

The background of the central section is a photograph of a vast ocean under a clear sky. The water is a deep blue with white-capped waves in the foreground. The horizon line is visible in the middle of the frame.

Broadening Horizons.
Exceeding Expectations.

REPORTS AND ACCOUNTS OF SUBSIDIARY COMPANIES

VOLUME II

FORTY SIXTH ANNUAL REPORT 2022-23

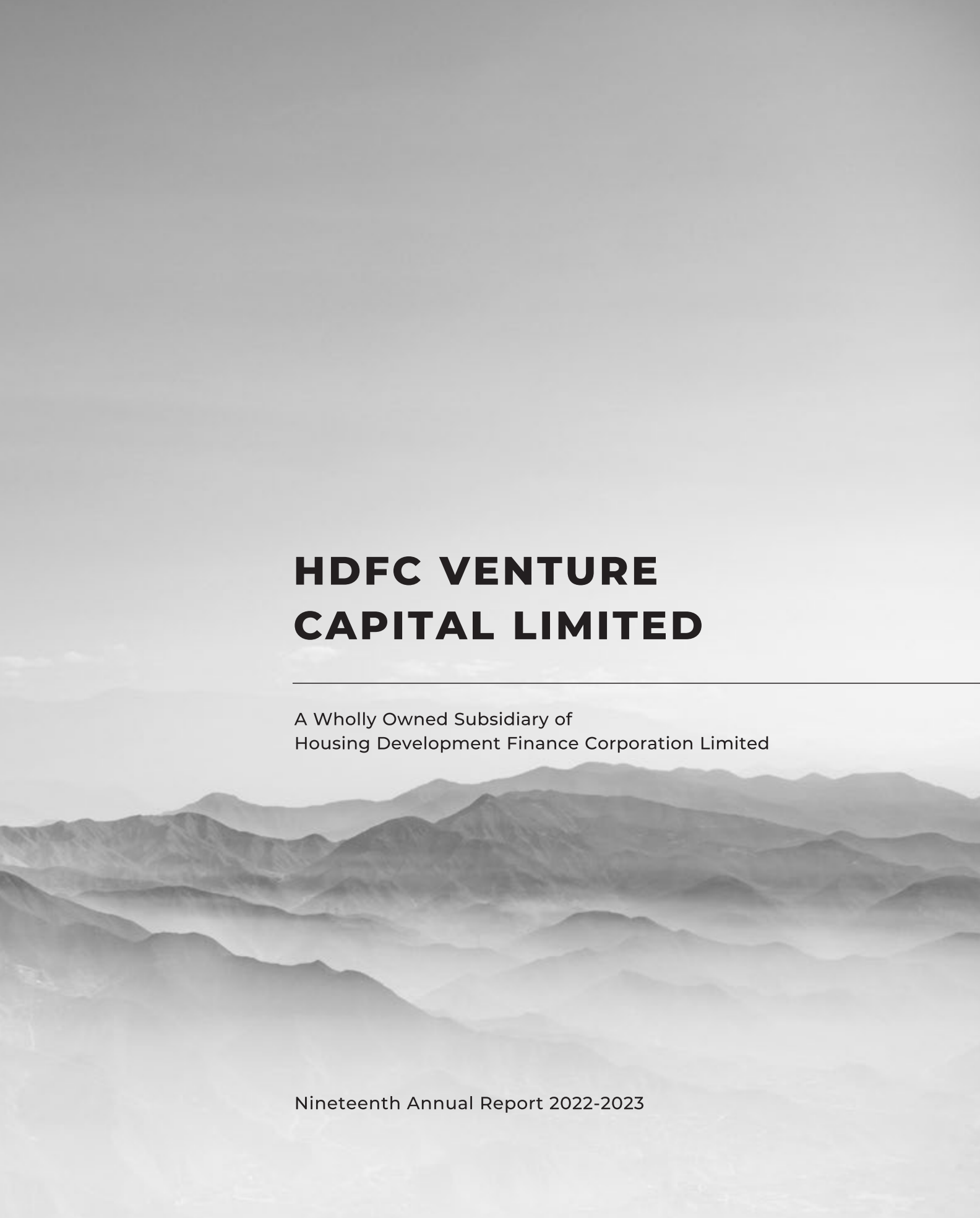
VOLUME II

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The Corporation holds 48.65% and 49.99% of the paid up share capital of HDFC Life Insurance Company Limited (HDFC Life) and HDFC ERGO General Insurance Company Limited (HDFC ERGO) respectively. Although HDFC Life and HDFC ERGO are not a subsidiaries of the Corporation under Section 2(87) of the Companies Act, 2013, the Corporation exercises control over them as per Ind AS 110 and hence the financial statements of HDFC Life and its wholly-owned subsidiaries i.e., HDFC Pension Management Company Limited and HDFC International Life and Re Company Limited and HDFC ERGO, have been consolidated as subsidiaries.



HDFC VENTURE CAPITAL LIMITED

A Wholly Owned Subsidiary of
Housing Development Finance Corporation Limited

Nineteenth Annual Report 2022-2023

Board of Directors

Mr. M. Ramabhadran
(DIN: 00473399)

Mr. Naresh Nadkarni
(DIN: 00448178)

Mr. Keyur Shah
(DIN: 00332145)

Ms. Manju Sharma Bolakani*
(DIN: 09016171)
*Nominee Director – State Bank of India
Resigned w.e.f. August 4, 2022

Mr. Vipul Roongta*#
(DIN: 00448143)
*Appointed w.e.f. October 18, 2022
Resigned w.e.f. February 21, 2023

Mr. Vikram Ved*
(DIN: 10091385)

* Appointed w.e.f. April 15, 2023

Statutory Auditors

Deloitte Haskins & Sells LLP
Chartered Accountants

Banker

HDFC Bank Limited

Registered Office

HDFC House, H. T. Parekh Marg,
165-166, Backbay Reclamation,
Churchgate, Mumbai 400 020.
Tel. No.: +91 22 6631 6190
CIN: U65991MH2004PLC149330

Directors' Report

TO THE MEMBERS

Your directors are pleased to present the Nineteenth annual report of your Company with the audited accounts for the year ended March 31, 2023.

Financial Results

	For the year ended March 31, 2023 (₹)	For the year ended March 31, 2022 (₹)
Income/(Loss) for the year	16,94,569	(9,90,843)
Tax Expense	—	—
Loss after Tax	16,94,569	(9,90,843)
Other Comprehensive Income/(expense)	—	—
Total Comprehensive Income/(Loss) for the year	16,94,569	(9,90,843)
Loss brought forward from previous year	(8,86,84,741)	(8,76,93,898)
Balance carried to Balance Sheet	(8,69,90,172)	(8,86,84,741)

Dividend

Your directors do not recommend any dividend for the year ended March 31, 2023.

Review of Operations

Your Company is a wholly-owned subsidiary of Housing Development Finance Corporation Limited (HDFC) as on March 31, 2023. During the year, the Company had a profit after tax of ₹ 16.95 lakh.

Your Company is the investment manager to HDFC Property Fund (HPF), which is registered as a venture capital fund (VCF) with Securities and Exchange Board of India (SEBI) and had two schemes - HDFC India Real Estate Fund (HI-REF) and HDFC IT Corridor Fund (H-ITCF).

As on March 31, 2023, all investments made by HI-REF and H-ITCF have been fully exited. HI-REF and H-ITCF have also redeemed the entire units held by the contributors. HPF has intimated to SEBI that it (including HI REF) is no longer undertaking activities as a VCF and is ceasing/winding-up operations as a VCF.

Pursuant to the Share Purchase Agreement dated July 29, 2022 executed *inter alia* amongst the Company, HDFC and State Bank of India (SBI), 97,500 equity shares of ₹ 10/- each of the Company have been transferred from

SBI to HDFC for a consideration of ₹ 9,75,000 on August 4, 2022. Consequent to the said transfer of shares from SBI to HDFC, the Company has become a wholly-owned subsidiary of HDFC.

Material Developments- Ongoing Scheme of Amalgamation

The Board of Directors of the Company at its meeting held on August 25, 2022 had approved the scheme of amalgamation (Scheme) for the amalgamation of the Company and HDFC Property Ventures Limited (HPVL), wholly-owned subsidiaries of HDFC with and into HDFC Capital Advisors Limited (HCAL) and matters related thereto, subject to receipt of requisite approvals from statutory and regulatory authorities as required under applicable laws.

During the year, the Company received no-objections/ approvals from various regulatory/statutory authorities and the Hon'ble National Company Law Tribunal, Mumbai (NCLT) has also, vide its order dated March 3, 2023, sanctioned the said Scheme. However, considering certain recent events/developments, the management is exploring alternative options to achieve commercial objectives, and therefore, in the meantime, the Company, HPVL and HCAL jointly filed an interlocutory application on March 24, 2023 with the NCLT for seeking an extension of time for filing the above order with the Registrar of Companies, Mumbai and the same is reserved for order. As on the date of this Report, the said scheme has not been made effective.

Apart from the above, there are no material changes and commitments affecting the financial position of the Company which have occurred after March 31, 2023 till the date of this Report.

Amalgamation of holding company

The Board of Directors of HDFC at its meeting held on April 4, 2022, approved a composite scheme of amalgamation for the amalgamation of: (a) HDFC Investments Limited and HDFC Holdings Limited with and into HDFC; and (b) HDFC with and into HDFC Bank Limited (HDFC Bank), subject to necessary approvals, consents, permissions and sanctions.

Upon the scheme being effective, HDFC would stand dissolved without being wound up. In view of the same, the control of the Company would change from HDFC to HDFC Bank. The amalgamation is likely to take effect in June/July 2023.

Loans, Guarantees or Investments

During the year, your Company has not given any loan or provided any guarantee or security or made any investment.

Particulars of Contracts or Arrangements with Related Parties

Your Company has not entered into any contracts or arrangements with related parties requiring disclosure in Form No. AOC-2, as prescribed under Rule 8(2) of the Companies (Accounts) Rules, 2014.

Details of other related party transactions are provided in the notes to the financial statements.

Deposits

Your Company has not accepted any deposit and as such, no amount of principal or interest was outstanding as at March 31, 2023.

Subsidiary/Associate Companies

Your Company does not have any subsidiary or associate company.

Particulars of Employees

Your Company had no employee on its payroll as at March 31, 2023.

Prevention of Sexual Harassment at Workplace

Your Company being the wholly-owned subsidiary of HDFC, adopted the Policy for protection of women against sexual harassment at the workplace as formulated by HDFC.

The Internal Complaints Committee of HDFC is responsible for overseeing the redressal of complaints/grievances received, if any, by the Company, under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made there under.

During the year, no complaint was received by the Committee.

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The operations of your Company are not energy intensive. However, adequate measures have been taken for conservation of energy and usage of alternative source of energy, wherever possible.

During the year, your Company had no dealings in foreign exchange.

Directors

During the year under review, Ms. Manju Sharma Bolakani resigned as a nominee director representing State Bank of India with effect from August 4, 2022.

The Board of Directors appointed Mr. Vipul Roongta, Chief Executive Officer of HCAL as an Additional Director of the Company at the board meeting held on October 18, 2022.

However, Mr. Vipul Roongta resigned from the board of the Company w.e.f. February 21, 2023 due to personal commitments.

The Directors placed on record their profound appreciation towards the contributions made by Ms. Bolakani and Mr. Roongta during their respective tenures.

Mr. Vikram Ved, Chief Financial Officer of HPVL was appointed as an Additional Director by the Board of Directors vide resolution passed by way of circulation on April 14, 2023 effective April 15, 2023.

The approval of shareholders is being sought at the ensuing Annual General Meeting (AGM) for his appointment as a non executive director (nominee of HDFC), liable to retire by rotation.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Keyur Shah is liable to retire by rotation at the ensuing AGM. He is eligible for re-appointment.

The necessary resolution for re-appointment of Mr. Keyur Shah and details as required under secretarial standard have been included in the notice convening the ensuing AGM.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors, in terms of Section 164 of the Companies Act, 2013.

None of the directors of your Company have been debarred from holding the office of director by virtue of any order from SEBI or any other such authority.

Board Meetings

During the year, the board met eight times. The meetings were held on April 22, 2022, June 16, 2022, June 24, 2022, July 13, 2022, August 18, 2022, August 25, 2022, October 18, 2022 and January 24, 2023.

The attendance of the directors at the above-mentioned board meetings is listed below:

Directors	Number of Meetings attended
Mr. M. Ramabhadran	7
Mr. Naresh Nadkarni	8
Mr. Keyur Shah	8
Ms. Manju Sharma Bolakani*	3
Mr. Vipul Roongta [#]	2

*Resigned as a Nominee director w.e.f. August 4, 2022.

[#]Resigned w.e.f. February 21, 2023.

Leave of absence was granted to the concerned director who could not attend the meetings.

Corporate Social Responsibility Committee

The net profits of your Company during the immediately preceding financial year i.e FY 22 was less than ₹ 5 crore and accordingly, your Company was not required to undertake and spend any amount towards CSR activity in terms of the provisions of Section 135 of the Companies Act, 2013.

Since your Company was not required to undertake and spend any amount towards CSR activity for FY 23, the Annual Report on CSR Activities does not form part of this Report. Your Company has a CSR Policy which is available at <https://www.hdfc.com/the-hdfc-group/subsidiaries-policies>

Auditors

At the Fifteenth AGM of the Members of the Company held on July 15, 2019, the Members had appointed Messrs Deloitte Haskins & Sells LLP, Chartered Accountants, having Firm Registration Number 117366W/W-100018 as the Statutory Auditors of the Company, for a period of five years, to hold office as such until the conclusion of the Twentieth AGM. The Company has received a confirmation from Messrs Deloitte Haskins & Sells LLP, to the effect that they meet the criteria for independence, eligibility and qualification as prescribed in Section 141 of the Companies Act, 2013.

The Auditor's Report annexed to the financial statements for the year under review does not contain any qualification.

Risk Management

Your directors are of the opinion that the Company is managing its risks through well-defined internal financial controls and that there are no significant risks that may threaten the existence of the Company.

Internal Financial Controls

The Company has put in place adequate procedures to ensure that the system of internal financial controls is commensurate with the size and nature of the Company's business.

Significant and Material Orders passed by Regulators or Courts or Tribunals

During the year, no significant or material orders were passed by any regulator or court or tribunal against the Company impacting the going concern status and the Company's operations in future.

Secretarial Standards

The Company has complied with the applicable provisions

of Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

Directors' Responsibility Statement

In accordance with the provisions of Section 134(3)(c) of the Companies Act, 2013 and based on the information provided by the management, your directors state that:

- In the preparation of annual accounts, the applicable accounting standards have been followed;
- Accounting policies selected have been applied consistently. Reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profit of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts of the Company have been prepared on a going concern basis; and
- Systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

Annual Return – Form No. MGT-7

The Annual Return in Form No. MGT- 7 for the FY 23 is available at www.hdfc.com/the-hdfc-group/subsidiaries-policies

Acknowledgements

Your directors would like to express their sincere appreciation to all its stakeholders for their support and continued patronage.

Your directors appreciate the guidance received from various statutory/regulatory authorities including SEBI, Reserve Bank of India, Ministry of Corporate Affairs, Registrar of Companies, Mumbai, the depositories and the National Company Law Tribunal, Mumbai bench.

On behalf of the Board of Directors

Naresh Nadkarni
Vikram Ved
Directors

Mumbai
April 24, 2023

Independent Auditor's Report

To The Members of HDFC VENTURE CAPITAL LIMITED Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HDFC VENTURE CAPITAL LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report (the "report"), but does not include the financial statements and our auditors' report thereon. The report is expected to be made available to us after the date of this auditors' report.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance

Independent Auditors' Report (Continued)

with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a

reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.

Independent Auditors' Report (Continued)

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, no remuneration has been paid by the Company to its directors other than by way of fee for attending meetings of the Board thereof, in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations as at the year-end which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts as at the year-end for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. a. The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 19(ix)(a) to the financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - b. The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 19(ix)(b) to the financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any persons or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - c. Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
 - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Rishabh Sanghvi

Partner

Place: Mumbai,

Date: April 24, 2023

(Membership No. 066926)

(UDIN: 23066926BGUCOS2201)

Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls With reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the “Act”)

We have audited the internal financial controls with reference to financial statements of **HDFC VENTURE CAPITAL LIMITED** (the “Company”) as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included

obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A Company’s internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Annexure “A” to the Independent Auditor’s Report (Continued)

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to financial statements established by the Company

considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Rishabh Sanghvi
Partner
(Membership No. 066926)
(UDIN: 23066926BGUCOS2201)

Place: Mumbai,
Date: April 24, 2023

Annexure “B” to the Independent Auditors’ Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) a) The Company does not hold any property, plant and equipment, intangible assets hence reporting under clause 3(i) of the Order is not applicable.
- (ii) a) The Company does not have any inventory and hence, reporting under clause 3(ii)(a) of the Order is not applicable.
- b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- (iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause 3(iii) of the Order is not applicable.
- (iv) According to information and explanation given to us Company has not granted any loans, made investments or provided guarantees or securities under the provisions of sections 185 or 186 of the Act, and hence reporting under clause 3(iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits during the year and no order in this respect has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals in regard to the Company.

Hence, reporting under clause 3(v) of the Order is not applicable.

- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) Undisputed statutory dues, including Goods and Service tax (GST), Income-tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year.
 - (b) There were no undisputed amounts payable in respect of GST, Income-tax, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
 - (c) There were no dues referred in sub clause (a) above which have not been deposited on account of disputes as at March 31, 2023.
- (viii) According to the information and explanations given to us, no transactions relating to previously unrecorded income were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during the year.
- (ix) According to the information and explanations given to us the Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix) of the order is not applicable to the Company.
- (x) a) According to the information and explanations given to us, the Company has not raised moneys

Annexure “B” to the Independent Auditors’ Report (Continued)

- by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year and hence reporting under clause 3(x)(b) of the Order is not applicable.
- (xi) a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b) No report under section 143(12) of the Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and upto the date of this report.
- c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and hence, reporting under clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements, etc. as required by the applicable accounting standards.
- (xiv) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (xv) According to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence, provisions of section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clauses 3(xvi) a, b and c of the Order is not applicable.
- The Group does not have any CIC as part of the group and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- (xvii) The Company has incurred cash losses amounting to ₹ 2,54,815 during the financial year covered by our audit and ₹ 1,38,171 in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company. Hence, reporting under clause 3(xviii) of the Order is not applicable.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, Asset Liability Maturity (ALM) pattern, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause 3(xx) of the Order is not applicable.
- (xxi) According to the information and explanations given to us, the Company does not have subsidiary, associate and joint venture. Accordingly, reporting under clause 3(xxi) of the Order is not applicable.

For Deloitte Haskins & Sells LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rishabh Sanghvi

Partner

Place: Mumbai,
Date: April 24, 2023

(Membership No. 066926)
(UDIN: 23066926BGUCOS2201)

BALANCE SHEET AS AT MARCH 31, 2023

Particulars	Note No.	As at March 31, 2023 ₹ in thousands	As at March 31, 2022 ₹ in thousands
ASSETS			
Financial Assets			
Cash and cash equivalents	3	9.06	263.87
Investments	4	—	2,596.32
Total Financial Assets		9.06	2,860.19
Non - Financial Assets			
Income tax assets (net)	5	4,885.57	113.42
Other non - financial assets	6	133.84	221.18
Total Non - Financial Assets		5,019.41	334.61
Total Assets		5,028.47	3,194.80
LIABILITIES AND EQUITY			
Financial Liabilities			
Trade payables	7	431.00	281.50
Other financial liabilities	8	25.00	35.40
Total Financial Liabilities		456.00	316.90
Equity			
Equity share capital	9(a)	5,000.00	5,000.00
Other equity	9(b)	(427.53)	(2,122.10)
Total Equity		4,572.47	2,877.90
Total Liabilities and Equity		5,028.47	3,194.80

The accompanying notes form an integral part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

For HDFC Venture Capital Limited

Rishabh Sanghvi
Partner

Naresh Nadkarni
Director
(DIN : 00448178)

Vikram Ved
Director
(DIN : 10091385)

Mumbai, April 24, 2023

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

Particulars	Note No.	Year ended March 31, 2023 ₹ in thousands	Year ended March 31, 2022 ₹ in thousands
Revenue from operations	10	47,796.39	—
Other income	11	27.08	101.59
Total income		47,823.47	101.59
Expenses			
Other expenses	12	46,128.90	1,092.43
Total Expenses		46,128.90	1,092.43
Profit / (Loss) before tax		1,694.57	(990.84)
Tax expenses		—	—
Profit / (Loss) for the year		1,694.57	(990.84)
Other comprehensive income / (loss)		—	—
Total comprehensive Income / (Loss)		1,694.57	(990.84)
Earnings per equity share : (Face value of ₹ 10 each)			
Basic	16	3.39	(1.98)
Diluted		3.39	(1.98)

The accompanying notes form an integral part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Rishabh Sanghvi
Partner

Mumbai, April 24, 2023

For HDFC Venture Capital Limited

Naresh Nadkarni
Director
(DIN : 00448178)

Vikram Ved
Director
(DIN : 10091385)

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

₹ in thousands

Balance as at April 1, 2021	5,000.00
Changes in Equity Share Capital during the year	—
Changes in Equity Share Capital due to prior period errors	—
Balance as at March 31, 2022	5,000.00
Changes in Equity Share Capital during the year	—
Changes in Equity Share Capital due to prior period errors	—
Balance as at March 31, 2023	5,000.00

B. Other Equity

Particulars	Retained Earnings	General Reserve	Total
	₹ in thousands	₹ in thousands	₹ in thousands
Balance as at April 1, 2021	(87,693.90)	86,562.64	(1,131.26)
Deficit transferred from Statement of Profit and Loss	(990.84)	—	(990.84)
Other Comprehensive Income	—	—	—
Closing Balance as at March 31, 2022	(88,684.74)	86,562.64	(2,122.10)
Surplus transferred from Statement of Profit and Loss	1,694.57	—	1,694.57
Other Comprehensive Income	—	—	—
Closing Balance as at March 31, 2023	(86,990.17)	86,562.64	(427.53)

The accompanying notes form an integral part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Rishabh Sanghvi
Partner

Mumbai, April 24, 2023

For HDFC Venture Capital Limited

Naresh Nadkarni
Director
(DIN : 00448178)

Vikram Ved
Director
(DIN : 10091385)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

Particulars	For the Year Ended March 31, 2023 ₹ in thousands	For the Year Ended March 31, 2022 ₹ in thousands
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	1,694.57	(990.84)
Adjustments for:		
Dividend Income	(27.08)	(101.59)
Operating profit before working capital changes	1,667.49	(1,092.43)
Decrease in Operating Assets		
- Other non - financial assets	87.35	2.28
Increase/(Decrease) in Operating Liabilities		
- Trade Payables	149.50	(52.30)
- Other Financial Liabilities	(10.40)	4.27
Cash used in Operations	226.45	(45.74)
Taxes Paid	(4,772.15)	(10.16)
Net cash used in Operating Activities	(2,878.21)	(1,148.34)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	(24.00)	(91.43)
Redemption of Investments	2,620.32	1,000.00
Dividend Income	27.08	101.59
Net cash used in / from Investing Activities	2,623.40	1,010.16
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net cash used in Financing Activities	—	—
Net Increase / (Decrease) used in cash and cash equivalents	(254.81)	(138.17)
Add : Cash and Cash equivalents as at the beginning of the year (As per Note 3)	263.87	402.04
Cash and Cash equivalents at the end of the year (As per Note 3)	9.06	263.87

The accompanying notes form an integral part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

For HDFC Venture Capital Limited

Rishabh Sanghvi
Partner

Naresh Nadkarni
Director
(DIN : 00448178)

Vikram Ved
Director
(DIN : 10091385)

Mumbai, April 24, 2023

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. General Information

HDFC Venture Capital Limited (HVCL) is incorporated under Companies Act 1956 and domiciled in India under the Companies Act, 2013, having its registered office in Mumbai. HVCL is engaged in providing advisory services in the field of asset management.

