

Ref/No/HDFCAMC/SE/2020-21/08

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,

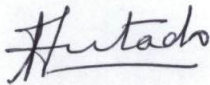
Further to our letter number Ref/No/HDFCAMC/SE/2020-21/07 dated May 09, 2020, please find enclosed herewith a copy of investor presentation along with press release on financial results for the quarter and year ended March 31, 2020.

Kindly take the same on your records.

Thanking you,

Yours faithfully,

For **HDFC Asset Management Company Limited**



Sylvia Furtado
Company Secretary

Encl: a/a

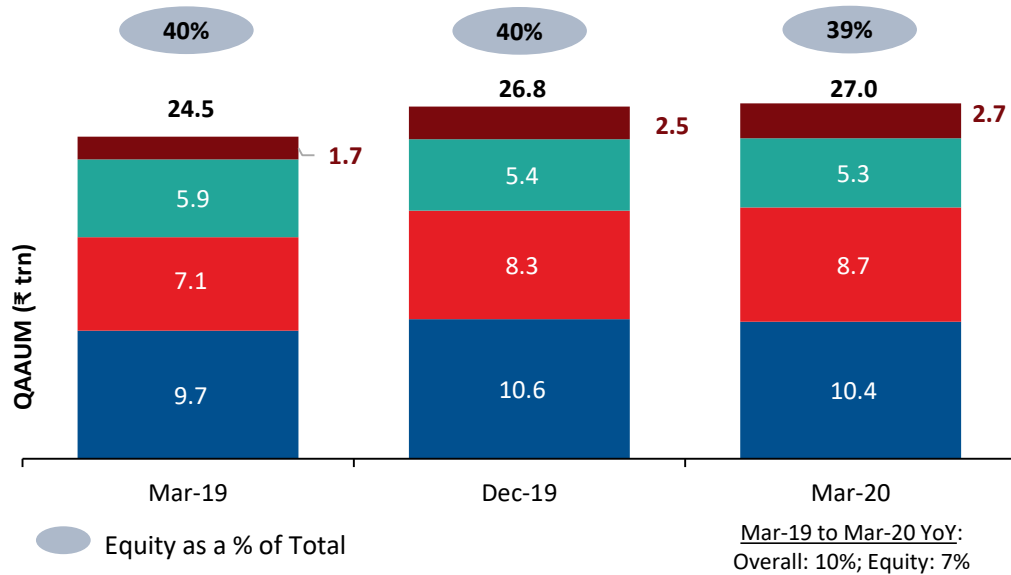


HDFC Asset Management Company Limited

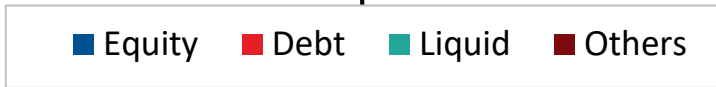
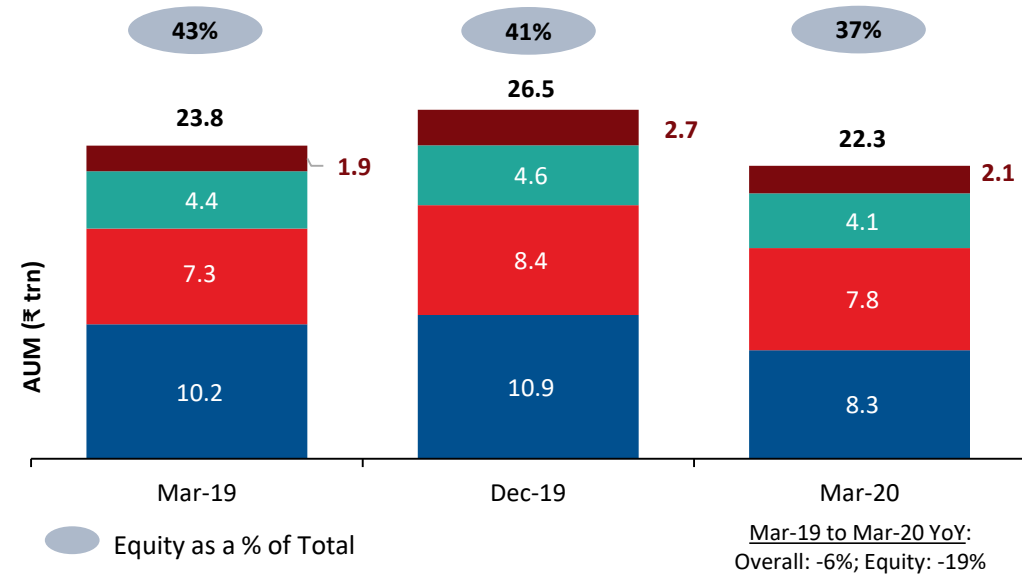
Q4 FY19-20

Industry - AUM and Net Sales

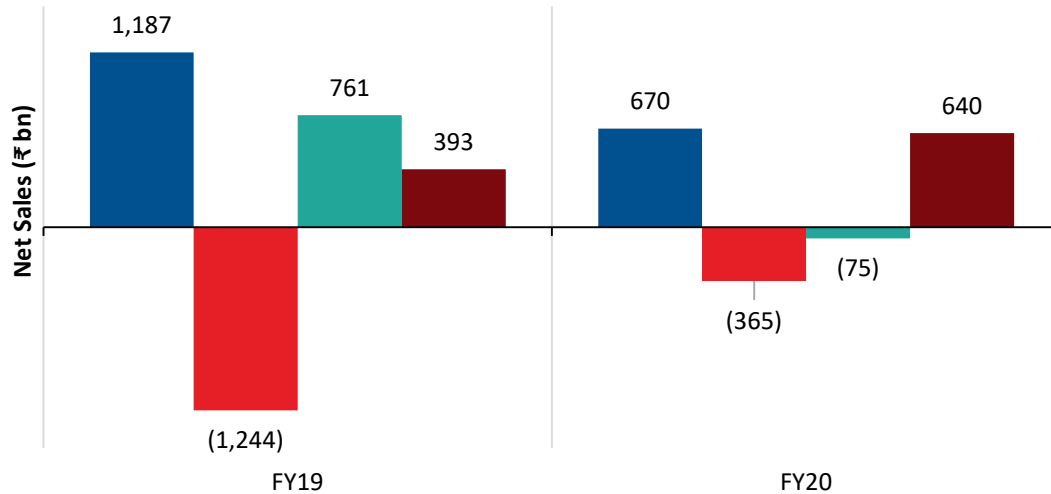
Quarterly Average AUM (QAAUM)



