

THIS ABRIDGED PROSPECTUS IS NOT AN ADVERTISEMENT UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (MUTUAL FUNDS) REGULATIONS, 1996 ("SEBI MUTUAL FUND REGULATIONS") AND IS NOT INTENDED TO INFLUENCE INVESTMENT DECISIONS OF ANY CURRENT OR PROSPECTIVE INVESTORS OF SCHEMES OF HDFC MUTUAL FUND.

IN THE NATURE OF ABRIDGED PROSPECTUS - MEMORANDUM CONTAINING SALIENT FEATURES OF THE RED HERRING PROSPECTUS

This is an abridged prospectus containing salient features of the Red Herring Prospectus dated July 13, 2018 ("RHP"). You are encouraged to read greater details available in the RHP.

THIS DOCUMENT CONSISTS OF FOUR PAGES OF APPLICATION FORM ALONGWITH INSTRUCTIONS AND SIX PAGES OF THE ABRIDGED PROSPECTUS. PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES.

Please ensure that you have read the RHP, this abridged prospectus and the General Information Document for investing in public issues ("GID") undertaken through the Book Building Process before applying in the Offer (as defined below). You may obtain a physical copy of the Bid cum Application Form and the RHP from the Stock Exchanges (as defined below), members of the Syndicate, Registered Brokers, Collecting Depository Participants ("CDPs"), Registrar to the Offer, Registrar and Share Transfer Agents ("RTAs"), Bankers to the Offer, Underwriters, Investors' Associations or Self Certified Syndicate Banks ("SCSBs"). You may also download the RHP from the websites of Securities and Exchange Board of India ("SEBI"), National Stock Exchange of India Limited ("NSE" or the "Designated Stock Exchange") and BSE Limited ("BSE" and together with NSE, the "Stock Exchanges") where Equity Shares are proposed to be listed and the Book Running Lead Managers ("BRLMs"), i.e. www.sebi.gov.in, www.nseindia.com, www.bseindia.com, <http://investmentbank.kotak.com>, www.axiscapital.co.in, <http://www.ml-india.com>, www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm, www.india.cla.com, www.hdfcbank.com, www.icicisecurities.com, www.iifcap.com, www.jmfl.com, www.jpml.com, <https://www.morganstanley.com/pub/content/msdotcom/en/about-us/global-offices/asia-pacific/india>, www.nomuraholdings.com/company/group/asia/india/index.html, respectively. Unless otherwise specified all capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the RHP. Investors are advised to retain a copy of the RHP/Abridged Prospectus for their future reference. **Restrictions:** This Abridged Prospectus may only be accessed by investors outside of India that have read the Preliminary Offering Memorandum of HDFC Asset Management Company Limited dated July 13, 2018, a copy of which is available to eligible investors from the BRLMs.



HDFC ASSET MANAGEMENT COMPANY LIMITED

Registered and Corporate Office: HDFC House, 2nd Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020, Maharashtra, India; **Telephone:** +91 (22) 6631 3333; **Facsimile:** +91 (22) 6658 0203

Contact Person: Sylvia Furtado, Company Secretary and Compliance Officer; **Email:** shareholders.relations@hdfcfund.com;

Website: www.hdfcfund.com; **Corporate Identity Number:** U65991MH1999PLC123027

PROMOTERS OF OUR COMPANY

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED AND STANDARD LIFE INVESTMENTS LIMITED

OFFER DETAILS, LISTING AND PROCEDURE

INITIAL PUBLIC OFFERING OF UP TO 25,457,555 EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH ("EQUITY SHARES") OF HDFC ASSET MANAGEMENT COMPANY LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹ 10 PER EQUITY SHARE, AGGREGATING UP TO ₹ 10 MILLION THROUGH AN OFFER FOR SALE OF UP TO 8,592,970 EQUITY SHARES BY HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED AND UP TO 16,864,585 EQUITY SHARES BY STANDARD LIFE INVESTMENTS LIMITED (TOGETHER, "PROMOTER SELLING SHAREHOLDERS" AND SUCH OFFERING, THE "OFFER"). THE OFFER COMPRISES A NET OFFER TO THE PUBLIC OF UP TO 22,177,555 EQUITY SHARES ("NET OFFER"), A RESERVATION OF UP TO 320,000 EQUITY SHARES (CONSTITUTING UP TO 0.15% OF OUR POST-OFFER PAID UP EQUITY SHARE CAPITAL) FOR PURCHASE BY THE ELIGIBLE HDFC AMC EMPLOYEES (AS DEFINED IN "DEFINITIONS AND ABBREVIATIONS") FOR CASH AT A PRICE OF ₹ 10 PER EQUITY SHARE AGGREGATING UP TO ₹ 10 MILLION ("HDFC AMC EMPLOYEE RESERVATION PORTION"), A RESERVATION OF UP TO 560,000 EQUITY SHARES (CONSTITUTING UP TO 0.26% OF OUR POST-OFFER PAID UP EQUITY SHARE CAPITAL) FOR PURCHASE BY THE ELIGIBLE HDFC EMPLOYEES (AS DEFINED IN "DEFINITIONS AND ABBREVIATIONS") FOR CASH AT A PRICE OF ₹ 10 PER EQUITY SHARE AGGREGATING UP TO ₹ 10 MILLION ("HDFC EMPLOYEE RESERVATION PORTION") AND A RESERVATION OF UP TO 2,400,000 EQUITY SHARES (CONSTITUTING UP TO 1.13% OF OUR POST-OFFER PAID UP EQUITY SHARE CAPITAL) FOR PURCHASE BY ELIGIBLE HDFC SHAREHOLDERS (AS DEFINED IN "DEFINITIONS AND ABBREVIATIONS") FOR CASH AT A PRICE OF ₹ 10 PER EQUITY SHARE AGGREGATING UP TO ₹ 10 MILLION ("HDFC SHAREHOLDERS RESERVATION PORTION"). THE OFFER AND THE NET OFFER SHALL CONSTITUTE 12.01% AND 10.46% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY, RESPECTIVELY. THE FACE VALUE OF THE EQUITY SHARES IS ₹ 5 EACH. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE PROMOTER SELLING SHAREHOLDERS, IN CONSULTATION WITH THE BRLMS, AND ADVERTISED IN ALL EDITIONS OF FINANCIAL EXPRESS, ALL EDITIONS OF JANSATTA AND MUMBAI EDITION OF NAVSHAKTI (WHICH ARE WIDELY CIRCULATED DAILY ENGLISH, HINDI AND MARATHI NEWSPAPERS, RESPECTIVELY, MARATHI BEING THE REGIONAL LANGUAGE OF MAHARASHTRA, WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST FIVE WORKING DAYS PRIOR TO THE OFFER OPENING DATE IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED ("THE ICDR REGULATIONS") AND SUCH ADVERTISEMENT SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES.