HVCL is an investment manager to HDFC Property Fund (“the Fund”) and its schemes. HDFC India Real Estate Fund (“HI-REF”) and HDFC IT Corridor Fund (“H-ITCF”) are the schemes of HDFC Property. HI-REF and H-ITCF have exited all its portfolio investments and has also redeemed the entire units held by the Contributors. The Fund has intimated to the Securities Exchange Board of India (SEBI) vide letter dated April 14, 2021 that the Fund is no longer undertaking activities as a venture capital fund (VCF) and that it is ceasing / winding-up operations as a VCF. However, the Fund itself has not been wound up.

Scheme of Amalgamation

The Board of Directors of the Company at its meeting held on August 25, 2022 has approved a scheme of amalgamation for the amalgamation of: (i) the Company and HDFC Property Ventures Limited, wholly-owned subsidiaries of Housing Development Finance Corporation Limited, into and with HDFC Capital Advisors Limited and their respective shareholders and creditors (“the Scheme”) on a going concern basis under Section 230 to 232 of the Companies Act, 2013 and other applicable laws and regulations, subject to requisite approvals from various regulatory and statutory authorities, respective shareholders and creditors.

The Hon’ble National Company Law Tribunal, Mumbai bench, Mumbai vide its order dated March 3, 2023 approved the Scheme and directed to file a copy of the NCLT order along with a copy of the Scheme with the Registrar of Companies, Mumbai (ROC) within 30 days from the receipt of the certified copy of the order, with a liberty to apply to NCLT for any directions that may be necessary, including for an extension of the above period. Consequently, the financial statements of the company have been prepared on a going concern basis. The companies have filed an application with Hon’ble NCLT seeking an extension of 60 days for filing of the order with ROC.

2. Significant Accounting Policies

2.1 Basis of preparation of financial statements:

Compliance with Indian Accounting Standards (Ind AS)

Effective from April 1, 2018, the Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 First Time adoption of the Indian Accounting Standards, with April 1, 2017 as the transition date. The transition was carried out from the Indian Accounting Principle generally accepted in India as prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the Company.

2.2 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Further results

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

could differ due to these estimates and the differences between the actual results and the estimates are recognized on the periods in which the results are known /materialize.

2.3 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

2.4 Revenue Recognition:

Investment Management Fees are accrued in accordance with the terms of the agreement, to the extent that the revenues can be reliably measured and it is probable that the economic benefits will flow to the Company, regardless of when the payment is made.

Dividend Income is recognized when the right to receive the same is established.

Interest Income is recognized on accrual basis.

2.5 Borrowing cost:

Borrowing costs include interest, amortization of ancillary costs incurred in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss.

2.6 Taxes on Income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961 (the "Income Tax Act").

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and tax laws enacted or substantively enacted as at the reporting date. Deferred tax assets are recognized for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

2.7 Cash and Cash Equivalent:

Cash and Bank balances comprises cash on hand and demand deposits with banks. Bank balances are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.8 Cash Flow Statement:

Cash Flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.9 Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. The Company has not issued any financial instrument that entitles or may entitle its holder to acquire equity shares in future.

2.10 Provisions and contingencies:

Provisions are recognised only when:

- (i) An entity has a present obligation (legal or constructive) as a result of a past event; and
- (ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) A reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

- (i) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- (ii) A present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent Assets:

Contingent assets are not recognised in the financial statements

2.11 Goods and Service Tax (GST) Input Credit:

GST input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilizing the credits.

2.12 Operating Cycle:

Based on the nature of activities of the Company, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**3 CASH AND CASH EQUIVALENTS**

	As at March 31, 2023	As at March 31, 2022
	₹ in thousands	₹ in thousands
Balances with banks		
- In Current Account	9.02	263.83
Cash on hand	0.04	0.04
	<u>9.06</u>	<u>263.87</u>

4 INVESTMENTS

					As at March 31, 2023	As at March 31, 2022
					₹ in thousands	₹ in thousands
Investments in Mutual Funds (Unquoted)	Units as 31 March 2023	Units as 31 March 2022	NAV as at 31 March 2022	NAV as at 31 March 2022		
HDFC Liquid Fund - Direct Plan - Daily						
Dividend - IDCW	—	2,545.856	—	1,019.82	—	2,596.32
					—	2,596.32

5 INCOME TAX ASSETS (NET)

	As at March 31, 2023	As at March 31, 2022
	₹ in thousands	₹ in thousands
Advance Payment of Income Tax (Net of Provision)	4,885.57	113.42
	<u>4,885.57</u>	<u>113.42</u>

6 OTHER NON FINANCIAL ASSETS

	As at March 31, 2023	As at March 31, 2022
	₹ in thousands	₹ in thousands
Cenvat Credit Receivable	—	221.18
Balance with Government Authorities	133.84	—
	<u>133.84</u>	<u>221.18</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**7 TRADE PAYABLES**

	As at March 31, 2023	As at March 31, 2022
	₹ in thousands	₹ in thousands
Due to micro enterprises and small enterprises	—	—
Due to Other than micro enterprises and small enterprises		
- Other Payables	431.00	281.50
	431.00	281.50

- 7.1 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the year is given below:

Particulars	March 31, 2023	March 31, 2022
	₹ in thousands	₹ in thousands
(a) Amounts outstanding but not due as at year end	—	—
(b) Amounts due but unpaid as at year end	—	—
(c) Amounts paid after appointed date during the year	—	—
(d) Amounts of interest accrued and unpaid as at year end	—	—
(e) The amount of further interest due and payable even in the succeeding year	—	—
Total	—	—

7.2 Trade Payable Ageing Schedule

					As at March 31, 2023 ₹ in thousands
Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
(i) MSME	—	—	—	—	—
(ii) Others	431.00	—	—	—	431.00
(iii) Disputed Dues - MSME	—	—	—	—	—
(iii) Disputed Dues - Others	—	—	—	—	—

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

					As at March 31, 2022 ₹ in thousands
Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
(i) MSME	—	—	—	—	—
(ii) Others	281.50	—	—	—	281.50
(iii) Disputed Dues - MSME	—	—	—	—	—
(iii) Disputed Dues - Others	—	—	—	—	—

8 OTHER FINANCIAL LIABILITIES

	As at March 31, 2023 ₹ in thousands	As at March 31, 2022 ₹ in thousands
Statutory Dues	25.00	35.40
	25.00	35.40

9(a) EQUITY SHARE CAPITAL

	As at March 31, 2023 ₹ in thousands	As at March 31, 2022 ₹ in thousands
AUTHORISED CAPITAL		
(5,00,000 Equity Shares of ₹ 10 each)	5,000	5,000
ISSUED, SUBSCRIBED AND PAID-UP		
(5,00,000 Equity Shares of ₹ 10 each)	5,000	5,000

(of the above 4,02,500 shares are held by Housing Development Finance Corporation Limited, the Holding Company)

The Company has only one class of shares referred to as equity shares having Face Value of ₹ 10 each. Each holder of equity share is entitled to one vote per share.

The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by shareholders at the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

The details of shareholders holding more than 5% equity shares as at March 31, 2023 and March 31, 2022 is set out below:

Name of the Shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	% held	No. of Shares	% held
Housing Development Finance Corporation Limited	5,00,000	100.00%	4,02,500	80.50%
State Bank Of India	—	0.00%	97,500	19.50%
Total	5,00,000	100%	5,00,000	100%

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	₹	Number	₹
Outstanding at the beginning of the year	5,00,000	50,00,000	5,00,000	50,00,000
Issued during the year	—	—	—	—
Outstanding at the end of the year	5,00,000	50,00,000	5,00,000	50,00,000

During the period of 5 years immediately preceeding the Balance Sheet date, the Company has not issued any Equity Shares without payment being received in cash, bonus shares and has not bought back any Equity Shares.

Shares held by promoters at the end of the year			% Change during the year
Promoter Name	No of Shares	% of total Shares	
1. Housing Development Finance Corporation Limited	5,00,000	100.00%	19.50%
2. State Bank Of India	—	0.00%	—
Total	5,00,000		

9(b) OTHER EQUITY

Particulars	As at March 31, 2023	As at March 31, 2022
Reserve and Surplus	₹ in thousands	₹ in thousands
1. Retained Earnings		
Opening balance	(88,684.74)	(87,693.90)
Surplus/(Deficit) transferred from Statement of Profit and Loss	<u>1,694.57</u>	<u>(990.84)</u>
Closing balance	(86,990.17)	(88,684.74)
2. General Reserve		
Opening balance	<u>86,562.64</u>	<u>86,562.64</u>
Closing balance	86,562.64	86,562.64
Total Other Equity	(427.53)	(2,122.10)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**10 REVENUE FROM OPERATIONS**

	Year ended March 31, 2023	Year ended March 31, 2022
	₹ in thousands	₹ in thousands
Management Fees (Refer Note 17)	47,796.39	—
	47,796.39	—

11 OTHER INCOME

	Year ended March 31, 2023	Year ended March 31, 2022
	₹ in thousands	₹ in thousands
Dividend Income	26.67	101.59
Interest on IT Refund	0.41	—
	27.08	101.59

12 OTHER EXPENSES

	Year ended March 31, 2023	Year ended March 31, 2022
	₹ in thousands	₹ in thousands
Auditors' Remuneration	600.00	387.50
Directors Sitting Fees	200.00	200.00
Filing Fees	1.50	9.50
Miscellaneous Expenses	2.80	168.76
Professional Fees	178.10	204.40
Deputation Charges	144.00	120.00
Profession Tax	2.50	2.28
Service Fees	45,000.00	—
	46,128.90	1,092.43

12.1 Payment to Auditors comprises of :

	Year ended March 31, 2023	Year ended March 31, 2022
	₹ in thousands	₹ in thousands
Audit and Certification Fees	600.00	387.50
	600.00	387.50

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

13. Operating Segments:

The Company is primarily engaged in the investment management business in India. As such, there are no separate reportable segments, as per Ind AS 108 on "Operating Segments."

14. Related Party Transactions:

As per the Accounting Standard on "Related Party Disclosures" (Ind AS 24), the following are the related parties of the Company with whom there were transaction during the year:

Holding Company: Housing Development Finance Corporation Limited.

Fellow Subsidiaries: HDFC Property Ventures Limited

Associate of Holding Company: HDFC Bank Limited

The nature and volume of transactions of the Company during the year, with the above related parties were as follows:

Particulars	Holding Company ₹ in thousand	Fellow Subsidiary ₹ in thousand	Associate of Holding Company ₹ in thousand
Expenditure			
Interest		Nil (Nil)	
Miscellaneous Expenses			1.77 (1.77)
Deputation Charges	144.00 (120.00)		
Service Fees		4,50,00.00 (Nil)	
Assets			
Balance with bank in Current Account			9.02 (263.84)

Note: Figures in bracket indicate previous year figures

The above amounts are excluding Service Tax/Goods and Service Tax

15. Corporate Social Responsibility (CSR):

The detail of CSR expenditure spent during the Financial Year 2022-23 are as below:

(a) Gross amount required to be spent by the company during the year is ₹ Nil (PY ₹ Nil)

(b) Amount spent during the year on :- Nil

16. Earnings Per Share:

In accordance with the Accounting Standard on "Earnings Per Share" (Ind - AS-33):

Particulars	Current Year	Previous Year
(c) Nominal value per share [₹]	10	10
(b) Profit/(Loss) for the year [₹ in thousand]	16,94.57	(9,90.84)
(c) Weighted average Number of Equity Shares Outstanding	5,00,000	5,00,000
(d) Earnings Per Share [₹]	3.39	(1.98)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

17. Management Fee Income and Advisory Fee Expenses:

During the year the company has received an amount of ₹ 4,78,00.00 Thousand (Previous Year - Nil) towards Management fee from HDFC Property Fund - Scheme HDFC India Real Estate Fund. Based on the agreement with HDFC Property Ventures Limited (HPVL), the company has paid service fee of ₹ 4,50,00.00 Thousand (Previous Year – Nil) towards advisory services to HPVL.

18. Contingent Liability and Capital Commitments:

There is no Contingent liability and Capital Commitments outstanding as at March 31, 2023 (Previous Year Nil).

19. To the best of information of management of the Company, the disclosure requirements to be given pursuant to Gazette notification for amendments in Schedule III to the Companies Act, 2013 dated 24 March 2021 effective from 01 April 2021 pertaining to following matters are either disclosed or not applicable to the Company:

- (i) During the year, the Company has not entered into any transaction with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956.
- (ii) No proceeding has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (iii) The Company has not been declared a wilful defaulter by any bank or financial institution or other lender.
- (iv) There are no charges or satisfaction of charges yet to be registered with ROC beyond the statutory period.
- (v) There are no transactions related to previously unrecorded income that have been surrendered or disclosed as Income during the year in the tax assessments under the Income Tax Act, 1961.
- (vi) The Company has not traded or invested in Crypto currency or virtual currency during the financial year.
- (vii) As per Clause (87) of section 2 and section 186(1) of the Companies Act, 2013 and Rules made thereunder, the company is in compliance with the number of layers as permitted under the said provisions.
- (viii) The company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
- (ix) Utilization of borrowed funds and share premium –
 - (a) No fund (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provided any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“funding parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding parties (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**20. Ratios :**

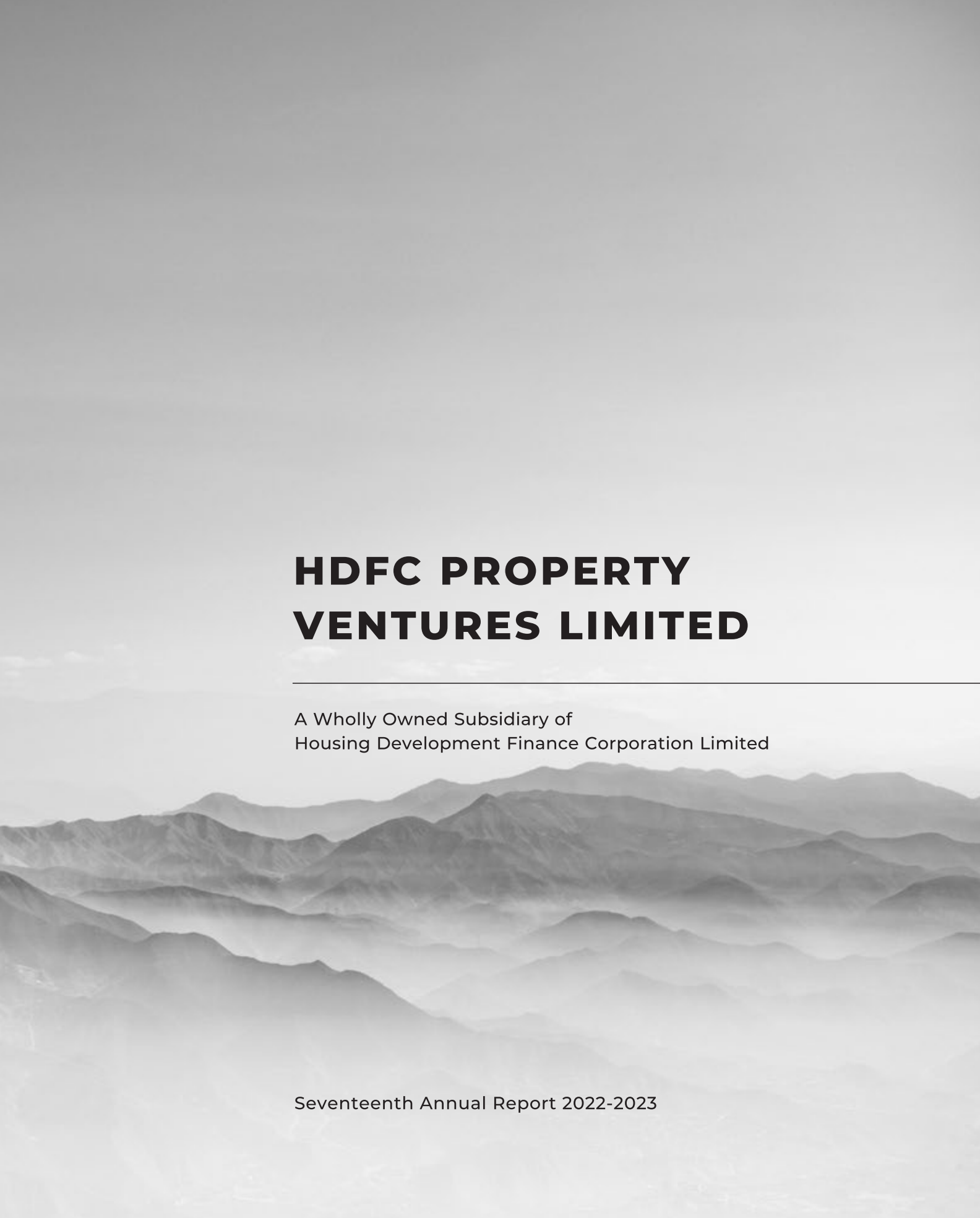
Sr No	Ratios	Nominator/Denominator	March 31, 2023	March 31, 2022	Variance	Reasons for Variance >25%
1	Current Ratio	Current assets/ Current liabilities	28.88	10.08	88%	Tax Refund in FY 2022-23.
2	Debt Equity Ratio	Debt/Equity	NA	NA		
3	Debt Service Coverage Ratio	EBIDTA/(Interest + Principal Debt)	NA	NA		
4	Return on Equity Ratio	Net Profit after Tax/ Equity	40%	-34%	186%	Advisory Fees Income in FY 2022-23.
5	Inventory Turnover Ratio	Turnover/Average Inventory	NA	NA		
6	Trade Receivable Turnover Ratio	Net Credit Sales/ Average Accounts Receivable	NA	NA		
7	Trade Payable turnover ratio	Net Credit Purchases/Average Trade Payable	NA	NA		
8	Net Capital Turnover Ratio	Net Sales/Working Capital	NA	NA		
9	Net Profit Ratio	Profit after Tax/Net Sales	4%	NA		Advisory Fees Income in FY 2022-23.
10	Return on Capital Employed	Earnings before Interest and Taxes/ Capital Employed	40%	-34%	186%	Advisory Fees Income in FY 2022-23.
11	Return on Investment		NA	NA		

21. Previous year's figures have been regrouped/rearranged wherever necessary to correspond with current year's classifications/disclosures.

For HDFC Venture Capital Limited

Naresh Nadkarni
Director
(DIN : 00448178)

Vikram Ved
Director
(DIN : 10091385)



HDFC PROPERTY VENTURES LIMITED

A Wholly Owned Subsidiary of
Housing Development Finance Corporation Limited

Seventeenth Annual Report 2022-2023

Board of Directors

Mr. M. Ramabhadran
(DIN: 00473399)

Mr. Suresh Menon
(DIN: 00737329)

Mr. Harish Engineer[#]
(DIN: 01843009)
(*Independent Director)

Mr. S. N. Shroff[#]
(DIN: 00011169)
(*Independent Director)

Mr. Naresh Nadkarni
(DIN: 00448178)

Mr. Vipul Roongta^{*#}
(DIN: 00448143)

^{*}Appointed w.e.f. October 18, 2022

[#] Resigned w.e.f. February 21, 2023

Statutory Auditors

Deloitte Haskins & Sells LLP
Chartered Accountants

Banker

HDFC Bank Limited

Registered Office

HDFC House, H. T. Parekh Marg,
165-166, Backbay Reclamation,
Churchgate, Mumbai 400 020.
Tel. No.: +91 22 6631 6190
CIN: U74140MH2006PLC165539

Directors' Report

TO THE MEMBERS

Your directors are pleased to present the Seventeenth annual report of your Company with the audited accounts for the year ended March 31, 2023.

