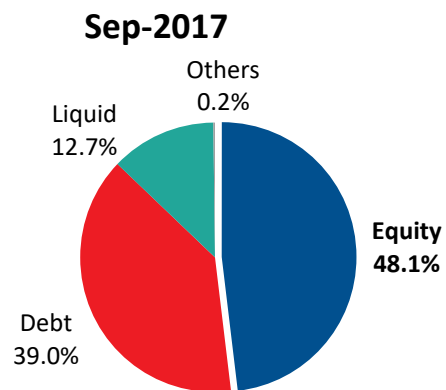
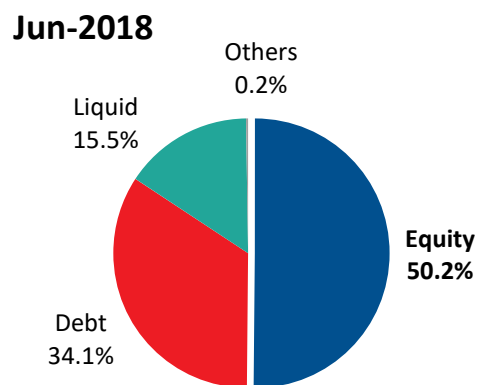
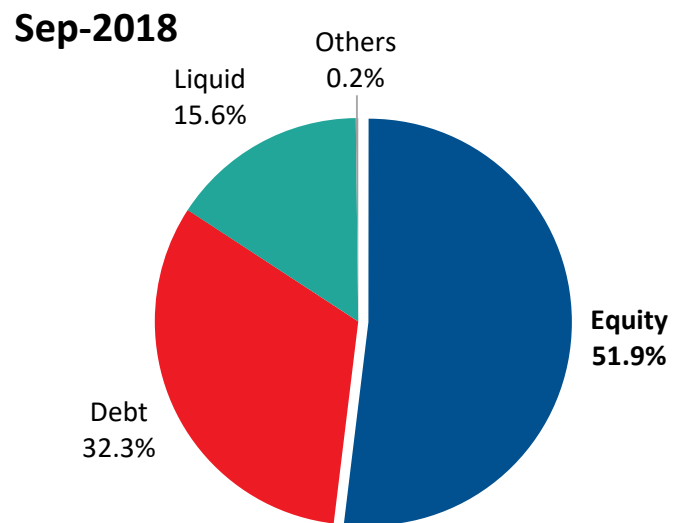
(1) Source: Internal

(2) Source: AMFI

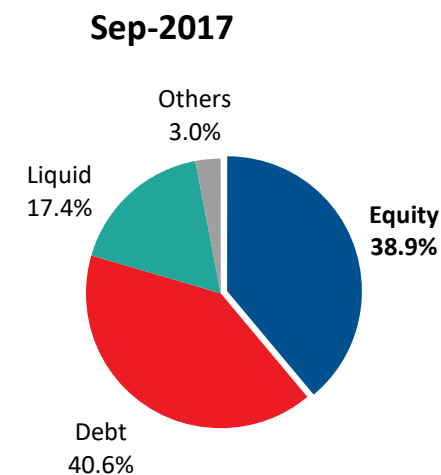
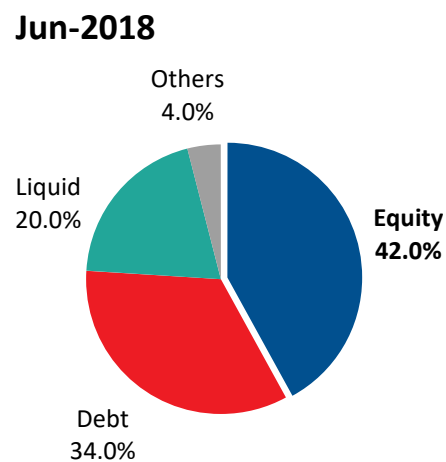
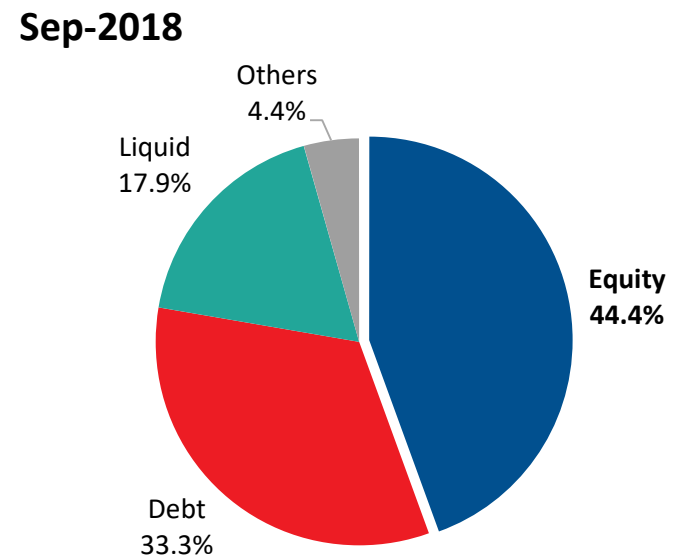
Actively managed equity-oriented AUM/QAAUM excludes index and arbitrage funds from equity-oriented funds

