



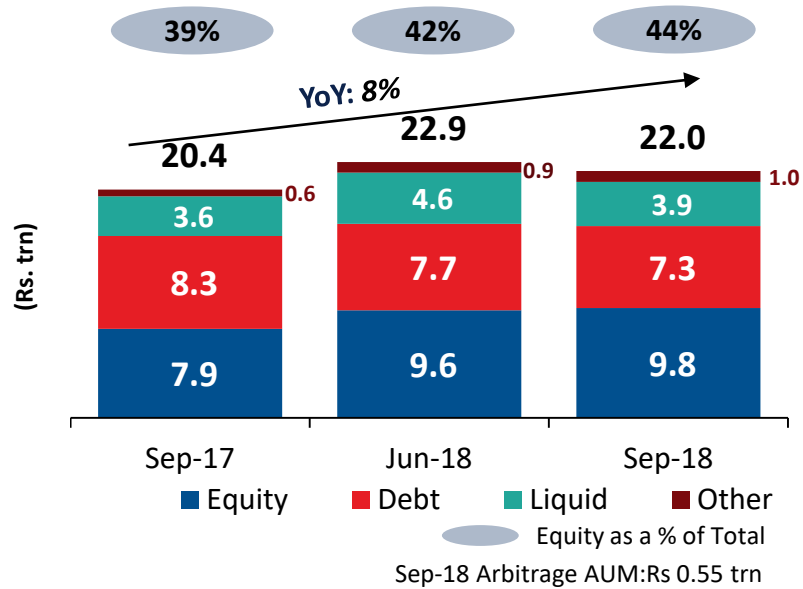
HDFC Asset Management Company Limited

Company Presentation

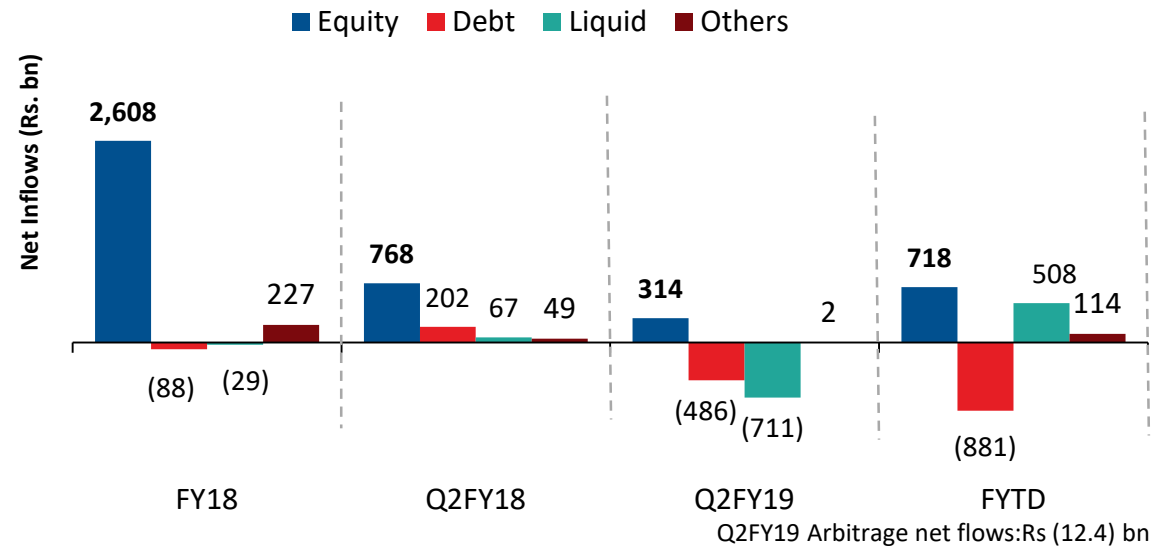
September 2018

Industry – Quick Overview

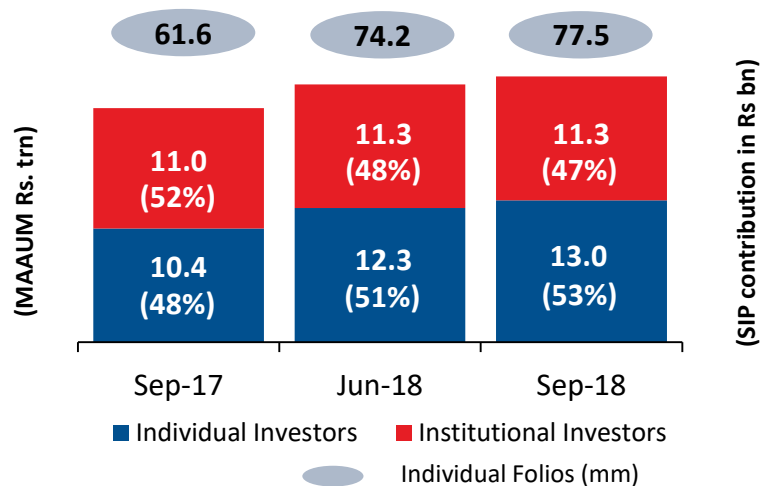
Assets Under Management (AUM)