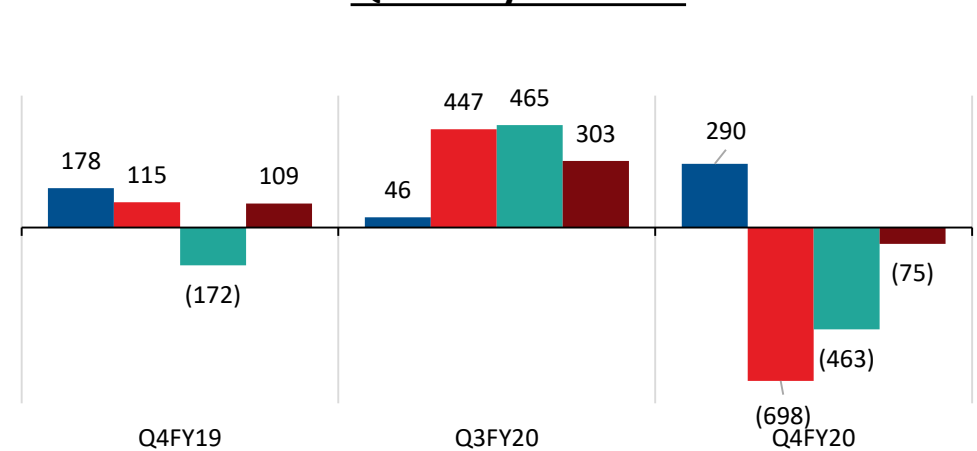
Closing AUM



Yearly net sales

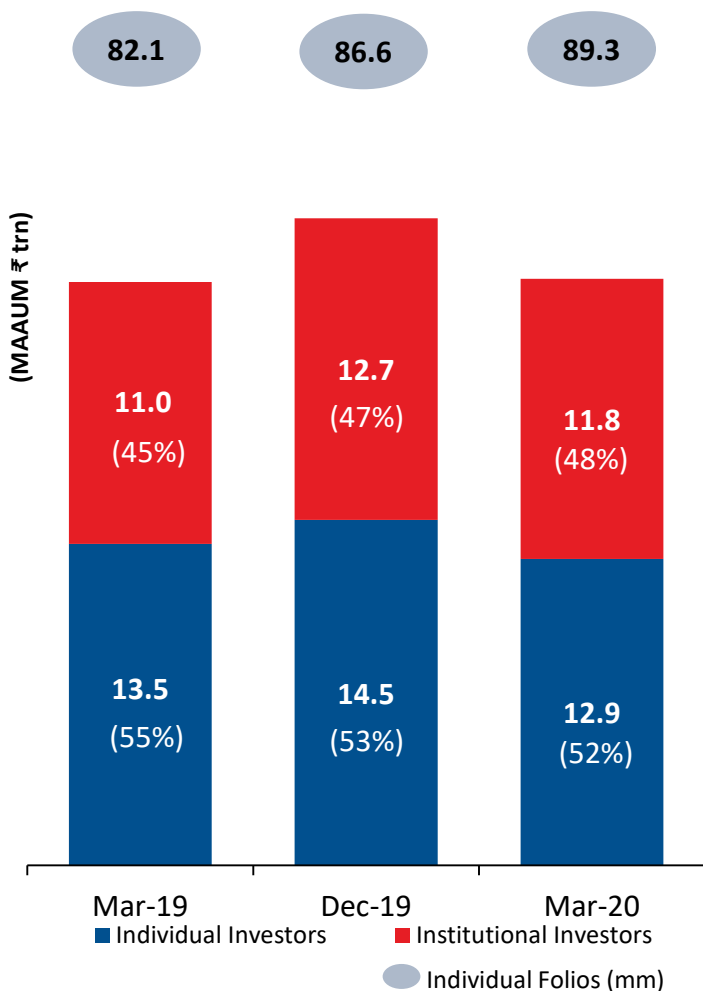


Quarterly net sales

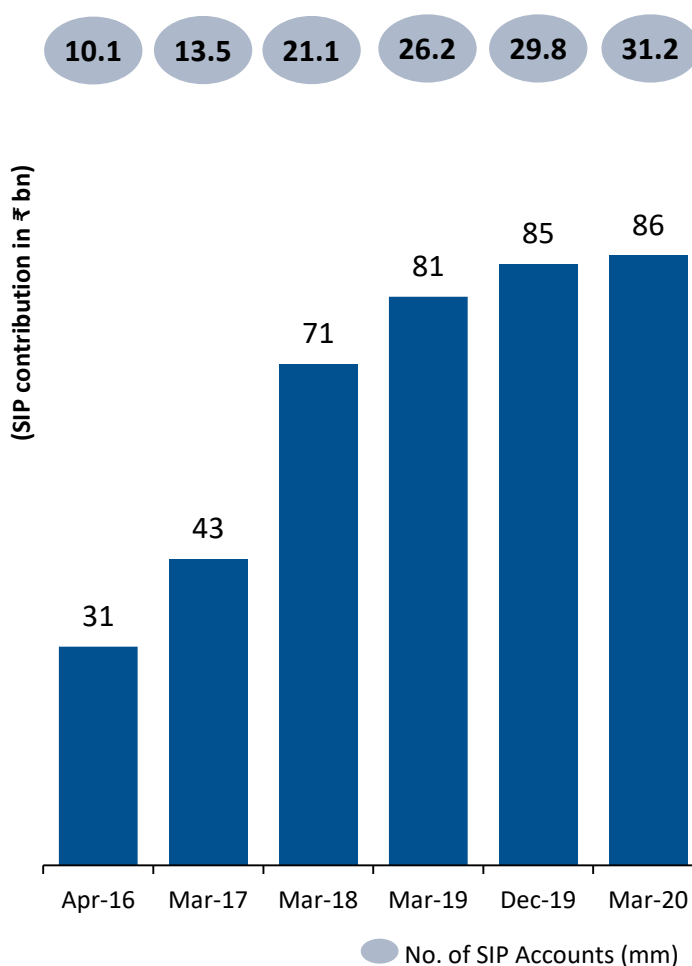


Individual / Institutional MAAUM, SIP Flows, B30

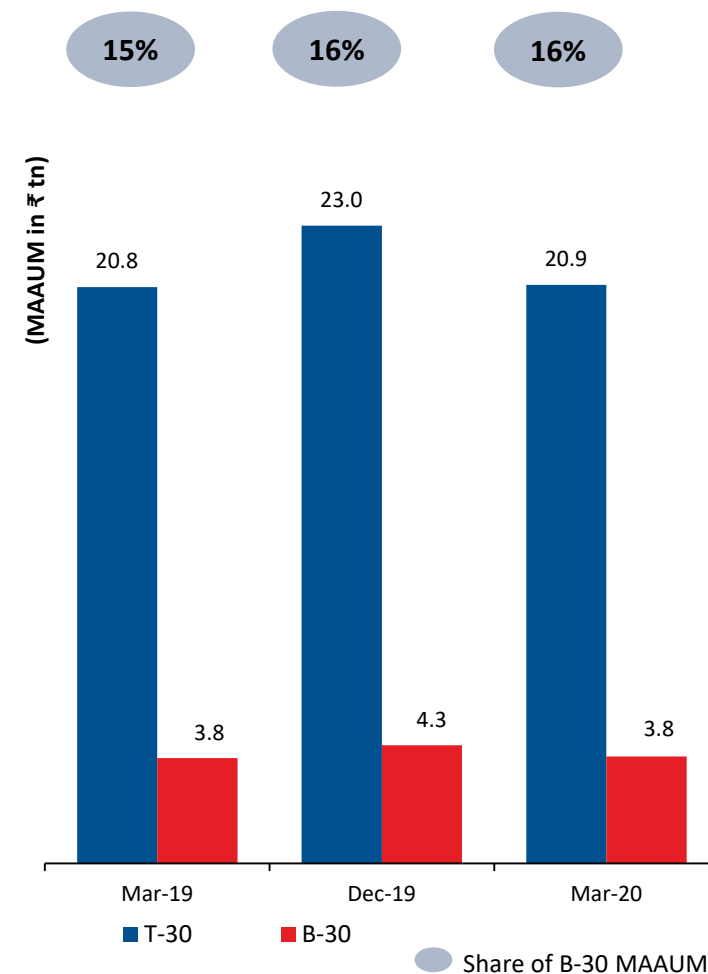
MAAUM by Investor category⁽¹⁾⁽²⁾⁽³⁾



SIP Flows⁽¹⁾



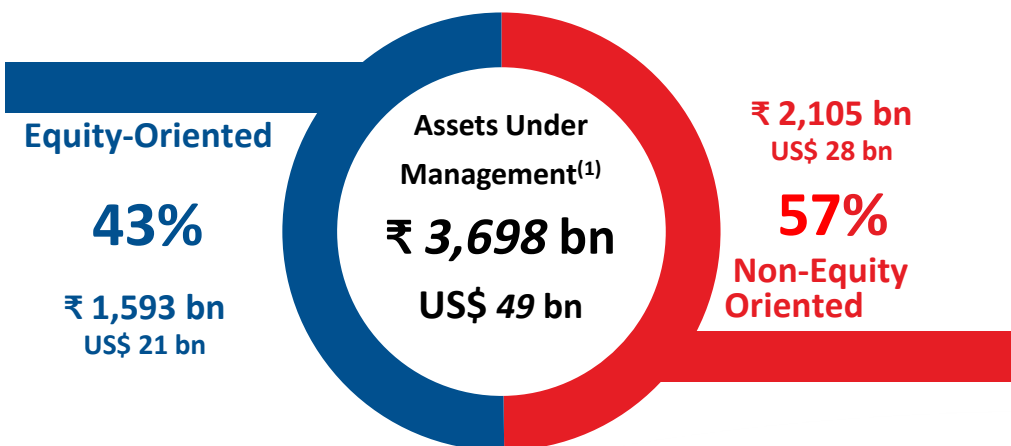
MAAUM of B-30⁽¹⁾⁽²⁾



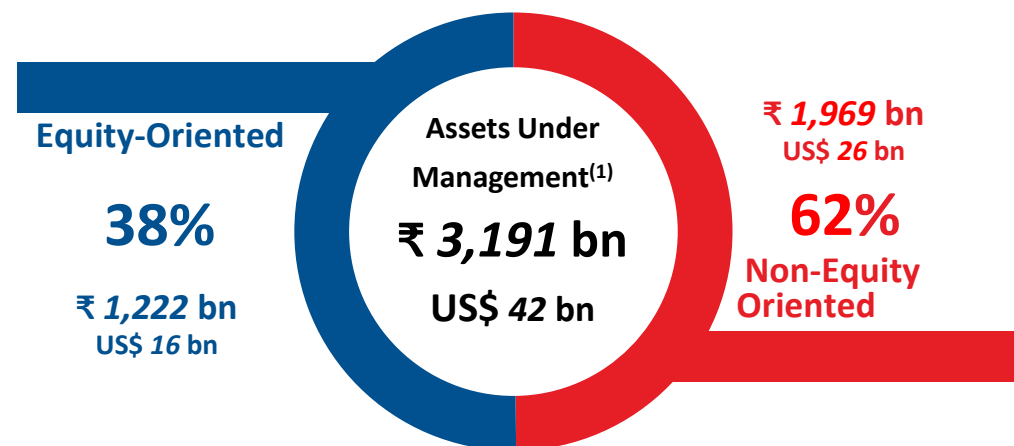
(1) Source: AMFI, (2) Based on monthly average AUM (3) Percentages in brackets denote % share of total

○ HDFC AMC at a glance

Quarterly Average AUM



Closing AUM



9.4 mm
Live Accounts⁽¹⁾



₹ 85 bn
PMS & SMA AUM^{(1) (3)}

221 Branches⁽¹⁾⁽²⁾;
70k+ Empaneled
Distribution Partners

₹ 1,935 bn
Individual MAAUM⁽¹⁾

1,194 Employees⁽¹⁾

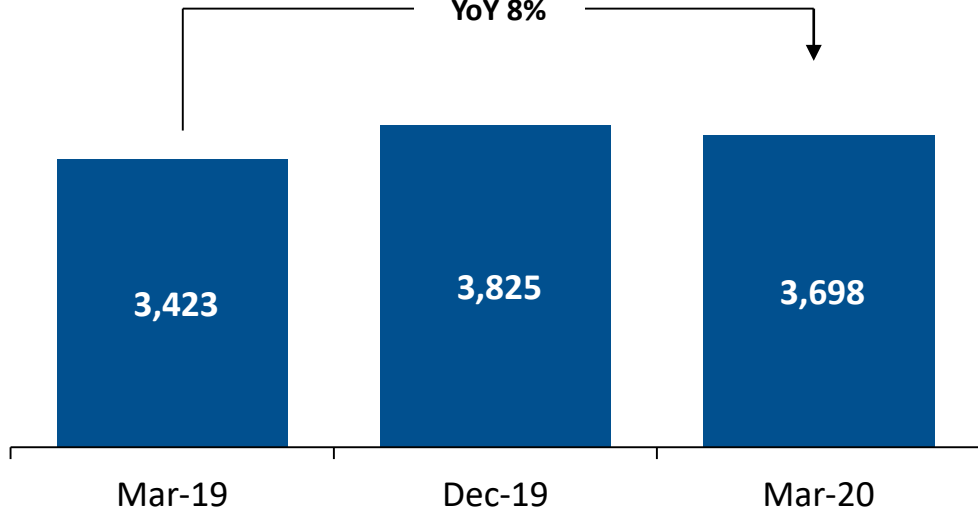
(1) As of Mar 31, 2020 / for Mar 2020; (2) Includes one representative office in Dubai; (3) Includes advisory mandates
(2) Source: Internal. USD/INR conversion rate: ₹ 75.6275