# AUM by Segment – HDFC AMC and Industry

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



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

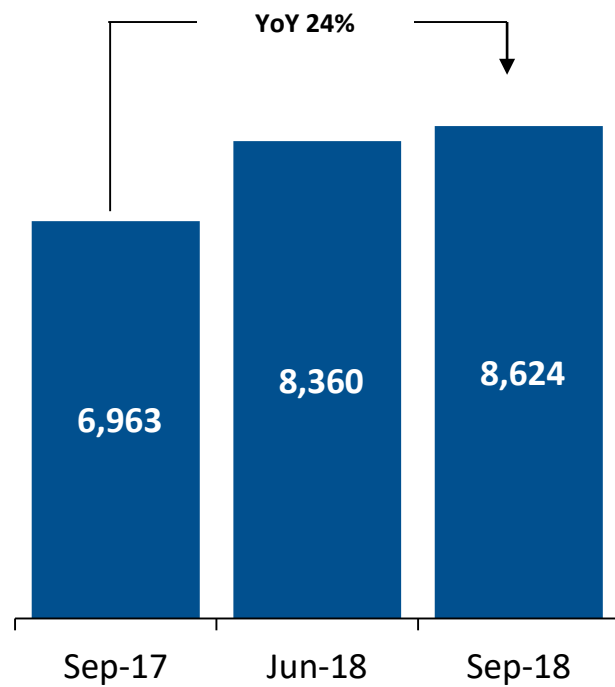


(1) Source: Internal

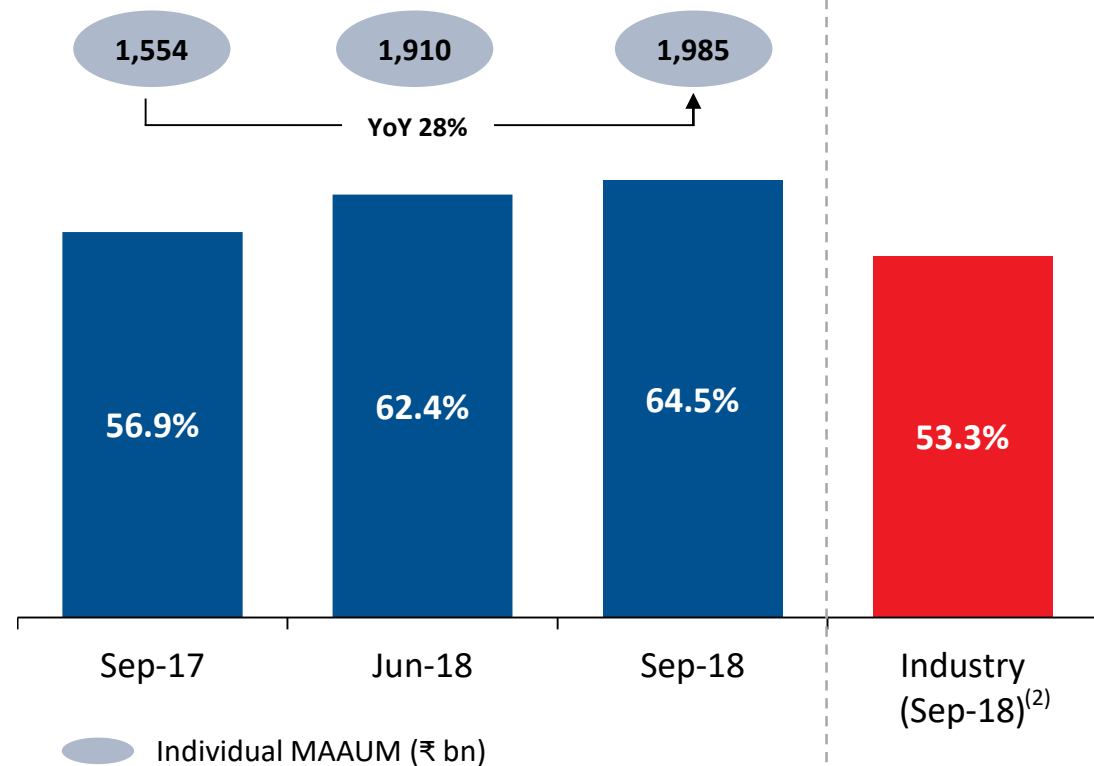
(2) Source: AMFI

# Focus on Individual Customers

**Number of Live Individual Accounts (in 000s) <sup>(1)</sup>**



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



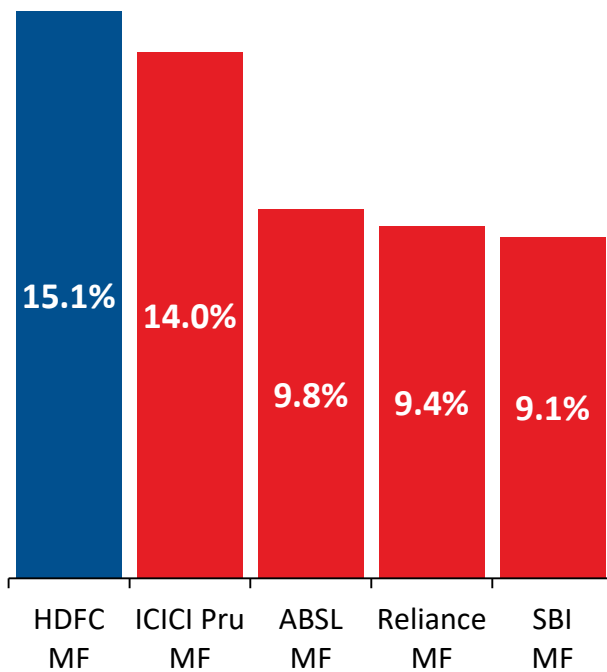
**Individual customer prefer equity-oriented schemes and stay invested for longer periods**

(1) Source: Internal

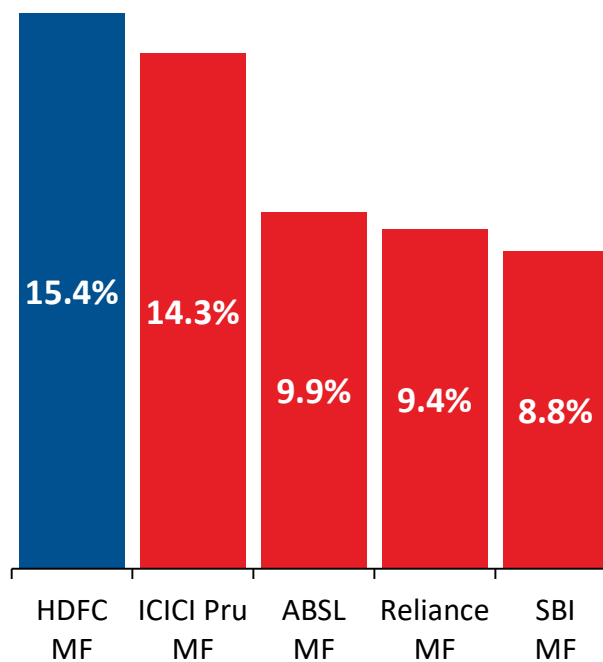
(2) Source: AMFI

# Most Preferred Choice of Individual Investors

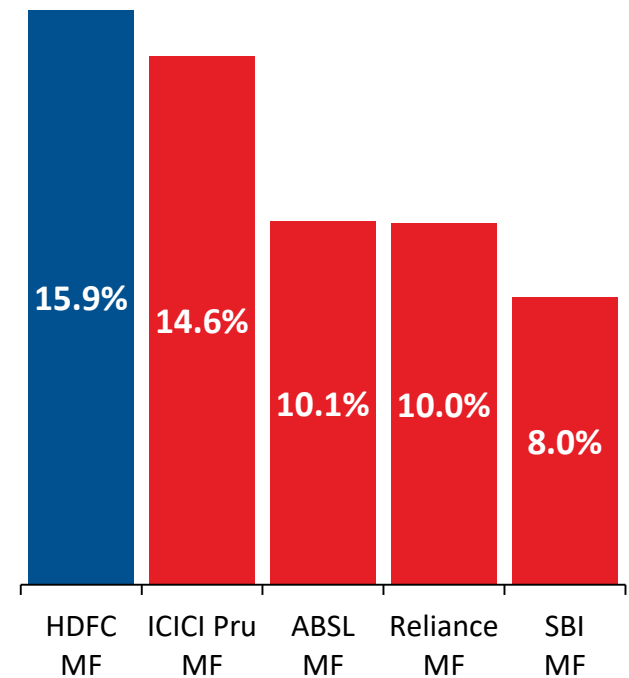
Individual Assets Market Share (Sep-18)