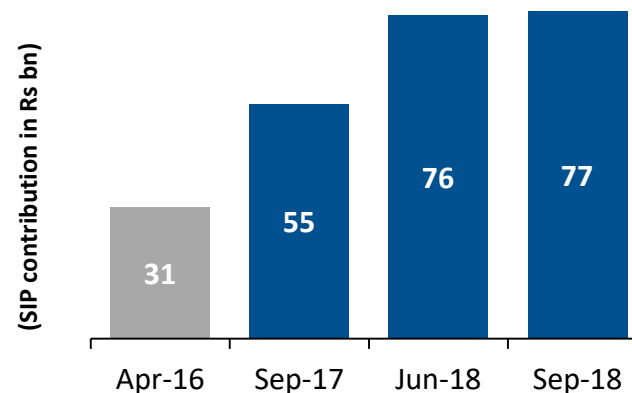
Net Flows



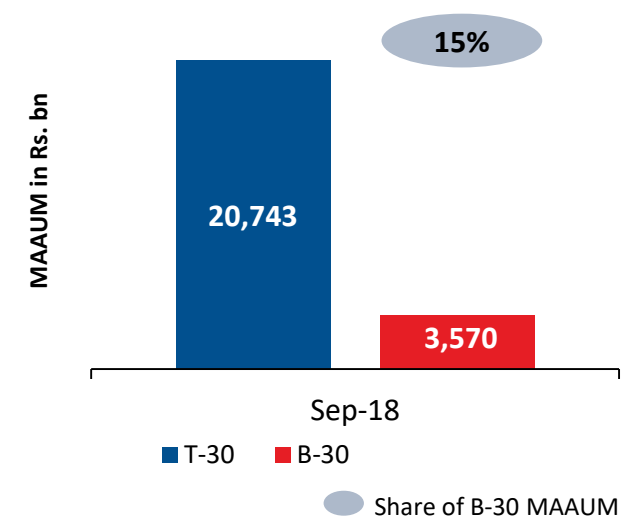
Individual MAAUM



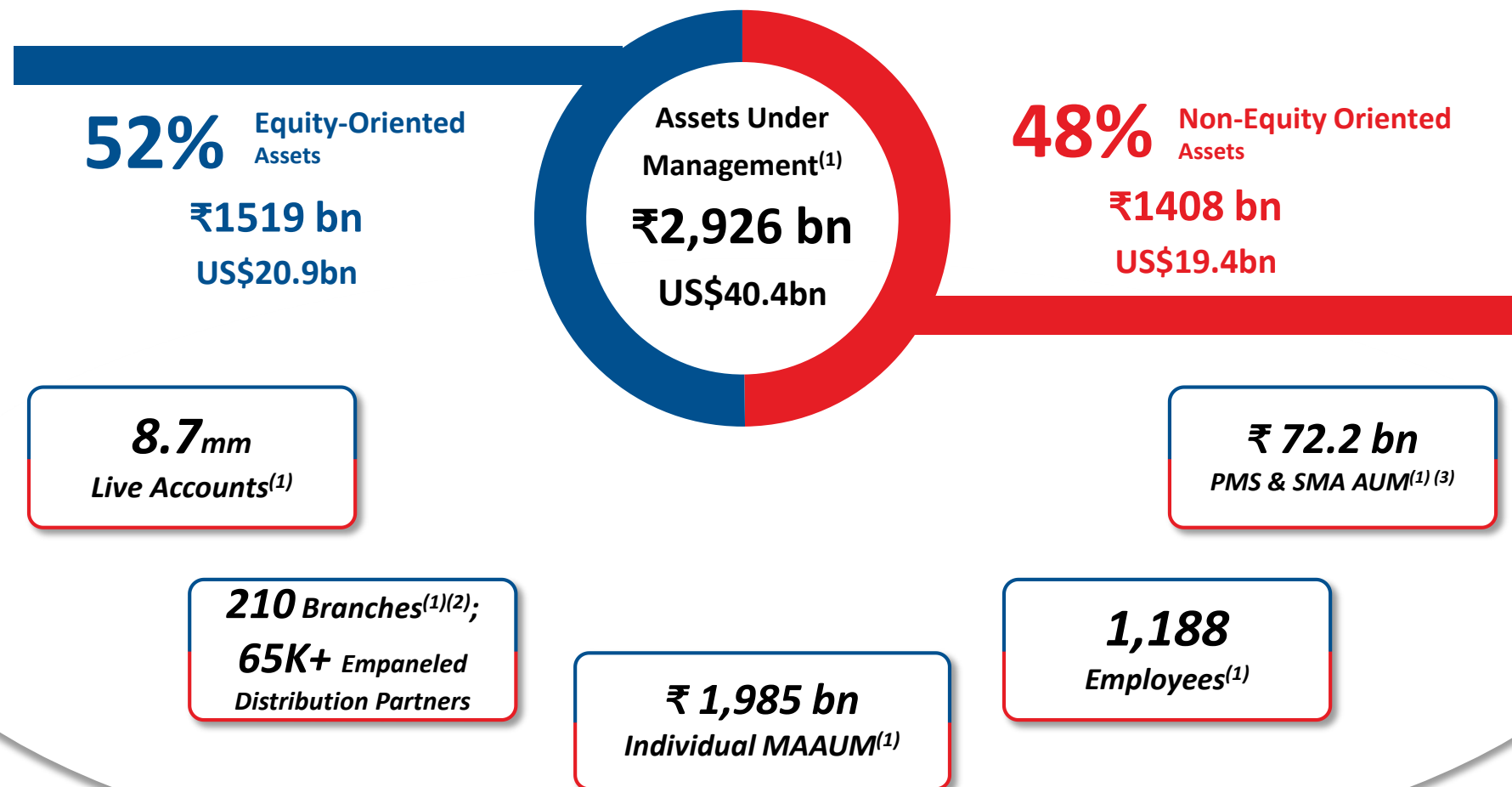
SIP Flows



B-30 MAAUM



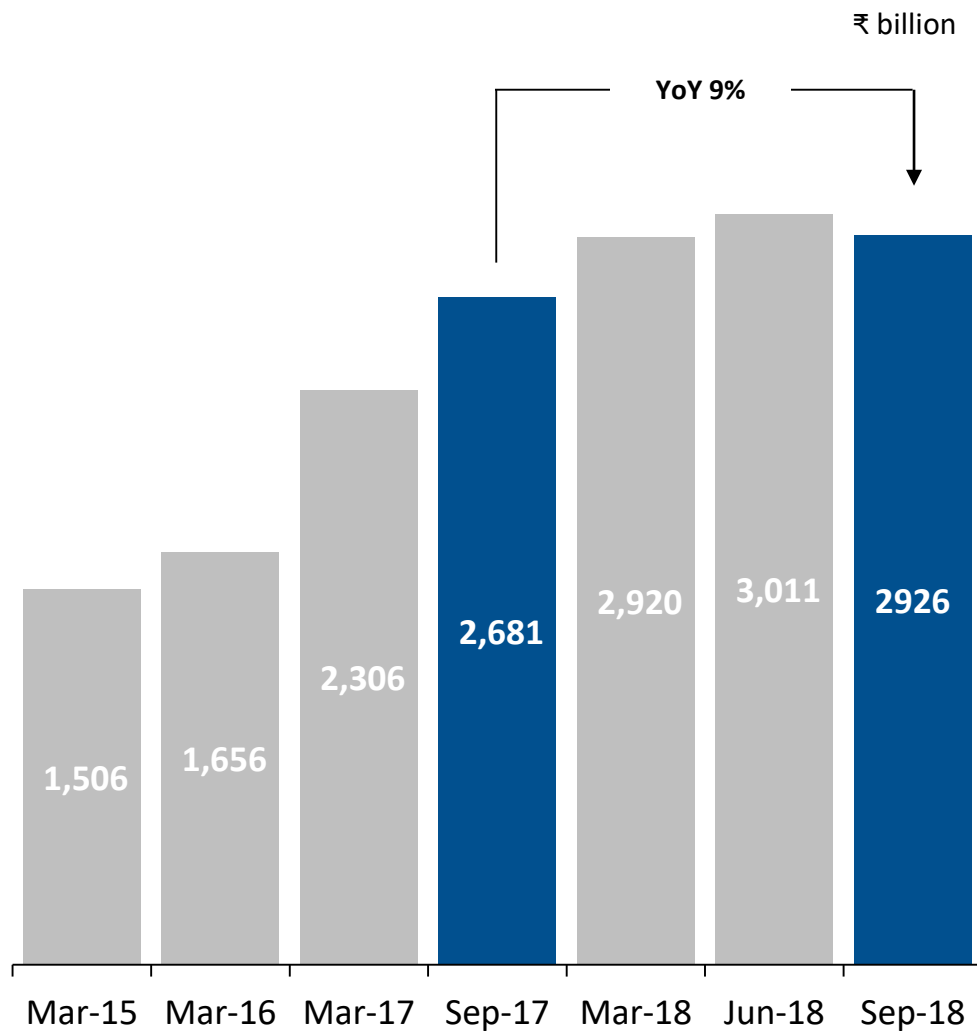
HDFC AMC at a glance



(1) As of Sep 30, 2018 / for Sep 2018; (2) Includes one representative office in Dubai; (3) Includes advisory mandates; (4) USD/INR conversion rate: ₹ 72.49
Source: Internal