Financial Results

	For the year ended March 31, 2023 (₹)	For the year ended March 31, 2022 (₹)
Profit/(Loss) before Tax	47,01,56,074	17,77,15,201
Provision for Tax (net of deferred tax)	5,88,69,790	4,36,10,509
Profit/(Loss) after Tax	41,12,86,284	13,41,04,692
Other comprehensive income/(expense)	(14,77,602)	(3,91,985)
Total comprehensive income/(loss)	40,98,08,682	13,37,12,707
Profit/(Loss) brought forward from previous year	(23,40,44,520)	(36,77,57,227)
Balance carried to Balance Sheet	17,57,64,162	(23,40,44,520)

Dividend

Your directors recommend payment of dividend for the financial year ended March 31, 2023 of ₹ 102.50 per equity share of ₹ 10 each (Previous year: final dividend - Nil).

During the year, your directors did not declare any interim dividend.

Review of Operations

Your Company is a wholly-owned subsidiary of Housing Development Finance Corporation Limited (HDFC) as on March 31, 2023. During the year, the Company had a profit after tax of ₹ 40.98 Crore.

The certificate of registration of HDFC India Real Estate Fund III (HI REF - III) registered under SEBI (Alternative Investment Funds) Regulation, 2012 as Category II Alternate Investment Fund was cancelled by the Securities and Exchange Board of India (SEBI) with effect from November 24, 2022 and as a result, your Company ceased to act as investment manager to HIREF - III.

The agreements for providing advisory services to HDFC Investment Trust (HIT) and HDFC Investment Trust II (HIT II), trusts set up by HDFC were terminated w.e.f. January 31, 2023.

During the year, the Board of Directors approved termination of the agreements for providing investment advisory services to the two Overseas Asset Management Companies (AMCs), namely, Griha Investments (Mauritius) and Griha Pte. Ltd. (Singapore) subject to certain investor approvals. Given certain required investor approvals are still pending, the termination of the agreements has not been given effect to, as on the date of this Report.

The Company had submitted an application with SEBI for surrendering/cancelling its registration as Investment Adviser. SEBI vide its letter dated February 14, 2023 has accepted the request for surrender and the certificate of registration has been cancelled effective February 27, 2023.

Redemption of Optionally Convertible Debentures

During the year, your Company redeemed 3,75,00,000 10% Secured Optionally Convertible Debentures (OCDs) of ₹ 10 each amounting to ₹ 37,50,00,000 which were held by HDFC. As at March 31, 2023, there were no outstanding OCDs.

Material Developments: Ongoing Scheme of Amalgamation

The Board of Directors of the Company at its meeting held on August 25, 2022 had approved the scheme of amalgamation (Scheme) for the amalgamation of the Company and HDFC Venture Capital Limited (HVCL), wholly-owned subsidiaries of HDFC with and into HDFC Capital Advisors Limited (HCAL) and matters related thereto, subject to receipt of requisite approvals from statutory and regulatory authorities as required under applicable laws.

During the year, the Company received no-objections/ approvals from various regulatory/statutory authorities and the Hon'ble National Company Law Tribunal, Mumbai ("NCLT") has also, vide its order dated March 3, 2023, sanctioned the said Scheme. However, considering certain recent events/developments, the management is exploring alternative options to achieve commercial objectives, and therefore, in the meantime, the Company, HVCL and HCAL jointly filed an interlocutory application on March 24, 2023 with the NCLT for seeking an extension of time for filing the above order with the Registrar of Companies, Mumbai and the same is reserved for order.

As on the date of this Report, the said scheme has not been made effective.

Apart from the above, there are no material changes and commitments affecting the financial position of the Company which have occurred after March 31, 2023 till the date of this Report.

Amalgamation of holding company

The Board of Directors of HDFC at its meeting held on April 4, 2022, approved a composite scheme of amalgamation for the amalgamation of: (a) HDFC Investments Limited and HDFC Holdings Limited with and into HDFC; and (b) HDFC with and into HDFC Bank Limited (HDFC Bank), subject to necessary approvals, consents, permissions and sanctions.

Upon the scheme being effective, HDFC would stand dissolved without being wound up. In view of the same, the control of the Company would change from HDFC to HDFC Bank. The amalgamation is likely to take effect in June/July 2023.

Loans, Guarantees or Investments

During the year, your Company has not provided any guarantee or security.

The details of loans and investments made by your Company are provided in the notes forming part of the financial statements of the Company for the year ended March 31, 2023.

Particulars of Contracts or Arrangements with Related Parties

The particulars of contracts or arrangements with related parties as prescribed in Form No. AOC – 2 under Rule 8(2) of the Companies (Accounts) Rules, 2014, is annexed to this Report.

Details of related party transactions are provided in the notes to the financial statements.

Deposits

Your Company has not accepted any deposit and as such, no amount of principal or interest was outstanding as at March 31, 2023.

Subsidiary/Associate Companies

Your Company does not have any subsidiary or associate company.

Particulars of Employees

Your Company had 6 employees as at March 31, 2023.

Prevention, Prohibition and Redressal of Sexual Harassment of Women at the Workplace

Your Company has in place a policy on prevention, prohibition and redressal of sexual harassment of women at workplace and has an Internal Complaints Committee (ICC) in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder. The ICC comprises majority of women members. Members of the ICC are responsible for reporting and conducting inquiries pertaining to such complaints.

During the year, no complaint was received by the Committee.

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The operations of your Company are not energy intensive. However, adequate measures have been taken for conservation of energy and usage of alternative source of energy, wherever possible.

During the year, your Company received a total of ₹ 28.35 crore in foreign currency towards advisory fees and has incurred an expenditure of ₹ 18,842 in foreign currency towards travelling and other expenses.

Directors

During the year under review, the Board of Directors appointed Mr. Vipul Roongta, Chief Executive Officer of HCAL as an Additional Director of the Company at the board meeting held on October 18, 2022.

Mr. Vipul Roongta resigned from the board of the Company w.e.f. February 21, 2023 due to personal commitments.

The Directors placed on record its appreciation for contribution made by Mr. Roongta during his tenure.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Suresh Menon is liable to retire by rotation at the ensuing Annual General Meeting (AGM). He is eligible for re-appointment.

The necessary resolution for re-appointment of Mr. Suresh Menon and the details as required under secretarial standard have been included in the notice convening the ensuing AGM.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors, in terms of Section 164 of the Companies Act, 2013.

None of the directors of your Company have been debarred from holding the office of director by virtue of any order from SEBI or any other such authority.

The independent directors have also confirmed that they satisfy the criteria prescribed for an independent director as stipulated in Section 149(6) of the Companies Act, 2013.

Board Meetings

During the year, the board met ten times. The meetings were held on April 22, 2022, June 15, 2022, July 13, 2022, August 18, 2022, August 25, 2022, October 18, 2022, November 30, 2022, January 24, 2023, February 18, 2023 and March 23, 2023.

The attendance of the directors at the above-mentioned board meetings is listed below:

Directors	Number of Meetings attended
Mr. M. Ramabhadran	9
Mr. Suresh Menon	10
Mr. Harish Engineer	8
Mr. S. N. Shroff	10
Mr. Naresh Nadkarni	10
Mr. Vipul Roongta [#]	4

[#] Resigned w.e.f. February 21, 2023.

Leave of absence was granted to the concerned directors who could not attend the respective board meetings.

Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee consists of Mr. S.N. Shroff (Chairman), Mr. Suresh Menon and Mr. M. Ramabhadran. The quorum for the CSR Committee Meeting is two members.

The terms of reference of the committee *inter alia* is to review the CSR policy, indicate activities to be undertaken by the Company towards CSR and formulate a transparent monitoring mechanism to ensure implementation of projects and activities undertaken by the Company towards CSR.

The committee met twice during the year. The meetings were held on April 22, 2022 and July 13, 2022.

The attendance of the members of the committee at above-mentioned meetings is listed below:

Members	Number of Meetings attended
Mr. S. N. Shroff (Chairman)	2
Mr. Suresh Menon	2
Mr. M. Ramabhadran	1

Leave of absence was granted to the concerned member who could not attend the committee meeting.

Further details as required under Section 135 of the Companies Act, 2013 and rules thereunder is provided in the Annual Report on CSR activities annexed to this Report.

Independent Directors

The independent directors convene separate meetings to discuss various issues at their discretion, as and when required to evaluate the performance of the directors of the Company and the board as a whole. The independent directors also assess the quality, quantity and timeliness of flow of information between the Company's management and the board, which enables the board to effectively and reasonably perform its duties.

Your Company, being a wholly-owned subsidiary of HDFC, is not required to have an independent director on its Board. However, as a good governance practice, Mr. S. N. Shroff and Mr. Harish Engineer are appointed as Independent Director of the Company.

During the year, the independent directors met on March 23, 2023.

The attendance of the independent directors at above-mentioned meeting is listed below:

Independent Directors	Number of Meeting attended
Mr. S. N. Shroff	1
Mr. Harish Engineer	1

Board Evaluation

During the year, the board evaluated the performance of the board as a whole and its committee as well as the performance of each director individually, as in the previous year. The criteria for evaluation were voluntarily benchmarked with the Guidance Note issued by the SEBI on board evaluation.

The evaluation of the board, committee thereof and of each director was done through a structured and comprehensive questionnaire, *inter alia* containing effectiveness of the board and its committees, process of decision making, active participation, independence, quality and content of agenda papers, frequency of meetings, discussions at meetings, cohesion in meetings, contribution and management of conflict of interest.

The Board reviewed the feedback received from directors on the said questionnaire along with the results of the evaluation and expressed its satisfaction on the same. There were no actionable from the said review.

The Company conducts familiarisation programme for its directors from time to time. The familiarisation programme ensures that the directors are updated on the business and regulatory environment as well as the overall operations of the Company. Such programme enables the directors to make better informed decisions in the interest of the Company and its stakeholders.

Auditors

At the Thirteenth AGM of the Company held on July 15, 2019, the Members had appointed Messrs Deloitte Haskins & Sells LLP, Chartered Accountants, having Firm Registration Number 117366W/W-100018 as the statutory auditors of the Company, for a period of five years, to hold office as such until the conclusion of the Eighteenth AGM. The Company has received a confirmation from Messrs Deloitte Haskins & Sells LLP, to the effect that they meet the criteria for independence, eligibility and qualification as prescribed in Section 141 of the Companies Act, 2013.

The Auditor's Report annexed to the financial statements for the year under review does not contain any qualification.

Risk Management

Your directors are of the opinion that the Company is managing its risks through well defined internal financial controls and that there are no significant risks that may threaten the existence of the Company.

Significant and Material Orders passed by Regulators or Courts or Tribunals

During the year, no significant or material orders were passed by any regulator or court or tribunal against the Company impacting the going concern status and the Company's operations in future.

Secretarial Standards

The Company has complied with the applicable provisions of Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

Directors' Responsibility Statement

In accordance with the provisions of Section 134(3)(c) of the Companies Act, 2013 and based on the information provided by the management, your directors state that:

- a. In the preparation of annual accounts, the applicable accounting standards have been followed;

- b. Accounting policies selected have been applied consistently. Reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profit of the Company for year ended as on that date;
- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- d. The annual accounts of the Company have been prepared on a going concern basis; and
- e. Systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

Annual Return – Form No. MGT-7

The Annual Return in Form No. MGT- 7 for the FY 23 is available at www.hdfc.com/the-hdfc-group/subsidiaries-policies.

Acknowledgements

Your directors would like to express their sincere appreciation to all its stakeholders for their support and continued patronage.

Your directors appreciate the guidance received from various statutory/regulatory authorities including SEBI, Reserve Bank of India, National Company Law Tribunal, Mumbai, Ministry of Corporate Affairs, Registrar of Companies, Mumbai and the depositories.

Your directors recognise and appreciate the sincere hard work, loyalty and efforts of the employees of the Company whose professionalism has ensured all-round performance of the Company.

On behalf of the Board of Directors

Mumbai
April 24, 2023

S. N. Shroff
Naresh Nadkarni
Directors

Annex to Directors' Report – I

FORM NO. AOC—2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. **Details of contracts or arrangements or transactions not at arm's length basis: NIL**
2. **Details of material contracts or arrangements or transactions at arm's length basis:**

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any (₹)
	(a)	(b)	(c)	(d)	(e)	(f)
1	Griha Investments, Fellow Subsidiary Company	Advisory Fee (rendering investment advisory services)	April 2022 to March 2023	Received advisory fee which is at prevalent market rate	—	—
2	Griha Pte Ltd., Fellow Subsidiary Company	Advisory Fee (rendering investment advisory services)	April 2022 to March 2023	Received advisory fee which is at prevalent market rate	—	—

The above-mentioned transactions were entered into by the Company in its ordinary course of business. The materiality threshold is as prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014.

During the year, the Board of Directors of the Company has approved termination of the agreements for providing investment advisory services to Griha Investments and Griha Pte. Ltd. subject to certain investor approvals.

Given certain required investor approvals are still pending, the termination of the agreements has not been given effect to, as on the date of this Report.

On behalf of the Board of Directors

Mumbai
April 24, 2023

S. N. Shroff
Director

Naresh Nadkarni
Director

Annex to Directors' Report – II

THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 and Companies
(Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline on CSR Policy of the Company

The Company believes in conducting its business responsibly, fairly and in a most transparent manner. It continuously seeks ways to bring about an overall positive impact on the society and environment in which it operates and as a part of its social objectives.

The main objective of the CSR Policy of the Company is to lay down guidelines to make CSR a key business process for sustainable development of the society and the environment in which it operates. The CSR policy is available at www.hdfc.com/the-hdfc-group/subsidiaries-policies.

During the year, the Company as part of its CSR activities, provided a grant to Genesis Foundation for treating 15-16 lesser privileged critically-ill girl children up to 8 years old at an average cost of ₹ 1,50,000 per child suffering from Congenital Heart Defects (CHD) which requires support for specific surgeries (including neonatal), Cath Lab Interventions, recovery and recuperation post-surgery. The children supported by Genesis Foundation belong to the families with an income not exceeding ₹ 20,000 per month.

The CSR Committee is the governing body that articulates the scope of CSR activities and ensures compliance with the CSR policy including overview of the projects undertaken.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. S.N. Shroff (Chairperson)	Director	2	2
2.	Mr. Suresh Menon	Director	2	2
3.	Mr. M. Ramabhadran	Director	2	1

- Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company: www.hdfc.com/the-hdfc-group/subsidiaries-policies.
- Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable. – Not Applicable
-

Sl. No.		(in ₹)
5 (a)	Average net profit of the company as per section 135(5)	11,92,58,199
5 (b)	Two percent of average net profit of the company as per section 135(5)	23,86,000
5 (c)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	Nil
5 (d)	Amount required to be set off for the financial year, if any	Nil
5 (e)	Total CSR obligation for the financial year (5b + 5c - 5d)	23,86,000

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) - ₹ 23,86,000
 (b) Amount spent in Administrative Overheads - Nil
 (c) Amount spent on Impact Assessment, if applicable. – Not Applicable
 (d) Total amount spent for the Financial Year [(a)+(b)+(c)]. - ₹ 23,86,000
 (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
23,86,000	—	—	—	—	—

- (f) Excess amount for set-off, if any: Nil

Sl. No.	Particular	Amount (in ₹)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	—
(ii)	Total amount spent for the Financial Year	—
(iii)	Excess amount spent for the financial year [(ii)-(i)]	—
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	—
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	—

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years: Nil

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹)	Amount spent in the Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per the proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
		—	—	—	—	—	—	—
	TOTAL	—	—	—	—	—	—	—

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Not Applicable

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/Authority/beneficiary of the registered owner		
1.	2.	3.	4.	5.	6.		
					CSR Registration Number, if applicable	Name	Registered address
—	—	—	—	—	—	—	—

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) – Not Applicable

For **HDFC Property Ventures Limited**

Mumbai
April 24, 2023

S. N. Shroff
Chairman-
CSR Committee

Suresh Menon
Member

Vikram Ved
Chief Financial Officer

Independent Auditors' Report

TO THE MEMBERS OF HDFC PROPERTY VENTURES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HDFC PROPERTY VENTURES LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information

comprises the information included in the Directors' Report (the "report"), but does not include the financial statements and our auditors' report thereon. The report is expected to be made available to us after the date of this auditors' report.

- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Independent Auditors' Report (Continued)

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the financial statements. Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Continued)

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, no remuneration has been paid by the Company to its directors other than by way of fee for attending meetings of the Board thereof, in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations as at the year-end which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts as at the year-end for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv.
 - a. The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 36(ix)(a) to the financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - b. The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 36(ix)(b) to the financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any persons or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the

Independent Auditors' Report (Continued)

Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- c. Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - v. As stated in Note 28 to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.
 - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-1006018)

Rishabh Sanghvi

Partner
(Membership No. 066926)
(UDIN: 23066926BGUCOU3560)

Mumbai
April 24, 2023

Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls With reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the “Act”)

We have audited the internal financial controls with reference to financial statements of **HDFC PROPERTY VENTURES LIMITED** (the “Company”) as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial

controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A Company’s internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including

Annexure “A” to the Independent Auditor’s Report (Continued)

the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls

with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Mumbai
April 24, 2023

Rishabh Sanghvi
Partner
(Membership No. 066926)
(UDIN: 23066926BGUCOU3560)

Annexure “B” to the Independent Auditor’s Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) According to the information and explanations given to us, in respect of Property, Plant and Equipment & Intangible Assets.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment. The Company has maintained proper records showing full particulars of intangible assets.
 - b) The Property, Plant and Equipment were physically verified during the year by the Management which, in our opinion, provides for physical verification at reasonable intervals. No material discrepancies were noticed on such verification.
 - c) The Company does not have any immovable properties and hence reporting under clause 3(i)(c) of the Order is not applicable.
 - d) The Company has not revalued any of its property, plant and equipment and intangible assets during the year.
 - e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) a) The Company does not have any inventory and hence, reporting under clause 3(ii)(a) of the Order is not applicable.
- b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- (iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause 3(iii) of the Order is not applicable.
- (iv) According to information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees or securities that are covered under the provisions of sections 185 or 186 of the Act, and hence reporting under clause 3(iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits during the year and no order in this respect has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals in regard to the Company. Hence, reporting under clause 3 (v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) Undisputed statutory dues, including Goods and Service tax (GST), Provident Fund, Employees’ State Insurance, Income-tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year.
 - (b) There were no undisputed amounts payable in respect of GST, Provident Fund, Employees’ State Insurance, Income-tax, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
 - (c) There were no dues referred in sub clause (a) above which have not been deposited on account of disputes as at March 31, 2023.
- (viii) According to the information and explanations given to us, no transactions relating to previously unrecorded income were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during the year.

Annexure “B” to the Independent Auditor’s Report (Continued)

- (ix) According to the information and explanations given to us, in respect of borrowings:
- The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
 - The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
 - In our opinion, the Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
 - In our opinion, Company has not availed any short-term fund hence reporting under clause 3(ix)(d) of the Order is not applicable.
 - The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause 3(ix)(e) of the Order is not applicable.
 - The Company does not have any subsidiary or associate or joint venture and hence reporting on clause 3(ix)(f) of the Order is not applicable.
- (x) a) According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year and hence reporting under clause 3(x)(b) of the Order is not applicable.
- (xi) a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b) No report under section 143(12) of the Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and upto the date of this report.
- c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and hence, reporting under clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements, etc. as required by the applicable accounting standards.
- (xiv) a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto March 31, 2023.
- (xv) According to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence, provisions of section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clauses 3(xvi) (a), (b) and (c) of the Order is not applicable.
- The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company. Hence, reporting under clause 3(xviii) of the Order is not applicable.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and

Annexure “B” to the Independent Auditor’s Report (Continued)

payment of financial liabilities, Asset Liability Maturity (ALM) pattern, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Act or special account in compliance with the provision of section 135(6) of the said Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable.
- (xxi) According to the information and explanations given to us, the Company does not have subsidiary, associate and joint venture. Accordingly, reporting under clause 3(xxi) of the Order is not applicable.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Rishabh Sanghvi
Partner
(Membership No. 066926)
(UDIN: 23066926BGUCOU3560)

Mumbai
April 24, 2023

Balance Sheet as at 31 March 2023

	Note No.	As at March 31, 2023 ₹ in thousands	As at March 31, 2022 ₹ in thousands
ASSETS			
Non-Current Assets			
Property, Plant and Equipment and Intangible Assets	3	735.34	1,263.33
Other financial assets	4	160.00	20.00
Deferred tax assets (net)	5	3,300.00	10,160.00
Income tax assets (net)	6	14,990.47	14,990.47
Total Non Current Assets		19,185.81	26,433.80
Current Assets			
Financial assets			
Investments	7	1,92,584.17	2,55,184.80
Trade receivables	8	43,884.70	—
Cash and cash equivalents	9	28,084.11	9,663.91
Other financial assets	10	13.44	14.62
Other current assets	11	4,067.80	4,687.10
Total Current Assets		2,68,634.22	2,69,550.43
Total Assets		2,87,820.03	2,95,984.23
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12 (a)	10,000.00	10,000.00
Other equity	12 (b)	2,06,559.57	(2,03,249.11)
Total Equity		2,16,559.57	(1,93,249.11)
Liabilities			
Non-Current Liabilities			
Provisions	13	11,841.75	25,026.26
Total Non Current Liabilities		11,841.75	25,026.26
Current Liabilities			
Financial liabilities			
Borrowings	14	—	4,31,311.48
Trade payables	15	39,426.99	15,190.05
Provisions	16	493.30	12,595.63
Current tax liabilities (net)	17	2,154.19	559.46
Other current liabilities	18	17,344.23	4,550.47
Total Current Liabilities		59,418.71	4,64,207.08
Total Equity and Liabilities		2,87,820.03	2,95,984.23

The accompanying notes form an integral part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Rishabh Sanghvi
Partner

Mumbai, April 24, 2023

For HDFC Property Ventures Limited

Naresh Nadkarni
Director
(DIN : 00448178)