○ Total AUM and Market Share

Quarterly Average AUM

₹ billion

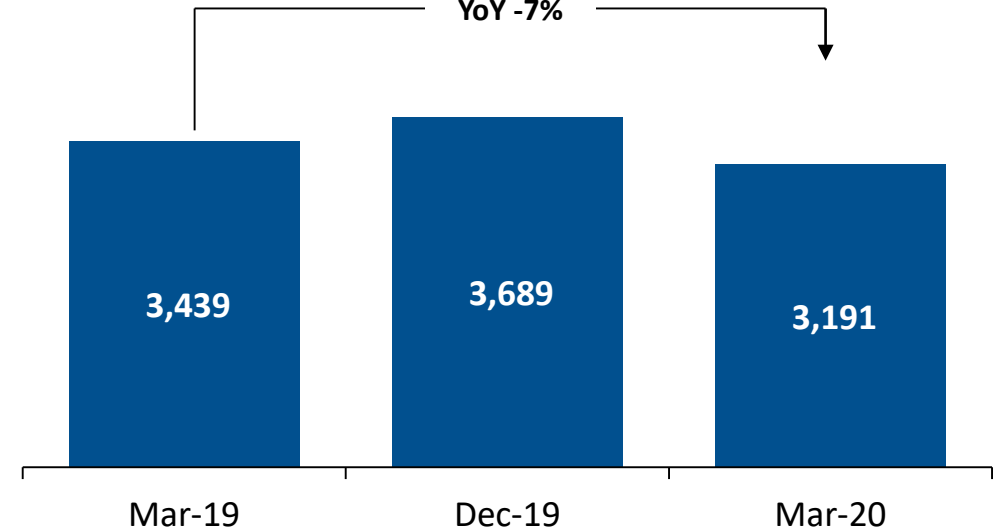
YoY 8%



Closing AUM

₹ billion

YoY -7%

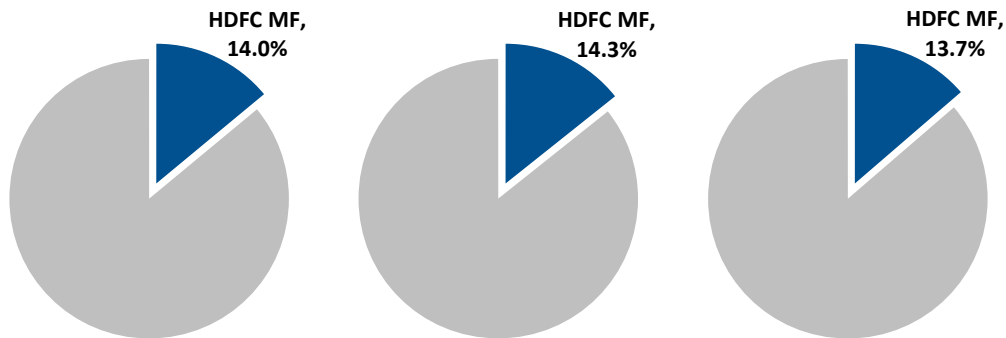


Market Share - Quarterly Average AUM

Mar-2019

Dec-2019

Mar-2020

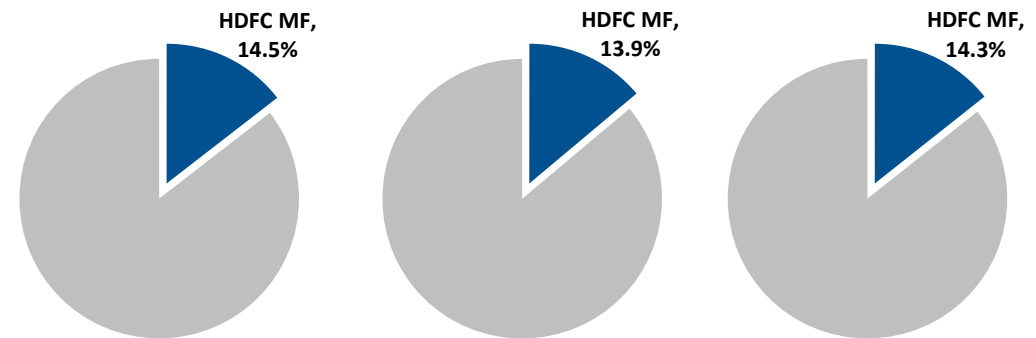


Market Share – Closing AUM

Mar-2019

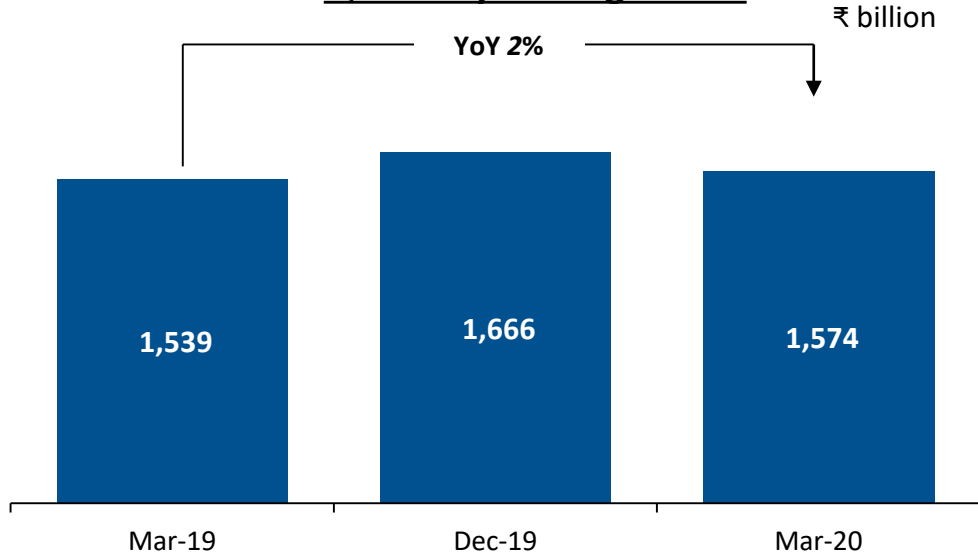
Dec-2019

Mar-2020

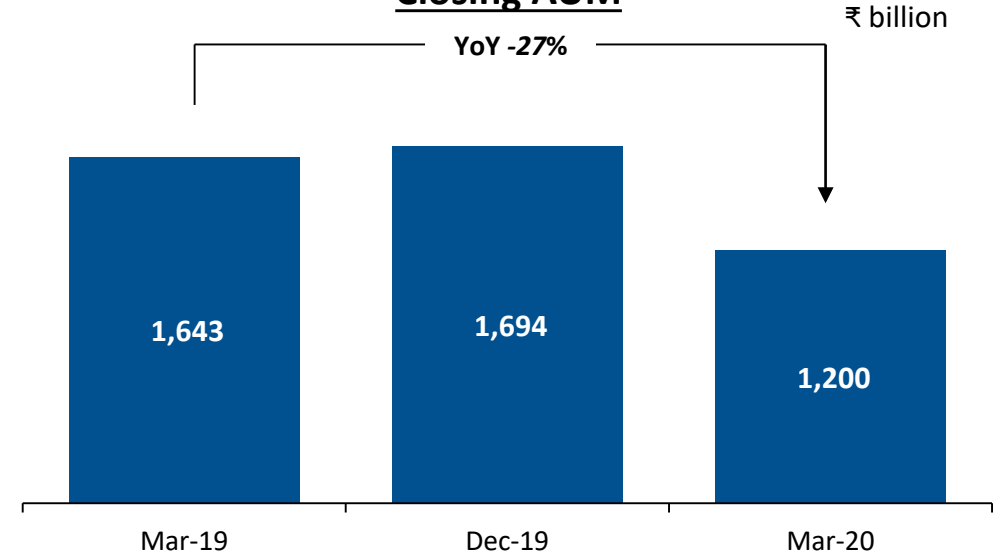


Actively Managed Equity-oriented AUM and Market Share

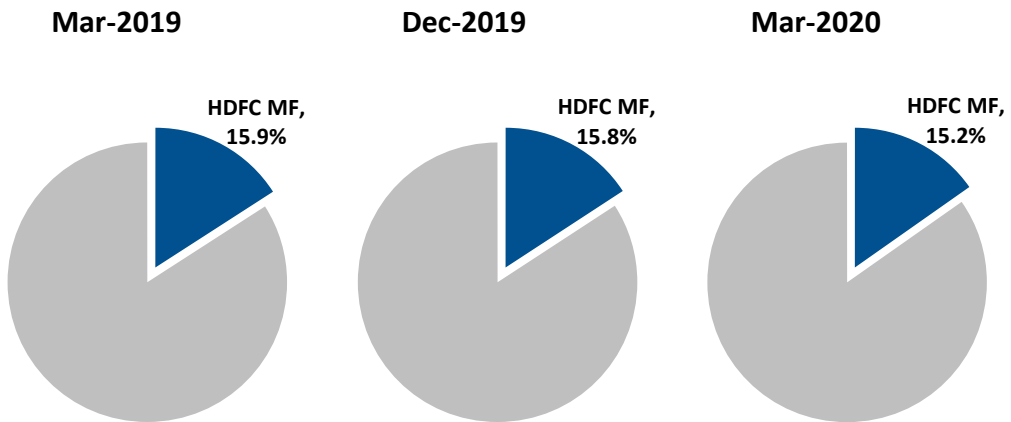
Quarterly Average AUM



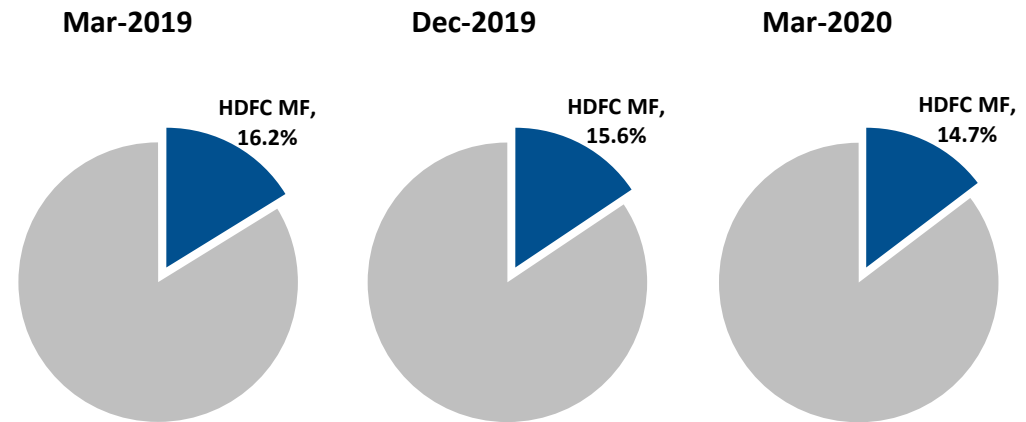
Closing AUM



Market Share - Quarterly Average AUM



Market Share – Closing AUM



Source: AMFI, Internal
Actively managed equity-oriented AUM excludes index and arbitrage funds from equity-oriented funds