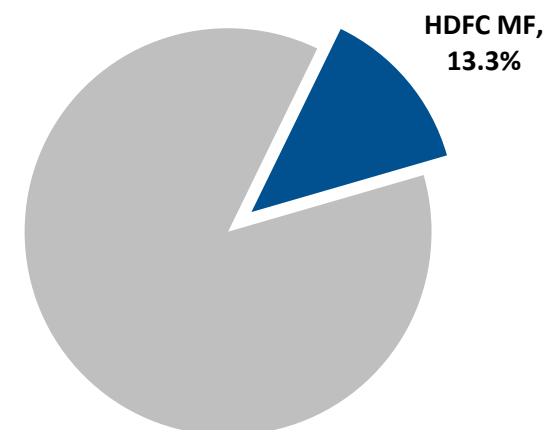
○ Total AUM and Market Share

Total AUM⁽¹⁾

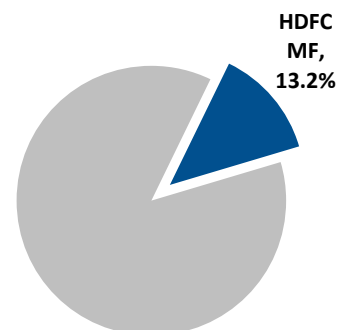


Market Share in Total AUM⁽²⁾

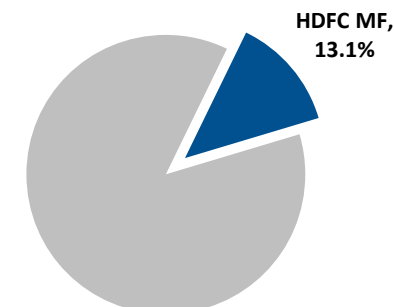
Sep-2018



Jun-2018



Sep-2017

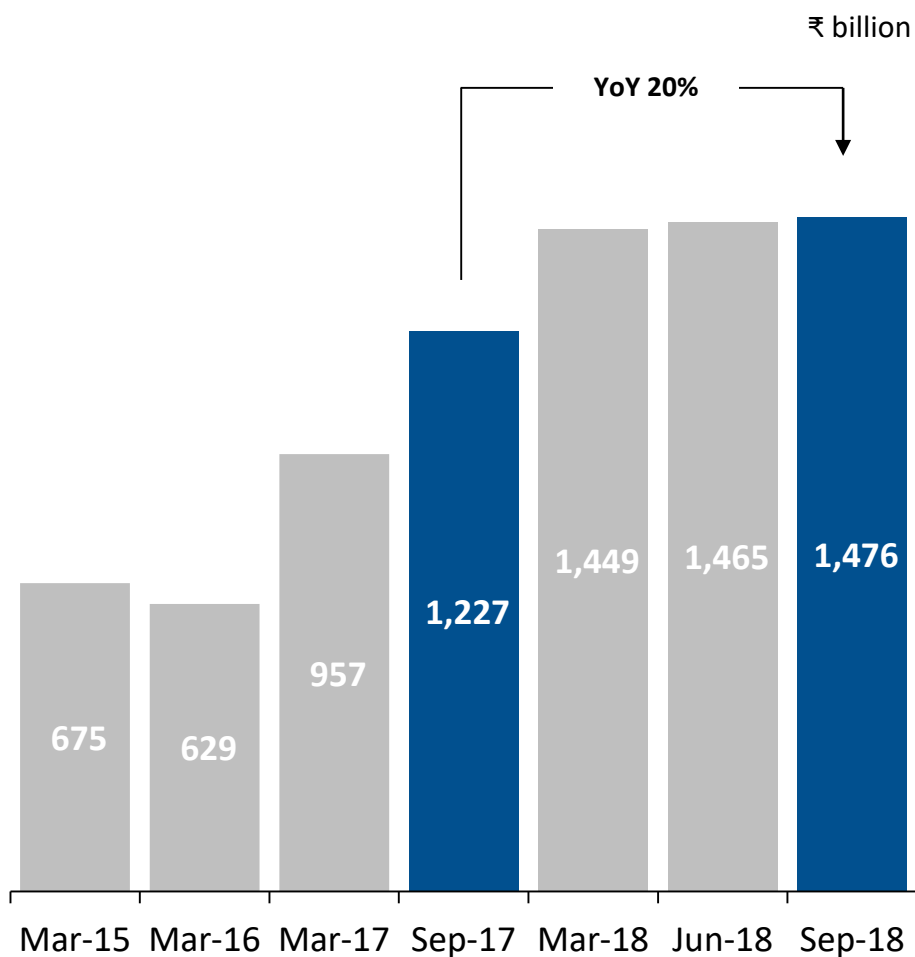


(1) Source: Internal

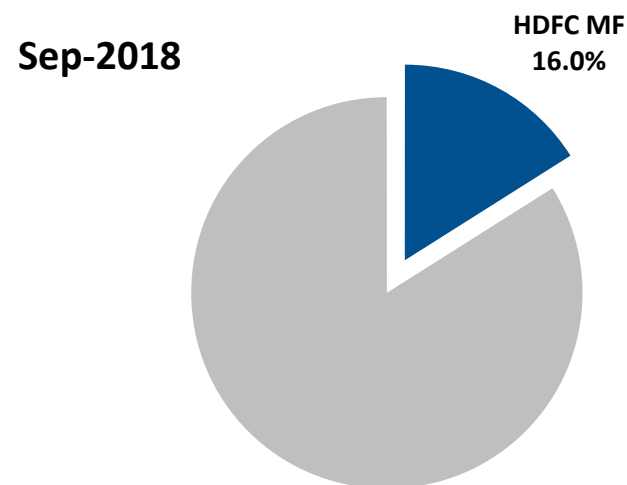
(2) Source: Internal, AMFI

Actively Managed Equity-oriented AUM and Market Share

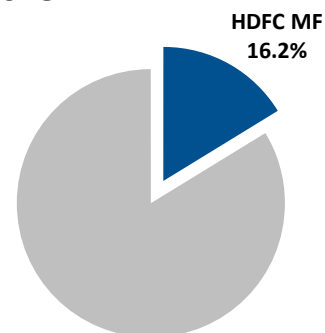
Actively Managed Equity-oriented AUM⁽¹⁾



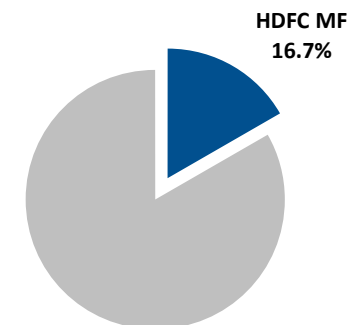
#1 Market Share in Actively Managed Equity-oriented AUM⁽²⁾



Jun-2018



Sep-2017



(1) Source: Internal

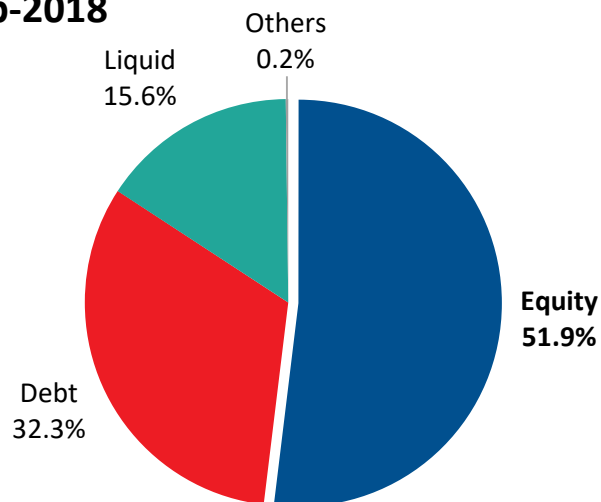
(2) Source: AMFI

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

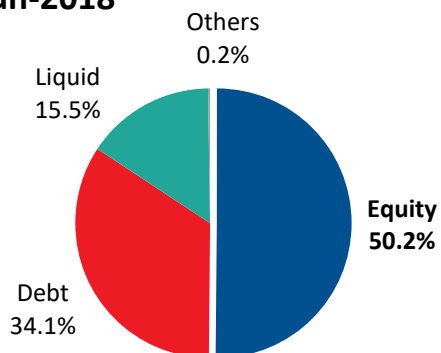
○ AUM by Segment – HDFC AMC and Industry