Individual Assets Market Share (Jun-18)

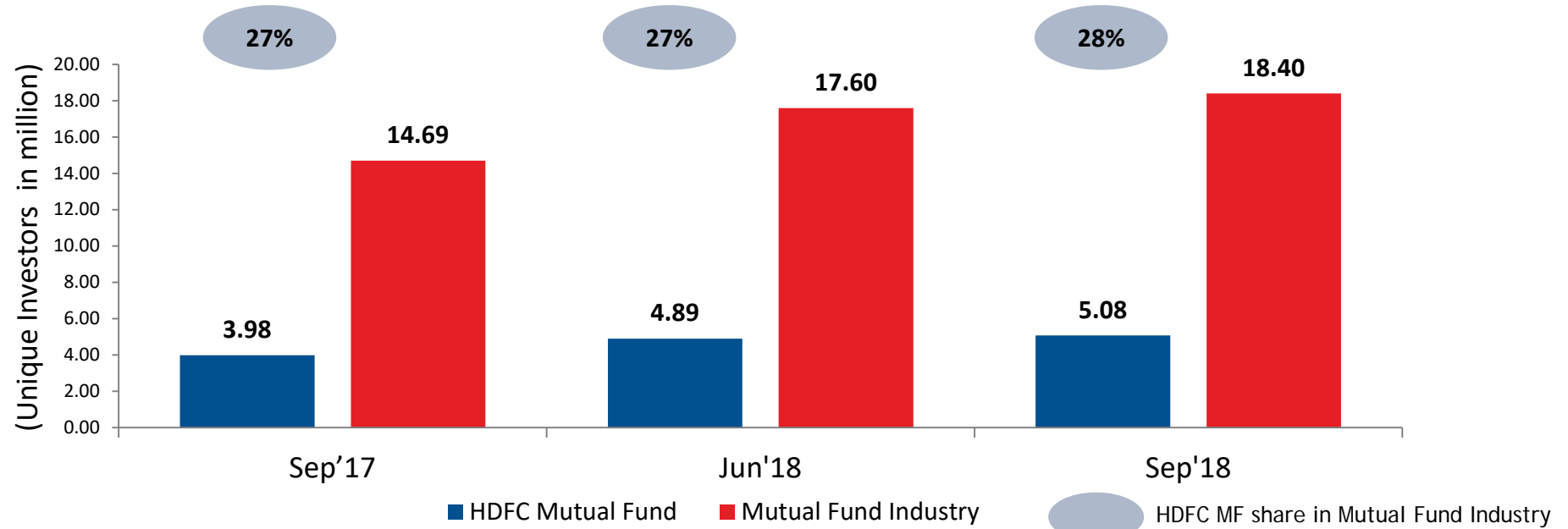


Individual Assets Market Share (Sep-17)

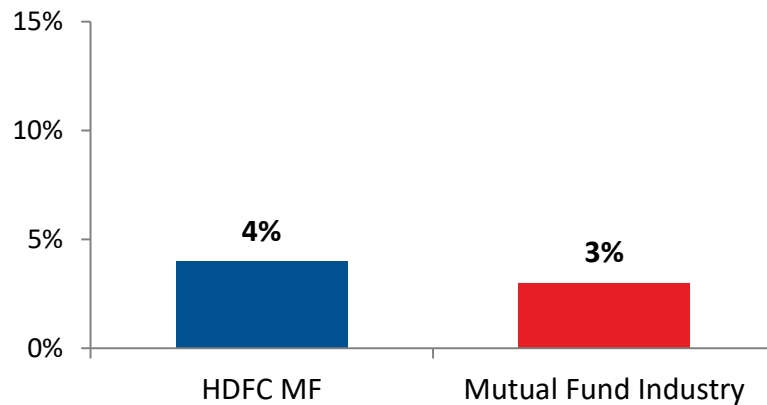


# Growth of Unique Investors

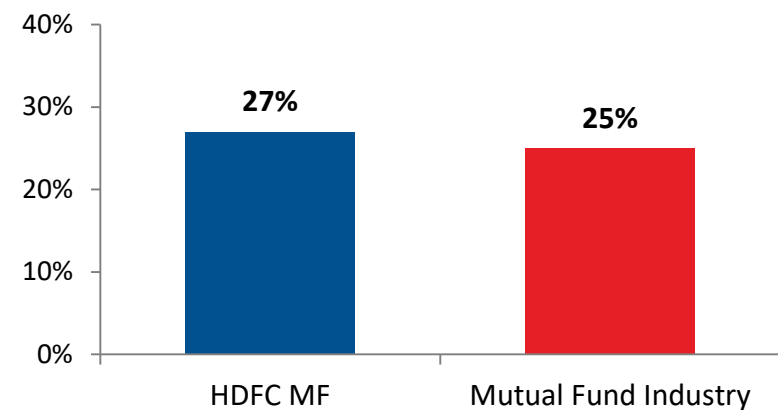
**Unique Investors- HDFC AMC vs MF Industry**