In case of a revision in the Price Band, the Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Offer Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.

PROCEDURE

If you wish to know about processes and procedures applicable to public issues, you may request for a copy of the GID from the BRLMs or download it from the websites of BSE and NSE at www.bseindia.com and www.nseindia.com, respectively and the BRLMs at <http://investmentbank.kotak.com>, www.axiscapital.co.in, <http://www.ml-india.com>, www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm, www.india.cla.com, www.hdfcbank.com, www.icicisecurities.com, www.iifcap.com, www.jmfl.com, www.jpml.com, <https://www.morganstanley.com/pub/content/msdotcom/en/about-us/global-offices/asia-pacific/india> and www.nomuraholdings.com/company/group/asia/india/index.html,

ELIGIBILITY FOR THE ISSUE – REGULATION 26(1) OF THE ICDR REGULATIONS

Whether the Company is compulsorily required to allot at least 75% of the Net Offer, to QIBs – No

INDICATIVE TIMELINE

Bid/Offer Opening Date*	July 25, 2018	Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Accounts	On or about August 2, 2018
Bid/Offer Closing Date	July 27, 2018	Credit of Equity Shares to demat accounts of Allottees	On or about August 3, 2018
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about August 1, 2018	Commencement of trading of the Equity Shares on the Stock Exchanges	On or about August 6, 2018

*Our Company and the Promoter Selling Shareholders in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Offer Opening Date i.e. July 24, 2018.

GENERAL RISKS

Investment in equity and equity-related securities involves a degree of risk and Bidders should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. Bidders are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, Bidders must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares offered in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the RHP. Specific attention of the Bidders is invited to the section and on page 7 of this Abridged Prospectus.