HDFC AMC MF AUM by Segment ⁽¹⁾

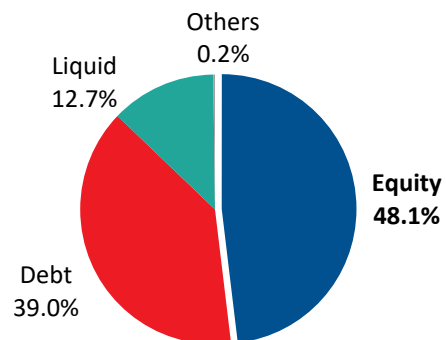
Sep-2018



Jun-2018

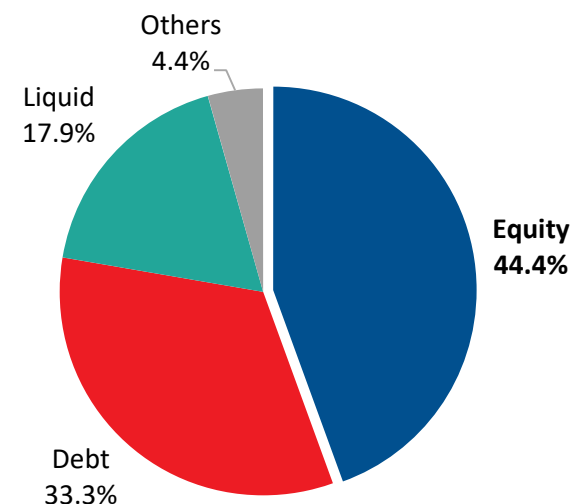


Sep-2017

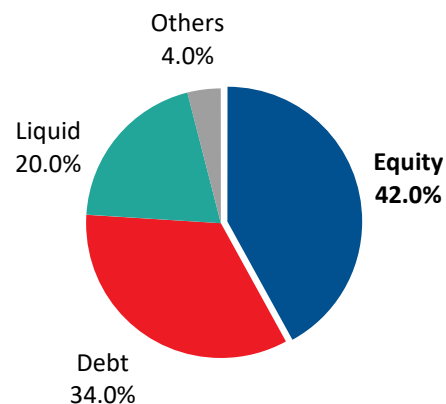


Industry AUM by Segment ⁽²⁾

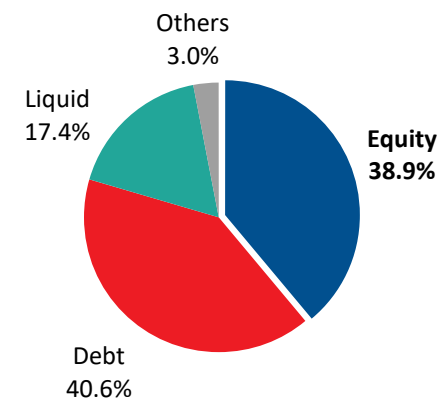
Sep-2018



Jun-2018



Sep-2017

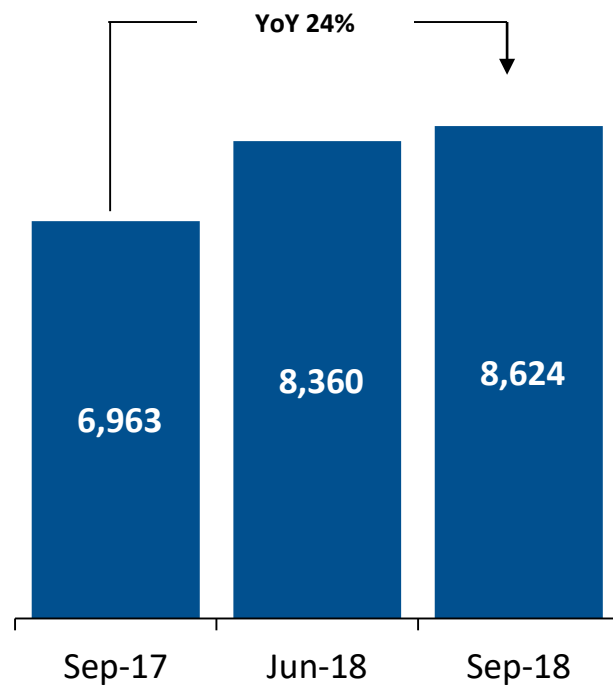


(1) Source: Internal

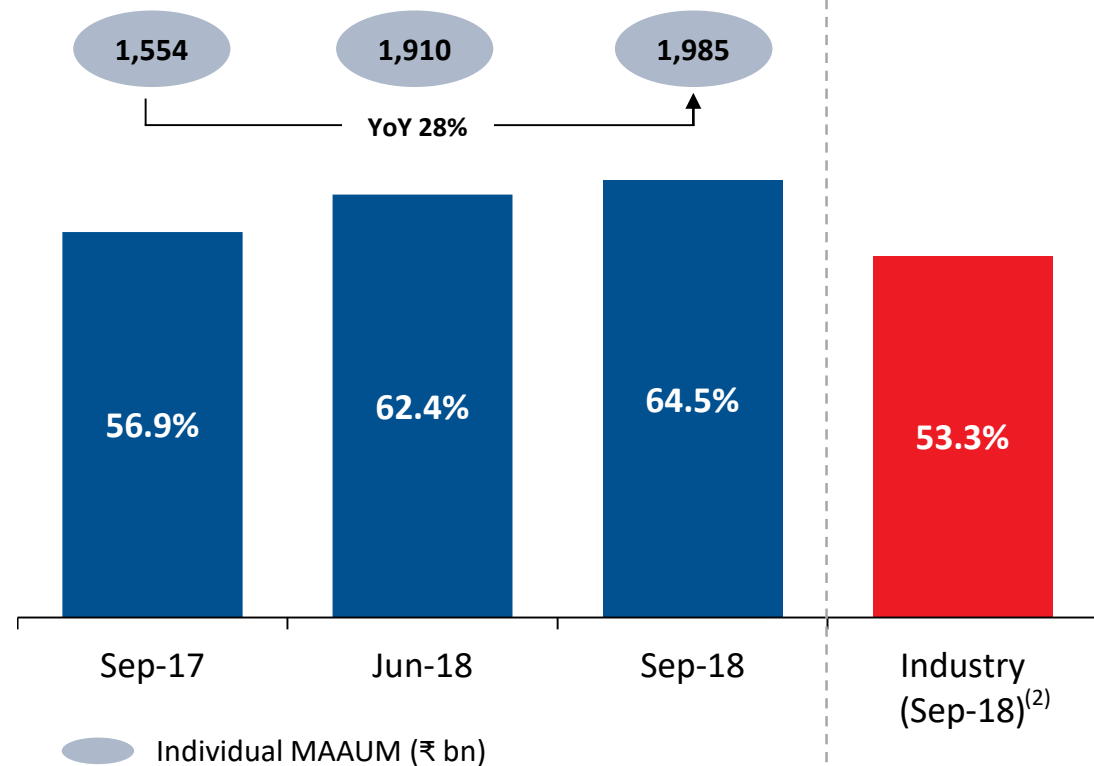
(2) Source: AMFI

Focus on Individual Customers

Number of Live Individual Accounts (in 000s) ⁽¹⁾



Individual MAAUM % of Total ⁽¹⁾



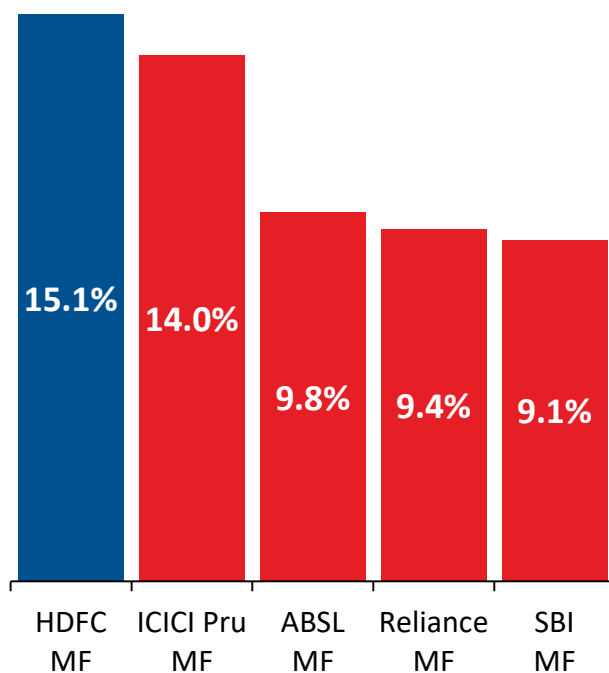
Individual customer prefer equity-oriented schemes and stay invested for longer periods

(1) Source: Internal

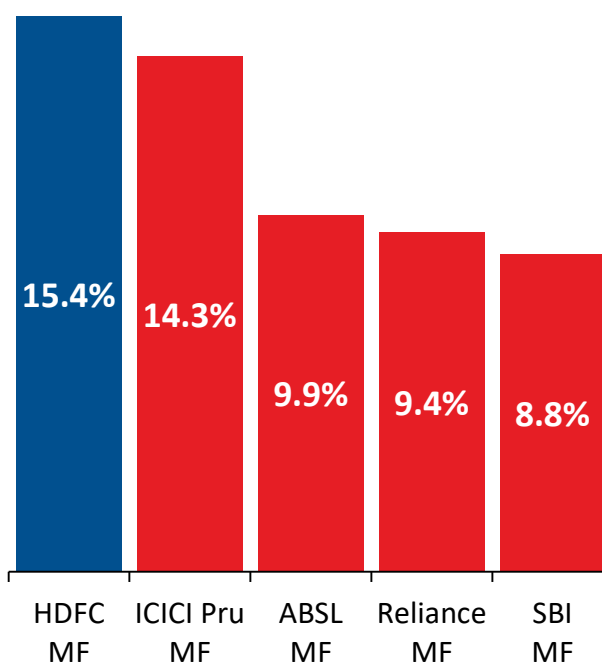
(2) Source: AMFI

Most Preferred Choice of Individual Investors

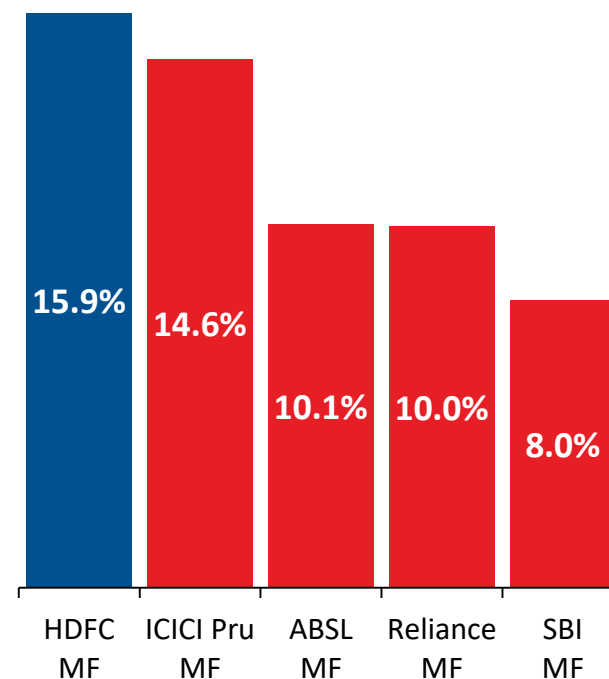
Individual Assets Market Share (Sep-18)



Individual Assets Market Share (Jun-18)