AUM by Segment – HDFC AMC and Industry

Quarterly Average AUM

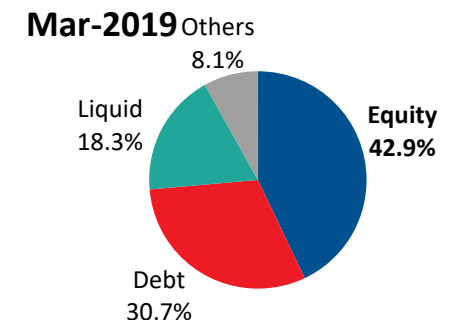
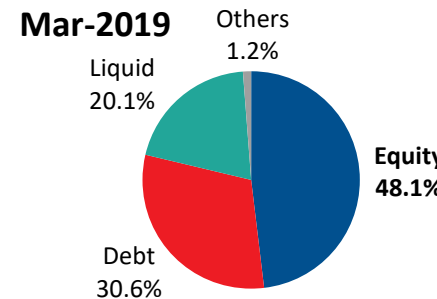
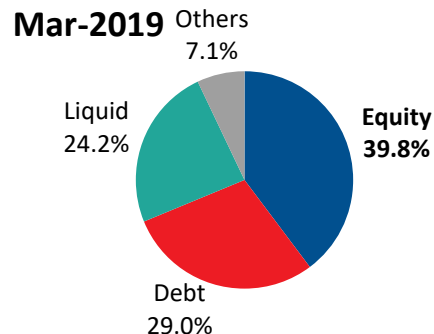
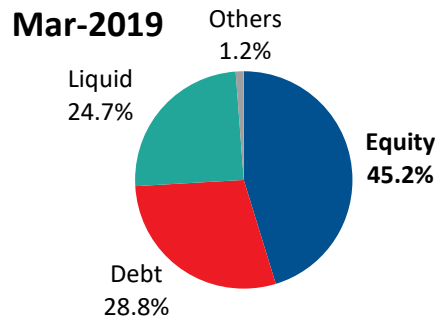
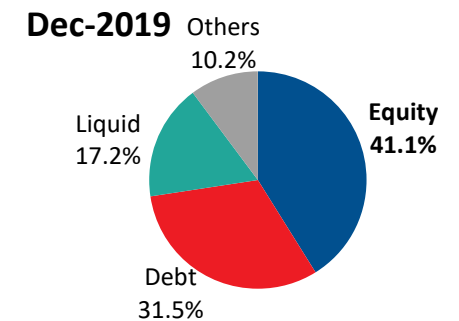
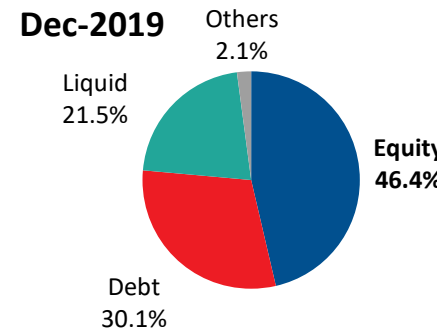
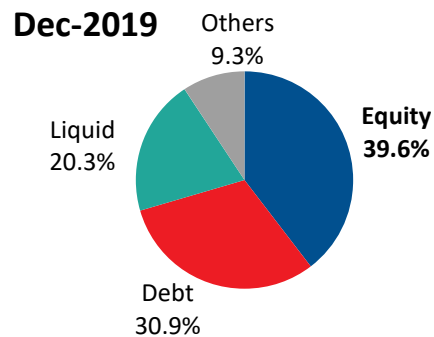
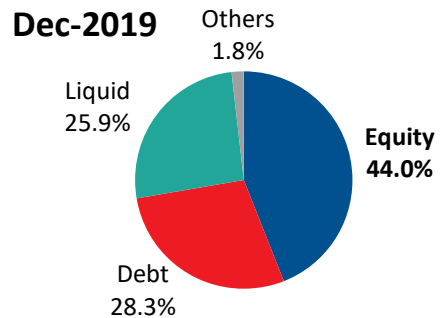
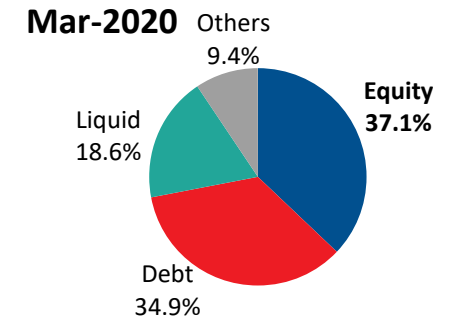
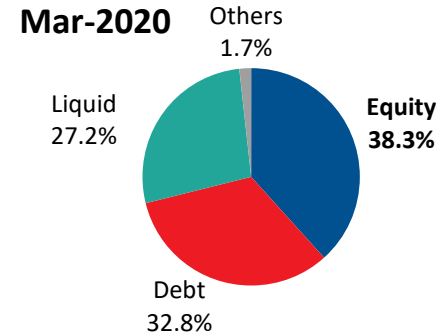
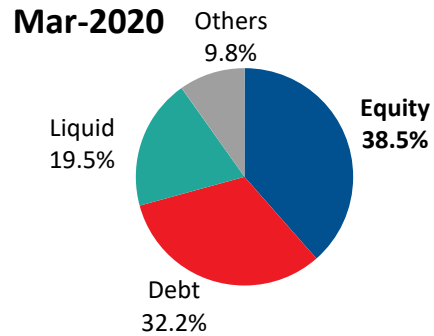
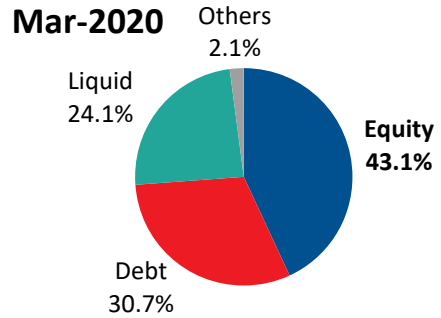
Closing AUM

HDFC MF

Industry

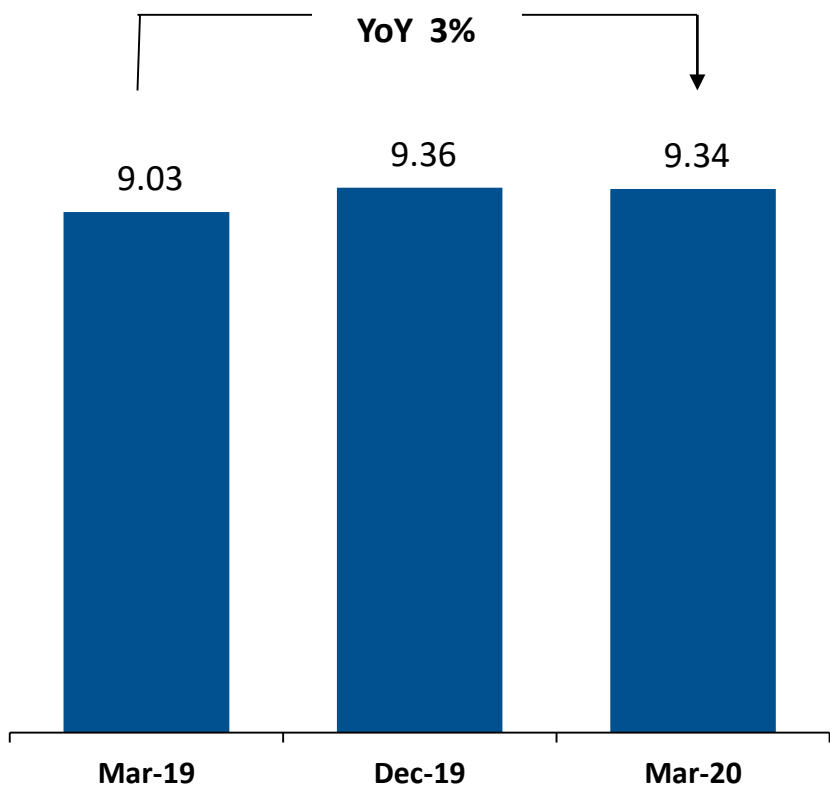
HDFC MF

Industry

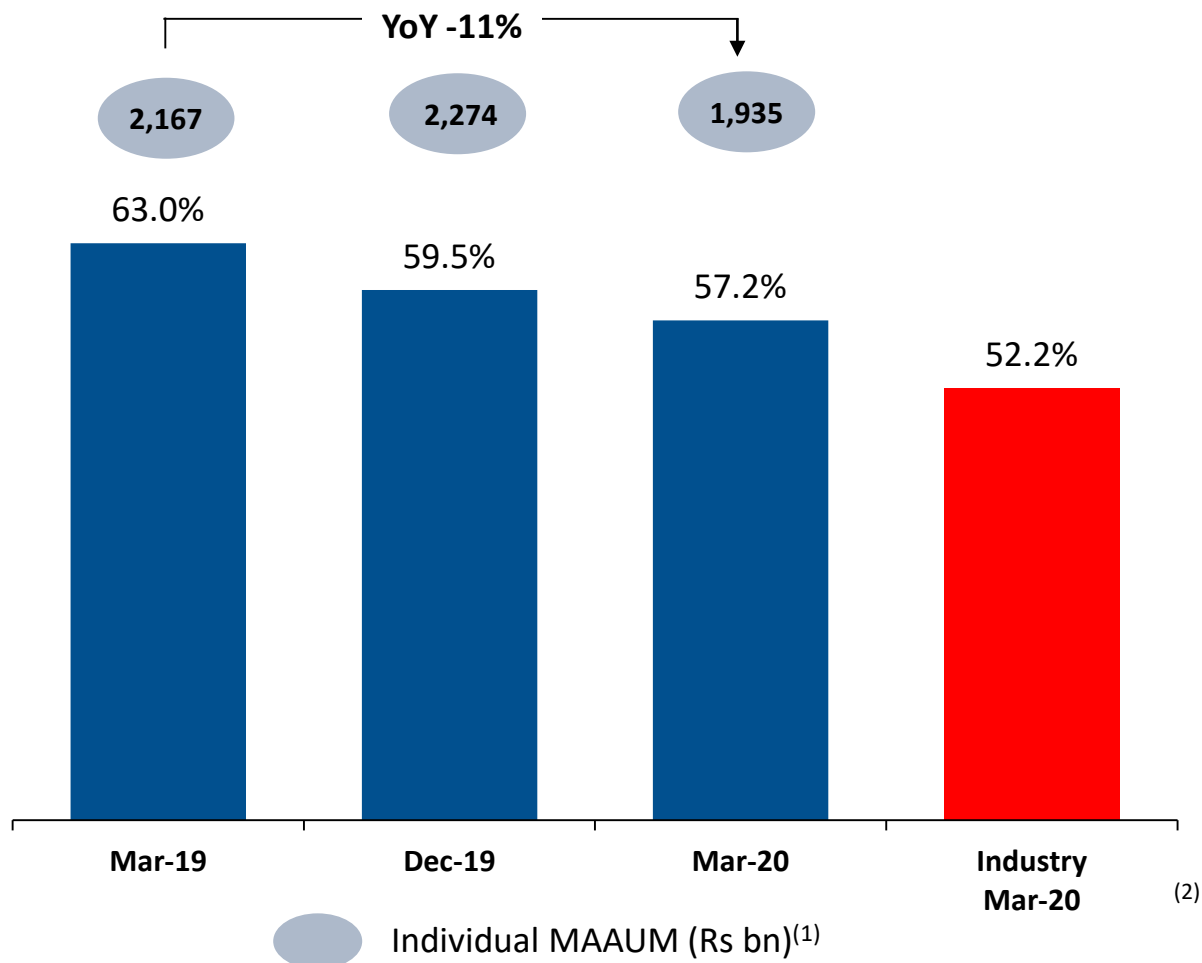


Individual Investors – no of Accounts & MAAUM

Number of Live Individual Accounts (in millions)