**Sep'18 over Jun'18**



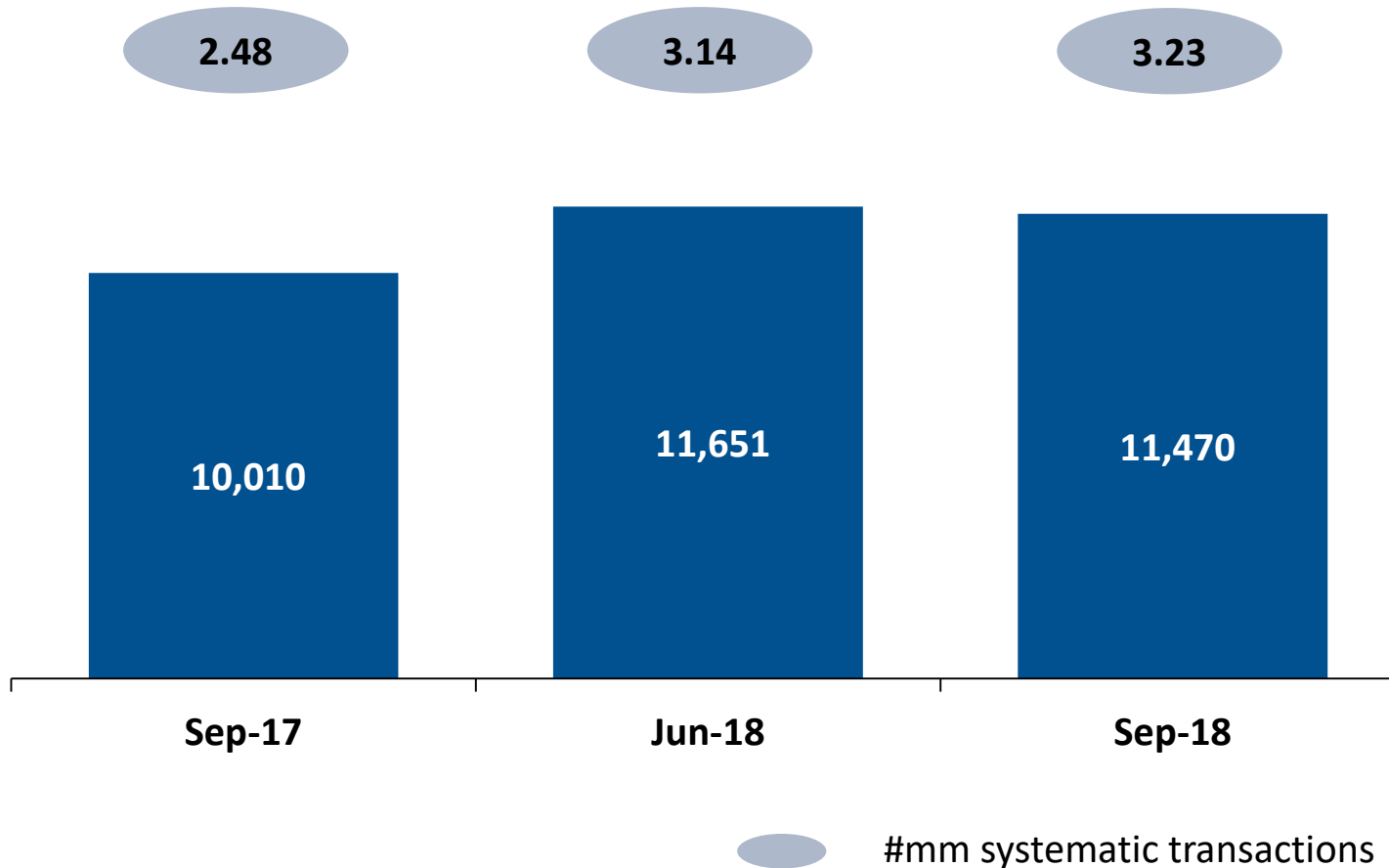
**Sep'18 over Sep'17**



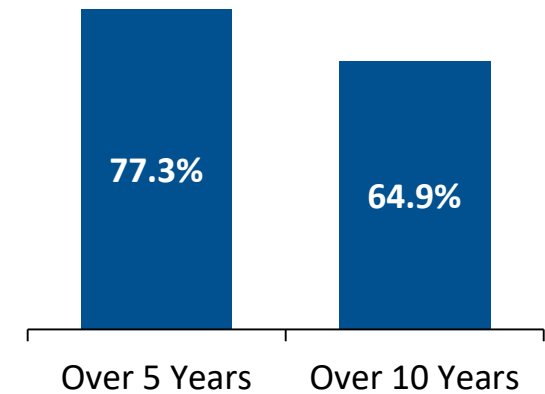
Source: CAMS. Note: Unique Investors include PANs/PEKRNs of all unit holders & Guardians

## ...With Quality Long-term Inflows Through Systematic Transactions

Strong Growth in Systematic Transactions (Rs mm)



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



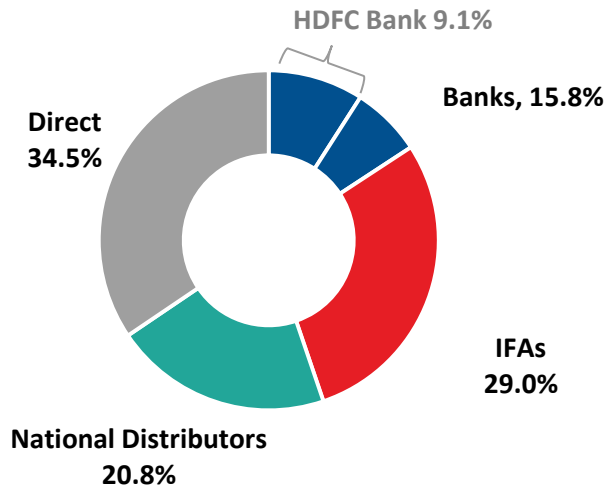
Strong and growing  
“Order Book” to  
provide predictable  
flows

Source: Internal

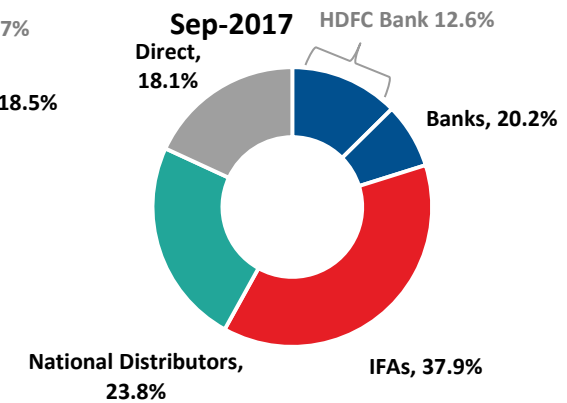
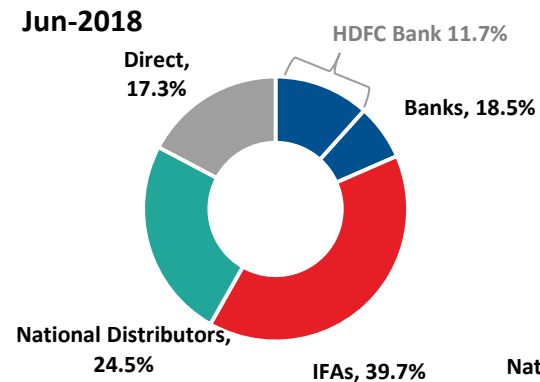
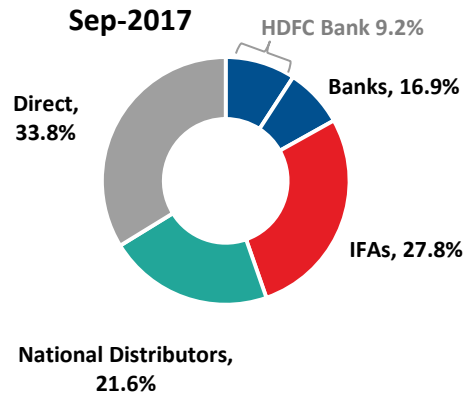
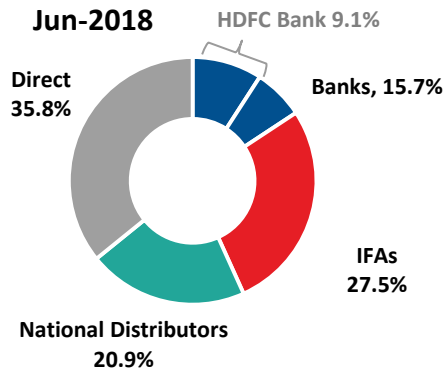
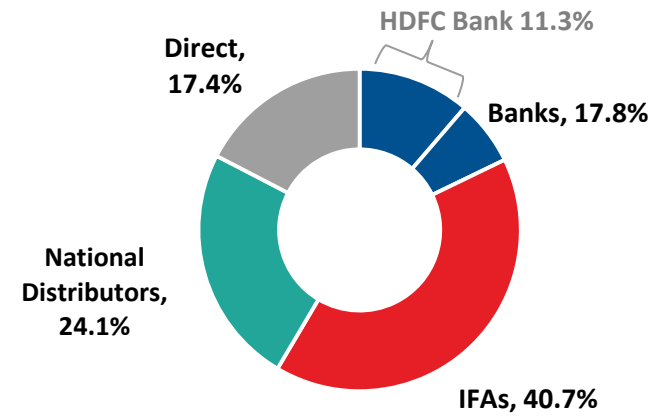
(1) Based on tenure at the time of registration of all live SIPs during Sep-18