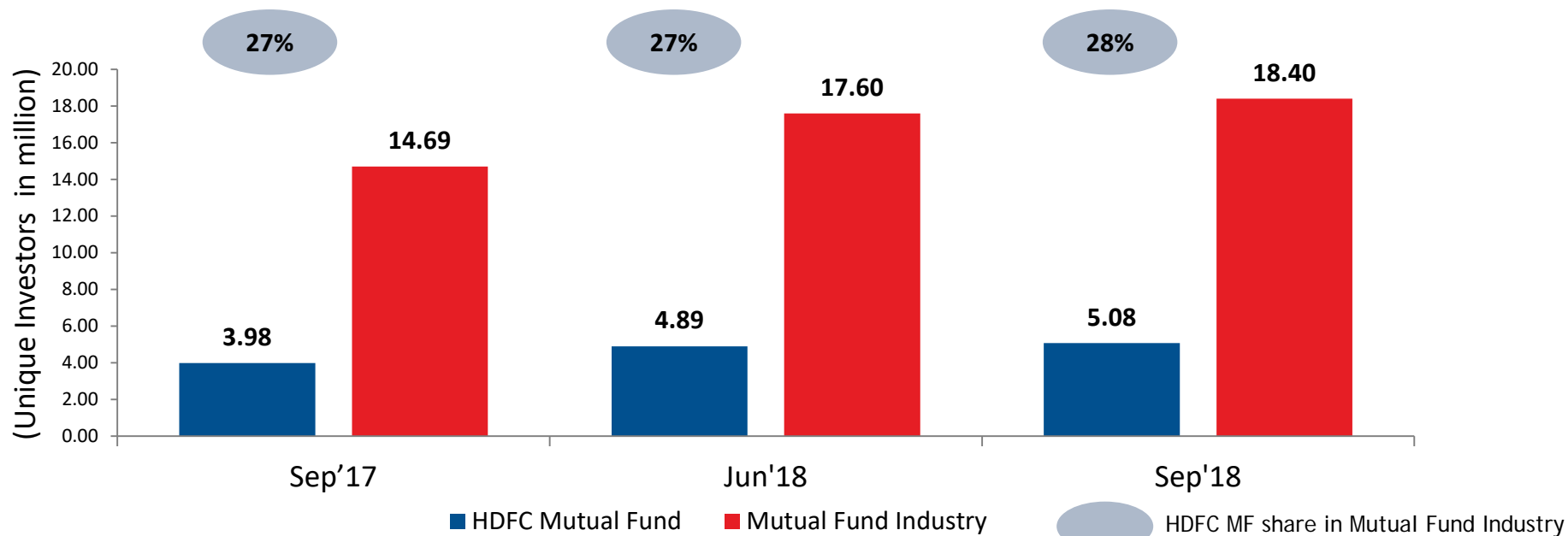


Individual Assets Market Share (Sep-17)

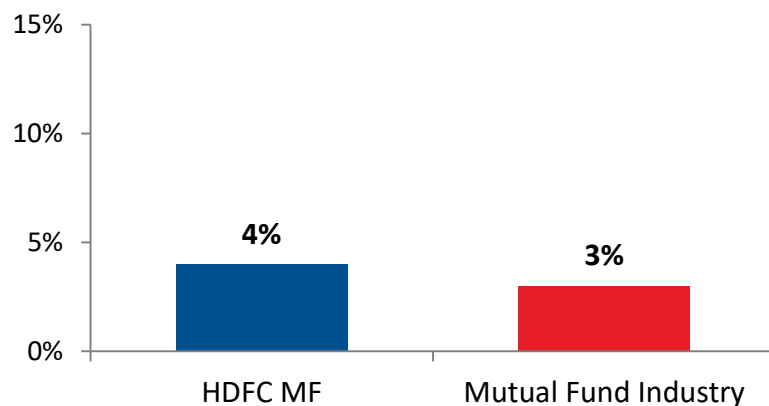


Growth of Unique Investors

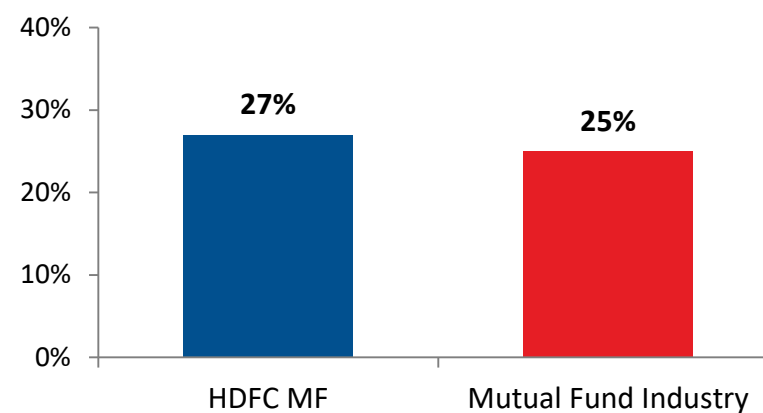
Unique Investors- HDFC AMC vs MF Industry



Sep'18 over Jun'18

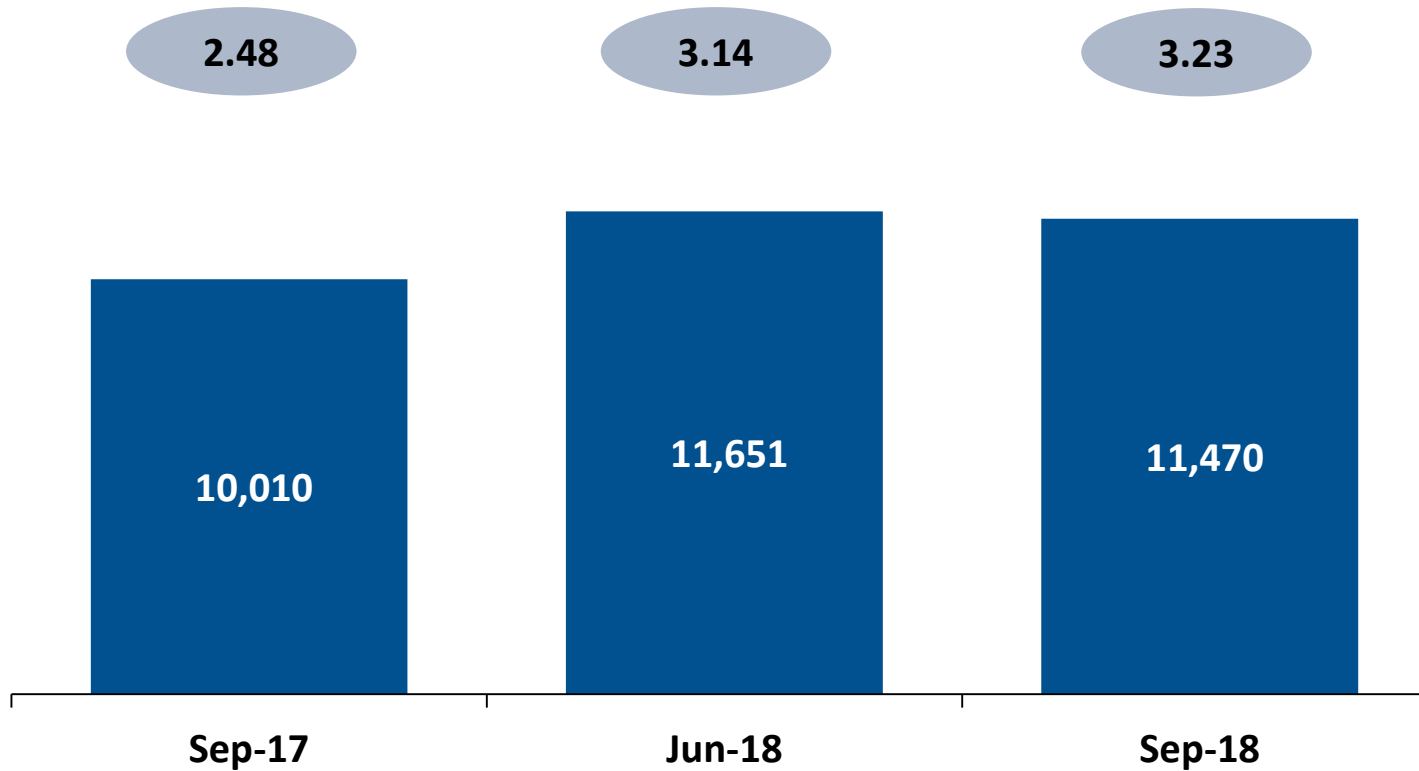


Sep'18 over Sep'17



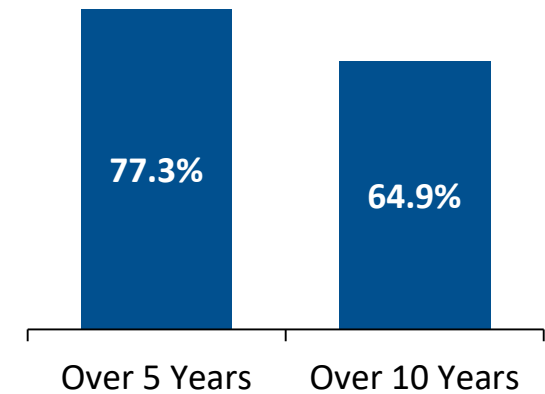
...With Quality Long-term Inflows Through Systematic Transactions

Strong Growth in Systematic Transactions (Rs mm)