S. N. Shroff
Director
(DIN : 00011169)

Statement of Profit and Loss for the Year ended March 31, 2023

Particulars	Note No.	Year ended March 31, 2023 ₹ in thousands	Year ended March 31, 2022 ₹ in thousands
Revenue from operations	19	4,35,469.20	3,40,848.87
Other income	20	2,53,181.36	9,346.47
Total Income		6,88,650.56	3,50,195.34
Expenses			
Employee benefit expense	21	1,48,600.82	87,319.16
Finance cost	22	19,006.85	37,500.00
Depreciation and amortisation	3	527.99	543.60
Other expenses	23	50,358.83	47,117.38
Total Expenses		2,18,494.49	1,72,480.14
Profit before tax		4,70,156.07	1,77,715.20
Tax expenses			
(1) Current tax	35	52,271.88	45,398.65
(2) (Excess)/Short Provision for earlier years		109.79	(1,709.49)
(3) Deferred Tax		6,860.00	20.00
Total Tax Expenses		59,241.67	43,709.16
Profit for the year		4,10,914.40	1,34,006.04
Other comprehensive income/(expense)			
A (i) <u>Items that will not be reclassified to profit or loss</u>			
Remeasurement of the defined benefit plans		(1,477.60)	(391.99)
		(1,477.60)	(391.99)
(ii) Income tax relating to items that will not be reclassified to profit or loss	35	371.88	98.65
Total other comprehensive Income/(loss)		(1,105.72)	(293.33)
Total comprehensive income for the year		4,09,808.68	1,33,712.71
Earnings per equity share: (Face value of ₹ 10 each)			
Basic	31	410.91	134.01
Diluted		410.91	134.01

The accompanying notes form an integral part of the financial statements

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Rishabh Sanghvi
Partner

Mumbai, April 24, 2023

For **HDFC Property Ventures Limited**

Naresh Nadkarni
Director
(DIN : 00448178)

S. N. Shroff
Director
(DIN : 00011169)

Statement of Changes in Equity

A. Equity Share Capital

₹ in thousands

Balance as at March 31, 2021	10,000
Changes in Equity Share Capital during the year	—
Changes in Equity Share Capital due to prior period errors	—
Balance as at March 31, 2022	10,000
Changes in Equity Shares Capital during the year	—
Changes in Equity Share Capital due to prior period errors	—
Balance as at March 31, 2023	10,000

B. Other Equity

₹ in thousands

Particulars	Retained Earnings ₹ in thousands	General Reserve ₹ in thousands	Total ₹ in thousands
Balance as at April 1, 2021	(3,67,757.23)	30,795.41	(3,36,961.82)
Surplus transferred from Statement of Profit and Loss	1,34,006.04	—	1,34,006.04
Other Comprehensive Income	(293.33)	—	(293.33)
Closing Balance as at March 31, 2022	(2,34,044.52)	30,795.41	(2,03,249.11)
Surplus transferred from Statement of Profit and Loss	4,10,914.40	—	4,10,914.40
Other Comprehensive Loss	(1,105.72)	—	(1,105.72)
Closing Balance as at March 31, 2023	1,75,764.16	30,795.41	2,06,559.57

The accompanying notes form an integral part of the financial statements

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Rishabh Sanghvi
Partner

Mumbai, April 24, 2023

For **HDFC Property Ventures Limited**

Naresh Nadkarni
Director
(DIN : 00448178)

S. N. Shroff
Director
(DIN : 00011169)

Cash Flow Statement for the Year ended March 31, 2023

	For the Year Ended March 31, 2023 ₹ in thousands	For the Year Ended March 31, 2022 ₹ in thousands
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	4,68,678.47	1,77,323.22
Add/(Less) Adjustment for:		
Depreciation and Amortisation	527.99	543.60
Dividend Income	—	(2,298.78)
Interest on Bank Deposits	(128.28)	(106.63)
Unrealised gain on Mutual Fund Units	(2,919.90)	(5,264.28)
Profit on redemption of Mutual Fund Units	(12,994.63)	(433.74)
Profit on sale of Fixed Assets	(400.00)	—
Recovery of part loan amount	(2,35,000.00)	—
TDS written-off	—	7,773.19
Interest on SA Tax	—	23.70
Interest on Optionally Convertible Debentures taken	19,006.86	37,500.00
Operating profit before working capital changes	2,36,770.51	2,15,060.27
(Increase) in Non - Current Assets	(140.00)	—
(Increase)/Decrease in Current Assets	(43,264.22)	852.40
Increase/(Decrease) in Non Current Liabilities	(13,184.51)	3,198.35
Increase in Current Liabilities	24,928.37	218.79
Cash Generated from Operations	2,05,110.15	2,19,329.80
Taxes Paid	(50,415.06)	(47,233.46)
Net cash from Operating Activities	1,54,695.09	1,72,096.34
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Tangible/Intangible Assets/Capital Work in Progress	—	(112.22)
Sale of Fixed Assets	400.00	—
Purchase of Investments	(3,15,994.63)	(3,21,563.42)
Proceeds from Sale of Investments	3,81,515.15	1,66,373.88
Profit on redemption of Mutual Fund Units	12,994.63	433.74
Recovery of part loan amount	2,35,000.00	—
Dividend Income	—	2,298.78
Interest on Bank Deposits	128.28	106.63
Net cash from/(used in) Investing Activities	3,14,043.43	(1,52,462.62)
C CASH FLOW FROM FINANCING ACTIVITIES		
Optionally Convertible Debentures Redeemed	(3,75,000.00)	—
Interest payment on Optionally Convertible Debentures taken	(75,318.32)	(15,000.00)
Net cash used in Financing Activities	(4,50,318.32)	(15,000.00)
Net Increase/(Decrease) in cash and cash equivalents	18,420.20	4,633.72
Add : Cash and Cash equivalents at the beginning of the year (Refer Note 9)	9,663.91	5,030.19
Cash and Cash equivalents at the end of the year (Refer Note 9)	28,084.11	9,663.91
The accompanying notes form an integral part of the financial statements		

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Rishabh Sanghvi
Partner

Mumbai, April 24, 2023

For HDFC Property Ventures Limited

Naresh Nadkarni
Director
(DIN : 00448178)

S. N. Shroff
Director
(DIN : 00011169)

Notes to financial statements

1. General Information

HDFC Property Ventures Limited (the “Company”) a wholly owned subsidiary of Housing Development Finance Company Limited, incorporated in India, with its registered office in Mumbai. The Company is registered as an investment advisor with the Securities and Exchange Board of India (‘SEBI’) and renders advisory services in respect of identifying prospective investment opportunities mainly in the real estate sector in India. During the year the company has filed an application with SEBI towards surrendering of its Investment Adviser Registration Certificate. SEBI has accepted the application and as per the acceptance letter received from SEBI, the company’s registration as Investment Adviser has been cancelled with effect from Feb 27, 2023.

The company has terminated its advisory agreements with HDFC Investment Trust and HDFC Investment Trust II with effect from January 31, 2023. The company has terminated its advisory agreements with Griha Investments, Mauritius and Griha Pte Ltd, Singapore with effect from 1 April 2023.

Scheme of Amalgamation

The Board of Directors of the Company at its meeting held on August 25, 2022 has approved a scheme of amalgamation for the amalgamation of: (i) the Company and HDFC Venture Capital Limited, wholly-owned subsidiaries of Housing Development Finance Corporation Limited, into and with HDFC Capital Advisors Limited and their respective shareholders and creditors (“the Scheme”) on a going concern basis under Section 230 to 232 of the Companies Act, 2013 and other applicable laws and regulations, subject to requisite approvals from various regulatory and statutory authorities, respective shareholders and creditors.

The Hon’ble National Company Law Tribunal, Mumbai bench, Mumbai vide its order dated March 3, 2023 approved the Scheme and directed to file a copy of the NCLT order along with a copy of the Scheme with the Registrar of Companies, Mumbai (ROC) within 30 days from the receipt of the certified copy of the order, with a liberty to apply to NCLT for any directions that may be necessary, including for an extension of the above period. Consequently, the financial statements of the company have been prepared on a going concern basis. The companies have filed an application with Hon’ble NCLT seeking an extension of 60 days for filing of the order with ROC.

2. Significant Accounting Policies

2.1 Basis of preparation of financial statements:

Compliance with Indian Accounting Standards (Ind AS)

The financial statements have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 on historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below and the relevant provisions of the Act.

Accounting policies applied have been consistent with previous year except where different treatment is required as per new pronouncements made by the regulatory authorities. The management evaluates, all recently issued or revised accounting pronouncements, on an ongoing basis.

A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the Company.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which

Notes to financial statements

the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

2.2 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Further results could differ due to these estimates and the differences between the actual results and the estimates are recognized on the periods in which the results are known/materialise.

Fair Valuation:

When the fair value of investments cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the Discounted Cash Flow (DCF) model, market comparable method and based on recent transactions. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.3 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

2.4 Revenue Recognition:

Advisory and other fees are accrued in accordance with the agreement entered with clients.

Dividend Income is recognised when the right to receive the same is established.

Interest Income is recognised on accrual basis.

Fair value gain/loss on Investments is recognized to the extent that the revenues can be reliably measured, and where there is significant certainty of recoverability.

2.5 Property, plant and equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. PPE acquired on hire purchase basis are recognised at their cash values. Cost includes professional fees related to the acquisition of PPE.

For transition to Ind AS, the Company has elected to adopt as deemed cost, the carrying value of PPE measured as per IGAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2017.

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land) less their residual values over their useful lives specified under Part C of Schedule II to the Act, or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual

Notes to financial statements

values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Depreciation for additions to/deductions from, owned assets is calculated pro rata to the period of use. Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

The useful life of the property, plant and equipment held by the Company is as follows:

Class of assets	Useful life
Computer Hardware*	4 years
Furniture & Fittings	10 years
Office Equipment	5 years
Motor Car*	5 years

* For the above class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Act.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.6 Intangible Assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets. Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

Intangible assets are amortised on straight line basis over the estimated useful life of 4 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

2.7 Impairment of Assets:

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use.

2.8 Foreign currency transactions and translations:

Transactions in foreign currency are accounted for at the rates prevailing on the date of the transaction.

Foreign currency denominated monetary assets & liabilities are translated into rupees at the exchange rates prevailing at the date of the Balance sheet.

Exchange differences arising on settlement of foreign currency transactions or restatement of foreign currency denominated monetary assets & liabilities are recognized in the Statement of Profit and Loss.

Notes to financial statements

2.9 Borrowing cost:

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss.

2.10 Employee Benefits:

Defined Contribution Plan

The Company's contributions paid/payable during the year towards Provident Fund are charged to Statement of Profit and Loss every year.

Defined Benefit Plan

The net present value of the Company's obligation towards gratuity and leave encashment is actuarially determined based in the projected unit credit method. Actuarial gains and losses are immediately recognised in the Statement of Profit and Loss.

2.11 Leases:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.12 Taxes on Income:

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax credits could be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date, and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.13 Cash and Cash Equivalents:

Cash and Bank balances comprises cash on hand and demand deposits with banks. Bank balances are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.14 Cash Flow Statement:

Cash Flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Notes to financial statements

2.15 Earnings Per Share:

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. The Company has not issued any financial instrument that entitles or may entitle its holder to acquire equity shares in future.

2.16 Provisions and contingencies:

Provisions are recognised only when:

- (i) An entity has a present obligation (legal or constructive) as a result of a past event; and
- (ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) A reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

- (i) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- (ii) A present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent Assets:

Contingent assets are not recognised in the financial statements

2.17 Goods and Service Tax (GST) Input credit:

GST input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilizing the credits.

2.18 Operating Cycle:

Based on the nature of activities of the Company, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.19 Financial instruments

Financial instruments – initial recognition

Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans are recognised when funds are transferred to the party's account. The Company recognises borrowings when funds reach the Company.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for the Day 1 profit or loss, as described below.

Notes to financial statements

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Measurement categories of Financial Assets and Liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- Fair value through Profit or Loss (FVTPL)
- Fair value through Other Comprehensive Income (FVTOCI),

Financial Assets and Liabilities

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;

Notes to financial statements

- All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Company may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies, in OCI; and
- The Company may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Equity instruments at FVOCI

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

Debt instruments at amortised cost or at FVTOCI

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are meeting SPPI test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

Business Model Test

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets

Notes to financial statements

are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company has more than one business model for managing its financial instruments which reflect how the Company manages its financial assets in order to generate cash flows. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Company considers all relevant information available when making the business model assessment. However this assessment is not performed on the basis of scenarios that the Company does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Company takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassesses its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

In the current and prior reporting period the Company has applied the fair value option and so has designated debt instruments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

Reclassifications

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

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It may not be possible to identify a single discrete event-instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess corporate debt instruments are credit impaired, the Company considers factors such as the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikelihood to pay indicators and a back-stop if amounts are overdue more than the maturity dates stated in the agreement.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. Loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Company assesses whether this modification results in derecognition. In accordance with the Company's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

The Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity

Notes to financial statements

investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

Write-off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'at amortised cost'.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.20 Segment Reporting

Revenue, expenses, assets and liabilities have been identified to segments on the basis of their relationship to the activities of the segment. Items which relate to the Company as a whole and are not allocable to segments, have been included under the head Unassociated items.

Notes to financial statements

3 Property, plant and equipment and Intangible Assets

₹ in thousands

Particulars	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK	
	As at April 1, 2022	Additions	Deductions	As at March 31, 2023	As at April 1, 2022	For the year	Deduction	As at March 31, 2023
Tangible								
Computer Hardware	2,276.49			2,276.49	1,887.79	214.31	—	174.39
Furniture & Fixtures	61.04	—	—	61.04	47.53	4.99	—	8.52
Office Equipments	1,199.99	—	—	1,199.99	1,199.99	—	—	—
Motor Car	1,363.76	—	1,363.76	—	1,363.76	—	1,363.76	—
Total	88,901.26	—	1,363.76	87,537.51	88,499.07	219.30	1,363.76	183.40
Intangibles - other than Internally generated								
Computer Software	2,044.58	—	—	2,044.58	1,794.11	86.91	—	163.56
Website	1,312.13	—	—	1,312.13	701.47	221.78	—	388.38
Total	3,356.71	—	—	3,356.71	2,495.58	308.69	—	551.94
Grand Total	92,257.97	—	1,363.76	90,894.22	90,994.64	527.99	1,363.76	736.34

Property, plant and equipment

₹ in thousands

Particulars	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK	
	As at April 1, 2021	Additions	Deductions	As at March 31, 2022	As at April 1, 2021	For the year	Deduction	As at March 31, 2022
Tangible								
Computer Hardware	2,184.56	91.92	—	2,276.49	1,659.46	228.33	—	388.70
Leasehold Improvements	84.00	—	—	84.00	84.00	—	—	—
Furniture & Fixtures	61.04	—	—	61.04	42.54	4.99	—	13.50
Office Equipments	1,199.99	—	—	1,199.99	1,198.79	1.20	—	—
Motor Car	1,363.76	—	—	1,363.76	1,359.27	4.48	—	—
Total	4,893.34	91.92	—	4,985.26	4,344.07	238.99	—	402.20
Intangibles - other than Internally generated								
Computer Software	2,024.28	20.30	—	2,044.58	1,711.29	82.82	—	250.47
Website	1,312.13	—	—	1,312.13	479.69	221.78	—	610.66
Total	3,336.41	20.30	—	3,356.71	2,190.97	304.60	—	861.13
Grand Total	8,229.75	112.22	—	8,341.97	6,535.04	543.60	—	1,263.33

Notes to financial statements

4 OTHER NON-CURRENT ASSETS						As at March 31, 2023 ₹ in thousands	As at March 31, 2022 ₹ in thousands
Security Deposits						160.00	20.00
						<u>160.00</u>	<u>20.00</u>
5 DEFERRED TAX ASSETS (NET)						As at March 31, 2023 ₹ in thousands	As at March 31, 2022 ₹ in thousands
Depreciation						190.00	680.00
Retirement Benefits						3,110.00	9,480.00
						<u>3,300.00</u>	<u>10,160.00</u>
6 INCOME TAX ASSETS (NET)						As at March 31, 2023 ₹ in thousands	As at March 31, 2022 ₹ in thousands
Advance Payment of Income Tax (Net of Provisions)						14,990.47	14,990.47
						<u>14,990.47</u>	<u>14,990.47</u>
7 CURRENT INVESTMENTS						As at March 31, 2023 ₹ in thousands	As at March 31, 2022 ₹ in thousands
Unquoted at Fair Value through Profit or Loss							
Mutual Funds (Refer Note 24)	Units as on March 31, 2023	Units as on March 31, 2023	NAV as at March 31, 2023	NAV as at March 31, 2022			
DSP Liquidity Fund - Direct Plan - Growth	18,453.18	18,453.18	3,217.19	3,043	59,367.41		56,152.80
HDFC Liquid Fund Direct Plan Growth	30,117.73	47,561.35	4,423.20	4,185	1,33,216.76		1,99,032.00
					<u>1,92,584.17</u>		<u>2,55,184.80</u>
8 TRADE RECEIVABLES (Unsecured, Considered Good)						As at March 31, 2023 ₹ in thousands	As at March 31, 2022 ₹ in thousands
Advisory Fees (Refer note 27)							
Outstanding for a period exceeding 12 months from the date they become due						—	—
Others						43,884.70	—
						<u>43,884.70</u>	<u>—</u>

Notes to financial statements

8.1 Unhedged Foreign Currency Exposures

The year end foreign currency exposure that have not been hedged by a derivative instrument or otherwise are given below:	As at March 31, 2023 ₹ in thousands	As at March 31, 2022 ₹ in thousands
Receivable		
- USD	52.82	—
- Equivalent Indian Rupees	4,342.37	—
- SGD	6.40	—
- Equivalent Indian Rupees	395.52	—

8.2 Trade Receivables Ageing Schedule

As at March 31, 2023
₹ in thousands

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months to 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) Undisputed Trade Receivables - considered good	43,884.70	—	—	—	—	43,884.70
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	—	—	—	—	—	—
(iii) Undisputed Trade Receivables - credit impaired	—	—	—	—	—	—
(iv) Disputed Trade Receivables - considered good	—	—	—	—	—	—
(v) Disputed Trade Receivables - which have significant increase in credit risk	—	—	—	—	—	—
(vi) Disputed Trade Receivables - credit impaired	—	—	—	—	—	—

As at March 31, 2023
₹ in thousands

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months to 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) Undisputed Trade Receivables - considered good	—	—	—	—	—	—
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	—	—	—	—	—	—
(iii) Undisputed Trade Receivables - credit impaired	—	—	—	—	—	—
(iv) Disputed Trade Receivables - considered good	—	—	—	—	—	—
(v) Disputed Trade Receivables - which have significant increase in credit risk	—	—	—	—	—	—
(vi) Disputed Trade Receivables - credit impaired	—	—	—	—	—	—

Notes to financial statements

9 CASH AND CASH EQUIVALENTS

	As at March 31, 2023 ₹ in thousands	As at March 31, 2022 ₹ in thousands
Balances with banks		
— In Current Account	5,513.54	3,570.51
— In Deposit Account	22,500.00	6,000.00
Cash on hand	8.99	9.93
Foreign Currency on Hand	61.58	83.47
	<u>28,084.11</u>	<u>9,663.91</u>

10 OTHER CURRENT FINANCIAL ASSETS

	As at March 31, 2023 ₹ in thousands	As at March 31, 2022 ₹ in thousands
(Unsecured, Considered Good)		
Interest Accrued but not due on Bank Deposits	13.44	14.62
	<u>13.44</u>	<u>14.62</u>

11 OTHER CURRENT ASSETS

	As at March 31, 2023 ₹ in thousands	As at March 31, 2022 ₹ in thousands
Balance with Government Authorities	2,986.28	3,382.17
Prepaid Expenses	<u>1,081.52</u>	<u>1,304.92</u>

12(a) Equity Share Capital

	As at March 31, 2023 ₹ in thousands	As at March 31, 2022 ₹ in thousands
AUTHORISED CAPITAL		
(10,00,000 Equity Shares of ₹ 10 each)	10,000	10,000
ISSUED, SUBSCRIBED AND PAID-UP		
(10,00,000 Equity Shares of ₹ 10 each)	10,000	10,000

(All the above shares are held by Housing Development Finance Corporation Limited, the Holding Company and its nominees)

The Company has only one class of shares referred to as equity shares having Face Value of ₹ 10 each. Each holder of equity share is entitled to one vote per share.

The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the Shareholders.

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Notes to financial statements

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	₹	Number	₹
Outstanding at the beginning of the year	10,00,000	1,00,00,000	10,00,000	1,00,00,000
Issued during the year	—	—	—	—
Outstanding at the end of the year	10,00,000	1,00,00,000	10,00,000	1,00,00,000

During the period of 5 years immediately preceeding the Balance Sheet date, the Company has not issued any Equity Shares without payment being received in cash, bonus shares and has not bought back any Equity Shares.