## Well Diversified Distribution Channel

**Total AUM (Sep-18)**

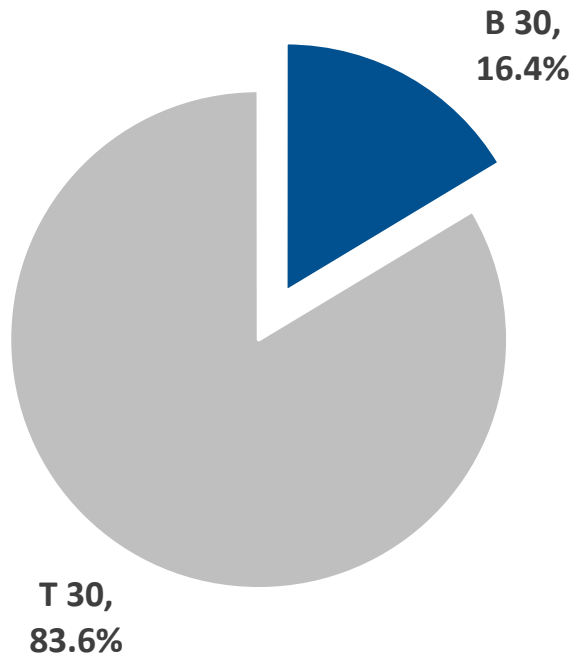


**Equity-oriented AUM (Sep-18)**

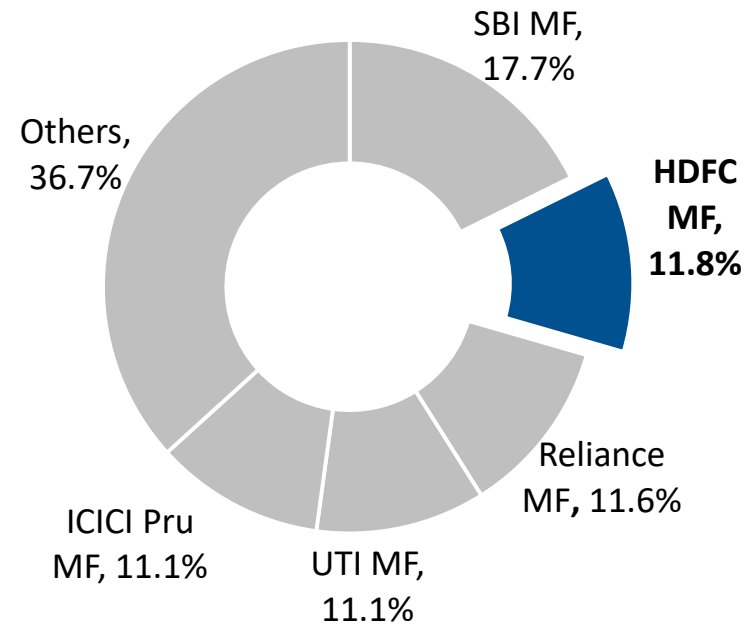




## Total MAAUM by T30 and B30 cities<sup>(1)</sup>



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



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

**c. 65,000 empaneled distribution partners**

(1) Source: Internal

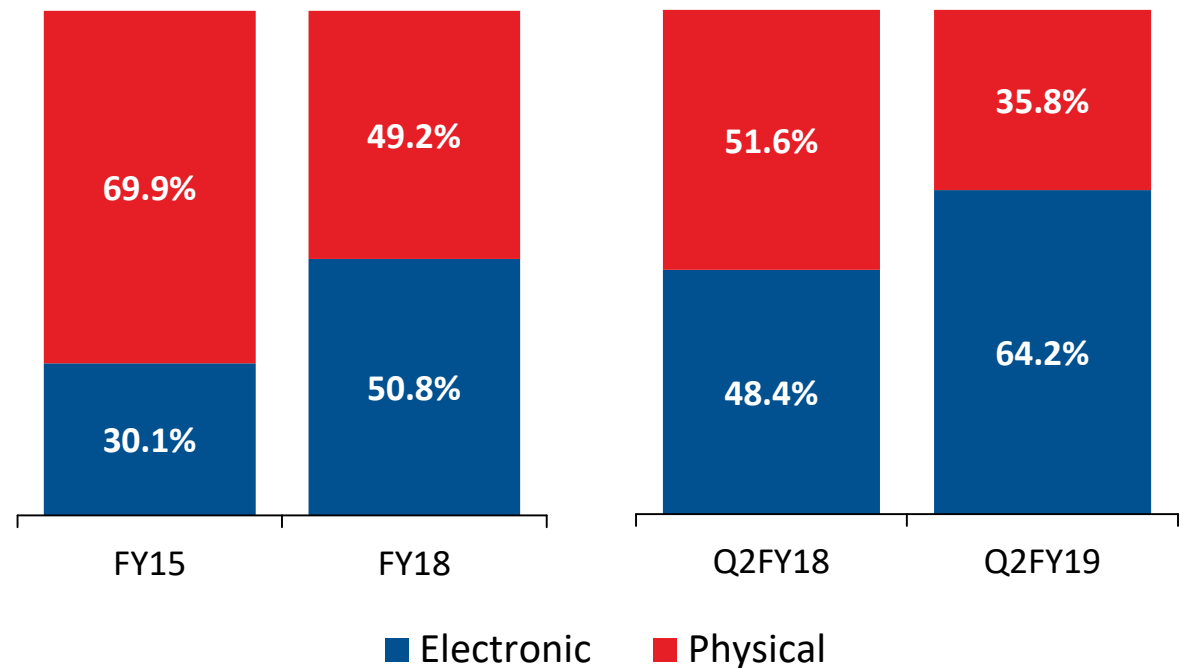
(2) As of Sep 30, 2018. Includes one representative office in Dubai;

# 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

## Industry update

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- Reduction of 15bps in TER (effective May 30, 2018) - entirely passed on to distributors
- SEBI circular dated October 22, 2018 – Key points
  - No upfront commissions to be paid except on SIPs
  - All schemes related expenses should be debited to the schemes' account and not the AMC account
  - B-30 expenses and commissions restricted to assets raised from individual customers only
- SEBI yet to notify on the reduction of TER
  - Weighted average impact on HDFC MF equity-oriented AUM at c. 24bps (our endeavour would be to pass this on by reduction of distribution commission)

## HDFC AMC update

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- We have recently won an international equity mandate of USD 450 million from a reputed foreign portfolio investor, of which approximately one third has got funded recently.