Individual MAAUM % of Total

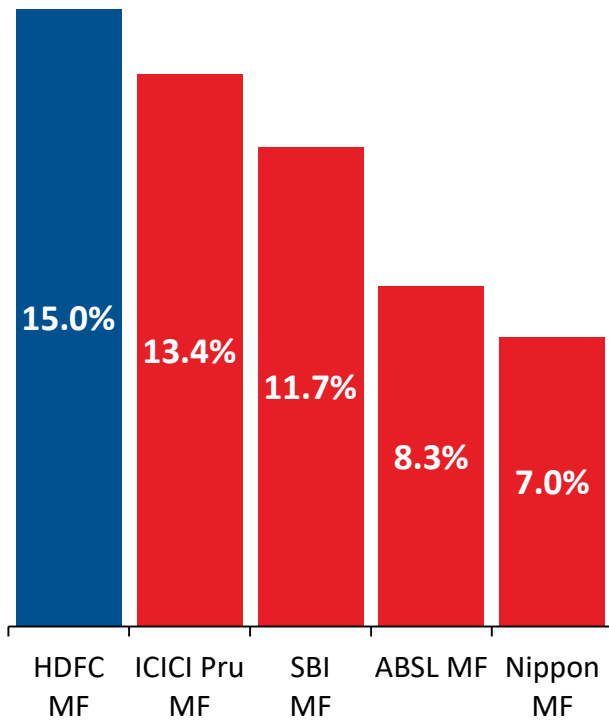


Individual customer prefer equity-oriented schemes and stay invested for longer periods

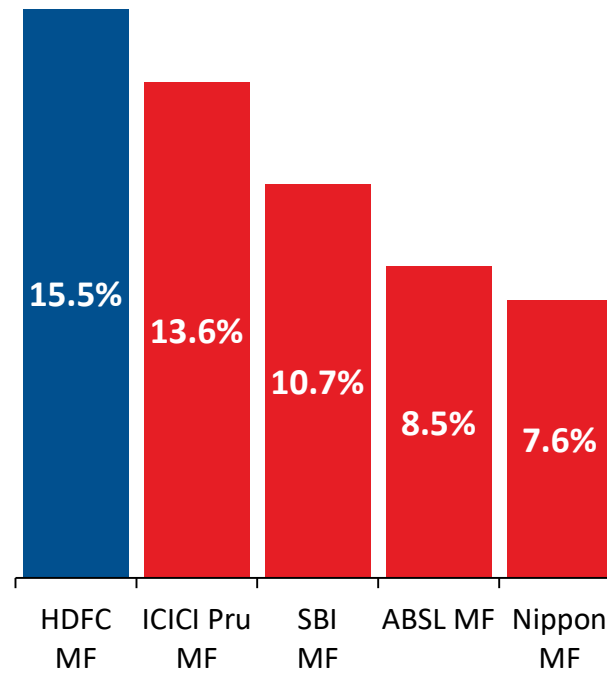
Source: Internal, AMFI

Most Preferred Choice of Individual Investors

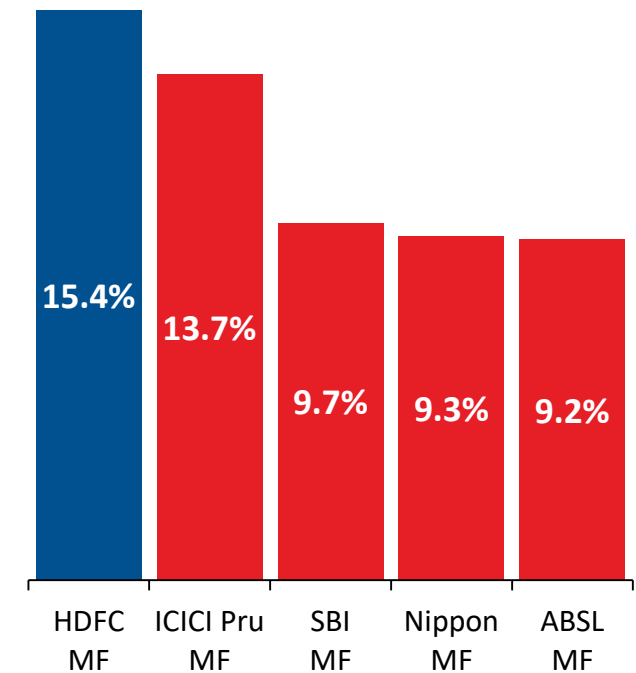
Individual Assets Market Share (Mar-20)



Individual Assets Market Share (Dec-19)

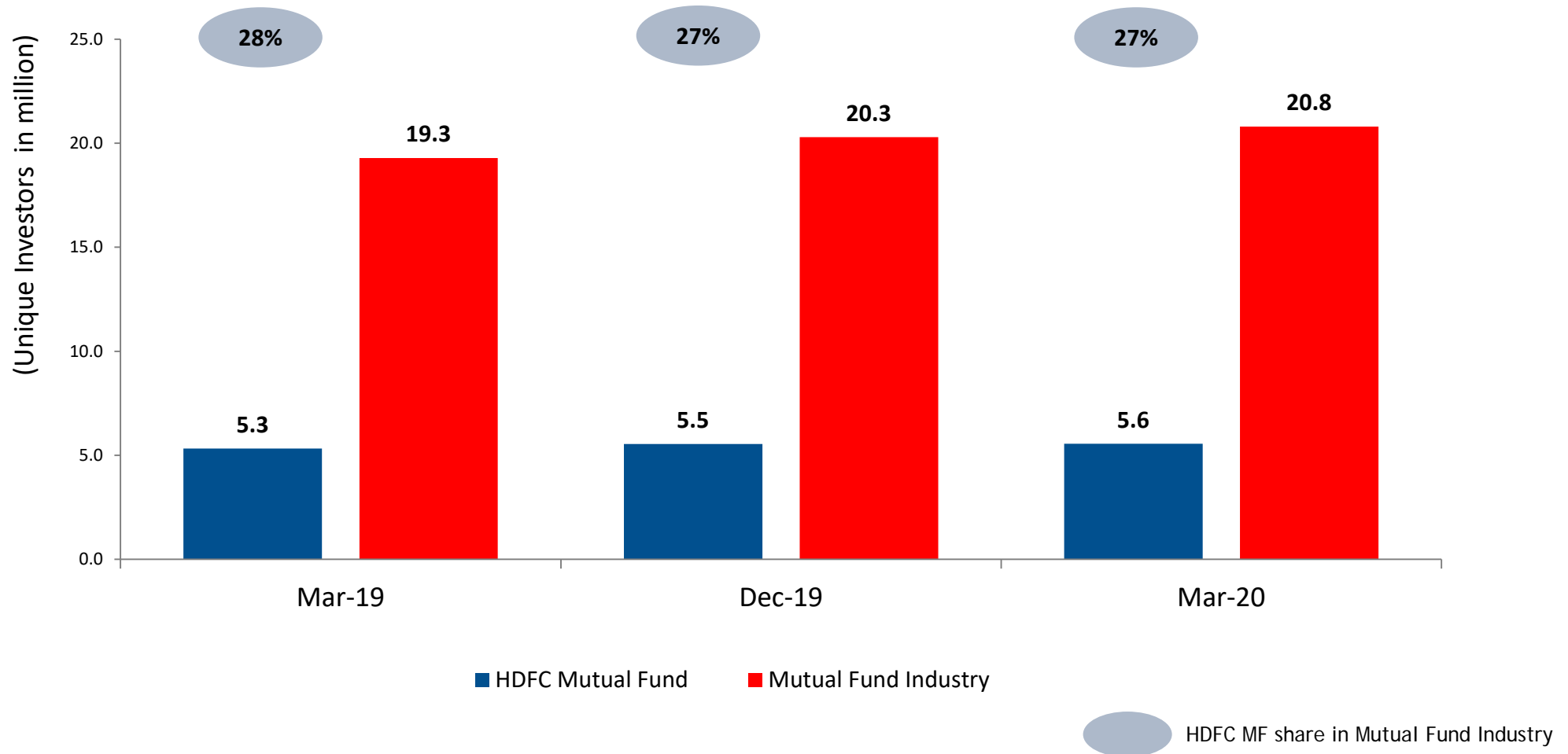


Individual Assets Market Share (Mar-19)