Shares held by promoters at the end of the year			% Change during the year
Promoter Name	No of Shares	% of total Shares	
Housing Development Finance Corporation Limited	9,99,940	99.99%	—
Total	9,99,940	—	

12(b) Other Equity

Particulars	As at March 31, 2023	As at March 31, 2022
Reserve and Surplus	₹ in thousands	₹ in thousands
1. Retained Earnings		
Opening balance	(2,34,044.52)	(3,67,757.23)
Surplus transferred from Statement of Profit and Loss	4,10,914.40	1,34,006.04
Other Comprehensive Loss	(1,105.72)	(293.33)
Closing balance	1,75,764.16	(2,34,044.52)
2. General Reserve		
Opening balance	30,795.41	30,795.41
Closing balance	30,795.41	30,795.41
Total Other Equity	2,06,559.57	(2,03,249.11)

Notes to financial statements

13 NON CURRENT PROVISIONS

	As at March 31, 2023 ₹ in thousands	As at March 31, 2022 ₹ in thousands
Provision for Employee Benefits		
– Gratuity (Refer Note 25)	8,899.84	25,026.26
– Leave Encashment	2,941.91	—
	<u>11,841.75</u>	<u>25,026.26</u>

14 BORROWINGS

	As at March 31, 2023 ₹ in thousands	As at March 31, 2022 ₹ in thousands
Secured		
Current maturity of Long term debt (Refer Note 27)	—	3,75,000.00
Interest accrued but not due (Refer Note 27)	—	56,311.48
	<u>—</u>	<u>—</u>

15 TRADE PAYABLES

	As at March 31, 2023 ₹ in thousands	As at March 31, 2022 ₹ in thousands
Due to micro enterprises and small enterprises	—	1,513.30
Due to Other than micro enterprises and small enterprises		
— Other Payables	39,426.99	13,676.75
	<u>39,426.99</u>	<u>15,190.05</u>

15.1 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the year is given below:

Particulars	March 31, 2023 ₹ in thousands	March 31, 2022 ₹ in thousands
(a) Amounts outstanding but not due as at year end	—	1,513.30
(b) Amounts due but unpaid as at year end	—	—
(c) Amounts paid after appointed date during the year	—	—
(d) Amounts of interest accrued and unpaid as at year end	—	—
(e) The amount of further interest due and payable even in the succeeding year	—	—
Total	—	1,513.30

Notes to financial statements

15.2 Trade Payable Ageing Schedule

₹ in thousands

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	—	—	—	—	—
(ii) Others	39,426.99	—	—	—	39,426.99
(iii) Disputed Dues - MSME	—	—	—	—	—
(iii) Disputed Dues - Others	—	—	—	—	—

₹ in thousands

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	1,513.30	—	—	—	1,513.30
(ii) Others	13,676.75	—	—	—	13,676.75
(iii) Disputed Dues - MSME	—	—	—	—	—
(iii) Disputed Dues - Others	—	—	—	—	—

16 SHORT TERM PROVISIONS

	As at March 31, 2023 ₹ in thousands	As at March 31, 2022 ₹ in thousands
Provision for Employee Benefits		
Gratuity (Refer Note 25)	228.98	1,969.26
Leave Encashment	264.32	10,626.37
	<u>493.30</u>	<u>12,595.63</u>

17 CURRENT TAX LIABILITY (NET)

	As at March 31, 2023 ₹ in thousands	As at March 31, 2022 ₹ in thousands
Provision for Income Tax (Net of Advance Tax)	2,154.19	559.46
	<u>2,154.19</u>	<u>559.46</u>

18 OTHER CURRENT LIABILITIES

	As at March 31, 2023 ₹ in thousands	As at March 31, 2022 ₹ in thousands
Statutory Dues	17,344.23	4,550.47
	<u>17,344.23</u>	<u>4,550.47</u>

Notes to financial statements

19 REVENUE FROM OPERATIONS

	Year ended March 31, 2023 ₹ in thousands	Year ended March 31, 2022 ₹ in thousands
Advisory Fees (Refer Note 27 & 33)	<u>4,35,469.20</u>	<u>3,40,848.87</u>
	<u>4,35,469.20</u>	<u>3,40,848.87</u>

19.1 Earnings in Foreign Currency

	Year ended March 31, 2023 ₹ in thousands	Year ended March 31, 2022 ₹ in thousands
Advisory Fees	2,83,469.20	2,69,848.87

20 OTHER INCOME

	Year ended March 31, 2023 ₹ in thousands	Year ended March 31, 2022 ₹ in thousands
Dividend Income on Current Investments	—	2,298.78
Interest on Bank Deposits	128.28	106.63
Interest on Income Tax Refund	—	793.87
Reversal of Provision for Loan (Refer Note 32)	2,35,000.00	—
Profit on sale of Fixed Assets	400.00	—
Profit on redemption of Mutual Fund Units	12,994.63	433.74
Unrealised gain on Mutual Fund Units	2,919.90	5,264.28
Other Income	—	40.59
Net gain on Foreign Currency (Refer Note 2.8)	<u>1,738.56</u>	<u>408.57</u>
	<u>253,181.36</u>	<u>9,346.47</u>

21 EMPLOYEE BENEFITS EXPENSES

	Year ended March 31, 2023 ₹ in thousands	Year ended March 31, 2022 ₹ in thousands
Salaries and Allowances	1,40,010.63	78,718.99
Gratuity (Refer Note 25)	3,944.17	3,682.09
Contribution to Provident Fund (Refer Note 25)	2,910.97	3,018.29
Staff Welfare Expenses	<u>1,735.05</u>	<u>1,899.80</u>
	<u>1,48,600.82</u>	<u>87,319.16</u>

22 FINANCE COST

	Year ended March 31, 2023 ₹ in thousands	Year ended March 31, 2022 ₹ in thousands
Interest on Optionally Convertible Debentures (Refer Note 27)	<u>19,006.85</u>	<u>37,500.00</u>
	<u>19,006.85</u>	<u>37,500.00</u>

Notes to financial statements

23 OTHER EXPENSES

	Year ended March 31, 2023 ₹ in thousands	Year ended March 31, 2022 ₹ in thousands
Auditors' Remuneration	1,521.13	1,150.00
Business Development	128.28	69.45
Corporate Social Responsibility Expenses (Refer Note 30)	2,386.00	1,856.00
Conference Fees	0.71	17.70
Directors Sitting Fee Expenses	980.00	580.00
Electricity (Refer Note 27)	636.60	676.88
General Office Expenses	85.50	121.99
Miscellaneous Expenses	2,306.58	2,493.12
Motor Car Expenses	607.29	585.68
Printing and Stationary	205.34	39.25
Professional Fees (Refer Note 27)	23,281.92	12,116.16
Rates and Taxes	445.61	296.03
Rent and Facility charges (Refer Note 27)	13,921.62	16,202.40
Repairs and Maintenance	2,960.04	2,563.91
Telecommunication	34.50	89.15
Travelling Expenses	829.84	460.85
Insurance	1.78	1.89
Interest on Delay Payment of TDS	—	0.04
Interest on delayed payment/filing of GST	14.84	—
Interest on SA Tax	11.25	23.70
TDS written-off	—	7,773.19
	50,358.83	47,117.38

23.1 Payment to Auditors comprises of:

	Year ended March 31, 2023 ₹ in thousands	Year ended March 31, 2022 ₹ in thousands
Audit Fees	600.00	500.00
Tax Audit	175.00	175.00
Other Matters	746.13	475.00
	1,521.13	1,150.00

23.2 Expenditure in Foreign Currency

	Year ended March 31, 2023 ₹ in thousands	Year ended March 31, 2022 ₹ in thousands
Travelling Expenses	11.71	—
Miscellaneous Expenses		
— Others	7.13	759.60
	18.84	759.60

Notes to financial statements

24. Fair Value Measurement:

Financial Assets	March 31, 2023 ₹ in thousands					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at FVTPL –						
Investments	7					
Investment in Equity Instruments		—	—	—	—	—
Investment in Mutual Funds		1,92,584.17	—	1,92,584.17	—	1,92,584.17

Financial Assets	March 31, 2022 ₹ in thousands					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at FVTPL –						
Investments	7					
Investment in Equity Instruments		—	—	—	—	—
Investment in Mutual Funds		2,55,184.79	—	2,55,184.79	—	2,55,184.79

For financial assets that are measured at fair value, the carrying amounts are equal to the fair values

25. Employee benefits

As required by Indian Accounting Standard on “Employee Benefits” (Ind AS 19), the following disclosures have been made:

- The Company has recognized ₹ 29,10.97 (Previous Year ₹ 30,18.29) in the Statement of Profit and Loss on account of Contribution to Provident Fund.
- The details of Company's unfunded post-retirement benefit plans for its employees for gratuity which is certified by the actuary and relied upon by the auditors are given below:

Particulars	Current Year ₹ in thousand	Previous Year ₹ in thousand
Change in the Benefit Obligations:		
Liability at the beginning of the year	26,995.52	26,356.69
Interest Cost	1,951.77	1,797.53
Current Service Cost	1,992.39	1,884.56
Actuarial (Gain) Loss	1,477.60	1,262.05
Less : Amount paid during the year	(23,288.47)	(3,435.25)
Liability at the end of the year	9,128.82	26,995.52
Amount Recognized in Balance Sheet :		
Liability at the end of the year	9,128.82	26,995.52
Fair Value of the plan at the end of the year		

Notes to financial statements

Particulars	Current Year ₹ in thousand	Previous Year ₹ in thousand
Amount recognised in the Balance Sheet under “Provision for Employee Benefits”	9,128.82	26,995.52
— Long Term Provision	8,899.84	25,026.26
— Short Term Provision	228.98	1,969.26
Expenses Recognised in the Statement of Profit and Loss:		
Current Service Cost	1,992.39	1,884.56
Interest Cost	1,951.78	1,797.53
Actuarial (Gains)/Loss	1,477.60	397.98
Expense recognised in the Statement of Profit and Loss under “Staff Expenses”	5,421.77	4,074.08
Reconciliation of the Liability Recognized in the Balance Sheet:		
Opening Net Liability	26,995.52	26,356.69
Expense recognized	5,421.77	4,074.08
Less : Amount paid during the year	(21,169.98)	(3,435.25)
Amount recognized in Balance Sheet under “Provision for Employee Benefits”	9,128.82	26,995.52
— Long Term Provision	8,899.84	25,026.26
— Short Term Provision	228.98	1,969.26

₹ in thousand

Particulars	2022-23	2021-22	2020-21	2019-20	2018-19
Present Value of defined benefit obligation	9,128.82	26,995.52	26,356.69	53,574.94	43,990.71
Experience Adjustment on Liability	1,477.60	1,262.05	(6,580.06)	2,156.79	3,192.56

Principal Assumptions:

	Current Year %	Previous Year %
Discount Rate	7.52	6.82
Salary Escalation Rate	6	6
Attrition Rate	2	2

The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors.

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released

Notes to financial statements

draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

26. Operating Segments:

As per Indian Accounting Standard “Operating Segments” (Ind AS- 108)

Segment revenues, segment expenses, segment assets and segment liabilities have been identified on the basis of their relationship to the activities of the segment.

Advisory:- The Company provides investment advisory service to Overseas Asset Management Companies. The Company also advises Domestic Trusts who invests in companies engage in construction/development projects in India.

Finance:- The Company provides finance to the portfolio companies.

Investment:- The Company makes investments in financial/non-financial markets by acquiring, holding, selling, disposing off shares/debentures.

Particulars	Advisory		Finance		Investment		Unassociated		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue	4,53,650.56	3,50,195.34	2,35,000.00	—	—	—	—	—	6,88,650.56	3,50,195.34
Segment Expenses	2,00,965.24	1,27,743.75	19,006.85	45,128.37	—	—	—	—	2,19,972.09	1,72,872.12
Segment Result	2,52,685.32	2,22,451.59	2,15,993.15	45,128.37	—	—	—	—	4,68,678.47	1,77,323.22
Net Profit Before Tax									4,68,678.47	1,77,323.22
Income Tax (Current)									51,900.00	45,300.00
Deferred Tax									6,860.00	20.00
Short/(Excess) Provision for earlier years									109.79	-1,709.49
Total Result									4,09,808.68	1,33,712.71
Segment Assets	2,69,529.56	2,70,833.76	—	—	—	—	18,290.47	25,150.47	2,87,820.03	2,95,984.23
Segment Liabilities	2,85,665.84	-1,35,886.71	—	4,31,311.48	—	—	2,154.19	559.46	2,87,820.03	2,95,984.23
Net Assets	16,136.28	4,06,720.47	—	4,31,311.48	—	—	16,136.28	24,591.01	—	—
Depreciation									527.99	543.60

27. Related Party Transactions:

As per the Indian Accounting Standard on “Related Party Disclosures” (Ind AS-24):

Holding Company:

Housing Development Finance Company Limited.

Controlled by the Holding Company:

HDFC Investment Trust
HDFC Investment Trust II

Fellow Subsidiaries: (with whom there are transactions)

HDFC ERGO General Insurance Company Limited
HDFC Venture Capital Limited
Griha Investments
Griha Pte Ltd

Associate of Holding Company:

HDFC Bank Limited

Notes to financial statements

The nature and volume of transactions of the Company during the year, with the above related parties were as follows:

₹ in thousand

Particulars	Holding Company	Fellow Subsidiaries	Associate of Holding Company	Controlled by the Holding Company
Income				
Advisory Fees		[^] 2,38,335.00 (2,25,840.35)		>35,000.00 (35,000.00)
Advisory Fees		% 45,134.20 (44,008.52)		*72,000.00 (36,000.00)
Advisory Fees		#45,000.00 (Nil)		
Interest Income on Bank Deposits			1,28.28 (1,06.63)	
Reimbursement of Expenses		[^] 43,42.37 (Nil)		>2,47.05 (Nil)
Reimbursement of Expenses		% 3,95.52 (Nil)		*82.72 (Nil)
Expenditure				
Staff Welfare Expenses	1.32 (45.81)	@ 1,11.02 (98.01)		
Insurance		@Nil (1.89)		
Rent	13,921.62 (16,202.40)			
Rent Property Tax	1,94.15 (1,94.15)			
Repairs and Maintenance Others	19,29.88 (17,08.75)			
Miscellaneous Expenses			33.67 (49.92)	
Electricity Charges	6,36.60 (6,76.88)			
Deputation Charges	1,44.00 (1,20.00)			
Professional Fees	6,92.85 (8,08.50)			
Interest on OCD Issued	19,006.85 (37,500.00)			
Liabilities				
Sundry Creditors	Nil (487.001)			
OCD Redeemed	3,75,000.00 (Nil)			

Notes to financial statements

Particulars	Holding Company	Fellow Subsidiaries	Associate of Holding Company	Controlled by the Holding Company
Accrued Interest on OCD	Nil (56,311.48)			
OCD Closing Balance	Nil (3,75,000.00)			
Assets				
Balance with bank in Current Account			5,513.54 (3,570.52)	
Bank Deposits Placed			37,500.00 (11,000.00)	
Bank Deposits Matured/Withdrawn			21,000.00 (7,500.00)	
Balance with bank in Deposit Account			22,500.00 (6,000.00)	
Receivables		[^] 4,342.37 (Nil)		>266.81 (Nil)
Receivables		% 395.52 (Nil)		*38,880.00 (Nil)
Accrued Interest on Fixed Deposits			13.44 (14.62)	
Prepaid Expenses		@38.68 (27.68)		

Note: Figures in Bracket indicate previous year figures

The above amounts are excluding Service Tax/Goods & Service Tax

@ HDFC ERGO General Insurance Company Limited

HDFC Venture Capital Limited

> HDFC Investment Trust

* HDFC Investment Trust II

[^] Griha Investments

% Griha Pte Ltd

28. The Board of Directors have proposed dividend on equity shares at ₹ 102.50 per share at their meeting held on April 24, 2023 (Previous Year ₹ Nil per share), subject to the approval of shareholder at the ensuing Annual General Meeting.

29. **Lease Obligations:**

- a) In accordance with the Indian Accounting Standard on "Leases" (Ind AS -116), details of future lease payments under non-cancellable operating leases are as under;

Sr. No.	Particulars	Current Year ₹ in thousand	Previous Year ₹ in thousand
1	Not later than one year	Nil	Nil
2	Later than one year but not later than five years	Nil	Nil
3	Later than five years	Nil	Nil
4	Amount charged to Statement of Profit and Loss during the year under Rent	13,921.62	16,202.40

The company has submitted a letter to surrender part of the premises to HDFC Limited by 30 April 2023.

Notes to financial statements

30. Corporate Social Responsibility (CSR):

The detail of CSR expenditure spent during the Financial Year 2022-23 are as below:

- (a) Gross amount required to be spent by the company during the year is ₹ 2,386.00 Thosund.
- (b) Nature of CSR: During the year, the Company as part of its CSR activities, provided a grant to Genesis Foundation for treating lesser privileged children suffering from Congenital Heart Defects (CHD).
- (c) Amount spent during the year on:- ₹ in thousand

		In Cash	Yet to be paid in cash	Total
(i)	Construction / acquisition of asset	—	—	—
(ii)	On Purpose other than (i) above	2,386.00 (1,856.00)	—	2,386.00 (1,856.00)

31. Earnings per Share:

In accordance with the Indian Accounting Standard “Earnings Per Share” (Ind AS 33)

Particulars	Current Year	Previous Year
(a) Nominal value per share [₹]	10	10
(b) Profit for the year after Taxation [₹ in thousands]	4,10,914.40	1,34,006.04
(c) Weighted average Number of Equity Shares Outstanding	10,00,000	10,00,000
(d) Earnings Per Share [₹]	410.91	134.01
(b) / (c) { Basic and Diluted }		

32. Loan Repayemnt from Matoshree Infrastructure Private Limited:

During the year, the company has recovered an amount of ₹ 2,35,000.00 Thousand (Previous Year - Nil) towards part of the loan amount provided to Matoshree Infrastructure Private Limited. The entire loan amount (including interest accrued thereon) was fully provided for in FY 2020-21, therefore, the above recovery of part loan has been disclosed as other income.

33. Advisory Receipt:

The company has terminated its advosry agreements with HDFC Investment Trust (HIT) and HDFC Investment Trust II (HIT II) with effect from January 31, 2023. As per the amendment and termination agreement of advisory services executed with HIT II, the company has received ₹ 36,000.00 Thousand plus applicable taxes (Previous Year - Nil) towards termination compensation from HDFC Investment Trust II.

During the year the company has also received an amount of ₹ 45,000.00 Thousand (Previous Year – Nil) towards towards advisory services to HDFC Venture Capital Limited

34. Contingent Liability and Capital Commitments:

During the year, the Assessing Officer has passed an assessment order under section 147 r.w.s 144B of the Income tax Act, 1961 (the Act) for the assessment year 2015-16 and raised a demand of ₹ 3,731.59 Thousand (P.Y. ₹ 3,731.59 Thousand) though the addition under section 14A of the Act was to the tune of ₹ 581.25 Thousand. The company has filed a rectification application with the Assessing Officer to rectify mistake apparent from the records in the demand raised. Post rectification, the demand would be reduce to approximately ₹ 190.42 Thousand. Further, the company has also filed an appeal before the Commissioner of Income Tax (Appeals) against the above assessment order raising the demand. Consequently, a sum of ₹190.42 Thousand is contingent in nature.

Notes to financial statements

There are no Capital Commitments outstanding as at March 31, 2023 (Previous Year Nil)

35. Reconciliation of Effective tax rate

Particulars	Year ended 31-Mar-23 ₹ in thousand	Year ended 31-Mar-22 ₹ in thousand
Profit/(Loss) before tax	4,68,678.47	1,77,323.22
Income tax expense calculated at 25.17% (2022: 25.17%)	1,17,950.08	44,628.71
Effect of income that is exempt from taxation	—	—
Effect of expenses allowed	(69,169.22)	(3,666.22)
Effect of expenses disallowed	3,031.83	4,317.32
Total	51,819.61	45,279.81
Rounded off	51,900.00	45,300.00
Adjustments recognized in the current year in relation to the current tax of prior years	1,09.79	(1,709.49)
Effect of deductible temporary differences	6,860.00	20.00
Income tax expense recognized in profit or loss	58,869.79	43,610.51

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

36. To the best of information of management of the Company, the disclosure requirements to be given pursuant to Gazette notification for amendments in Schedule III to the Companies Act, 2013 dated 24 March 2021 effective from 01 April 2021 pertaining to following matters are either disclosed or not applicable to the Company:

- (i) During the year, the Company has not entered into any transaction with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956.
- (ii) (ii) No proceeding has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (iii) The Company has not been declared a wilful defaulter by any bank or financial institution or other lender.
- (iv) There are no charges or satisfaction of charges yet to be registered with ROC beyond the statutory period.
- (v) There are no transactions related to previously unrecorded income that have been surrendered or disclosed as Income during the year in the tax assessments under the Income Tax Act, 1961.
- (vi) The Company has not traded or invested in Crypto currency or virtual currency during the financial year.
- (vii) As per Clause (87) of section 2 and section 186(1) of the Companies Act, 2013 and Rules made thereunder, the company is in compliance with the number of layers as permitted under the said provisions.
- (viii) The company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
- (ix) Utilization of borrowed funds and share premium –
 - (a) No fund (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provided any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Notes to financial statements

- (b) No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("funding parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