# Financials



- Adoption of Indian Accounting Standards (Ind AS) with effect from 1<sup>st</sup> April 2018.
- Results of Q2 FY19 & HYE FY19 are prepared as per Ind AS requirements.
- Accordingly figures for Q2 FY18 & HYE 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).

# PAT Reconciliation- Previous GAAP Vs Ind AS – Q2 FY 18

Particulars	(Rs. mm)
	Q2 FY 18
Net profit after tax as reported under Previous GAAP	1,677
<b>Adjustment increasing / (decreasing) net profit after tax as reported under Previous GAAP (net of tax):</b>	
Fair value change in investments	139
Fair valuation of employee stock options	(24)
Others	2
Actuarial (gain) / loss on employee defined benefit plan recognised in 'Other Comprehensive Income'	4
Net Profit after tax as per Ind AS	<b>1,798</b>
Other Comprehensive Income	(4)
Total Comprehensive Income (net of tax) as per Ind AS	<b>1,794</b>

(Rs. mm)			
Particulars	HYE FY19	HYE FY18	Change
Revenue from Operations	9,516	8,204	16%
Other Income	648	542	20%
<b>Total Revenue</b>	<b>10,164</b>	<b>8,746</b>	<b>16%</b>
<b>Expenses</b>			
Employee Benefit Expense	1,081	919	18%
Depreciation and Amortization Expense	57	45	25%
Business Development and Other Expenses	3,107	2,821	10%
<b>Total Expenses</b>	<b>4,245</b>	<b>3,785</b>	<b>12%</b>
<b>Profit before tax</b>	<b>5,919</b>	<b>4,961</b>	<b>19%</b>
<b>Tax Expenses</b>	<b>1,807</b>	<b>1,517</b>	<b>19%</b>
<b>Profit after tax</b>	<b>4,112</b>	<b>3,444</b>	<b>19%</b>
Other Comprehensive Income (Net of Tax)	2	(7)	
<b>Total Comprehensive Income</b>	<b>4,114</b>	<b>3,437</b>	<b>20%</b>

Particulars	HYE FY19	HYE FY18	Change
Revenue from Operations	9,516	8,204	16%
Total Expenses*	4,033	3,785	7%
<b>Operating Profit from core AM business*</b>	<b>5,483</b>	<b>4,419</b>	<b>24%</b>

\*Adjusted for non recurring expenses

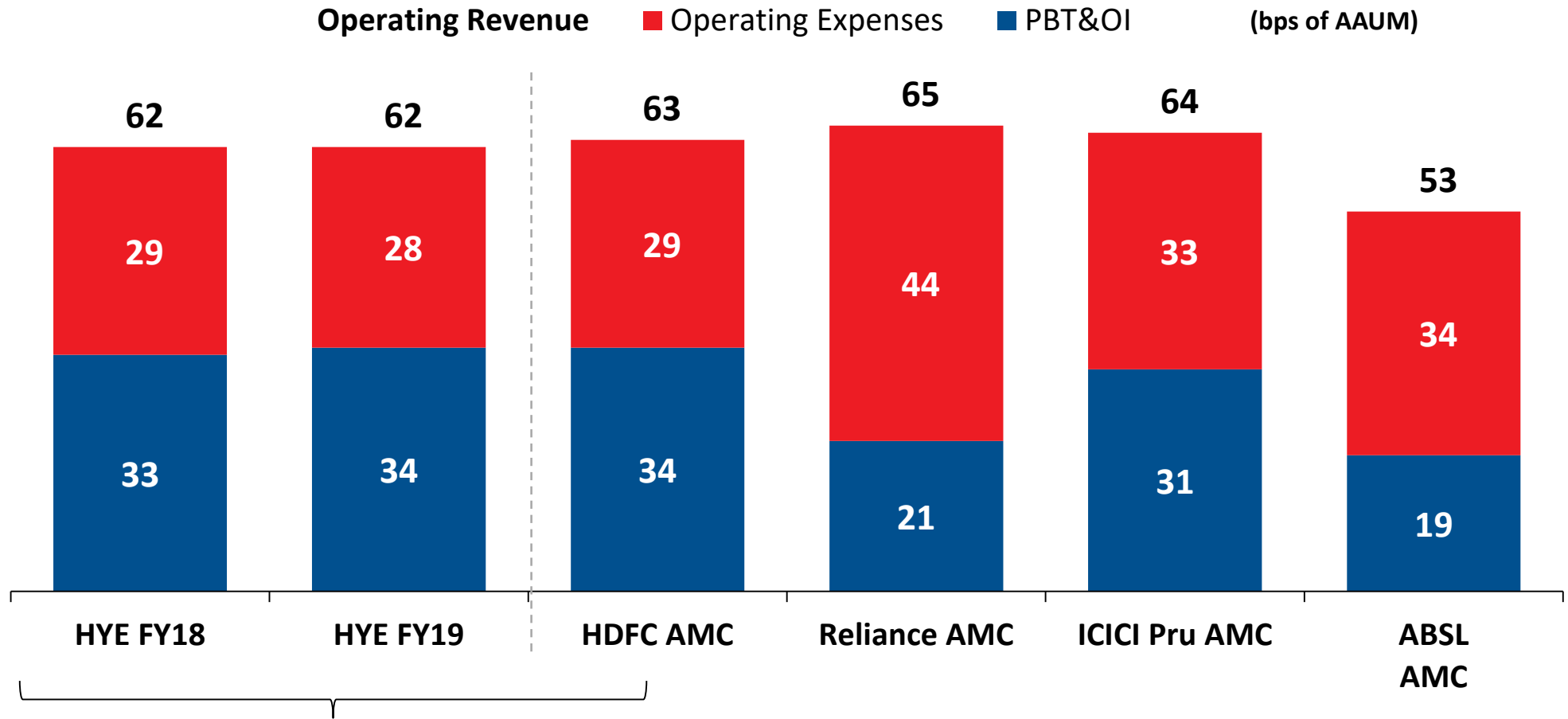
	(Rs. mm)		
Particulars	Q2 FY19	Q2 FY18	Change
Revenue from Operations	4,804	4,300	12%
Other Income	349	276	26%
<b>Total Revenue</b>	<b>5,153</b>	<b>4,576</b>	<b>13%</b>
<b>Expenses</b>			
Employee Benefit Expense	544	490	11%
Depreciation and Amortization Expense	31	23	33%
Business Development and Other Expenses	1,606	1,421	13%
<b>Total Expenses</b>	<b>2,181</b>	<b>1,934</b>	<b>13%</b>
<b>Profit before tax</b>	<b>2,972</b>	<b>2,642</b>	<b>12%</b>
<b>Tax Expenses</b>	913	844	8%
<b>Profit after tax</b>	<b>2,059</b>	<b>1,798</b>	<b>15%</b>
Other Comprehensive Income (Net of Tax)	3	(4)	
<b>Total Comprehensive Income</b>	<b>2,062</b>	<b>1,794</b>	<b>15%</b>