 #mm systematic transactions

Long Tenure SIP Book⁽¹⁾



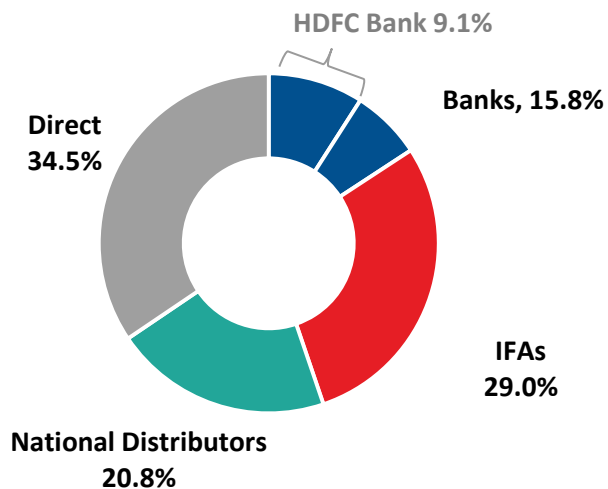
**Strong and growing
“Order Book” to
provide predictable
flows**

Source: Internal

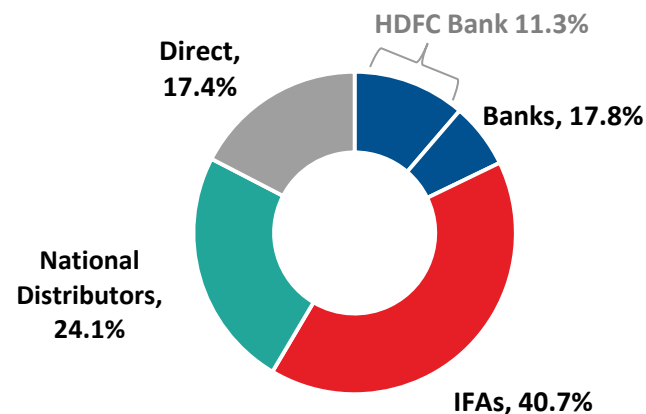
(1) Based on tenure at the time of registration of all live SIPs during Sep-18

Well Diversified Distribution Channel

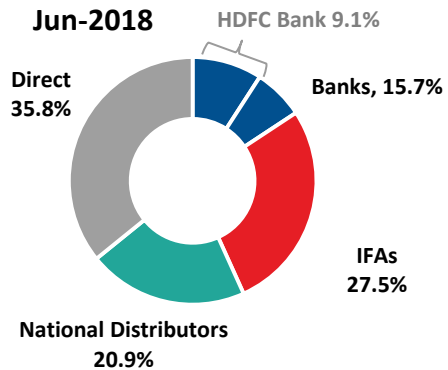
Total AUM (Sep-18)



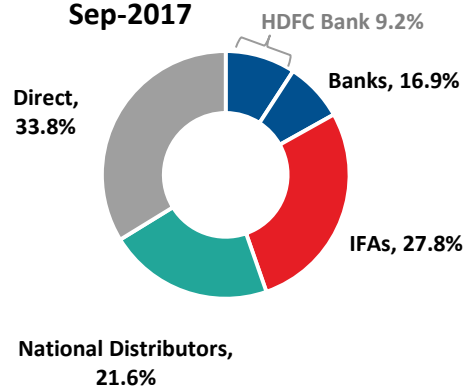
Equity-oriented AUM (Sep-18)



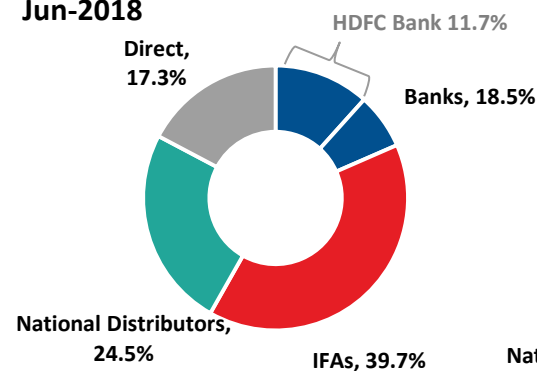
Jun-2018



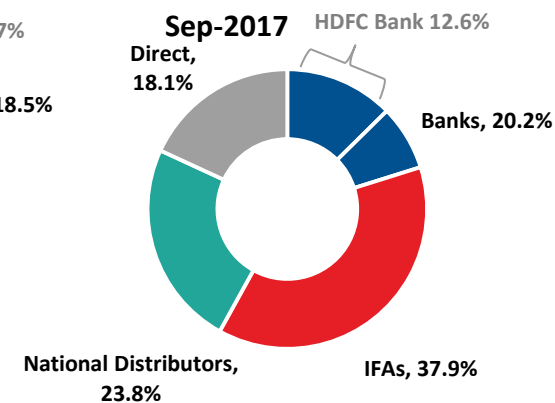
Sep-2017



Jun-2018

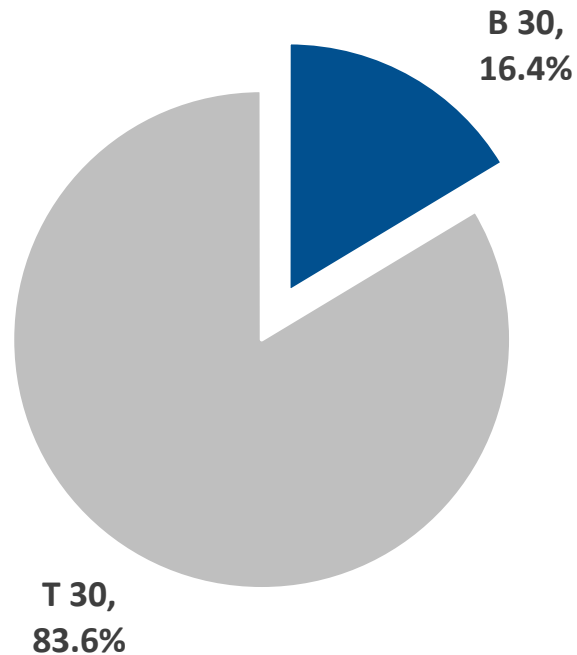


Sep-2017

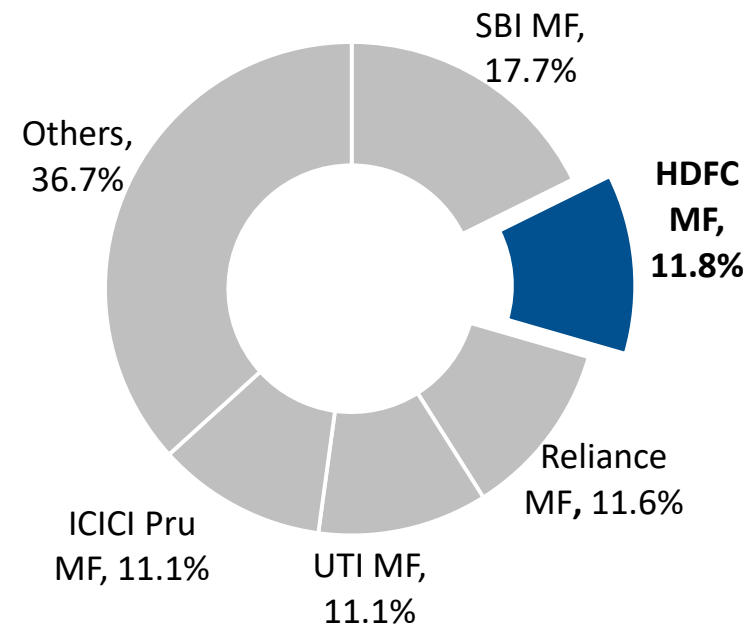


Geographic Spread

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. 65,000 empaneled distribution partners

(1) Source: Internal

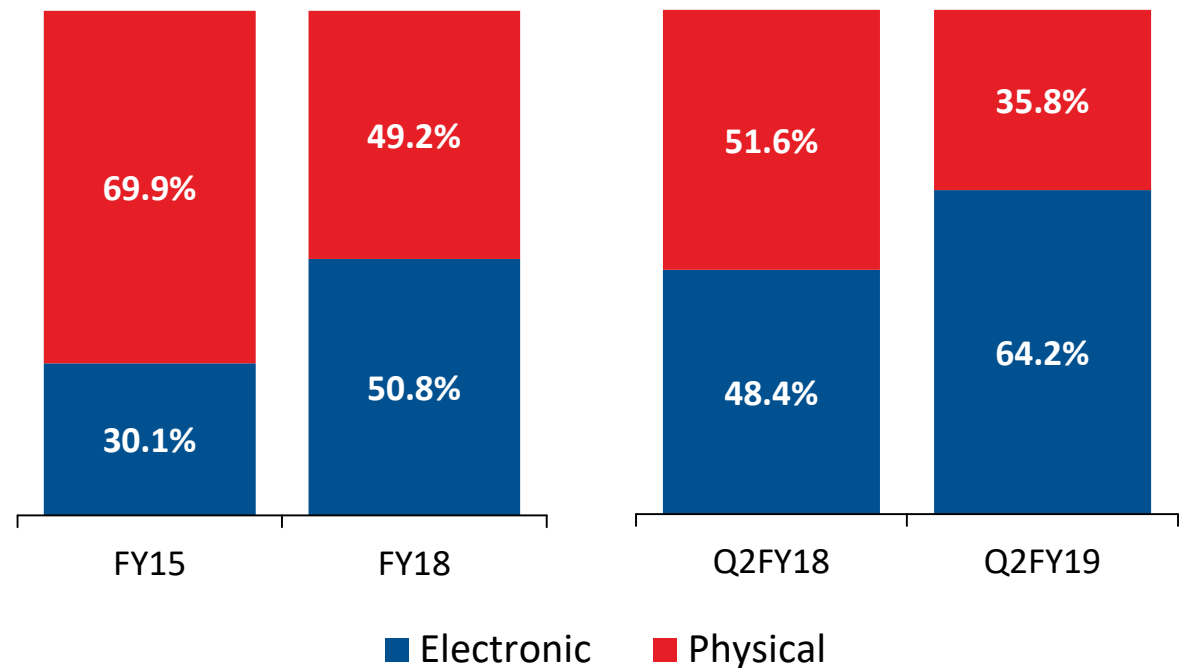
(2) As of Sep 30, 2018. Includes one representative office in Dubai;