PRICE INFORMATION OF PAST ISSUES HANDLED BY THE BRLMs

Sr. No.	Issue name	Name of the merchant banker	+/- % change in closing price, +/- % change in closing benchmark]- 30th calendar day from listing	+/- % change in closing price, +/- % change in closing benchmark]- 90th calendar day from listing	+/- % change in closing price, +/- % change in closing benchmark]- 180th calendar day from listing
1.	Varroc Engineering Limited	KMCC, Citi, IIFL	NA	NA	NA
2.	Fine Organic Industries Limited	JM	NA	NA	NA
3.	IndoStar Capital Finance Limited	KMCC, JM, Nomura MS	-0.96% [+1.84%] -1.9% [+1.1%]	NA	NA
4.	Lemon Tree Hotels Limited	KMCC CLSA JP Morgan	+30.18% [+3.26%] +30.18% [+3.26%] +30.2% [+3.7%]	+29.91% [+3.79%] +30.09% [+4.56%] +30.1% [+5.0%]	NA
5.	Bandhan Bank Limited	KMCC, JM Axis JP Morgan	+31.81% [+3.79%] +31.81% [+3.79%] +31.8% [+4.3%]	+42.96% [+6.26%] +42.53% [+5.68%] +42.5% [+6.2%]	NA
6.	Aster DM Healthcare Limited	KMCC, JM Axis, I-Sec	-13.66% [-3.77%] -13.66% [-3.77%]	-4.97% [+0.21%] -5.39% [+1.00%]	NA
7.	The New India Assurance Company Limited	KMCC Axis, Nomura	-27.91% [+0.15%] -27.91% [+0.15%]	-12.93% [+2.25%] -7.81% [+3.08%]	-13.06% [+5.69%]
8.	Mahindra Logistics Limited	KMCC Axis	+3.12% [-0.54%] +2.49% [0.00%]	+9.48% [+1.50%]	+21.00% [+3.84%]
9.	General Insurance Corporation of India	Citi	-12.92% [+0.52%]	-13.95% [+6.52%]	-20.78% [+2.61%]
10.	Indian Energy Exchange Limited	IIFL	-5.6% [+1.9%]	-1.8% [+7.4%]	-0.7% [+4.1%]
11.	SBI Life Insurance Company Limited	Citi I-Sec	-7.56% [+5.89%]	-0.66% [+6.81%] -0.07% [+5.84%]	-3.11% [+2.58%] -2.30% [+3.57%]
12.	Sandhar Technologies Limited	Axis, I-Sec	+19.59% [+4.96%]	+15.41% [+4.36%]	-
13.	Hindustan Aeronautics Limited	Axis	-6.96% [+4.98%]	-25.84% [+6.41%]	-
14.	Khadim India Limited	Axis	-10.40% [+0.06%]	-6.47% [+3.47%]	+10.21% [+6.09%]
15.	Reliance Nippon Life Asset Management Limited	CLSA, Nomura IIFL JM	+3.61% [-3.19%] +1.2% [-3.9%] +3.61% [-3.19%]	+8.12% [+2.05%] +5.91% [+2.95%] +5.91% [+2.95%]	-4.21% [+1.59%] -4.2% [+1.6%] -4.21% [+1.59%]
16.	ICICI Securities Limited	Citi DSP, CLSA IIFL	-27.93% [+5.44%] -27.93% [+5.44%] -28.9% [+3.6%]	-38.63% [+5.64%] -37.26% [+5.22%] +38.6% [+4.4%]	NA
17.	ICICI Lombard General Insurance Company Limited	DSP, CLSA, I-Sec	+3.62% [+6.25%]	+18.97% [+8.17%]	+15.36% [+4.06%]
18.	PNB Housing Finance Limited	DSP JP Morgan, MS	+11.70% [-4.16%] +11.7% [-3.4%]	+26.92% [+3.58%] +26.9% [+4.4%]	+70.50% [+9.28%] +70.5% [+10.1%]
19.	ICICI Prudential Life Insurance Company Limited	DSP	-7.60% [+0.54%]	-11.54% [-6.50%]	+12.31% [+5.28%]
20.	L&T Technology Services Limited	DSP	-1.09% [-1.39%]	-8.54% [-8.72%]	-9.55% [-3.28%]
21.	AU Small Finance Bank Limited	Citi HDFC Bank	+58.76% [+2.12%]	+71.80% [+2.14%] +65.20% [+2.23%]	+95.38% [+8.06%]
22.	Eris Lifesciences Limited	Citi	+0.87% [+5.37%]	-5.69% [+3.87%]	+27.19% [+10.40%]
23.	Tejas Networks Limited	Citi Nomura	+28.04% [+5.35%]	+23.27% [+4.76%] +17.82% [+3.80%]	+51.65% [+10.32%] +51.36% [+10.73%]
24.	RBL Bank Limited	HDFC Bank MS	+27.07% [-2.22%] +27.1% [-1.8%]	+56.98% [-7.50%] +57.0% [-7.1%]	+107.91% [+1.26%] +107.9% [+1.7%]
25.	Future Supply Chain Solutions Limited	CLSA, Nomura IIFL	+3.50% [+3.00%] +4.1% [+4.4%]	+6.27% [-2.83%] +6.9% [-1.3%]	-5.20% [+4.13%] -5.2% [+4.7%]
26.	HDFC Standard Life Insurance Company Limited	CLSA, HDFC Bank, Nomura IIFL, MS	+30.16% [+1.02%] +31.5% [+1.2%]	+48.93% [+2.11%] +49.0% [+3.2%]	+74.66% [+5.04%] +71.6% [+5.2%]
27.	Varun Beverages Limited	CLSA	-7.72% [-5.17%]	-9.36% [+3.01%]	+10.60% [+9.02%]
28.	H.G. Infra Engineering Limited	HDFC Bank	+22.96% [+1.49%]	+8.35% [+4.48%]	NA
29.	Shankara Building Products Limited	HDFC Bank	+51.04% [+1.02%]	+80.91% [+3.78%]	+214.86% [+6.41%]
30.	Avenue Supermarts Limited	HDFC Bank	+145.08% [-0.20%]	+166.35% [+5.88%]	+264.38% [+11.31%]
31.	Matrimony.Com Limited	I-Sec	-12.28% [+0.62%]	-7.64% [+3.37%]	-16.55% [-0.27%]
32.	Newgen Software Technologies Limited	I-Sec	-0.20% [-5.18%]	+2.51% [-3.51%]	NA
33.	Galaxy Surfactants Limited	I-Sec, JM	+1.14% [-3.31%]	-0.85% [+1.33%]	NA
35.	Shalby Limited	IIFL	-4.2% [+4.2%]	-11.7% [+1.1%]	-29.3% [+5.9%]
36.	Prataap Snacks Limited	JM	+25.12% [+5.70%]	+31.82% [+5.60%]	+40.99% [+3.27%]
37.	Central Depository Services (India) Limited	Nomura	+127.92% [+5.84%]	+128.86% [+2.26%]	+146.71% [+10.61%]

Notes: 1. Disclosures subject to recent 7 issues (initial public offerings) in current financial year and two preceding financial years managed by each BRLM with common issues disclosed once. 2. For KMCC and JM, 30th, 90th, 180th calendar days from listed day have been taken as listing day plus 29, 89 and 179 calendar days and in the event any day falls on a holiday, the price/index of the immediately preceding working day has been considered. 3. For Axis, CLSA and Nomura, in case 30th, 90th, 180th day is not a trading day, closing price on NSE of the next trading day has been considered. 4. For Citi, in case 30th/ 90th/180th day is not a trading day, closing price on the NSE of a trading day immediately prior to the 30th/ 90th/180th day, is considered. 5. For DSP, 30th, 90th, 180th calendar days from listed day have been