Particulars	Q2 FY19	Q2 FY18	Change
Revenue from Operations	4,804	4,300	12%
Total Expenses*	1,969	1,934	2%
<b>Operating Profit from core AM business*</b>	<b>2,835</b>	<b>2,366</b>	<b>20%</b>

\*Adjusted for non recurring expenses



# Operating Profit Margin



FY18 as per previous GAAP  
 HYE FY18 as per Ind AS  
 HYE FY19 as per Ind AS

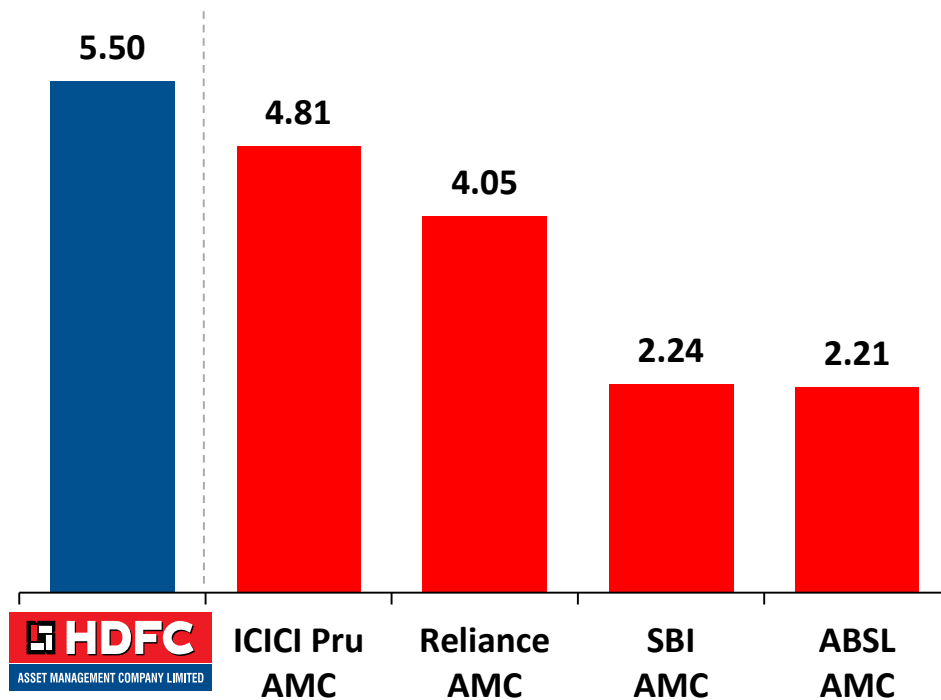
FY18

## Statement of Assets and Liabilities

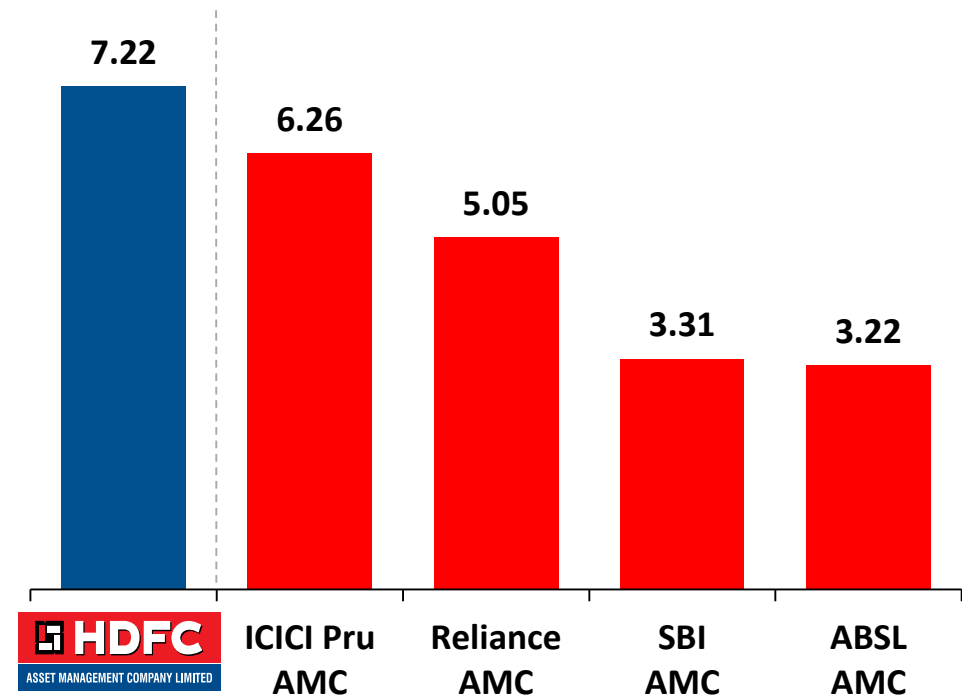
(Rs. mm)

Particulars	As at 30 September, 2018
<b>ASSETS</b>	
Property, Plant and Equipment and Intangible Assets	440
Investments	26,436
Non-current assets	759
Current assets	2,947
<b>TOTAL ASSETS</b>	<b>30,582</b>
<b>EQUITY AND LIABILITIES</b>	
Equity share capital	1,062
Other equity (Reserves & Surplus)	27,391
Non-current liabilities	10
Current liabilities	2,119
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>30,582</b>