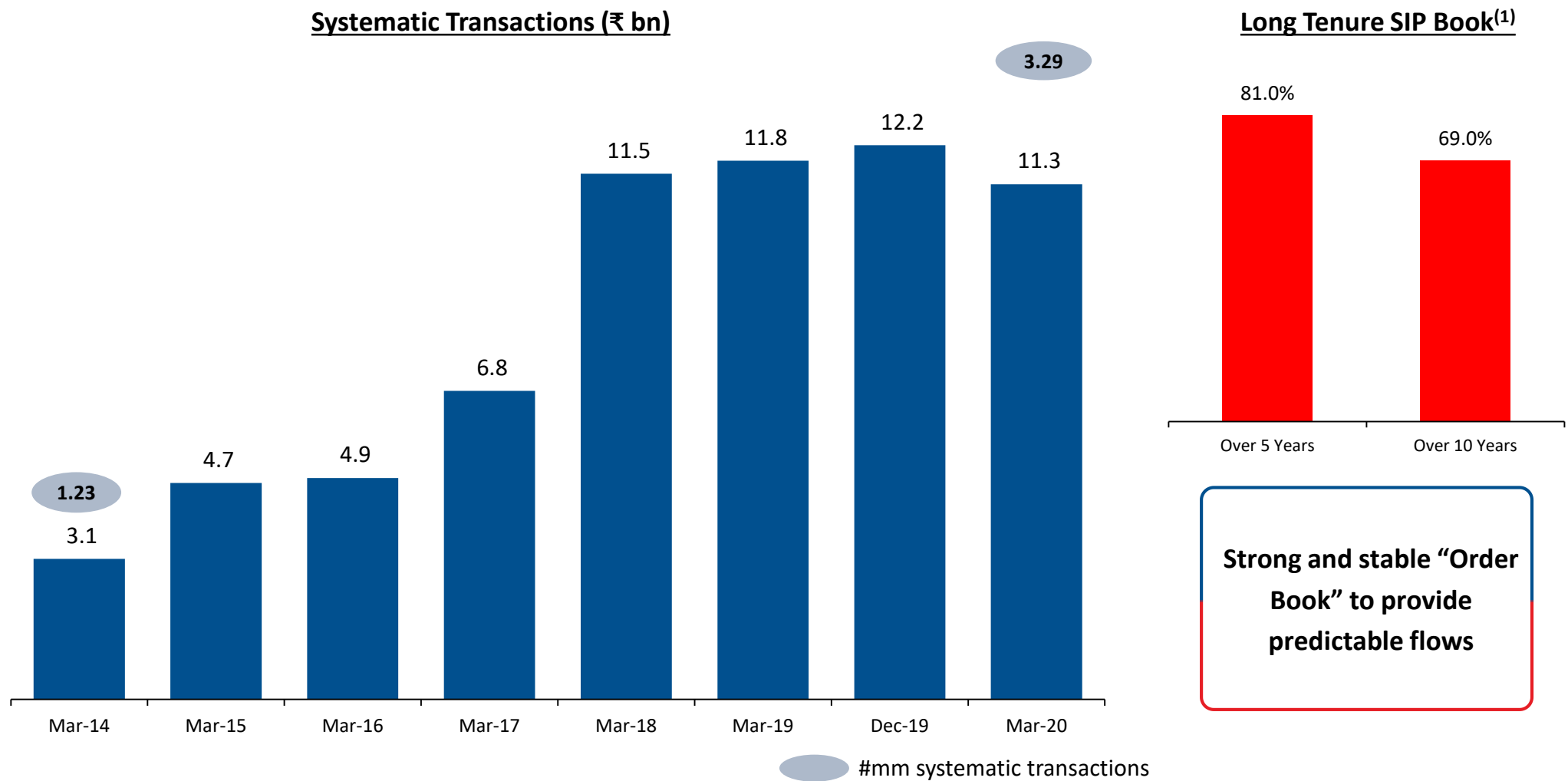


Source: AMFI, based on monthly average AUM

Unique Investors- HDFC AMC vs MF Industry



Quality Long-term Inflows Through Systematic Transactions

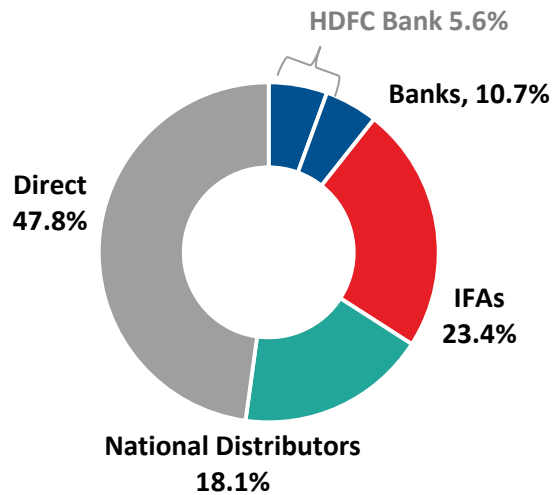


Strong and stable “Order Book” to provide predictable flows

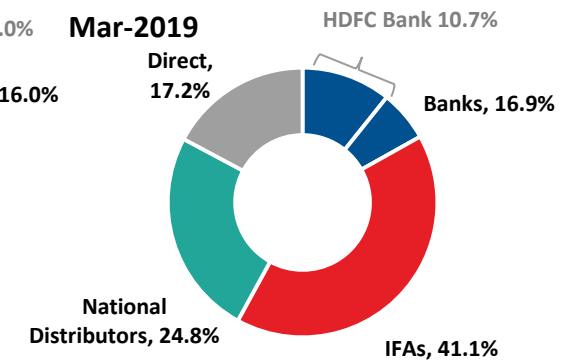
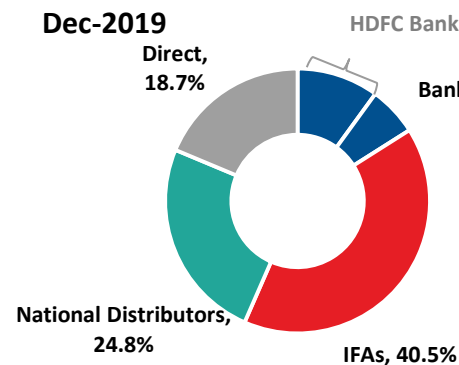
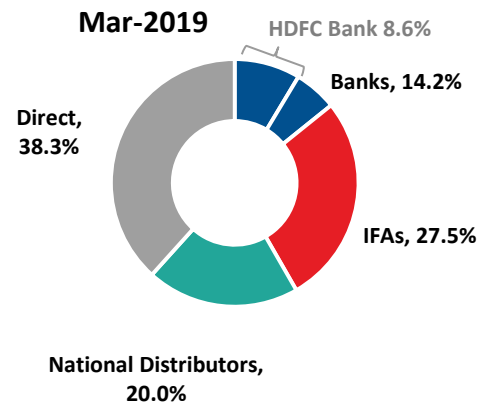
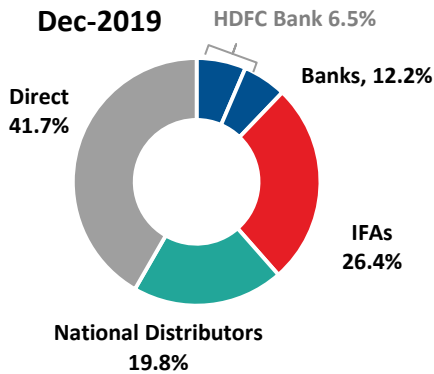
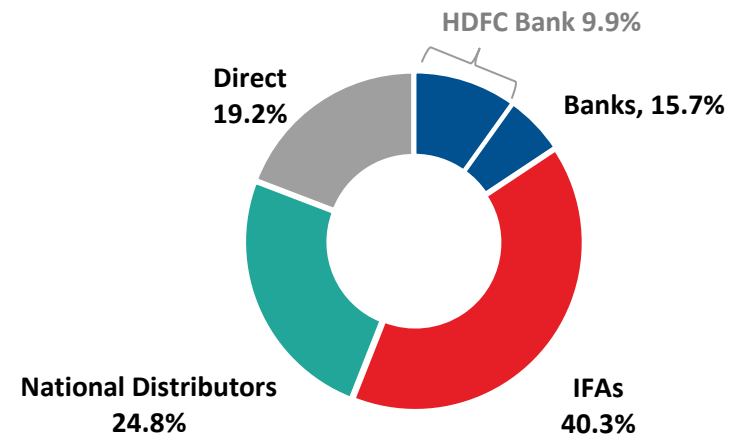
Source: Internal
 (1) Based on tenure at the time of registration of all live SIPs during Mar-20

Well Diversified Distribution Channel

Total AUM (Mar-20)

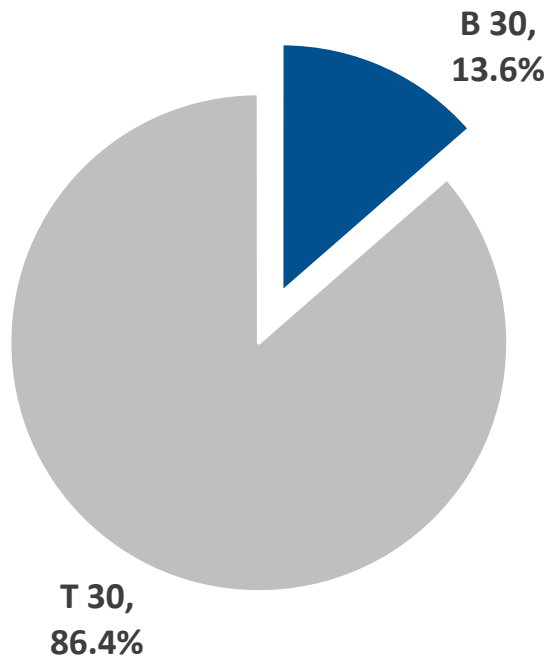


Equity-oriented AUM (Mar-20)

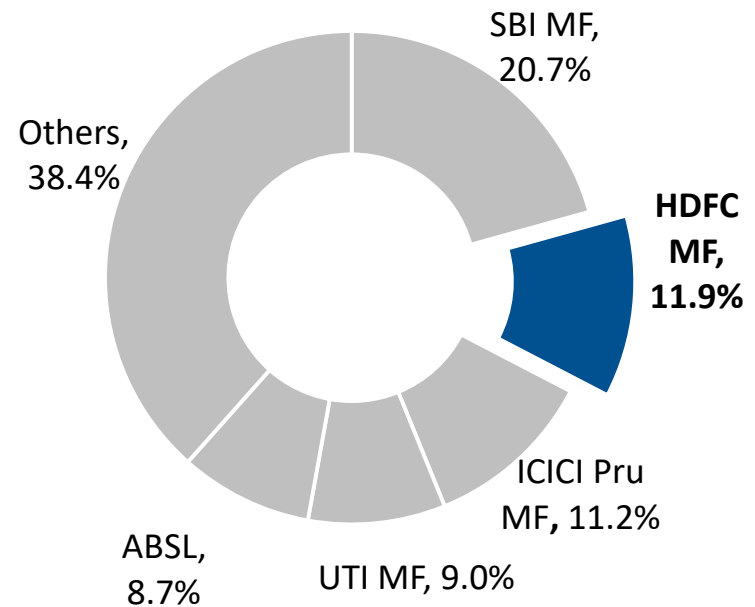


Source: Based on internal classification. Equity-oriented AUM excludes Arbitrage schemes