IN THE NATURE OF ABRIDGED PROSPECTUS - MEMORANDUM CONTAINING SALIENT FEATURES OF THE RED HERRING PROSPECTUS

taken as listing day plus 29, 89 and 179 calendar days and in case 30th/ 90th/180th day is not a trading day, closing price on NSE of next trading day is considered. 6. For HDFC Bank and I-Sec 30th, 90th and 180th calendar days has been taken as listing date plus 29, 89 and 179 calendar days and in case of reporting dates falling on a trading holiday, values for the trading day immediately after the trading holiday have been considered. 7. For IIFL, the 30th, 90th and 180th calendar day from listing day have been taken as listing day plus 30, 90 and 180 calendar days, except wherever 30th/ 90th/ 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered. % change taken against the Issue Price in case of the Issuer. % change taken against closing CNX NIFTY Index a day prior to the listing date. 8. For JP Morgan, Closing price of 30th, 90th, 180th calendar day from listing day has been taken as listing day plus 29, 89 and 179 calendar days respectively and in case 30th/90th/180th day is not a trading day, closing price on NSE of the next trading day has been considered. Pricing Performance for the benchmark index is calculated as per the close on the day prior to the listing date. 9. For MS, If the 30th/90th/180th day falls on a trading holiday then pricing information on the immediate next trading day has been considered. Pricing Performance for the benchmark index is calculated as per the close on the day prior to the listing date. 10. CNX Nifty is considered as the benchmark index. 11. Not applicable – where the relevant period has not been completed.

BOOK RUNNING LEAD MANAGERS

Kotak Mahindra Capital Company Limited Telephone: +91 (22) 4336 0000 Email: hdfcamc.ipo@kotak.com Investor Grievance ID: kmccredressal@kotak.com	Axis Capital Limited Telephone: +91 (22) 4325 2183 Email: hdfcamc.ipo@axiscap.in Investor Grievance ID: complaints@axiscap.in	DSP Merrill Lynch Limited Telephone: +91 (22) 6632 8000 Email: dg.hdfcamc_ipo@baml.com Investor Grievance ID: dg.india_merchantbanking@baml.com	Citigroup Global Markets India Private Limited Telephone: + 91 (22) 6175 9999 Email: hdfc.amc.ipo@citi.com Investor Grievance ID: investors.cgmb@citi.com
CLSA India Private Limited Tel: +91 22 6650 5050 E-mail: hdfcamc.ipo@cls.com Investor Grievance ID: investor.helpdesk@cls.com	HDFC Bank Limited[#] Telephone: +91 (22) 3395 8021 Email: hdfcamc.ipo@hdfcbank.com Investor Grievance ID: investor.redressal@hdfcbank.com	ICICI Securities Limited Telephone: +91 (22) 2288 2460/ 70 Email: hdfcmf.ipo@icicisecurities.com Investor Grievance ID: customercare@icicisecurities.com	IIFL Holdings Limited Telephone: +91 (22) 4646 4600 Email: hdfcamc.ipo@iiflcap.com Investor Grievance ID: ig.ib@iiflcap.com
JM Financial Limited Telephone: +91 (22) 6630 3030 Email: HDFCAMC.IPO@jmfml.com Investor Grievance ID: grievance.ibd@jmfml.com	J.P. Morgan India Private Limited Telephone: +91 (22) 6157 3000 Email: hdfcamc_ipo@jpmorgan.com Investor Grievance ID: investorsmb.jpmlpl@jpmorgan.com	Morgan Stanley India Company Private Limited Telephone: +91 (22) 6118 1000 Email: hdfcamcipo@morganstanley.com Investor Grievance ID: investors_india@morganstanley.com	Nomura Financial Advisory and Securities (India) Private Limited Telephone: +91 (22) 4037 4037 Email: hdfcamcipo@nomura.com Investor Grievance ID: investorgrievances-in@nomura.com

[#]In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, read with proviso to Regulation 5(3) of the ICDR Regulations, HDFC Bank Limited is involved as a merchant banker only in marketing of the Offer.

Name of Registrar to the Offer: Karvy Computershare Private Limited, **Telephone:** +91 (40) 6716 2222, **Email:** einward.ris@karvy.com, **Investor Grievance ID:** hdfcamc.ipo@karvy.com

Names of Syndicate Members: HDFC Securities Limited, IIFL Securities Limited, Kotak Securities Limited and JM Financial Services Limited

Name of Statutory Auditor: B S R & Co. LLP

Self-Certified Syndicate Banks: The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmid=34> or such other websites as updated from time to time.

Registered Brokers: You can submit ASBA Forms to Registered Brokers at the Broker Centres. For further details, see section titled “Offer Procedure” beginning on page 423 of the RHP.

Details regarding website address(es)/link(s) from which the investor can obtain list of RTAs, CDPs and Registered Brokers who can accept application from investor: The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, the list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations and the list of the Registered Brokers, including details such as name, postal address and contact details, are provided on the websites of Stock Exchanges at <http://www.bseindia.com> and <http://www.nseindia.com> or such other websites as updated from time to time. For further details, see section titled “Offer Procedure” beginning on page 423 of the RHP.

PROMOTERS OF OUR COMPANY

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED (“HDFC”) was incorporated as a public limited company on October 17, 1977 under the Companies Act, 1956 and received a certificate of commencement of business on December 3, 1977. HDFC received a certificate of registration dated July 31, 2001 from the NHB under Section 29A of the NHB Act. Its CIN is L70100MH1977PLC019916

STANDARD LIFE INVESTMENTS LIMITED (“Standard Life Investments”) was incorporated as a private company limited by shares on February 27, 1990 under the Companies Act, 1985. It was originally incorporated as Dunwilco (202) Ltd, and underwent a number of name changes to become Standard Life Investments on July 7, 1998. Its registered office is 1, George Street, Edinburgh, United Kingdom.