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

Industry update

- 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

- 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 1st 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
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 – Q2 FY 18

(Rs. mm)	
Particulars	Q2 FY 18
Net profit after tax as reported under Previous GAAP	1,677
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	(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	1,798
Other Comprehensive Income	(4)
Total Comprehensive Income (net of tax) as per Ind AS	1,794

Financials Summary – Half Yearly Earnings

(Rs. mm)

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

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

*Adjusted for non recurring expenses

Financials Summary – Quarterly Earnings

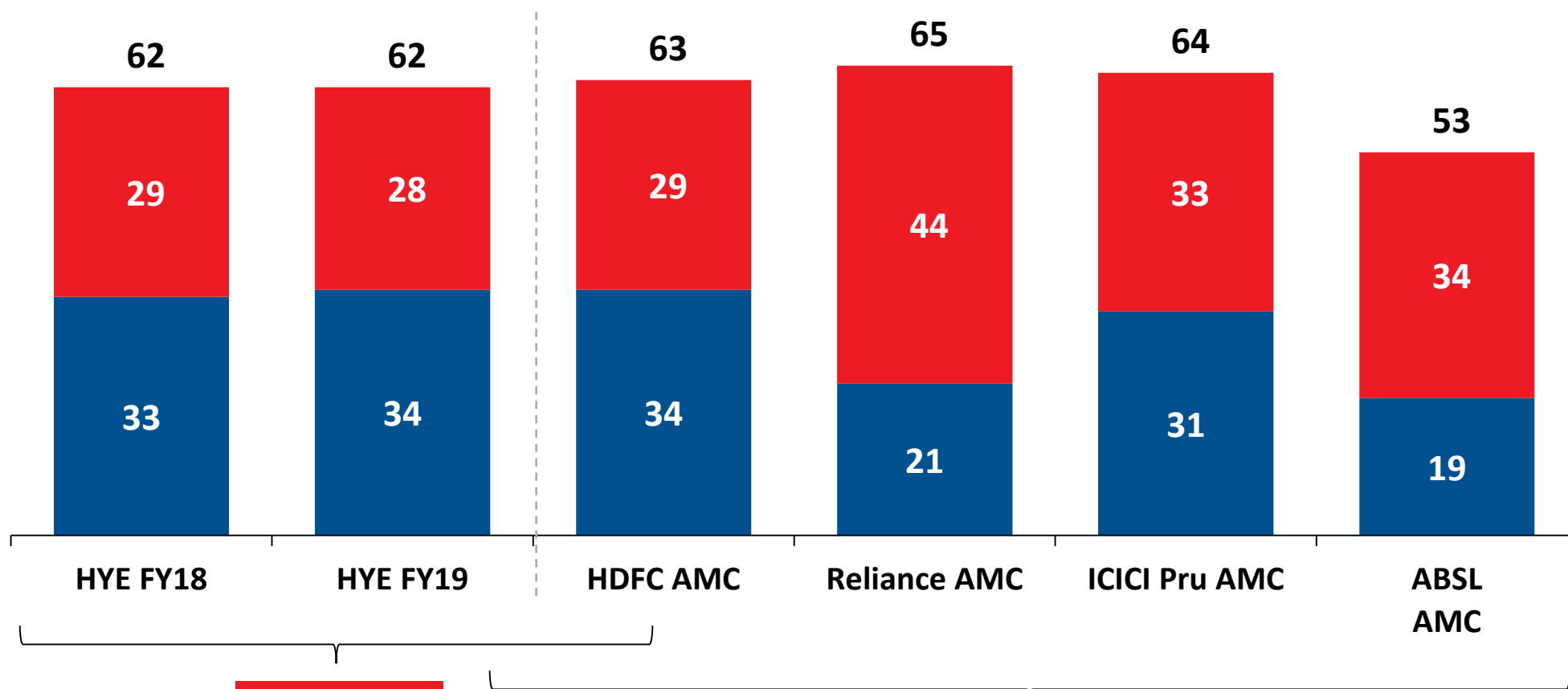
(Rs. mm)			
Particulars	Q2 FY19	Q2 FY18	Change
Revenue from Operations	4,804	4,300	12%
Other Income	349	276	26%
Total Revenue	5,153	4,576	13%
Expenses			
Employee Benefit Expense	544	490	11%
Depreciation and Amortization Expense	31	23	33%
Business Development and Other Expenses	1,606	1,421	13%
Total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

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

*Adjusted for non recurring expenses

Operating Profit Margin

Operating Revenue ■ Operating Expenses ■ PBT&OI (bps of AAUM)



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

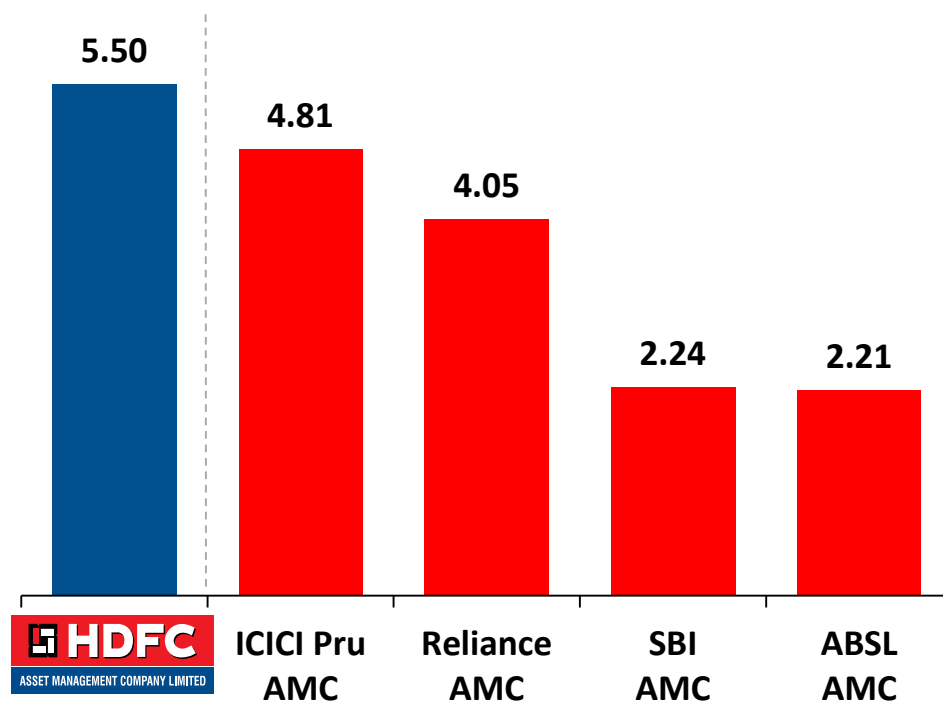
FY18

Statement of Assets and Liabilities

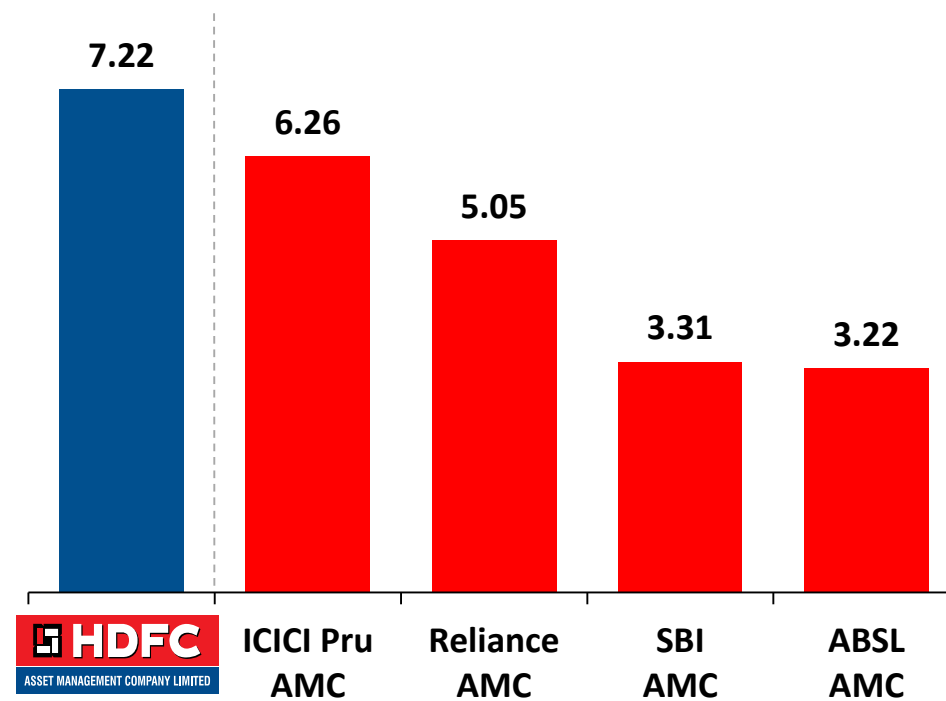
(Rs. mm)