37. Ratios

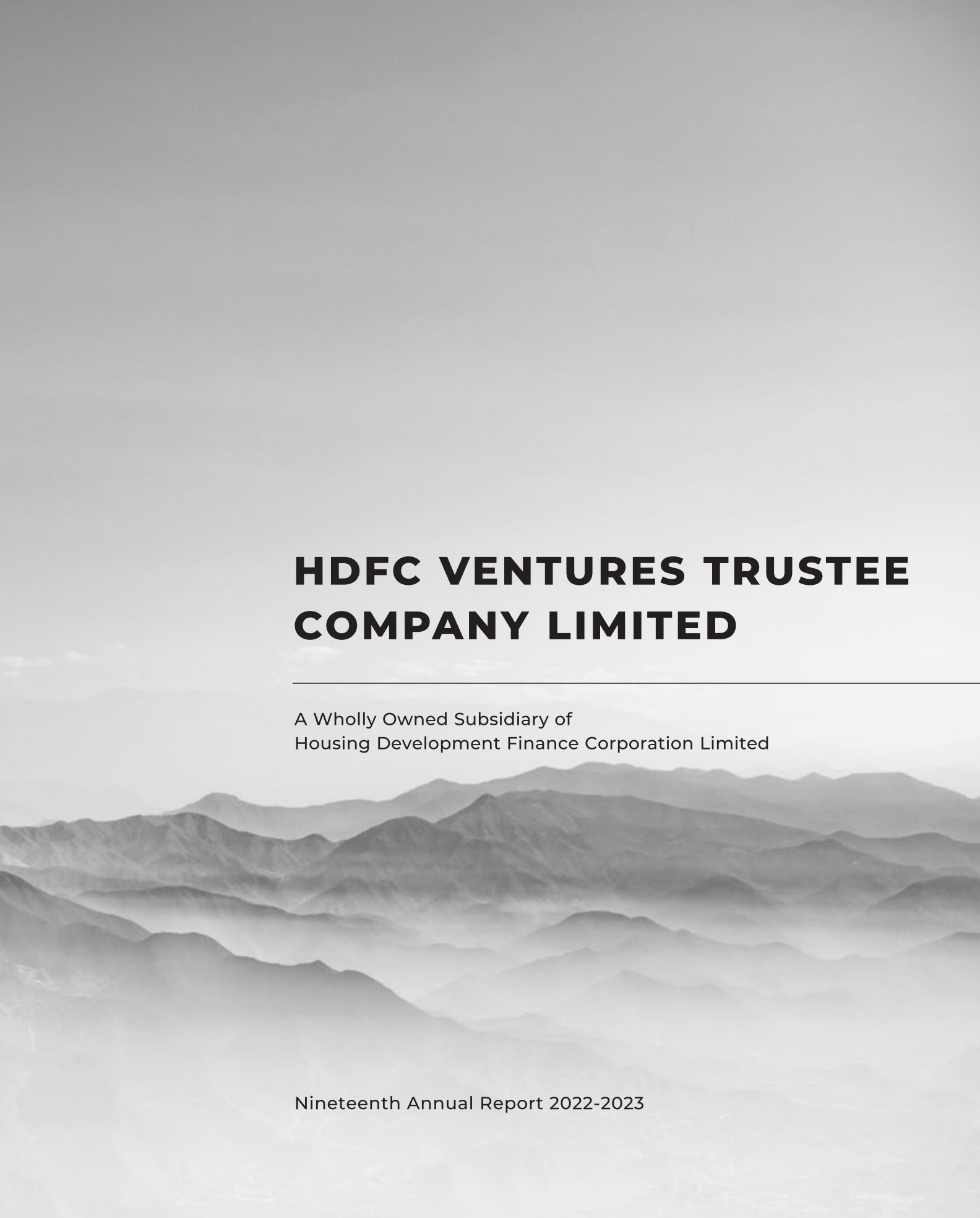
Sr No	Ratios	Nominator/Denominator	March 31, 2023	March 31, 2022	Variance	Reasons for Variance >25%
1	Current Ratio	Current assets/ Current liabilities	4.52	0.58	87%	Reduction of Borrowings in FY 2022-23
2	Debt Equity Ratio	Debt/Equity	NA	-2.232		No Debt outstanding in FY 2022-23
3	Debt Service Coverage Ratio	EBIDTA/(Interest + Principal Debt)	-1.09	-14.384	-1223%	Redemption of OCD in FY 2022-23
4	Return on Equity Ratio	Profit after Tax/ Equity	189.75%	-69.3%	137%	Increase in Operating income and Recovery from Matoshree ICD in FY 2022-23
5	Inventory Turnover Ratio	Turnover/Inventory	NA	NA		
6	Trade Receivable Turnover Ratio	Turnover/Trade Receivable	NA	NA		
7	Trade Payable turnover ratio	Net Credit Purchases/Average Trade Payable	NA	NA		
8	Net Capital Turnover Ratio	Turnover/Net Capital	2.08	-1.75	184%	Reduction of Borrowings in FY 2022-23
9	Net Profit Ratio	Profit after Tax/ Turnover	94%	39%	58%	Increase in Operating income and Recover from Matoshree ICD in FY 2022-23
10	Return on Capital Employed	Profit after Tax/ Capital Employed	226%	90%	60%	Increase in Operating income and Recover from Matoshree ICD in FY 2022-23
11	Return on Investment		NA	NA		

38. Previous year's figures have been regrouped/rearranged wherever necessary to correspond with current year's classifications/disclosures.

For HDFC Property Ventures Limited

Naresh Nadkarni
Director
(DIN : 00448178)

S N Shroff
Director
(DIN : 00011169)



HDFC VENTURES TRUSTEE COMPANY LIMITED

A Wholly Owned Subsidiary of
Housing Development Finance Corporation Limited

Nineteenth Annual Report 2022-2023

Board of Directors

Mr. S. N. Shroff
(DIN: 00011169)

Ms. Sonal Modi
(DIN: 03403571)

Mr. Naresh Nadkarni
(DIN: 00448178)

Statutory Auditors

Deloitte Haskins & Sells LLP
Chartered Accountants

Banker

HDFC Bank Limited

Registered Office

HDFC House, H. T. Parekh Marg,
165-166, Backbay Reclamation,
Churchgate, Mumbai 400 020.
Tel. No.: +91 22 6631 6190
CIN: U65991MH2004PLC149329

Directors' Report

TO THE MEMBERS

Your directors are pleased to present the Nineteenth annual report of your Company with the audited accounts for the year ended March 31, 2023.

Financial Results

	For the year ended March 31, 2023 (₹)	For the year ended March 31, 2022 (₹)
Profit/(Loss) before Tax	(14,28,323)	5,43,331
Provision for Tax	(3,701)	(1,33,045)
Profit/(Loss) after Tax	(14,24,622)	4,10,286
Other Comprehensive Income/Loss	—	—
Total Comprehensive Income/Loss	(14,24,622)	4,10,286
Profit brought forward from previous year	1,11,14,331	1,07,04,045
Balance carried to Balance Sheet	96,89,709	1,11,14,331

Dividend

Your directors recommend payment of dividend for the financial year ended March 31, 2023 of ₹ 196 per equity share of ₹ 10 each (Previous year: final dividend - Nil).

During the year, your directors did not declare any interim dividend.

Review of Operations

Your Company is a wholly-owned subsidiary of Housing Development Finance Corporation Limited (HDFC) as on March 31, 2023. Your Company reported a loss after tax of ₹ 14.25 lakh during the year.

During the year, your Company stepped down as trustee to HDFC Property Fund (HPF), which is registered as a venture capital fund with the Securities and Exchange Board of India (SEBI), 3E Education Trust, Maharashtra 3E Education Trust. Your Company also stepped down as a trustee to HDFC Investment Trust (HIT) & HDFC Investment Trust II (HIT-II), trusts set up by HDFC for making investments in companies engaged in construction/development projects in India. HPF had two schemes -

HDFC India Real Estate Fund (HI-REF) and HDFC IT Corridor Fund (H-ITCF). The certificate of registration of HDFC India Real Estate Fund III (HIREF-III), registered under SEBI (Alternative Investment Funds) Regulations, 2012 as a Category II Alternative Investment Fund was surrendered to SEBI and accordingly your Company has ceased to act as trustee to HIREF-III.

As on March 31, 2023, all investments made by HI-REF and H-ITCF have been fully exited. HI-REF and H-ITCF have also redeemed the entire units held by the contributors. HPF has intimated to SEBI that it (including HI-REF) is no longer undertaking activities as a venture capital fund (VCF) and that it is ceasing/winding-up operations as a VCF.

The Company authorised effecting the appointment of Vistra ITCL (India) Limited as a new trustee of HPF, HIT and HIT II on behalf of HDFC w.e.f February 28, 2023, the beneficiary, in accordance with the provisions of the Trust Deed.

Apart from above, there was no change in the nature of business of your Company or commitment that would affect its financial position during the year as also till the date of this Report.

Amalgamation of holding company

The Board of Directors of HDFC at its meeting held on April 4, 2022, approved a composite scheme of amalgamation for the amalgamation of: (a) HDFC Holdings Limited and HDFC Investments Limited with and into HDFC; and (b) HDFC with and into HDFC Bank Limited (HDFC Bank), subject to necessary approvals, consents, permissions and sanctions.

Upon the scheme being effective, HDFC would stand dissolved without being wound up. In view of the same, the control of the Company would change from HDFC to HDFC Bank. The amalgamation is likely to take effect in June/July 2023.

Change of name of the Company

The Board of Directors at its meeting held on April 24, 2023 approved the change of name of the Company to "HVTCL Trustee Limited" or "Savoir Trustee Limited" subject to approval of the Central Government and shareholders.

Loans, Guarantees or Investments

During the year, your Company has not provided any guarantee or security.

The details of loans and investments made by your Company are provided in the notes forming part of the financial statements of the Company for the year ended March 31, 2023.

Particulars of Contracts or Arrangements with Related Parties

Your Company has not entered into any contracts or arrangements with related parties requiring disclosure in Form No. AOC-2, as prescribed under Rule 8(2) of the Companies (Accounts) Rules, 2014.

Details of other related party transactions are provided in the notes to the financial statements.

Deposits

Your Company has not accepted any deposit and as such, no amount of principal or interest was outstanding as at March 31, 2023.

Subsidiary/Associate Companies

Your Company does not have any subsidiary or associate company.

Particulars of Employees

Your Company had no employee on its payroll as at March 31, 2023.

Prevention of Sexual Harassment at Workplace

Your Company being the wholly-owned subsidiary of HDFC, adopted the Policy for protection of women against sexual harassment at the workplace as formulated by HDFC.

The Internal Complaints Committee of HDFC is responsible for overseeing the redressal of complaints/grievances received, if any, by the Company, under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made there under.

During the year, no complaint was received by the Committee.

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The operations of your Company are not energy intensive. However, adequate measures have been taken for conservation of energy and usage of alternative source

of energy, wherever possible.

During the year, your Company had no dealing in foreign exchange.

Directors

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Naresh Nadkarni is liable to retire by rotation at the ensuing Annual General Meeting (AGM). He is eligible for re-appointment.

The necessary resolution for the re-appointment of Mr. Naresh Nadkarni and details as required under secretarial standard have been included in the notice convening the ensuing AGM.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors, in terms of Section 164 of the Companies Act, 2013.

None of the directors of your Company have been debarred from holding the office of director by virtue of any order from SEBI or any other such authority.

Board Meetings

During the year, the board met five times. The meetings were held on April 22, 2022, June 15, 2022, July 13, 2022, October 18, 2022 and January 24, 2023.

The attendance of the directors at the above-mentioned board meetings is listed below:

Directors	Number of Meetings attended
Mr. S. N. Shroff	5
Ms. Sonal Modi	5
Mr. Naresh Nadkarni	5

Auditors

At the Fifteenth AGM of the Members of the Company held on July 15, 2019, the Members had appointed Messrs Deloitte Haskins & Sells LLP, Chartered Accountants, having Firm Registration Number 117366W/W-100018 as the Statutory Auditors of the Company, for a period of five years, to hold office as such until the conclusion of the Twentieth AGM. The Company has received a confirmation from Messrs Deloitte Haskins & Sells LLP, to the effect that they meet the criteria for independence, eligibility and qualification as prescribed in Section 141 of the

Companies Act, 2013.

The Auditors' Report annexed to the financial statements for the year under review does not contain any qualification.

Risk Management

Your directors are of the opinion that the Company is managing its risks through well defined internal financial controls and there are no significant risks that may threaten the existence of the Company.

Internal Financial Controls

The Company has put in place adequate procedures to ensure that the system of internal financial controls is commensurate with the size and nature of the Company's business.

Significant and Material Orders passed by Regulators or Courts or Tribunals

During the year, no significant or material orders were passed by any regulator or court or tribunal against the Company impacting the going concern status and the Company's operations in future.

Secretarial Standards

The Company has complied with the applicable provisions of Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

Directors' Responsibility Statement

In accordance with the provisions of Section 134(3)(c) of the Companies Act, 2013 and based on the information provided by the management, your directors state that:

- a. In the preparation of annual accounts, the applicable accounting standards have been followed;
- b. Accounting policies selected have been applied

consistently. Reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the loss of the Company for the year ended on that date;

- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The annual accounts of the Company have been prepared on a going concern basis; and
- e. Systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

Annual Return – Form No. MGT-7

The Annual Return in Form No. MGT- 7 for FY 23 is available at www.hdfc.com/the-hdfc-group/subsidiaries-policies.

Acknowledgements

Your directors would like to express their sincere appreciation to all stakeholders for their support and continued patronage.

Your directors appreciate the guidance received from various statutory/regulatory authorities including SEBI, Reserve Bank of India, Ministry of Corporate Affairs – Government of India, Registrar of Companies, Mumbai and the depositories.

On behalf of the Board of Directors

Mumbai
April 24, 2023

S. N. Shroff
Naresh Nadkarni
Directors

Independent Auditor's Report

To The Members of HDFC VENTURES TRUSTEE COMPANY LIMITED Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HDFC VENTURES TRUSTEE COMPANY LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report (the "report"), but does not include the financial statements and our auditors' report thereon. The report is expected to be made available to us after the date of this auditors' report.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance

Independent Auditors' Report (Continued)

with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate,

makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.

Independent Auditors' Report (Continued)

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, no remuneration has been paid by the Company to its directors other than by way of fee for attending meetings of the Board thereof, in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations as at the year-end which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts as at the year-end for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv.
 - a. The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 22(ix)(a) to the financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - b. The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 22(ix)(b) to the financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - c. Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - v. As stated in Note 21 to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.
 - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rishabh Sanghvi

Partner

Place: Mumbai
Date: April 24, 2023

(Membership No. 066926)
(UDIN: 23066926BGUCOT4056)

Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the “Act”)

We have audited the internal financial controls with reference to financial statements of **HDFC VENTURES TRUSTEE COMPANY LIMITED** (the “Company”) as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial

controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

Company’s internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control with reference to financial statements includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become

Annexure “A” to the Independent Auditor’s Report (Continued)

inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference

to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Rishabh Sanghvi
Partner
(Membership No. 066926)
(UDIN: 23066926BGUCOT4056)

Place: Mumbai
Date: April 24, 2023

Annexure “B” to the Independent Auditors’ Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

(i) The Company does not hold any property, plant and equipment, intangible assets hence reporting under clause 3 (i) of the Order is not applicable. (ii) a) The Company does not have any inventory and hence, reporting under clause 3(ii)(a) of the Order is not applicable. b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause 3(ii)(b) of the Order is not applicable. (iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause 3 (iii) of the Order is not applicable. (iv) According to information and explanation given to us Company has not granted any loans, made investments or provided guarantees or securities under the provisions of sections 185 or 186 of the Act and hence reporting under clause 3(iv) of the Order is not applicable. (v) According to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits during the year and no order in this respect has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals in regard to the Company.	Hence, reporting under clause 3(v) of the Order is not applicable. (vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 148(1) of the Act, in respect of the service rendered by the Company. (vii) According to the information and explanations given to us, in respect of statutory dues: (a) Undisputed statutory dues, including Goods and Service tax (GST), Income-tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year. (b) There were no undisputed amounts payable in respect of GST, Income-tax, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable. (c) There were no dues referred in sub clause (a) above which have not been deposited on account of disputes as at March 31, 2023. (viii) According to the information and explanations given to us, no transactions relating to previously unrecorded income were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during the year. (ix) According to the information and explanations given to us the Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix) of the Order is not applicable to the Company.

Annexure “B” to the Independent Auditors’ Report (Continued)

- (x) a) According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year and hence reporting under clause 3(x)(b) of the Order is not applicable.
- (xi) a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b) No report under section 143(12) of the Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and upto the date of this report.
- c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and hence, reporting under clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements, etc. as required by the applicable accounting standards.
- (xiv) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (xv) According to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence, provisions of section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clauses 3(xvi) a, b and c of the Order is not applicable.
- The Group does not have any CIC as part of the group and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company. Hence, reporting under clause 3(xviii) of the Order is not applicable.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, Asset Liability Maturity (ALM) pattern, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause 3(xx) of the Order is not applicable.
- (xxi) According to the information and explanations given to us, the Company does not have subsidiary, associate and joint venture. Accordingly, reporting under clause 3(xxi) of the Order is not applicable.

For Deloitte Haskins & Sells LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rishabh Sanghvi

Partner

(Membership No. 066926)

(UDIN: 23066926BGUCOT4056)

Place: Mumbai

Date: April 24, 2023

BALANCE SHEET AS AT MARCH 31, 2023

Particulars	Note No.	As at March 31, 2023 ₹ in thousands	As at March 31, 2022 ₹ in thousands
ASSETS			
Non-Current Assets			
Income tax assets (net)	3	1,430.23	612.80
Other non-current assets	4	20.00	20.00
Total Non - Current Assets		1,450.23	632.80
Current Assets			
Financial assets			
Investments	5	9,229.04	10,607.11
Trade receivables	6	—	320.76
Cash and cash equivalents	7	1,355.80	1,155.77
Other current assets	8	330.93	1,114.79
Total Current Assets		10,915.77	13,198.43
Total Assets		12,366.00	13,831.23
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9(a)	500.00	500.00
Other equity	9(b)	11,345.36	12,769.98
Total Equity		11,845.36	13,269.98
Liabilities			
Current Liabilities			
Financial liabilities			
Trade payables	10	208.60	192.65
Other current liabilities	11	312.04	368.60
Total Current Liabilities		520.64	561.25
Total Equity and Liabilities		12,366.00	13,831.23

The accompanying notes form an integral part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Rishabh Sanghvi
Partner

Mumbai, April 24, 2023

For HDFC Ventures Trustee Company Limited

S. N. Shroff
Director
(DIN : 00011169)

Naresh Nadkarni
Director
(DIN : 00448178)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

Particulars	Note No.	Year ended March 31, 2023 ₹ in thousands	Year ended March 31, 2022 ₹ in thousands
Revenue from operations	12	1,000.00	1,000.00
Other income	13	573.91	380.30
Total income		1,573.91	1,380.30
Expenses			
Other expenses	14	3,002.23	836.97
Total Expenses		3,002.23	836.97
Profit/(Loss) before tax		(1,428.32)	543.33
Tax expenses	20		
(1) Current tax		—	136.75
(2) Excess Provision for earlier years written back		(3.70)	(3.71)
		(3.70)	133.05
Profit/(Loss) for the year		(1,424.62)	410.29
Other comprehensive income		—	—
Total comprehensive Income/(Loss) for the year		(1,424.62)	410.29
Earnings per equity share: (Face value of ₹10 each)			
Basic	18	(28.49)	8.21
Diluted		(28.49)	8.21

The accompanying notes form an integral part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Rishabh Sanghvi
Partner

Mumbai, April 24, 2023

For HDFC Ventures Trustee Company Limited

S. N. Shroff
Director
(DIN : 00011169)

Naresh Nadkarni
Director
(DIN : 00448178)

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

₹ in thousands

Balance as at March 31, 2021	500.00
Changes in Equity Shares Capital during the year	—
Changes in Equity Share Capital due prior period errors	—
Balance as at March 31, 2022	500.00
Changes in Equity Shares Capital during the year	—
Changes in Equity Share Capital due prior period errors	—
Balance as at March 31, 2023	500.00

B. Other Equity

₹ in thousands

Particulars	Retained Earnings	General Reserve	Total
Closing Balance as at March 31, 2021	10,704.04	1,655.65	12,359.69
Surplus transferred from Statement of Profit and Loss	410.29	—	410.29
Other Comprehensive Income	—	—	—
Closing Balance as at March 31, 2022	11,114.33	1,655.65	12,769.98
Deficit transferred from Statement of Profit and Loss	(1,424.62)	—	(1,424.62)
Other Comprehensive Income	—	—	—
Closing Balance as at March 31, 2023	9,689.71	1,655.65	11,345.36

The accompanying notes form an integral part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Rishabh Sanghvi
Partner

Mumbai, April 24, 2023

For HDFC Ventures Trustee Company Limited

S. N. Shroff
Director
(DIN : 00011169)

Naresh Nadkarni
Director
(DIN : 00448178)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
	₹ in thousands	₹ in thousands
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(1,428.32)	543.33
Adjustments for :		
Unrealised Gain on Mutual Fund	(152.81)	(41.62)
Dividend on Current Investment	(410.37)	(338.41)
Operating profit before working capital changes	(1,991.50)	163.30
(Increase)/Decrease in Current and Non Current Assets		
- Trade Receivables	320.76	1,309.16
- Other Current Assets	783.86	(11.00)
Decrease/(Increase) in Current Liabilities		
- Trade Payables	15.95	(16.48)
- Other Current Liabilities	(56.56)	141.23
Cash Generated from Operations	(927.49)	1,586.22
Income tax paid (net)	(813.73)	(340.47)
Net cash (used in)/from Operating activities	(1,741.22)	1,245.75
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments in Mutual Fund	(4,069.12)	(1,804.55)
Proceeds from Sale of Investments in Mutual Fund	5,600.00	1,300.00
Dividend on Current Investments	410.37	338.41
Net cash from/(used in) Investing activities	1,941.25	(166.14)
C. CASH FLOW FROM FINANCING ACTIVITIES	—	—
Net Increase/(Decrease) in cash and cash equivalents	200.03	1,079.60
Add : Cash and Cash equivalents at the beginning of the year (As per Note 7)	1,155.77	76.17
Cash and Cash equivalents at the end of the year (As per Note 7)	1,355.80	1,155.77

The accompanying notes form an integral part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

For HDFC Ventures Trustee Company Limited

Rishabh Sanghvi
Partner

S. N. Shroff
Director
(DIN : 00011169)

Naresh Nadkarni
Director
(DIN : 00448178)

Mumbai, April 24, 2023

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. General Information

HDFC Ventures Trustee Company Limited (HVTCL) is incorporated and domiciled in India under the Companies Act, 2013, having its registered office in Mumbai. HVTCL is engaged in providing trusteeship services to HDFC Property Fund (HPF), which is registered as a venture capital fund with the Securities and Exchange Board of India (SEBI). HVTCL is also a Trustee to HDFC Investment Trust and HDFC Investment Trust II, trusts set up by Housing Development Finance Corporation Limited (HDFC Ltd) for making investments in companies engaged in construction/development projects in India.

During the year the company has resigned as the trustee to HDFC Property Fund, HDFC Investment Trust and HDFC Investment Trust II w.e.f. Feb 28, 2023 from its trusteeship services being rendered. The Company will continue and explore new business opportunities in line with areas mentioned in the Memorandum and Article of Association (including but not restricting) to exploring opportunities/discussions from time to time towards trusteeship of other Funds in the industry.