Names of top five Group Companies: 1. GRUH Finance Limited (“GRUH”) 2. HDFC Standard Life Insurance Company Limited (“HDFC Life”) 3. HDFC ERGO General Insurance Company Limited 4. HDFC Credila Financial Services Private Limited and 5. HDFC Sales Private Limited

BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY

Overview: We have been the most profitable asset management company in India in terms of net profits since Fiscal 2013, according to CRISIL[®]. We had a total AUM of ₹ 2,919.85 billion as of March 31, 2018. Our profits have grown every year since the first full year of operations in Fiscal 2002. We have been the largest asset management company in India in terms of equity-oriented AUM since the last quarter of Fiscal 2011 and have consistently been among the top two asset management companies in India in terms of total average AUM since the month of August 2008, according to CRISIL. As of March 31, 2018, our equity-oriented AUM and non-equity-oriented AUM constituted ₹ 1,497.13 billion and ₹ 1,422.73 billion, respectively, of our total AUM. Our actively managed equity-oriented AUM (which excludes index linked and arbitrage schemes) constituted ₹ 1,449.25 billion of our total AUM as of March 31, 2018. Our AUM has grown at a CAGR of 25.5% between March 31, 2013 and March 31, 2018. Our proportion of equity-oriented AUM to total AUM was at 51.3%, which was higher than the industry average of 43.2%, as of March 31, 2018, according to CRISIL. As equity-oriented schemes generally have a higher fee structure compared to non-equity-oriented schemes, according to CRISIL, our product mix helps us achieve higher profits. As of March 31, 2018, our market share of total AUM was 13.7% and of actively managed equity-oriented AUM (which excludes index linked and arbitrage schemes) was 16.8% among all asset management companies in India, according to CRISIL. We have received several awards for our operations, such as the Equity Fund House of the year award for 2017 at the Outlook Money Awards in 2018.

Our Competitive Strengths: • Consistent market leadership position in the Indian mutual fund industry. • Trusted brand and strong parentage • Strong investment performance supported by comprehensive investment philosophy and risk management • Superior and diversified product mix distributed through a multi-channel distribution network • Focus on individual customers and customer centric approach • Consistent profitable growth • Experienced and stable management and investment teams.

Our Strategies: • Maintain strong investment performance • Expand our reach and distribution channels • Enhance product portfolio • Invest in digital platforms to establish leadership in the growing digital space

*** “CRISIL Research, a division of CRISIL Limited (“CRISIL”) has taken due care and caution in preparing the industry report (the “Report”) based on the Information obtained by CRISIL from sources which it considers reliable (the “Data”). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. HDFC Asset Management Company Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL’s Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in the Report are that of CRISIL Research and not of CRISIL’s Ratings Division/CRIS. No part of this Report may be published/reproduced in any form without CRISIL’s prior written approval.”*

BOARD OF DIRECTORS

Sr. No.	Name	Designation	Experience including current/ past position held in other firms
1	Mr. Deepak Parekh	Non – Executive Director and Chairman (Nominee of HDFC)	He has been on our Board since July 4, 2000. He is also the non-executive director and chairman of one of our Promoters, HDFC. He is an associate of the Institute of Chartered Accountants (England and Wales). He is on the board of several leading companies.
2	Mr. Keki Mistry	Non-Executive Director (Nominee of HDFC)	He has been on our Board since December 24 2007. He is the vice chairman and CEO of one of our Promoters, HDFC. He is a fellow of the ICAI. He is the chairman of the CII National Council on Corporate Governance.
3	Ms. Renu Karnad	Non-Executive Director (Nominee of HDFC)	She has been on our board since July 4, 2000. She is the managing director of one of our Promoters, HDFC. She holds a master’s degree in Economics from the University of Delhi. She joined HDFC in 1978 and was appointed as executive director in 2000.
4	Norman Keith Skeoch	Non-Executive Director (Nominee of Standard Life Investments)	He has been on our Board since October 26, 2005. He holds a Bachelor of Arts degree in Economics from University of Sussex, United Kingdom and Master of Arts degree in Economics from University of Warwick. He has been on the board of Standard Life Aberdeen plc since 2006.
5	James Baird Aird	Non-Executive Director (Nominee of Standard Life Investments)	He has been on our Board since April 23, 2009. He holds a degree in Economics from Edinburgh University. He has been the Chief Executive of Ignis Investment Services Limited, since 2015 where he is responsible for the day to day management of the business.
6	Hoshang Billimoria	Independent Director	He has been on our Board since July 4, 2000. He is a fellow of the Institute of Chartered Accountants (England and Wales) and of the ICAI. He is presently the CEO of Next Gen Publishing Private Limited.
7	Humayun Dhanrajgir	Independent Director	He has been a Director on our Board since July 4, 2000. He holds a bachelor’s degree in chemical engineering from Loughborough University, M.I. Chem E (U.K.), C.Eng (U.K.). Currently, he is the Chairman of Emcure Pharmaceuticals Limited and Next Gen Publishing Private Limited.
8	P. M. Thampi	Independent Director	He has been on our Board since July 4, 2000. He holds a post-graduate diploma in Chemical Engineering from Battersea Polytechnic London. He is a corporate member of Institution of Chemical Engineers and has been conferred with the title “F.I. Chem. E.”.
9	Deepak Phatak	Independent Director	He has been on our Board since July 4, 2000. He holds a master’s degree in Technology from and a Doctorate in Philosophy from IIT, Bombay. He is presently a professor in the department of computer science & engineering, IIT Bombay.
10	Rajeshwar Bajaaj	Independent Director	He has been a director on our Board since October 26, 2005. He holds a bachelor’s degree in Science. He has been associated with Lerch Bates & Associates Inc. He was the chairman and managing director of Otis Elevator Co. (India) Limited.
11	Vijay Merchant	Independent Director	He has been a director on our Board since December 24, 2007. He holds a bachelor’s degree in Commerce from University of Bombay and has completed the post graduate diploma in Business Administration from IIM, Ahmedabad. He is a partner of Dynam Plastics.
12	Milind Barve	Managing Director	He is the Managing Director and an Executive Director of our Company since July 4, 2000. He is a fellow of the ICAI. He has been associated with HDFC in the capacity of general manager – treasury where he headed the treasury operations at HDFC for 14 years.