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

FY17 Profit after tax (Rs bn)



FY18 Profit after tax (Rs bn)

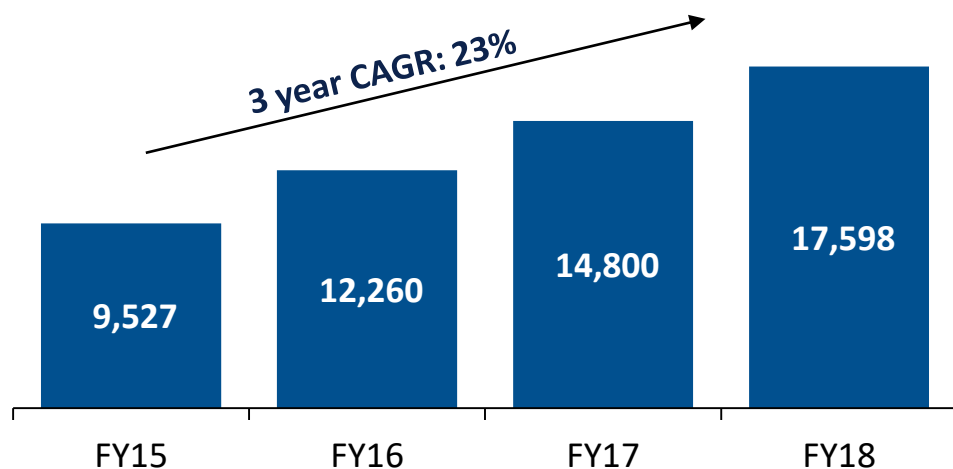


Most profitable asset management company in India in terms of net profits since FY14

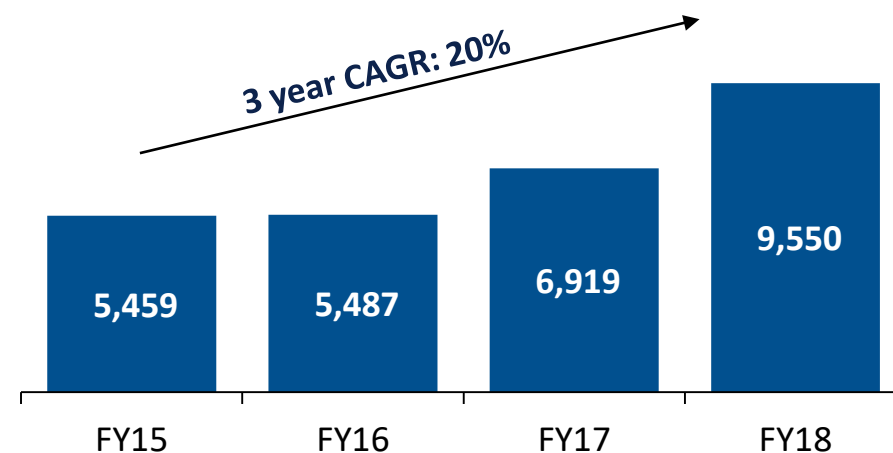
Financials Summary – Historical Trends

Figures In Rs mm

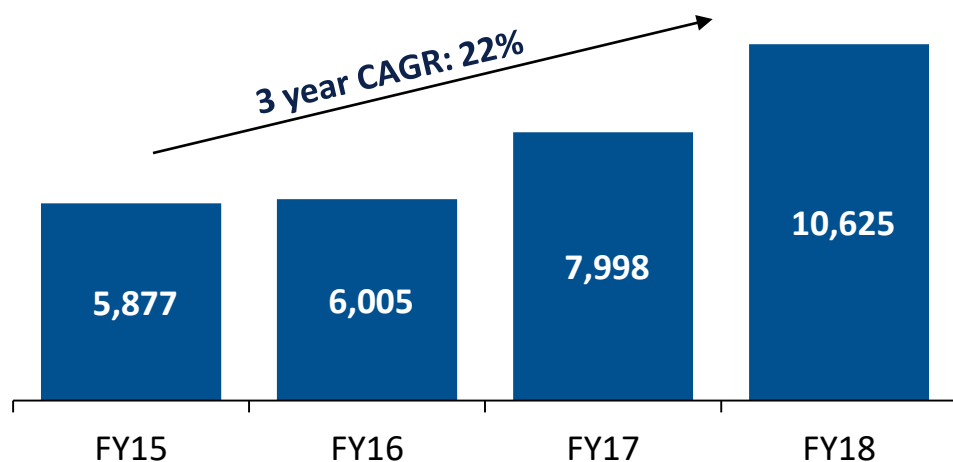
Revenue from Operations



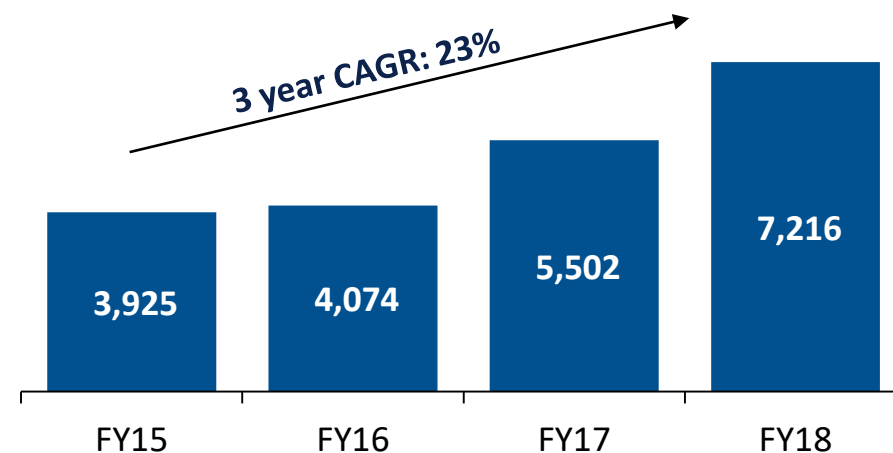
Operating Profit



Profit before tax



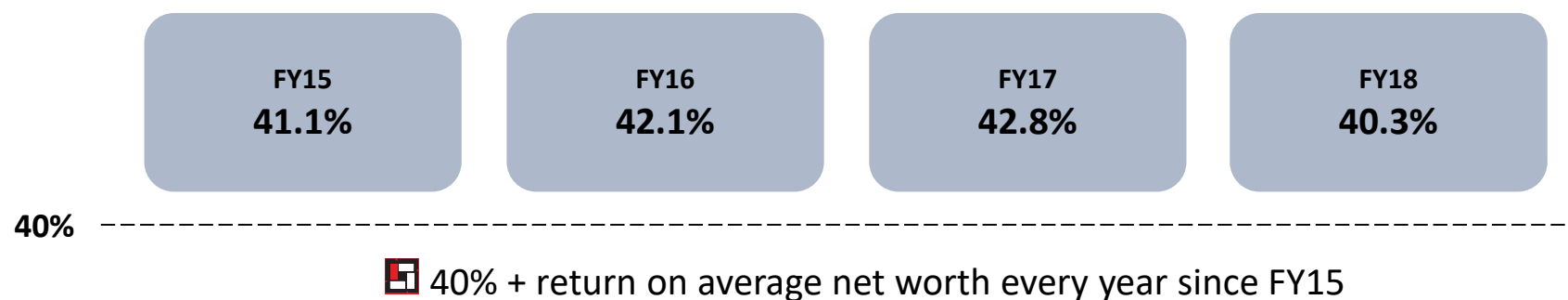
Profit after tax



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

ROE and Dividend Payout Ratio

40% + Return on Equity⁽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.