Total MAAUM by T30 and B30 cities⁽¹⁾



#2 Player in B-30 Markets⁽¹⁾



Network of 221 branches with 145 in B-30 cities⁽²⁾

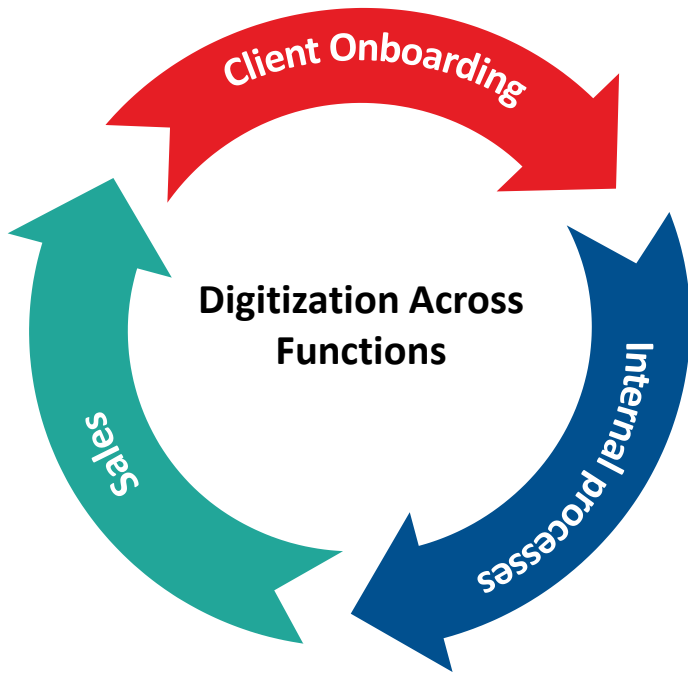
c. 70k+ empaneled distribution partners

(1) Source: Internal, AMFI

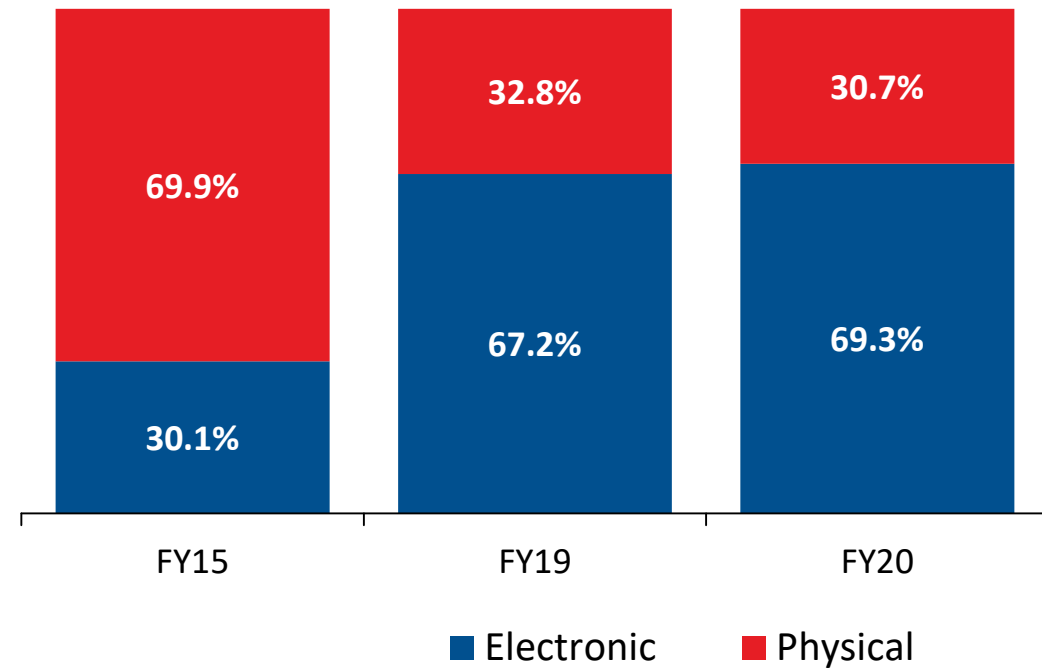
(2) As of Mar 31, 2020. Includes one representative office in Dubai;

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 to FY20 CAGR of 36% in electronic transactions, and CAGR of 15% in total transactions
- 14% of all transaction during FY20 were through HDFC MF Online and mobile application

Our Response

People

- **Well prior to the government initiated lockdown**, precautions and measures were taken to ensure a **safe** and **hygienic** work environment
- ✓ Banned travel, social gathering and external meetings
- ✓ **Mandatory temperature checks** carried out for all individuals upon entry
- ✓ Provision of sanitization equipment and thorough **sanitization** of office premises including desks, common areas etc.
- ✓ Frequent employee engagement and communication
- ✓ **Rotation of workforce** present at the offices.

Seamless Transition



Initiated BCP

- Initial response was to utilize branches as alternate sites, work from home and IT Disaster Recovery site (which are tested on a regular basis)
- 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

"Security by Design" Concept



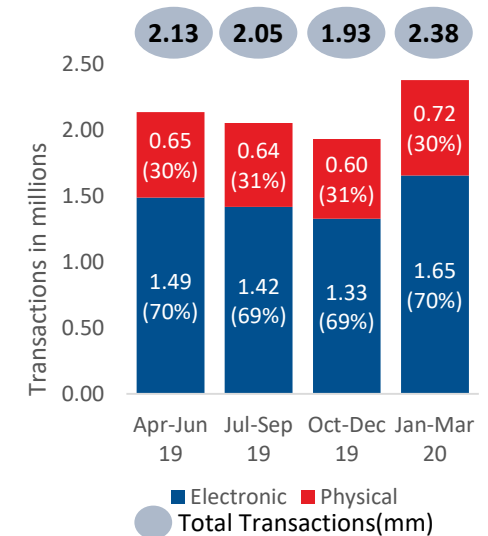
Maintained Workflow

- Successfully operated from home working with our partners and service delivery providers remotely utilizing our cloud based infrastructure
- ✓ Ensured **99.99%** uptime
 - ✓ Launched our What's App service
 - ✓ New features to facilitate emerging business needs due to complete shut down
 - ✓ **Customer engagement support** to all investors via email. All queries from our branches, sales team and investors were met within the TAT.
 - ✓ Communicated with investors on digital options **to transact via email and SMS**
 - ✓ **Provided** regular updates and reminders to partners on multiple ways **to transact digitally**

Resilient IT Infrastructure



Maintained Client Servicing



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

Innovative Technological Practices

Financials

Financials Summary – Year ended Earnings

(₹ mm)			
Particulars	YE FY20	YE FY19	Change
Income			
Revenue from Operations	20,033	19,152	5%
Other Income	1,402	1,816	-23%
Total Income	21,435	20,968	2%
Expenses			
Finance Costs	90	-	-
Fees and Commission Expenses	209	2,403	-91%
Impairment on Financial Instruments	-	400	-
Employee Benefit Expenses	2,147	2,063	4%
Depreciation and Amortization Expenses	504	128	294%
Other Expenses	1,954	2,227	-12%
Total Expenses	4,904	7,221	-32%
Profit before tax	16,531	13,747	20%
Tax Expenses	3,906	4,441	-12%
Profit after tax	12,625	9,306	36%
Other Comprehensive Income (net of tax)	(31)	(4)	
Total Comprehensive Income	12,594	9,302	35%

Particulars	YE FY20	YE FY19	Change
Revenue from Operations	20,033	19,152	5%
Total Expenses*	4,870	6,821	-29%
Operating Profit from core AM business	15,163	12,331	23%

*Adjusted for non recurring expenses

○ Profit Before Non recurring Items

(₹ mm)

Particulars	YE FY20	YE FY19	Change
Profit Before Tax (PBT)	16,531	13,747	20%
Fair Value loss on Essel group exposure	1,204	-	
Impairment on Preference Shares	-	400	
PBT before non recurring items	17,735	14,147	25%

Particulars	YE FY20	YE FY19	Change
Profit After Tax (PAT)	12,625	9,306	36%
Fair Value loss on Essel group exposure (net of tax)	901	-	
Impairment on Preference Shares (net of tax)	-	307	
PAT before non recurring items	13,526	9,613	41%

Financials Summary – Quarterly Earnings

(₹ mm)

Particulars	Q4 FY20	Q4 FY19	Change
Income			
Revenue from Operations	4,762	4,865	-2%
Other Income	(265)	612	-143%
Total Income	4,497	5,477	-18%
Expenses			
Finance Costs	22	-	-
Fees and Commission Expenses	16	299	-95%
Impairment on Financial Instruments	-	98	-
Employee Benefit Expenses	431	476	-9%
Depreciation and Amortization Expenses	134	34	294%
Other Expenses	597	424	41%
Total Expenses	1,200	1,331	-10%
Profit before tax	3,297	4,146	-20%
Tax Expenses	797	1,384	-42%
Profit after tax	2,500	2,762	-9%
Other Comprehensive Income (net of tax)	5	3	
Total Comprehensive Income	2,505	2,765	-9%

Particulars	Q4 FY20	Q4 FY19	Change
Revenue from Operations	4,762	4,865	-2%
Total Expenses*	1,166	1,233	-5%
Operating Profit from core AM business	3,596	3,632	-1%

*Adjusted for non recurring expenses

○ Profit Before Non recurring Items

(₹ mm)

Particulars	Q4 FY 20	Q4 FY 19	Change
Profit Before Tax (PBT)	3,297	4,146	-20%
Fair Value loss on Essel group exposure	953	-	
Impairment on Preference Shares	-	98	
PBT before non recurring items	4,250	4,244	0.13%

Particulars	Q4 FY 20	Q4 FY 19	Change
Profit After Tax (PAT)	2,500	2,762	-9%
Fair Value loss on Essel group exposure (net of tax)	713	-	
Impairment on Preference Shares (net of tax)	-	75	
PAT before non recurring items	3,213	2,837	13%

1. 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 ₹1,203.60 mm as compared to ₹251.07 mm 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 negative ₹33.95 mm which has been shown as a component of Other Expenses. The carrying value of these NCDs as at March 31, 2020 was ₹294.21 mm. The value of the collateral as at March 31, 2020 is ₹358.78 mm.

2. 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 had recognised provision for income tax for the half year ended September 30, 2019 and re-measured its deferred tax assets basis the rate provided in the said section. The full impact of above mentioned change, amounting to approximately ₹667 mm. had been recognised in the result for the half year ended September 30, 2019, out of which, approximately ₹343 mm. pertains to quarter ended June 30, 2019.

3. 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. The effect of this adoption is not material to the profit for the year and earnings per share.

4. 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 these 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.