2. Significant Accounting Policies

2.1 Basis of preparation of financial statements:

Compliance with Indian Accounting Standards (Ind AS)

Effective from April 1, 2018, the Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 First Time adoption of the Indian Accounting Standards, with April 1, 2017 as the transition date. The transition was carried out from the Indian Accounting Principle generally accepted in India as prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the Company.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

2.2 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Further results could differ due to these estimates and the differences between the actual results and the estimates are recognized on the periods in which the results are known/materialize.

Fair Valuation:

When the fair value of investments cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the Discounted Cash Flow (DCF) model, market comparable method and based on recent transactions happened in the Trust. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Changes in assumptions about these factors could affect the reported fair value of financial instruments

2.3 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash Flows”.

2.4 Revenue Recognition:

Trusteeship Fees are accrued in accordance with the terms of the agreement.

Dividend Income is recognised when the right to receive the same is established.

Interest Income is recognised on accrual basis.

Fair value gain/loss on Investments is recognized to the extent that the revenues can be reliably measured, and where there is significant certainty of recoverability.

2.5 Taxes on Income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961 (the “Income Tax Act”).

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and tax laws enacted or substantively enacted as at the reporting date. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

2.6 Cash and Cash Equivalent:

Cash and Bank balances comprises cash on hand and demand deposits with banks. Bank balances are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.7 Cash Flow Statement:

Cash Flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.8 Earnings per share:

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. The Company has not issued any financial instrument that entitles or may entitle its holder to acquire equity shares in future.

2.9 Provisions and contingencies:

Provisions are recognised only when:

- (i) An entity has a present obligation (legal or constructive) as a result of a past event; and
- (ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) A reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

- (i) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- (ii) A present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent Assets:

Contingent assets are not recognised in the financial statements

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

2.10 Goods and Service Tax (GST) Input Credit:

GST input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilizing the credits.

2.11 Operating Cycle:

Based on the nature of activities of the Company, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.12 Financial instruments:

Financial instruments – initial recognition

Date of recognition

Financial assets and liabilities, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for the Day 1 profit or loss, as described below.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Measurement categories of Financial Assets and Liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- Fair value through Profit or Loss (FVTPL)
- Fair value through Other Comprehensive Income (FVTOCI),

Financial Assets and Liabilities

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Equity instruments at FVOCI

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at FVTPL using the fair value option.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'at amortised cost'.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**3 INCOME TAX ASSETS (NET)**

	As at March 31, 2023	As at March 31, 2022
	₹ in thousands	₹ in thousands
Advance Payment of Income Tax (Net of Provision)	1,430.23	612.80
	<u>1,430.23</u>	<u>612.80</u>

4 OTHER NON CURRENT ASSETS

	As at March 31, 2023	As at March 31, 2022
	₹ in thousands	₹ in thousands
Security Deposits	20.00	20.00
	<u>20.00</u>	<u>20.00</u>

5 INVESTMENTS

					As at March 31, 2023	As at March 31, 2022
					₹ in thousands	₹ in thousands
Investments in Mutual Funds (Unquoted) (Refer note 14)	Units as on March 31, 2023	Units as on March 31, 2022	NAV as at March 31, 2023	NAV as at March 31, 2022		
HDFC Liquid Fund - Direct Plan - DDR	3,760.31	8,889.309	1,019.82	1,019.82	3,834.84	9,065.49
HDFC Liquid Fund Direct Plan Growth Option	1,219.53	368.391	4,423.20	4,184.74	5,394.20	1,541.62
					<u>9,229.04</u>	<u>10,607.11</u>

**6 TRADE RECEIVABLES
(Unsecured, Considered Good)**

	As at March 31, 2023	As at March 31, 2022
	₹ in thousands	₹ in thousands
Trusteeship Fees		
- Outstanding for period exceeding 6 months from the date they become due	—	—
Others	—	320.76
	<u>—</u>	<u>320.76</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**6.1 Trade Receivables Ageing Schedule**

						As at March 31, 2023 ₹ in thousands
Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months to 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
(i) Undisputed Trade Receivables - considered good	—	—	—	—	—	—
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	—	—	—	—	—	—
(iii) Undisputed Trade Receivables - credit impaired	—	—	—	—	—	—
(iv) Disputed Trade Receivables - considered good	—	—	—	—	—	—
(v) Disputed Trade Receivables - which have significant increase in credit risk	—	—	—	—	—	—
(vi) Disputed Trade Receivables - credit impaired	—	—	—	—	—	—

						As at March 31, 2022 ₹ in thousands
Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months to 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
(i) Undisputed Trade Receivables - considered good	320.76	—	—	—	—	320.76
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	—	—	—	—	—	—
(iii) Undisputed Trade Receivables - credit impaired	—	—	—	—	—	—
(iv) Disputed Trade Receivables - considered good	—	—	—	—	—	—
(v) Disputed Trade Receivables - which have significant increase in credit risk	—	—	—	—	—	—
(vi) Disputed Trade Receivables - credit impaired	—	—	—	—	—	—

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**7 CASH AND CASH EQUIVALENTS**

	As at March 31, 2023	As at March 31, 2022
	₹ in thousands	₹ in thousands
Balances with banks		
- In Current Account	1,355.45	1,155.43
Cash on hand	0.35	0.35
	<u>1,355.80</u>	<u>1,155.78</u>

8 OTHER CURRENT ASSETS

	As at March 31, 2023	As at March 31, 2022
	₹ in thousands	₹ in thousands
Balance with Government Authorities	330.93	114.79
Others Receivables	—	1,000.00
	<u>330.93</u>	<u>1,114.79</u>

9 (a) Equity Share Capital

	As at March 31, 2023	As at March 31, 2022
	₹ in thousands	₹ in thousands
AUTHORISED CAPITAL		
(1,00,000 Equity Shares of ₹ 10 each)	<u>1,000.00</u>	<u>1,000.00</u>
ISSUED, SUBSCRIBED AND PAID-UP		
(50,000 Equity Shares of ₹ 10 each)	<u>500.00</u>	<u>500.00</u>

(All the above shares are held by Housing Development Finance Corporation Limited, the Holding Company and its nominees)

The Company has only one class of shares referred to as equity shares having Face Value of ₹ 10 each. Each holder of equity share is entitled to one vote per share.

The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by shareholders at the Annual General Meeting .

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company , after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	₹	Number	₹
Outstanding at the beginning of the year	50,000	5,00,000	50,000	5,00,000
Issued during the year	—	—	—	—
Outstanding at the end of the year	50,000	5,00,000	50,000	5,00,000

During the period of 5 years immediately preceeding the Balance Sheet date, the Company has not issued any Equity Shares without payment being received in cash, bonus shares and has not bought back any Equity Shares.

Shares held by promoters at the end of the year			% Change during the year
Promoter Name	No of Shares	% of total Shares	
Housing Development Finance Corporation Limited	49,940	99.88%	—
Total	49,940		

9 (b) Other Equity

Particulars	As at March 31, 2023	As at March 31, 2022
Reserve and Surplus	₹ in thousands	₹ in thousands
1. Retained Earnings		
Opening balance	11,114.33	10,704.04
Surplus/(Deficit) transferred from Statement of Profit and Loss	(1,424.62)	410.29
Closing balance	9,689.71	11,114.33
2. General Reserve		
Opening balance	1,655.65	1,655.65
Closing balance	1,655.65	1,655.65
Total Other Equity	11,345.36	12,769.98

10 TRADE PAYABLES

	As at March 31, 2023	As at March 31, 2022
	₹ in thousands	₹ in thousands
Due to micro enterprises and small enterprises		
Due to Other than micro enterprises and small enterprises		
- Other Payables	208.60	192.65
	208.60	192.65

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

10.1 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the year is given below:

Particulars	As at March 31, 2023	As at March 31, 2022
	₹ in thousands	₹ in thousands
(a) Amounts outstanding but not due as at year end	—	—
(b) Amounts due but unpaid as at year end	—	—
(c) Amounts paid after appointed date during the year	—	—
(d) Amounts of interest accrued and unpaid as at year end	—	—
(e) The amount of further interest due and payable even in the succeeding year	—	—
Total	—	—

10.2 There is no amount payable during the year by the Company to suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.

10.3 Trade Payable Ageing Schedule

					As at March 31, 2023 ₹ in thousands
Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1 - 2 Years	2-3 Years	More than 3 Years	
(i) MSME	—	—	—	—	—
(ii) Others	208.60	—	—	—	208.60
(iii) Disputed Dues - MSME	—	—	—	—	—
(iii) Disputed Dues - Others	—	—	—	—	—

					As at March 31, 2022 ₹ in thousands
Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	—	—	—	—	—
(ii) Others	192.65	—	—	—	192.65
(iii) Disputed Dues - MSME	—	—	—	—	—
(iii) Disputed Dues - Others	—	—	—	—	—

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**11 OTHER CURRENT LIABILITIES**

	As at March 31, 2023	As at March 31, 2022
	₹ in thousands	₹ in thousands
Statutory Dues	312.04	368.60
	312.04	368.60

12 REVENUE FROM OPERATIONS

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	₹ in thousands	₹ in thousands
Trusteeship Fees (Refer Note 17)	1,000.00	1,000.00
	1,000.00	1,000.00

13 OTHER INCOME

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	₹ in thousands	₹ in thousands
Dividend Income on Current Investments	410.37	338.41
Interest on Income Tax Refund	10.74	—
Other Income	—	0.27
Unrealised Gain on Mutual Fund	152.81	41.62
	573.91	380.30

14 OTHER EXPENSES

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	₹ in thousands	₹ in thousands
Auditors' Remuneration	222.75	215.00
Directors Sitting Fees	300.00	300.00
Deputation charges	144.00	120.00
Professional Fees	1,235.48	163.52
Other Expenses	1,100.00	38.45
	3,002.23	836.97

14.1 Payment to Auditors comprises of:

	Year ended March 31, 2023	Year ended March 31, 2022
	₹ in thousands	₹ in thousands
Audit Fees	120.00	100.00
Other Matters	102.75	115.00
	222.75	215.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**15. Fair Value Measurement:**

Financial Assets	March 31, 2023 ₹ in thousands					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at FVTPL –						
Investments	5					
Investment in Mutual Funds		92,29.04		92,29.04		92,29.04

Financial Assets	March 31, 2022 ₹ in thousands					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at FVTPL –						
Investments	5					
Investment in Mutual Funds		1,06,07.11		1,06,07.11		1,06,07.11

For financial assets that are measured at fair value, the carrying amounts are equal to the fair values

16. Operating Segments:

The Company is primarily engaged in the investment management business in India. As such, there are no separate reportable segments, as per Ind AS 108 on Operating Segments.

17. Related Party Transactions:

As per the Accounting Standard on “Related Party Disclosures” (Ind AS-24), the following are the related parties of the Company with whom there were transactions during the year:

Holding Company:	Housing Development Finance Corporation Limited.
Controlled by the Holding Company:	HDFC Investment Trust
	HDFC Investment Trust II (w.e.f. June 24, 2014)
Associate of Holding Company:	HDFC Bank Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

The nature and volume of transactions of the Company during the year, with the above related parties were as follows:

Particulars	Holding company ₹ in thousands	Controlled by the Holding Company ₹ in thousands	Associate of Holding Company ₹ in thousands
Income			
Trusteeship fees		@5,00.00 (5,00.00)	
Trusteeship fees		*5,00.00 (5,00.00)	
Expenditure			
Deputation Charges	1,44.00 (1,20.00)		
Other Expenses			1,21.77 (31.08)
Reimbursement of Expenses		@4,35.63 (3,23.50)	
Reimbursement of Expenses		*3,05.63 (3,57.00)	
Assets			
Balance with bank in Current Account			13,55.45 (11,55.43)
Other Receivable		*Nil (3,20.77)	

Note : Figures in bracket are in respect of previous year

The above amounts are excluding Service Tax/Goods and Service Tax

@ HDFC Investment Trust

* HDFC Investment Trust II

18. Earnings Per Share:

In accordance with the Accounting Standard on "Earnings Per Share" (Ind - AS-33):, the Earnings Per Share has been computed as under:

Particulars	Current Year	Previous Year
(a) Nominal value per share (₹)	10	10
(b) Profit/(Loss) after Tax (₹ in thousands)	(14,24.62)	4,10.29
(c) Number of Equity Shares Outstanding	50,000	50,000
(d) Earnings Per Share (₹)	(28.49)	8.21
(b)/(c) {Basic and Diluted}		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

19. Contingent Liability and Capital Commitments:

There is no Contingent liability and Capital Commitments outstanding as at March 31, 2023 (Previous Year NIL).

20. Reconciliation of Effective tax rate:

Particulars	Year ended	Year ended
	31-Mar-2023 ₹ in thousands	31-Mar-2022 ₹ in thousands
Profit/(Loss) before tax	(14,28.32)	5,43.33
Income tax expense calculated at 25.17% (2022: 25.17%)	—	1,36.75
Effect of income that is exempt from taxation	—	—
Effect of expenses allowed	—	—
Effect of expenses disallowed	—	—
Total	—	1,36.75
Rounded off	—	1,36,75
Adjustments recognized in the current year in relation to the current tax of prior years	(3.70)	(3.71)
Income tax expense recognized in profit or loss	(3.70)	1,33.05

21. The Board of Directors have proposed dividend on equity shares at ₹ 196 per share at their meeting held on April 24, 2023 (Previous Year ₹ Nil per share), subject to the approval of shareholder at the ensuing Annual General Meeting.

22. To the best of information of management of the Company, the disclosure requirements to be given pursuant to Gazette notification for amendments in Schedule III to the Companies Act, 2013 dated 24 March 2021 effective from 01 April 2021 pertaining to following matters are either disclosed or not applicable to the Company:

- (i) During the year, the Company has not entered into any transaction with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956.
- (ii) No proceeding has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (iii) The Company has not been declared a wilful defaulter by any bank or financial institution or other lender.
- (iv) There are no charges or satisfaction of charges yet to be registered with ROC beyond the statutory period.
- (v) There are no transactions related to previously unrecorded income that have been surrendered or disclosed as Income during the year in the tax assessments under the Income Tax Act, 1961.
- (vi) The Company has not traded or invested in Crypto currency or virtual currency during the financial year.
- (vii) As per Clause (87) of section 2 and section 186(1) of the Companies Act, 2013 and Rules made thereunder, the company is in compliance with the number of layers as permitted under the said provisions.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

(viii) The company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

(ix) Utilization of borrowed funds and share premium –

(a) No fund (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provided any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“funding parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding parties (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

23. Ratios :

Sr No	Ratios	Nominator/Denominator	March 31, 2023	March 31, 2022	Variance	Reasons for Variance >25%
1	Current Ratio	Current assets/Current liabilities	20.97	23.52	-12%	
2	Debt Equity Ratio	Debt/Equity	NA	NA		
3	Debt Service Coverage Ratio	EBIDTA/(Interest + Principal Debt)	NA	NA		
4	Return on Equity Ratio	Net Profit after Tax/Equity	-12.03%	3.09%	126%	Increase in expenses during FY 2022-23
5	Inventory Turnover Ratio	Turnover/Average Inventory	NA	NA		
6	Trade Receivable Turnover Ratio	Net Credit Sales/Average Accounts Receivable	NA	3.12		Zero trade Receivables in FY 2022-23
7	Trade Payable turnover ratio	Net Credit Purchases/ Average Trade Payable				
8	Net Capital Turnover Ratio	Net Sales/Working Capital	0.10	0.08	18%	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

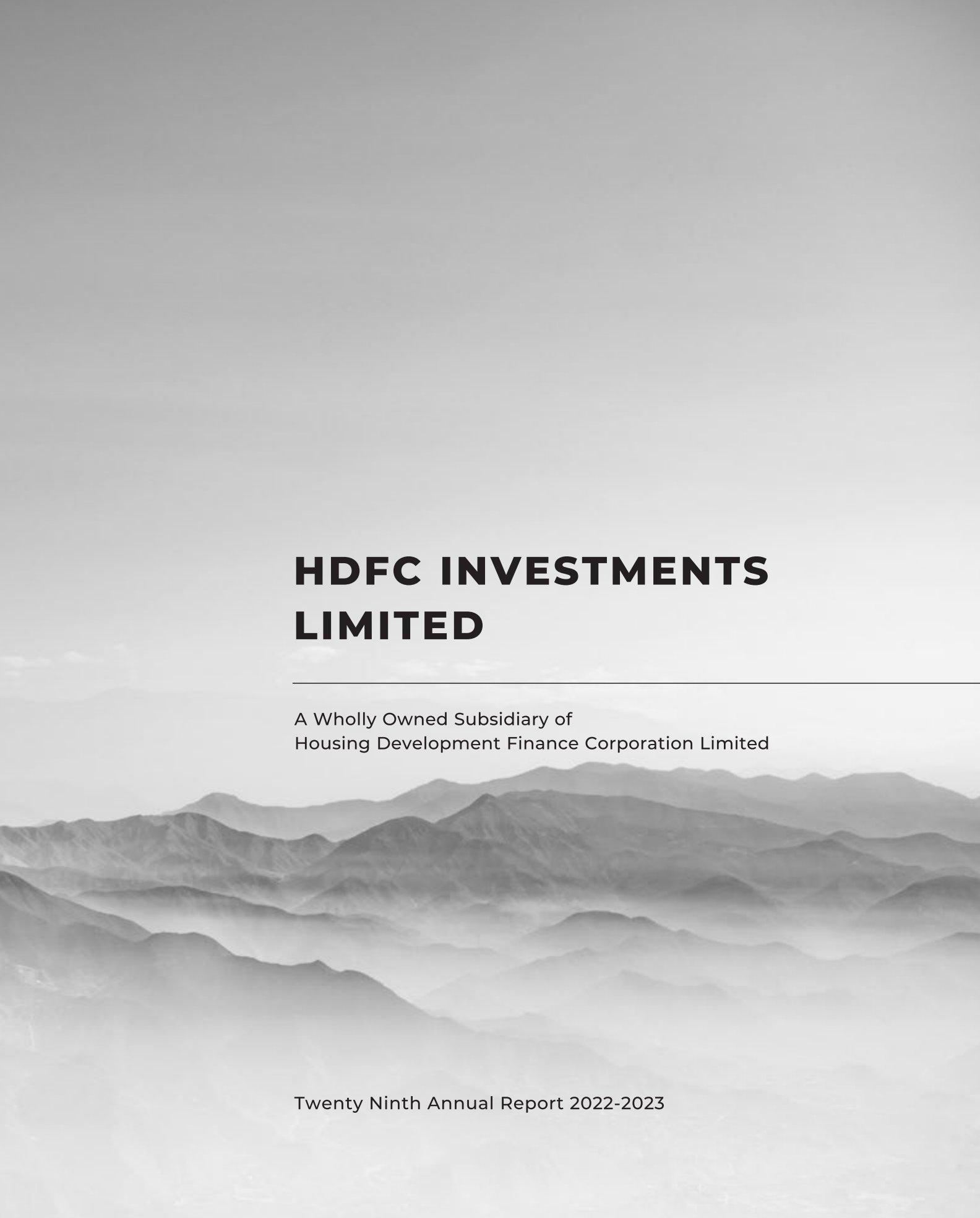
Sr No	Ratios	Nominator/Denominator	March 31, 2023	March 31, 2022	Variance	Reasons for Variance >25%
9	Net Profit Ratio	Profit after Tax/Net Sales	-142.46%	41.03%	129%	Increase in expenses during FY 2022-23
10	Return on Capital Employed	Earnings before Interest and Taxes/Capital Employed	-12.06%	4.09%	134%	Increase in expenses during FY 2022-23
11	Return on Investment		NA	NA		

- 24.** Previous year's figures have been regrouped/rearranged wherever necessary to correspond with current year's classifications/disclosures.

For HDFC Ventures Trustee Company Limited

S. N. Shroff
Director
(DIN : 00011169)

Naresh Nadkarni
Director
(DIN : 00448178)



HDFC INVESTMENTS LIMITED

A Wholly Owned Subsidiary of
Housing Development Finance Corporation Limited

Twenty Ninth Annual Report 2022-2023

Board of Directors

Mr. Conrad D'Souza
(DIN: 00010576)

Mr. V. Srinivasa Rangan
(DIN: 00030248)

Mr. M. Ramabhadran
(DIN: 00473399)

Ms. Vibha Padalkar
(DIN: 01682810)

Key Managerial Personnel

Mr. Satrajit Bhattacharya
Chief Executive Officer
(PAN: AABPB5924F)

Mr. Suraj Tripathi
Chief Financial Officer
(ICAI Membership No. 141731)

Ms. Sarika Mahajan
Company Secretary
(ICSI Membership No. A28624)

Statutory Auditors

Messrs V. C. Shah & Co.
Chartered Accountants

Banker

HDFC Bank Limited

Registered Office

Ramon House,
H. T. Parekh Marg,
169, Backbay Reclamation,
Churchgate, Mumbai 400 020.
Tel. No.: +91 22 6176 6000
CIN: U65990MH1994PLC083933

Directors' Report

TO THE MEMBERS

Your directors are pleased to present the Twenty Ninth annual report of your Company with the audited accounts for the year ended March 31, 2023.

Financial Results

	For the year ended March 31, 2022 (₹ in lakh)	For the year ended March 31, 2021 (₹ in lakh)
Profit before Tax	48,098.01	19,997.19
Provision for Tax (including deferred tax)	(43.03)	(1,730.01)
Profit after Tax	48,054.98	18,267.18
Other Comprehensive Income for the year	2,631.96	1,919.26
Total Comprehensive Income for the year	50,686.94	20,186.44
Retained Earnings		
Retained Earnings (opening balance)	7,404.38	8,564.35
Profit after Tax	48,054.98	18,267.18
Transfer of profit on sale of investments carried at FVOCI to Retained Earnings	5,265.14	95.66
Appropriations		
Final Dividend paid	(53,341.00)	(19,522.81)
Retained Earnings carried forward to Balance Sheet	7,383.50	7,404.38

Dividend

During the year, your directors approved the payment of interim dividends of ₹ 175 per equity share of ₹ 10 each, ₹ 25 per equity share of ₹ 10 each, aggregating to a total dividend amounting to ₹ 200 per equity share of ₹ 10 each.