For further details, refer to “Our Management” on page 217 of the RHP.

OBJECTS OF THE OFFER

The objects of the Offer are to achieve the benefits of listing the Equity Shares on the Stock Exchanges and to carry out the sale of Equity Shares offered for sale by the Promoter Selling Shareholders. Further, our Company expects that the listing of its Equity Shares will enhance our visibility and brand image, and will provide a public market for Equity Shares in India. Our Company will not receive any proceeds from the Offer and all the proceeds from the offer will be received by the Promoter Selling Shareholders as part of the Offer

Shareholding pattern of the Company as on the date of RHP

Sr. No.	Category of shareholder	Pre Issue number of shares	% Holding of Pre Issue
(A)	Promoters & Promoter Group	20,12,88,000	94.95%
(B)	Public	1,07,00,800	5.05%
	Total	21,19,88,800	100%

Number of equity shares proposed to be sold by Promoter Selling Shareholders

Sl. No.	Name	Number of equity shares proposed to be offered
1.	HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED	Up to 8,592,970
2.	STANDARD LIFE INVESTMENTS LIMITED	Up to 16,864,585

RESTATED STANDALONE FINANCIALS

(₹ in Millions except share data and unless otherwise stated)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Total Income from operations (Net)	18,672.46	15,879.10	14,943.42	10,642.76	9,031.14
Net Profit / (Loss) before tax and extraordinary items	10,625.15	7,998.01	7,082.50	6,225.96	5,224.51
Net Profit / (Loss) after tax and extraordinary items	7,216.16	5,502.46	4,778.80	4,155.00	3,577.70
Equity Share Capital	1,052.78	251.67	251.64	252.41	252.41
Reserves and Surplus	20,546.90	13,977.74	11,260.58	10,946.49	8,760.17
Net worth	21,599.68	14,229.40	11,512.22	11,198.90	9,012.58
Basic earnings per share (Rs.)	35.02	27.33	23.64	20.58	17.71
Diluted earnings per share (Rs.)	34.96	27.05	23.56	20.31	17.60
Return on net worth (%)	33.41	38.67	41.51	37.10	39.70
Net asset value per share (Rs.)	102.58	70.68	57.19	55.46	44.63

INTERNAL RISK FACTORS

Below are the top 10 Risk Factors as per the RHP:-

1. Adverse market fluctuations and/or adverse economic conditions could affect our business in many ways, including by reducing the value of our AUM, causing a decline in our investment management fees, portfolio management fees or fees from advisory services, reducing our systematic transactions, and causing our customers to withdraw their investments, each of which could materially and adversely affect our revenue, business prospects, financial condition and results of operations.
2. If our investment products underperform, our AUM could decline and adversely affect our revenues, reputation and brand.
3. Our AUM may be constrained by the unavailability of appropriate investment opportunities or if we close or discontinue some of our schemes, products and services.
4. Our historical growth rates may not be indicative of our future growth and if we do not manage our growth effectively, our financial performance could be adversely affected.
5. Failure to continue with our existing distribution relationships or to secure new distribution relationships may have a material adverse effect on our competitiveness, financial condition and results of operations.
6. We rely on third-party service providers in several areas of our operations and may not have full control over the services provided by them to us or to our customers.
7. If our techniques for managing risk are ineffective, we may be exposed to material unanticipated losses.
8. We may not be able to implement our growth strategies.
9. Any concentration in our investment portfolio could have a material adverse effect on our business, financial condition and results of operations.
10. We are dependent on the strength of our brand and reputation, as well as the brand and reputation of other HDFC group entities and Standard Life Investments group companies.

THE EQUITY SHARES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 AS AMENDED ("U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

A. Total number of outstanding litigations against the company and amount involved

S. No.	Nature of litigation	Number of cases	Approximate amount involved to the extent quantifiable (₹ in million)
1.	Actions by statutory or regulatory authority	2	69.69
2.	Direct Tax	7	12.22
3.	Indirect Tax	1	0.37
	TOTAL	10	82.28