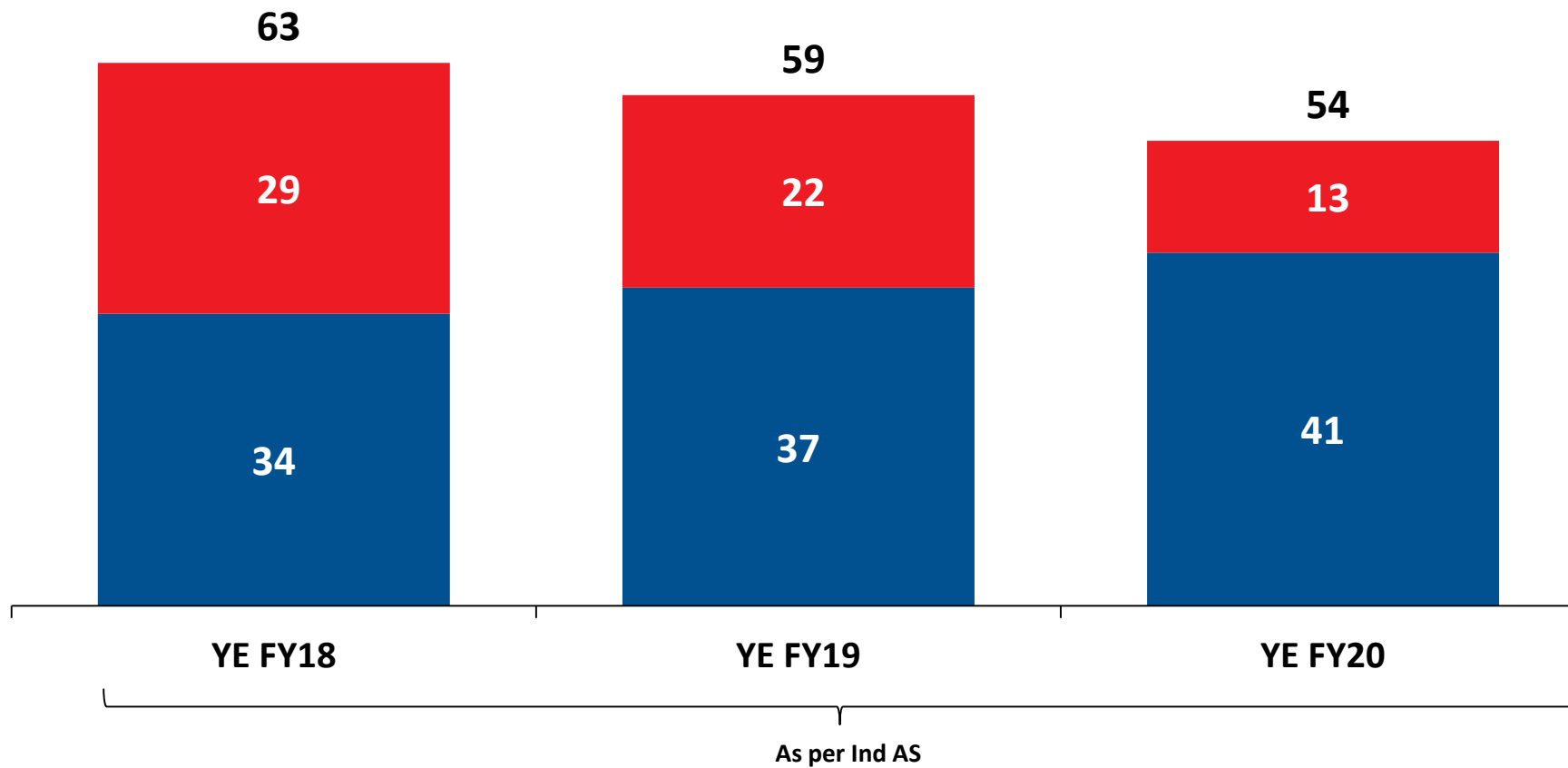
Operating Profit Margin

■ Operating Revenue

■ Operating Expenses

■ Operating Margin

(bps of AAUM)

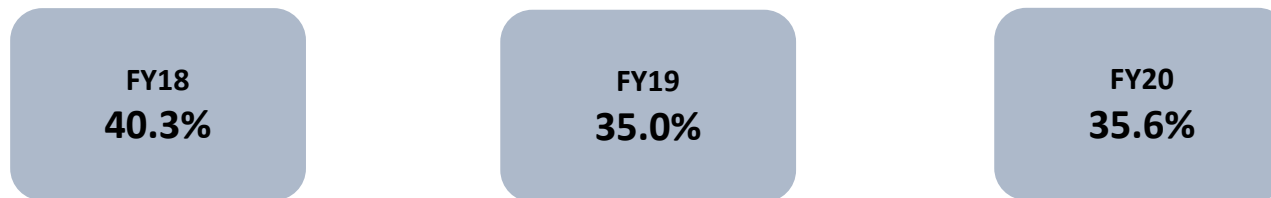


Statement of Assets and Liabilities

(₹ mm)

Particulars	As at March 31, 2020	As at March 31, 2019
Assets		
Financial Assets	40,662	30,978
Non Financial Assets	2,425	1,260
Total Assets	43,087	32,238
Liabilities And Equity		
Liabilities		
Financial Liabilities	2,251	1,130
Non-Financial Liabilities	543	400
Equity		
Equity Share Capital	1,064	1,063
Other Equity	39,229	29,645
Total Liabilities And Equity	43,087	32,238

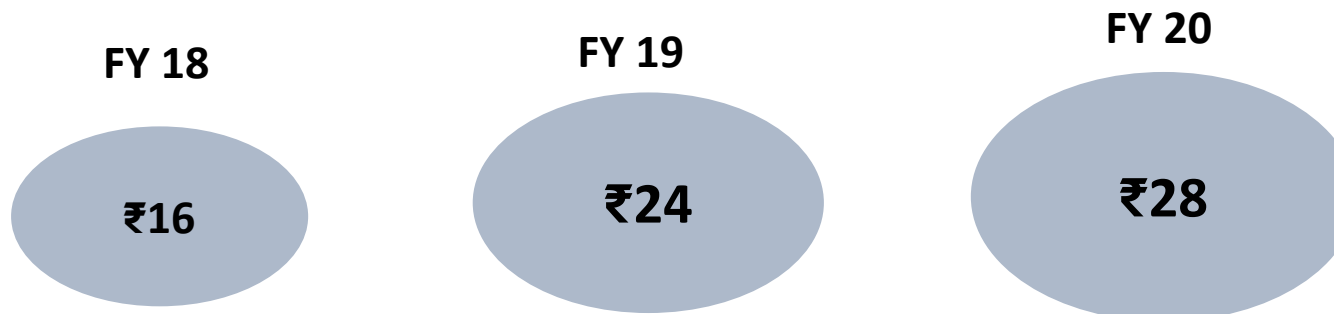
Return on Equity⁽¹⁾



Return on Equity has reduced in FY 19 due to substantial increase in average networth

Return on Equity of FY18 was under Previous GAAP whereas for FY19 onwards, it is under Ind AS

Dividend Per Share⁽²⁾



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

(2) For, FY20, a final dividend of Rs. 28 per equity share is proposed by the board on May 09, 2020 which is subject to approval by the shareholders at the ensuing Annual General Meeting.

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

Press Release

9 May, 2020

HDFC AMC net profit for the Financial Year ended Mar 2020 at ₹12,625 million, a year on year increase of 36%.

Dividend per share increases to Rs 28, as against Rs 24 per share.

HDFC Asset Management Company Limited (HDFC AMC) declares financial results for the period ended March 31, 2020.

- One of India's largest mutual fund manager with QAAUM market share of 13.7% as on March 31, 2020.
- India's largest Actively Managed Equity Mutual Fund QAAUM, with market share at 15.2% as on March 31, 2020.
- Most preferred choice of individual investors, with a market share of 15.0% of the individual monthly average AUM as of March 2020.
- Profit after tax growth of 36% during the financial year ended March 31, 2020.

Mumbai, 9 May, 2020: HDFC Asset Management Company Limited today reported its financial performance for the quarter ended March 31, 2020.

CORPORATE HIGHLIGHTS

- QAAUM of ₹3,698 billion as of March 31, 2020 compared to ₹3,423 billion as on March 31, 2019, a growth of 8%. 13.7% market share in QAAUM of the mutual fund industry.
- QAAUM in actively managed equity oriented funds i.e. equity oriented QAAUM excluding index funds stood at ₹1,574 billion as on March 31, 2020 with a market share of 15.2%. The AMC is the largest actively managed equity-oriented mutual fund manager in the country.
- The ratio of equity oriented AUM and non-equity oriented AUM is 38:62 compared to the industry ratio of 37:63.
- 3.29 million Systematic transactions with a value of ₹11.3 billion processed during the month of March 2020.
- Over 70,000 empanelled distribution partners across IFAs, National Distributors and Banks, serviced through a total of 221 branches of which 145 are in B-30 locations. The contribution of B-30 locations to our total monthly average AUM is 13.6%.
- As of March 31, 2020, 57% of the company's total monthly average AUM is contributed by individual investors compared to 52% for the industry.
- Market share of 15.0% of the individual monthly average AUM in the industry, making the company the most preferred choice of individual investors.
- Total Live Accounts stood at 9.4 million as on 31 March 2020. Unique customers as identified by PAN or PEKRN now stands at 5.6 million as on 31 March 2020 compared to 20.8 million for the industry.

FINANCIAL HIGHLIGHTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

- The Operating Profit for the financial year ended March 31, 2020 was ₹15,129 million as compared to ₹11,931 million for the financial year ended March, 2019. This is an increase of 27%.
- PBT before non-recurring items for the financial year ended March 31, 2020 was ₹17,735 million as compared to ₹14,147 million for the financial year ended March 31, 2019. This is an increase of 25%. However, due to non-recurring items, the Profit before tax for the financial year ended March 31, 2020 was up by 20% to ₹16,531 million as compared to ₹13,747 million for the financial year ended March 31, 2019.
- PAT before non-recurring items for the financial year ended March 31, 2020 was ₹13,526 million as compared to ₹9,613 million for the financial year ended March 31, 2019. This is an increase of 41%. However, due to non-recurring items, the Profit after tax for the financial year ended March 31, 2020 was ₹12,625 million as compared to ₹9,306 million for the financial year ended March 31, 2019 resulting in an increase of 36%.

FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDED MARCH 31, 2020

- The Operating Profit of the company for the quarter ended March 31, 2020 was ₹3,562 million as compared to ₹3,534 million for the quarter ended March 31, 2019. This is an increase of 1%.
- PBT before non-recurring items for the quarter ended March 31, 2020 was ₹4,250 million as compared to ₹4,244 million for the quarter ended March 31, 2019. This is an increase of 0.13%. However, due to non-recurring items, the Profit before tax for the quarter ended March 31, 2020 was down by 20% to ₹3,297 million as compared to ₹4,146 million for the quarter ended March 31, 2019.
- PAT before non-recurring items for the quarter ended March 31, 2020 was ₹3,213 million as compared to ₹2,837 million for the quarter ended March 31, 2019. This is an increase of 13%. However, due to non-recurring items, the Profit after tax for the quarter ended March 31, 2020 was ₹2,500 million as compared to ₹2,762 million for the quarter ended March 31, 2019 resulting in a decrease of 9%.

About HDFC AMC

HDFC Asset Management Company Limited (HDFC AMC) is Investment Manager to HDFC Mutual Fund, one of 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. It has other SEBI licenses viz. PMS / AIF.

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:

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