**FY17 Profit after tax (Rs bn)**



**FY18 Profit after tax (Rs bn)**



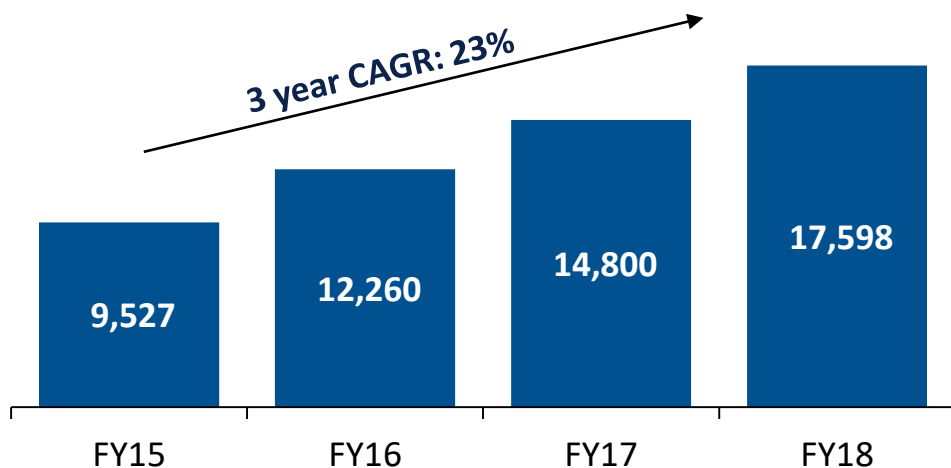
**Most profitable asset management company in India in terms of net profits since FY14**

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

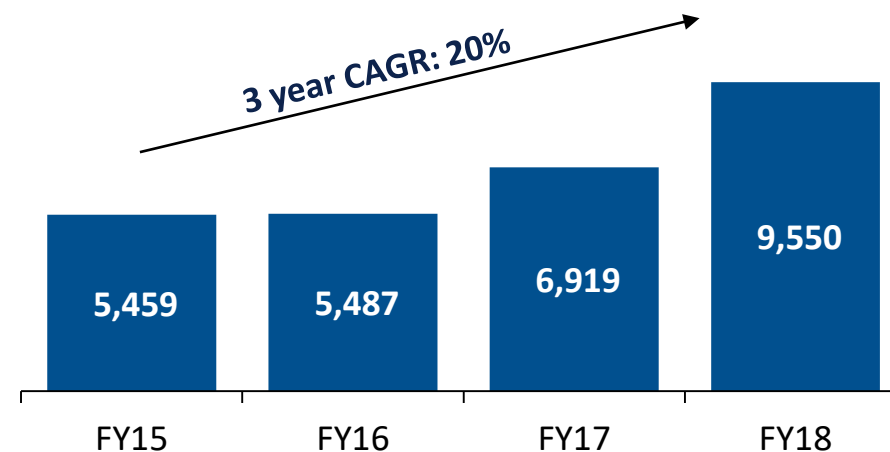
# Financials Summary – Historical Trends

Figures In Rs mm

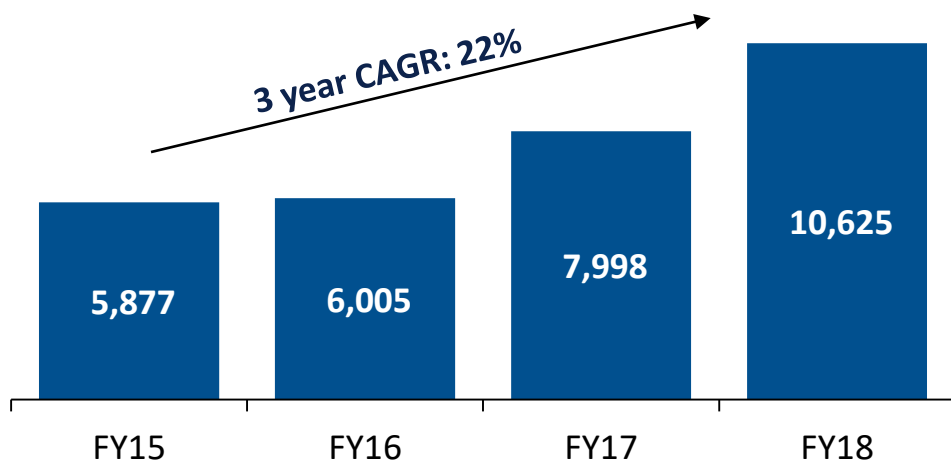
## Revenue from Operations



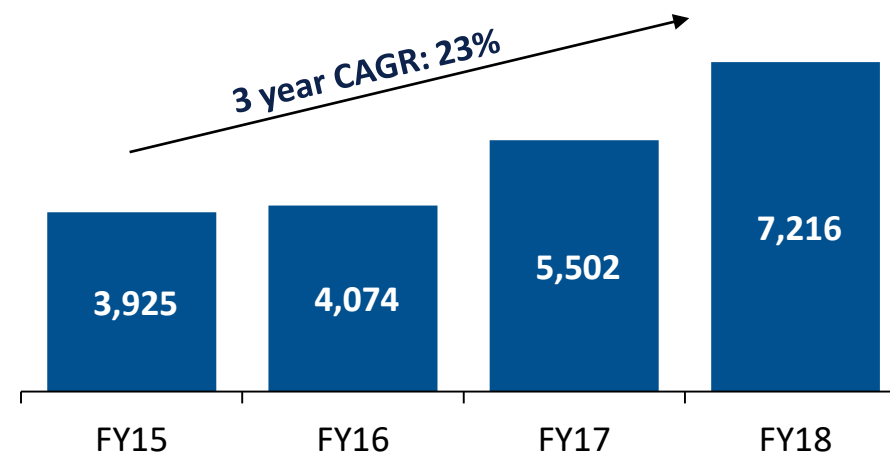
## Operating Profit



## Profit before tax



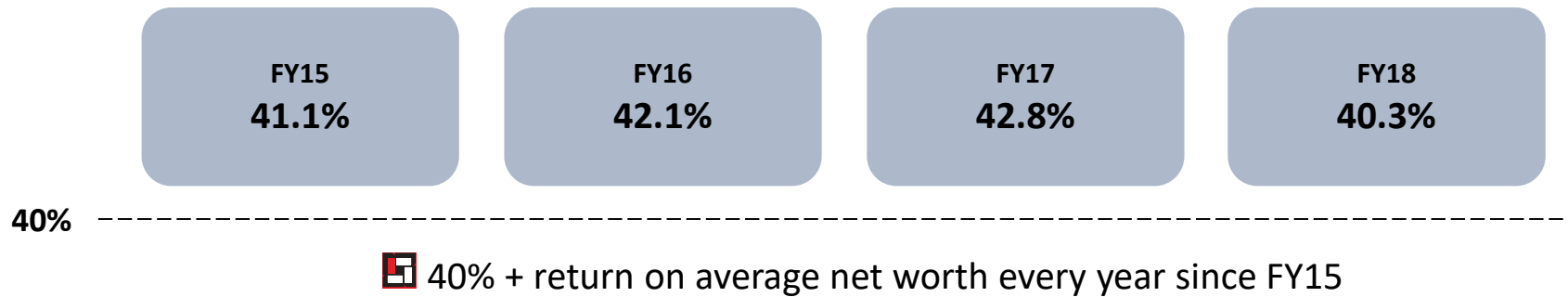
## Profit after tax



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

# ROE and Dividend Payout Ratio

## 40% + Return on Equity<sup>(1)</sup>



## Consistently improving Dividend Payout Ratio<sup>(2)</sup>



(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.