B. Brief details of top 5 material outstanding litigations against the company and amount involved

S. No	Particulars	filed by	Current status	Approx. amt.
1.	SEBI carried out an investigation into the alleged front running of trade orders of HDFC Mutual Fund by a certain set of persons on the basis of information provided by Nilesh Kapadia, formerly a dealer (in equities) at our Company, and had issued the certain orders and notices. HDFC Trustee Company Limited (the 'Trustee Company'), our Company and our MD, Milind Barve, had filed consent applications seeking settlement of the issues arising out of the above and any proceedings that may be initiated by SEBI in this regard, including under the SEBI (Mutual Funds) Regulations, 1996, SEBI (Portfolio Managers) Regulations, 1993, Clause IV (Operation Risks) in Operating Manual for Risk Management for Indian Mutual Funds - Annexure to Circular No. MFD / CIR / 15 / 19133 /2002 dated September 30, 2002. The Trustee Company, our Company and Milind Barve, our MD remitted sums of ₹2 million, ₹2 million and ₹1.5 million, respectively, without admission or denial of guilt, and our Company also undertook to compensate investors for any losses suffered by them on account of the alleged front-running activities, as determined by SEBI. Our Company terminated the services of Nilesh Kapadia, SEBI issued a consent order dated September 30, 2011 bearing no. CO/ID-6/AO/BM/130-132/2011, in this regard. SEBI, by its order dated July 24, 2014, prohibited Nilesh Kapadia and certain others from accessing the securities market, or buying, selling or otherwise dealing in securities, for a period of ten years for violation of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. SEBI further directed that Nilesh Kapadia shall not associate himself with any intermediary or any other entity registered with SEBI for a period of ten years from June 17, 2010. SEBI, by its interim order dated January 15, 2016, ordered impounding of unlawful gains allegedly made by Nilesh Kapadia and certain front runners, together with interest. No directions were issued against the Trustee Company, our Company or our Managing Director in SEBI's orders dated July 24, 2014 and January 15, 2016.	SEBI	Pursuant to directions issued by SEBI by way of an interim order our Company deposited the total amount of losses suffered by the investors during the period November 2001 to September 2007, aggregating to ₹69.69 million, as determined by SEBI. Our Company has thereafter compensated the concerned investors in accordance with the directions issued by SEBI. Further, SEBI has, communicated that the adjudication proceedings with respect to SEBI, show cause notice dated March 20, 2014 has been dropped.	₹69.69 million

IN THE NATURE OF ABRIDGED PROSPECTUS - MEMORANDUM CONTAINING SALIENT FEATURES OF THE RED HERRING PROSPECTUS

S. No	Particulars	filed by	Current status	Approx. amt.
2.	In terms of the SEBI Mutual Fund Regulations, an inspection was conducted on the schemes of HDFC Mutual Fund for the period from April 1, 2014 to March 31, 2016, pursuant to which observations were issued to HDFC Trustee Company Limited on March 28, 2017. Subsequently, pursuant to this inspection, SEBI has, by way of its letters dated May 31, 2018 addressed to our Company and HDFC Trustee Company Limited ("SEBI Letters"), observed, amongst other things, certain non-compliances of the SEBI Mutual Fund Regulations and circulars and guidelines issued thereunder, certain cases of deficiencies and issued certain advisories, and mandated that certain corrective actions be taken in this regard. Subsequently, our Board and the board of HDFC Trustee Company Limited at their respective meetings held on June 27, 2018, discussed and approved the steps taken to strengthen the relevant compliance mechanisms. Further, under the SEBI Letters, quasi-judicial proceedings were initiated against our Company and HDFC Trustee Company Limited for alleged violations with respect to: (a) maturity of a security purchased by a scheme of HDFC Mutual Fund exceeding the maturity of the scheme; (b) difference in TER for direct and regular plans being lower than the commission paid to the distributors in certain schemes; (c) excess charges being debited for certain years were credited after a period of more than one year; (d) NAVs of certain schemes not being published on HDFC Mutual Funds website for a certain period of time; and (e) error in valuation of unlisted equity shares of a company.	SEBI	As on the date of this Red Herring Prospectus, our Company and HDFC Trustee Company Limited have not received a show cause notice(s) from SEBI in this regard, our Company and HDFC Trustee Company Limited had, on May 14, 2018, on a suo moto basis, filed settlement applications, under the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014, for settling any adjudication proceedings against our Company and HDFC Trustee Company Limited that may arise out of the inspection. These settlement proceedings are currently pending before SEBI	

C. Regulatory Action, if any - disciplinary action taken by SEBI or stock exchanges against the Promoters / Group companies in last 5 financial years including outstanding action, if any.

Against our Promoter- 1. Supreme Court of India levied a penalty of ₹75,000 on HDFC Limited for an inadvertent delay in filing a report under the SEBI Takeover Regulations. The penalty was paid in FY 15-16. **2.** SCN and IRDAI levied a penalty of ₹5 million against Standard Life Investments Limited for not meeting obligatory targets in respect of Indian motor third party risk insurance. The penalty was paid by HDFC ERGO. **Against our Group Company- 1.** RoC issued a show cause notice to HDFC Life in relation to a complaint filed by S.K Sharma alleging mis-selling of HDFC Life's products to him. **2.** RoC issued a show cause notice to HDFC Life in relation to non-receipt of Annual Report of HDFC Life for FY 2013 and FY 14. **3.** ROC issued letter to HDFC Life for non-compliance of the provisions of Sections 67(3), 73, and 234(2) and (3) of the Companies Act, 1956. HDFC Life has stated that it had not allotted shares in any manner that attracted the provisions of Sections 67 and 73 of the Companies Act, 1956. **4.** HDFC Life had received a demand order of ₹57,307 from the office of the Deputy Commissioner of Stamps, Railway Station Goods Side, Jammu for as stamp duty in accordance with Sections 33(5) and 40(1)(c) of the Jammu and Kashmir Stamps Act, 1977. HDFC Life has made the payment. **5.** IRDAI issued letter to HDFC Life in relation to misleading advertisement, which attracted the provisions of the IRDAI (Insurance Advertisements and Disclosure) Regulations, 2000. **6.** HDFC Life received a show cause notice from IRDAI regarding violations of the provisions of Insurance Act and guidelines and circulars prescribed by IRDAI. HDFC Life has taken necessary measures to implement the directions of the IRDAI. **7.** IRDAI issued a show-cause notice to HDFC Life in relation to non-compliance with the provisions of the IRDAI. HDFC Life has confirmed compliance to IRDAI. **8.** IRDAI imposed penalty of ₹14.70 million on HDFC Life for violations of provisions of the Insurance Act, 1938. HDFC Life has paid the penalty amount and confirmed compliance with all directions. **9.** IRDAI issued a show cause notice to HDFC Life in relation to non-compliance with the anti-money laundering guidelines issued by IRDAI. HDFC Life has confirmed compliance of this order. **10.** IRDAI issued notice to HDFC Life under Section 34 of the Insurance Act, in relation to a failure maintain equity between the same class of policy holders and for violation of File and Use Guidelines. HDFC Life has confirmed compliance to IRDAI. **11.** HDFC Life received a letter from IRDAI in relation to the disclaimer in the advertisement that was too small and indistinguishable, thereby was in violation of the master circular on insurance advertisements. IRDAI directed HDFC Life to adhere to best practices and comply with the provisions of the advertisement regulations, guidelines and circulars. **12.** HDFC Life received a show cause notice from IRDAI, in relation to a complaint made by policy holder for violation of the IRDAI Guidelines for Grievance Redressal by Insurance Companies and the IRDAI (Protection of Policyholders' Interest) Regulations, 2002. **13.** HDFC Life received a letter from IRDAI, in relation to the complaint of Manoj Kumar regarding refusal to sell the Term Insurance Plan by HDFC Life. **14.** HDFC Life received a show cause notice from IRDAI, in relation to pay-outs made to corporate agents for the FY12-13. IRDAI has advised HDFC Life to refrain from making such type of payments. **15.** HDFC Life received 19 notices and order for a total amount of ₹2,950,863 under Employee's State Insurance Act, 1948 and Regulation regarding non-payment of damages pursuant to default in paying contributions within the stipulated time and manner. The damages amount was been paid by HDFC Life. **16.** HDFC Life received a summons from the Court of the Judicial Magistrate First Class, Gandhidham, Kutch ("JMFC") regarding violation of the Bombay Shops and Establishments Act, 1948. JMFC directed HDFC Life to furnish a penalty of ₹200, which HDFC Life has paid. **17.** HDFC Life received five summons from the office of Assistant Labour Commissioner, District Singoli, Madhya Pradesh ("Labour Commissioner") in relation to Madhya Pradesh Shops and Establishment Act, 1958, Equal Remuneration Act, 1976, Minimum Wages Act, 1948, Child Labour (Prohibition & Regulation) Act, 1986 and Payment of Bonus Act, 1965. The Chief Judicial Magistrate, District Satna, directed HDFC Life to pay a penalty of ₹6,000, ₹40,000, ₹5,000 and ₹8,000. Penalty was paid by HDFC Life. **18.** HDFC Life received a summons from the Metropolitan Magistrate, Mumbai under Mumbai Shops and Establishment Act, 1948. Hon. Presidency Magistrate, Mumbai, directed HDFC Life to pay a penalty of ₹15,000 which has been paid. **19.** HDFC Life received a summons from the Court of Special Judicial Magistrate of First Class, Guntur in relation to violation of Rules 29 & 30 of the Andhra Pradesh Shops and Establishments Act. Accordingly, and was directed to furnish a penalty of ₹1,500. HDFC Life has paid the penalty. **20.** Assistant Director Employment Exchange imposed penalty of ₹1,000 in relation to violation of Employment Exchange Act. HDFC Life has paid the penalty. **21.** IRDAI issued letter to HDFC Life with respect to misleading advertisements filed by HDFC Life. HDFC Life has submitted for withdrawal of advertisement to IRDAI, which has been taken on record. **22.** HDFC Sales Private Limited received a letter for payment of ₹16,030 from Employee State Insurance Corporation in relation to contributions payable by HDFC Sales. HDFC Sales have accordingly paid the requisite amount on August 3, 2011. **23.** National Housing Bank had imposed a penalty of ₹3.66 million for non-compliance with certain provisions of the National Housing Bank Act, 1987. The penalty was paid by GRUH. **24.** HDFC ERGO received two demand notices from IRDAI for not meeting obligatory targets in respect of Indian motor third party declined risk insurance pool for payment of an amount of ₹1 million. HDFC ERGO has made the requisite payment. **25.** HDFC ERGO received a show cause notice from IRDAI pursuant to the inspection carried out by IRDAI Further with respect to the said show cause notice, IRDAI issued the final order for payment of an amount of ₹1.5 million which was paid by HDFC ERGO. **26.** HDFC General received a Show cause notice from IRDAI pursuant to the inspection and issued the final order for payment of an amount of ₹5 million which was paid by HDFC ERGO.

D. Brief details of outstanding criminal proceedings against Promoters (200 - 300 word limit in total)

- There are seven criminal proceedings filed against our Promoters by various third parties involving an amount of approximately ₹63,700 (to the extent quantifiable). The matters are pending at various stages of adjudication before various forums HDFC.

ANY OTHER IMPORTANT INFORMATION AS PER BRLMS / ISSUER COMPANY: NIL

DECLARATION BY THE COMPANY

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government or the regulations or guidelines issued by SEBI, as the case may be, have been complied with and no statement made in the Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules or regulations made thereunder or guidelines issued thereunder, as the case may be. We further certify that all the statements in the Red Herring Prospectus are true and correct.

DECLARATION BY THE PROMOTER SELLING SHAREHOLDERS

Each Promoters Selling Shareholder hereby certifies that all statements and undertakings made or confirmed by it in the Red Herring Prospectus about or in relation to itself and the Equity Shares being offered by it by way of the Offer are true and correct.

THE EQUITY SHARES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 AS AMENDED ("U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

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