No final dividend has been recommended by your directors. (previous year: final dividend - Nil).

Review of Operations

Your Company is a wholly-owned subsidiary of Housing Development Finance Corporation Limited (HDFC). It carries on the business of investments in stocks, shares, debentures and other securities.

During the year, your Company received a dividend of ₹ 46,671.15 lakh of which ₹ 46,500 lakh was from HDFC Bank Limited. During the year, your Company also received dividend of USD 1,93,792.15 (₹ 1,51,15,787.70) from HDFC Plc, Maldives.

During the year, your Company sold the equity shares of certain investee companies viz., Institutional Investor Advisory Services India Limited.

Further, during the year, your Company also sold its entire stake in Softcell Technologies Private Limited, Lentra AI Private Limited and Softcell Technologies Global Private Limited.

Material Developments: Ongoing Scheme of Amalgamation

The Board of Directors of the Company at its meeting held on April 3, 2022, subject to requisite approvals / consents, approved a composite scheme of amalgamation ("Scheme") for the amalgamation of (i) the Company and HDFC Holdings Limited ("HDFC Holdings") with and into HDFC; and (ii) HDFC with and into HDFC Bank Limited ("HDFC Bank") and matters related thereto ("Amalgamation"). Thereafter, the Board of Directors of HDFC at its meeting held on April 4, 2022, subject to requisite approvals/ consents, had approved the said Scheme for the amalgamation of (i) the Company and HDFC Holdings, with and into HDFC and (ii) HDFC with and into HDFC Bank and matters related thereto.

In addition to the approvals granted by various regulatory/ statutory authorities viz., the Reserve Bank of India (RBI), the Competition Commission of India ("CCI") and the shareholders of HDFC, the Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") on March 17, 2023, approved the Scheme. Further, certain approvals are still awaited from regulators of few subsidiary/ associate companies of HDFC in respect of change in control/ transfer of shares to HDFC Bank. The Scheme shall become effective upon HDFC receiving all such requisite approvals, fulfilment of conditions prescribed therein and upon filing of the certified copy of the order with the Registrar of Companies, Mumbai ("ROC") by all the companies involved in the Scheme.

Upon the coming into effect of the Scheme and with effect from the Appointed Date 1 as mentioned in the Scheme, the Company would be dissolved without being wound up.

Further, Griha Pte. Ltd. (Incorporated in Singapore), a wholly-owned subsidiary of the Company and a foreign step-down subsidiary of HDFC has submitted the

necessary application seeking approval from its regulator for change in control/ transfer of shares from the Company to HDFC Bank pursuant to the Scheme becoming effective.

Apart from the ongoing Amalgamation as disclosed, there are no material changes and commitments affecting the financial position of the Company which have occurred after March 31, 2023 till the date of this Report.

Key Regulatory Changes

On October 22, 2021, RBI notified “Scale Based Regulation: A revised regulatory framework for NBFC’s” effective from October 1, 2022. In accordance with the Scale Based Regulation, non-deposit taking NBFCs (“NBFC-ND”) below the asset size of ₹ 1,000 crore and not availing public funds and not having any customer interface shall be classified as NBFC- Base Layer (“NBFC-BL”) and regulatory guidelines for NBFC-BL shall be subject to regulations as are currently applicable to NBFC-ND except certain requirements w.r.t. Net Owned Funds, NPA classification, prudential/ governance guidelines etc. as mentioned in Scale Based Regulation. Further, On October 11, 2022, RBI had issued a circular “Multiple NBFCs in a Group: Classification in Middle Layer” thereby clarifying that NBFCs without public funds and customer interface and are part of the NBFC group would continue to be classified as NBFC-BL even if the consolidated asset size of such NBFC group exceeds ₹ 1,000 crore and accordingly, the Company is classified as NBFC-BL and is required to comply with the extant regulations as prescribed by RBI for NBFC-ND and current regulations as prescribed by RBI for NBFC-BL.

As per Scale Based Regulation, the Company has adopted a Policy on grant of loans to directors, senior officers and also to entities where directors or their relatives have major shareholding thereby stating that the Company has till date not granted and also undertaking not to grant any loans to directors, senior officers and relatives of directors and to any entity where directors or their relatives have major shareholding.

Scale Based Regulation has also prescribed certain compliances to be ensured by NBFC-BL along with the timelines with respect to disclosures in financial statements – Notes to Accounts of NBFCs, atleast one of the directors of NBFC-BL shall have experience of having worked with a bank/NBFC, the Risk Management Committee of NBFC-BL shall be responsible for evaluating

the overall risks faced by NBFCs including liquidity risk etc. The Company has complied with the said requirements.

Loans, Guarantees or Investments

Since the Company is a NBFC, it is exempt from making a disclosure about the particulars of investments made under the provisions of Section 186(11) of the Companies Act, 2013.

During the year, your Company has not given any loan or provided any guarantee or security.

Particulars of Contracts or Arrangements with Related Parties

Your Company has not entered into any contracts or arrangements with related parties requiring disclosure in Form No. AOC-2, as prescribed under Rule 8(2) of the Companies (Accounts) Rules, 2014.

Details of other related party transactions are provided in the notes to the financial statements.

The Company has a Policy on Related Party Transactions which is intended to ensure proper approval and reporting of such transactions between the Company and its related parties. The said Policy inter alia provides for the identification of related parties and related party transactions, ascertaining whether related party transactions are at arm’s length basis or in the ordinary course of business, procedure for approval and review of related party transactions, criteria to be followed by the audit committee while granting approvals. The Policy on Related Party Transactions is available at www.hdfc.com/the-hdfc-group/subsidiaries-policies.

Deposits

Your Company has not accepted any deposit and as such, no amount of principal or interest was outstanding as at March 31, 2023.

Subsidiary/Associate Companies

Griha Pte. Limited is a wholly-owned subsidiary of your Company. For the year ended March 31, 2023, Griha Pte. Limited reported a profit after tax of SGD 2,85,753.

The financial statements of your Company and its subsidiary form part of the consolidated financial statement of HDFC. Consequently, your Company is not required to prepare consolidated financial statements.

During the year, there was no new subsidiary or associate company incorporated nor was there any change in the nature of business of the subsidiary company.

Particulars of Employees

Your Company had no employees on its payroll as at March 31, 2023 and all the affairs of the Company are carried out by some employees of HDFC. The Chief Executive Officer (CEO) & Compliance Officer (CO), the Chief Financial Officer (CFO), the Chief Information Officer (CIO) and the Company Secretary (CS) are employees of HDFC.

Prevention of Sexual Harassment at Workplace

Your Company being a wholly-owned subsidiary of HDFC, adopted the Policy for protection of women against sexual harassment at the workplace as formulated by HDFC.

The Internal Complaints Committee of HDFC is responsible for overseeing the redressal of complaints/grievances received, if any, by the Company, under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder.

During the year, no complaint was received by the Committee.

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Your Company being a NBFC, its activities are not energy intensive. However, adequate measures have been taken for conservation of energy and usage of alternative source of energy, wherever possible.

During the year, the Company has made a payment of BDT 6,32,500 (₹ 4,93,540) to Octokhan, Chartered Accountants, Dhaka, Bangladesh for advising and assisting in relation to closure of Pubali Bank Account maintained in Bangladesh. During the year, the Company has also received dividend of USD 1,93,792.15 (₹ 1,51,15,787.70) from HDFC Plc, Maldives.

Directors

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. M. Ramabhadran is liable to retire by rotation at the ensuing Annual General Meeting (AGM). He is eligible for re-appointment.

The necessary resolution for the re-appointment of Mr. M. Ramabhadran and his details as required under secretarial standard have been included in the notice convening the ensuing AGM.

All the directors of your Company have confirmed that they continue to satisfy the fit and proper criteria as prescribed under applicable regulations and that they are not disqualified from being appointed as directors in terms of Section 164 of the Companies Act, 2013.

None of the directors of your Company have been debarred from holding the office of director by virtue of any order from the SEBI, or any other such authority.

Board Meetings

During the year, the Board met six times. The meetings were held on April 3, 2022, April 19, 2022, June 23, 2022, July 15, 2022, October 14, 2022 and January 13, 2023.

The attendance of the directors at the above-mentioned board meetings is listed below:

Directors	Number of Meetings attended
Mr. Conrad D'Souza	6
Mr. V. Srinivasa Rangan	6
Mr. M. Ramabhadran	4
Ms. Vibha Padalkar	6

Leave of absence was granted to the concerned director who could not attend the board meetings.

Audit Committee

The Audit Committee consists of Ms. Vibha Padalkar (Chairperson), Mr. V. Srinivasa Rangan and Mr. Conrad D'Souza. The members of the Audit Committee have accounting and financial management expertise. The quorum for the Audit Committee Meeting is two members.

The terms of reference of the Audit Committee inter alia include approving and implementing the audit procedures and techniques, reviewing the financial reporting systems, financial statements, internal financial control systems and procedures, records relating to related party transactions, analysis of risks and compliance of regulatory guidelines.

The financial results are made available to the committee in advance. This enable a review and discussions with the auditors before recommending it to the Board of Directors for its approval.

The committee also grants approval for related party transactions and reviews the said transactions on a quarterly basis in terms of the Policy on Related Party Transactions of the Company.

During the year, the committee met five times. The meetings were held on April 3, 2022, April 19, 2022, July 15, 2022, October 14, 2022 and January 13, 2023.

The attendance of the members of the committee at the above-mentioned meetings is listed below:

Members	Number of Meetings attended
Ms. Vibha Padalkar (Chairperson)	5
Mr. V. Srinivasa Rangan	5
Mr. Conrad D'Souza	5

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of Mr. V. Srinivasa Rangan (Chairman), Ms. Vibha Padalkar and Mr. M. Ramabhadran. The quorum for the Nomination and Remuneration Committee Meeting is two members.

The terms of reference of the committee inter alia include identifying persons who are qualified to become directors of the Company, ensuring that such persons meet the relevant criteria prescribed under applicable laws, ensuring the fit and proper criteria at the time of appointment of directors of the Company and on a continuing basis, scrutinising the declarations received from the proposed/existing directors and evaluating every director's performance, formulating the Policy for appointment of Directors and Senior Management and Remuneration Policy, formulating the criteria for determining qualifications, positive attributes and independence of a director and for evaluating their performance.

The Policy on Appointment of Directors and Members of Senior Management inter alia lays down the criteria for appointment including qualifications, attributes,

experience and skills etc. and the nomination and evaluation process.

The Company also has a Policy for Fit and Proper Criteria for Directors based on which the existing directors whose appointment is intended to be continued and new directors proposed to be appointed are evaluated.

The Remuneration Policy ensures that remuneration is aligned to the overall performance of the Company, is fair and reasonable to attract and retain necessary talent, is linked to attaining performance benchmarks and involves a judicious balance of fixed and variable components.

The Policy on Appointment of Directors and Members of Senior Management and the Remuneration Policy are available at www.hdfc.com/the-hdfc-group/subsidiaries-policies.

During the year, the committee met twice. The meetings were held on April 19, 2022 and January 13, 2023.

The attendance of the members of the committee at the above-mentioned meetings is listed below:

Members	Number of Meetings attended
Mr. V. Srinivasa Rangan (Chairman)	2
Ms. Vibha Padalkar	2
Mr. M. Ramabhadran	1

Leave of absence was granted to the concerned member who could not attend the committee meeting.

Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee consists of Mr. Conrad D'Souza (Chairman), Mr. M. Ramabhadran and Mr. V. Srinivasa Rangan. The quorum for the CSR Committee Meeting is two members.

The terms of reference of the committee inter alia is to review the CSR policy, recommend an annual action plan in pursuance of the CSR policy indicate activities to be undertaken by the Company towards CSR and formulate a transparent monitoring mechanism to ensure implementation of projects and activities undertaken by the Company towards CSR.

During the year, the committee met twice. The meetings were held on April 19, 2022 and June 23, 2022.

The attendance of the members of the committee at the above-mentioned meetings is listed below:

Members	Number of Meetings attended
Mr. Conrad D'Souza (Chairman)	2
Mr. M. Ramabhadran	1
Mr. V. Srinivasa Rangan	2

Leave of absence was granted to the concerned member who could not attend the committee meeting.

Further details as required under Section 135 of the Companies Act, 2013 and rules made thereunder is provided in the Annual Report on CSR activities annexed to this Report at Annexure I.

Risk Management Committee

The Risk Management Committee consists of Mr. Conrad D'Souza (Chairman), Mr. V. Srinivasa Rangan and Mr. M. Ramabhadran. The quorum for the Risk Management Committee Meeting is two members.

The terms of reference of the committee inter alia include reviewing the risk profile of the Company from time to time and suggesting mitigation measures to reduce the impact of the risks.

Your directors are of the opinion that the Company is managing its risks through well-defined internal financial controls and that there are no significant risks that threaten the existence of your Company.

During the year, the committee met twice. The meetings were held on April 13, 2022 and October 12, 2022.

The attendance of the members of the committee at the above-mentioned meetings is listed below:

Members	Number of Meetings attended
Mr. Conrad D'Souza (Chairman)	2
Mr. V. Srinivasa Rangan	2
Mr. M. Ramabhadran	1

Leave of absence was granted to the concerned member who could not attend the committee meeting.

Asset Liability Committee

The Asset Liability Committee consists of Mr. Conrad D'Souza (Chairman), Mr. Satrajit Bhattacharya – CEO and Mr. Suraj Tripathi – CFO of the Company. The quorum for the Asset Liability Committee Meeting is two members.

The terms of reference of the committee inter alia include asset liability management of the Company.

During the year, the committee met twice. The meetings were held on April 13, 2022 and October 12, 2022.

The attendance of the members of the committee at the above-mentioned meetings is listed below:

Members	Number of Meetings attended
Mr. Conrad D'Souza (Chairman)	2
Mr. Satrajit Bhattacharya	2
Mr. Suraj Tripathi	2

Board Evaluation

During the year, the Nomination and Remuneration Committee continued with the same methodology and criteria to evaluate the performance of the board as a whole and its committees as well as the performance of each director individually, as in the previous year. The criteria for evaluation were voluntarily benchmarked with the Guidance Note issued by SEBI on board evaluation.

The evaluation of the board, committees thereof and of each director was done through a structured and comprehensive questionnaire inter alia containing effectiveness of the board and its committees, process of decision making, active participation, independence, quality and content of agenda papers, frequency of meetings, discussions at meetings, cohesion in meetings, contribution and management of conflict of interest.

The Chairman of the Nomination and Remuneration Committee reviewed the feedback received from the directors on the said questionnaire and prepared a consolidated report. The said consolidated report was inter alia reviewed by the Nomination and Remuneration Committee.

The Chairman of the Nomination and Remuneration Committee shared the results of evaluation at the meeting of the Board of Directors. The board reviewed the results

and expressed its satisfaction on the same. There were no actionable from the said review.

Auditors

At the Twenty-Eighth AGM of the Company held on June 23, 2022, the Members had appointed Messrs V. C. Shah & Co., Chartered Accountants having Firm Registration No. 109818W as Statutory Auditors of the Company, for a period of 5 (five) years, to hold office as such until the conclusion of the Thirty-Third AGM. The Company has received a confirmation from Messrs V. C. Shah & Co. to the effect that they meet the criteria for independence, eligibility and qualification as prescribed in Section 141 of the Companies Act, 2013.

The Auditors' Report annexed to the financial statements for the year under review does not contain any qualifications.

Further, pursuant to the provisions of Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, the Company has re-appointed Messrs ANB & Co., Chartered Accountants as Internal Auditors of the Company to review internal controls and compliances under various regulations that are applicable to the Company for FY 24.

Significant and Material Orders passed by Regulators or Courts or Tribunals

During the year, apart from the order passed by the Hon'ble NCLT as mentioned above, no other significant or material orders were passed by any regulator or court or tribunal against the Company impacting the going concern status and the Company's operations in future.

Internal Financial Controls

The Company has put in place adequate procedures to ensure that the system of internal financial controls is commensurate with the size and nature of the Company's business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention and detection of frauds, accuracy and completeness of accounting records and ensuring compliance.

Secretarial Standards

The Company has complied with the applicable provisions of Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

Directors' Responsibility Statement

In accordance with the provisions of Section 134(3)(c) of

the Companies Act, 2013 and based on the information provided by the management, your directors state that:

- (a) In the preparation of annual accounts, the applicable accounting standards have been followed;
- (b) Accounting policies selected have been applied consistently. Reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profit of the Company for the year ended on that date;
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- (d) The annual accounts of the Company have been prepared on a going concern basis; and
- (e) Systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of this Report at Annexure II.

Annual Return

The Annual Return in Form No. MGT- 7 for FY 23 is available at www.hdfc.com/the-hdfc-group/subsidiaries-policies.

Acknowledgements

Your directors would like to express their sincere appreciation to all its stakeholders for their support and continued patronage.

Your directors place on record their gratitude for the support of various statutory/regulatory authorities including the RBI, NCLT, CCI, Ministry of Corporate Affairs, ROC and the depositories.

Your directors recognise and appreciate the sincere hard work, loyalty and efforts of the employees of HDFC who devoted their valuable time in managing the affairs of the Company and whose professionalism has ensured excellent all-round performance of the Company.

On behalf of the Board of Directors

V. Srinivasa Rangan
Conrad D'Souza
Directors

Mumbai
April 21, 2023

Annexure to Directors' Report – I

THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 and Companies
(Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline on CSR Policy of the Company:

The Company believes in conducting its business responsibly, fairly and in a most transparent manner. It continuously seeks ways to bring about an overall positive impact on the society and environment where it operates and as a part of its social objectives.

The main objective of the CSR Policy of the Company is to lay down guidelines to make CSR a key business process for sustainable development of the society and the environment in which it operates. The CSR policy is available at www.hdfc.com/the-hdfc-group/subsidiaries-policies.

During the year, the Company as part of its CSR activities, provided a grant to Aishwarya Trust for supporting the surgeries of 16 children from across India with congenital heart defects. Aishwarya Trust is a non-profit organisation based in Chennai, Tamil Nadu. The organisation was founded with the mission of saving the lives of underprivileged children detected with congenital heart disorder - a birth-defect leading to many deaths of children in India.

The CSR committee is the governing body that articulates the scope of CSR activities and ensures compliance with the CSR Policy including overview of the projects undertaken.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Conrad D'Souza	Director	2	2
2	Mr. M. Ramabhadran	Director	2	1
3	Mr. V. Srinivasa Rangan	Director	2	2

3. *Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company - www.hdfc.com/the-hdfc-group/subsidiaries-policies*
4. *Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable - Not Applicable*
5. (a) Average net profit of the company as per Section 135(5) – ₹ 4,67,45,580
 (b) Two percent of average net profit of the company as per Section 135(5) – ₹ 9,34,920
 (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years – Nil
 (d) Amount required to be set-off for the financial year, if any – Nil
 (e) Total CSR obligation for the financial year (5b+5c-5d) – ₹ 9,34,920
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) – ₹ 9,40,000
 (b) Amount spent in Administrative Overheads – Nil
 (c) Amount spent on Impact Assessment, if applicable – Not Applicable
 (d) Total amount spent for the Financial Year [(a)+(b)+(c)] – ₹ 9,40,000
 (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
9,40,000	—	—	—	—	—

Annexure to Directors' Report - I (Continued)**(f) Excess amount for set off, if any –**

Sl. No.	Particular	Amount (₹ in lac)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of Section 135	9,34,920
(ii)	Total amount spent for the Financial Year	9,40,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	5,080*
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	—
(v)	Amount available for set-off in succeeding Financial Years] (iii)-(iv)]	—

*The amount of ₹ 5,080 is on account of rounding off of the amount in Sl. No. (i) above.

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years: NIL

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
	—	—	—	—	—	—	—	—
	TOTAL	—	—	—	—	—	—	—

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year : Not Applicable

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/Authority/beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
—	—	—	—	—	—	—	—

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135 – Not Applicable

For **HDFC Investments Limited**

Mumbai
April 21, 2023

Conrad D'Souza
Chairman - CSR Committee

Satrajit Bhattacharya
Chief Executive Officer

Annexure to Directors' Report – II

Management Discussion and Analysis Report

In accordance with the RBI's Scale Based Regulation: A Revised regulatory framework for NBFC's and Circular "Multiple NBFCs in a Group: Classification in Middle Layer", the Company is classified as NBFC-BL and is required to comply with the extant regulations as prescribed by RBI for NBFC-ND and current regulations as prescribed by RBI for NBFC-BL.

Material Developments - Ongoing Scheme of Amalgamation

The Board of Directors of the Company at its meeting held on April 3, 2022, subject to requisite approvals /consents, approved a composite scheme of amalgamation ("Scheme") for the amalgamation of (i) the Company and HDFC Holdings with and into HDFC; and (ii) HDFC with and into HDFC Bank and matters related thereto ("Amalgamation"). Thereafter, the Board of Directors of HDFC at its meeting held on April 4, 2022, subject to requisite approvals/ consents, had approved the said Scheme for the amalgamation of (i) the Company and HDFC Holdings, with and into HDFC and (ii) HDFC with and into HDFC Bank and matters related thereto.

In addition to the approvals granted by various regulatory/ statutory authorities viz., RBI, CCI and the shareholders of HDFC, the NCLT on March 17, 2023, approved the Scheme. Further, certain approvals are still awaited from regulators of few subsidiary/associate companies of HDFC in respect of change in control/ transfer of shares to HDFC Bank. The Scheme shall become effective upon HDFC receiving all such requisite approvals, fulfilment of conditions prescribed therein and upon filing of the certified copy of the order with the ROC by all the companies involved in the Scheme.

Upon the coming into effect of the Scheme and with effect from the Appointed Date 1 as mentioned in the Scheme, the Company would be dissolved without being wound up.

Change in control of subsidiary pursuant to merger

Griha Pte. Ltd., a wholly-owned subsidiary of the Company and a foreign step-down subsidiary of HDFC has submitted the necessary application seeking approval from its regulator for change in control/ transfer of shares from the Company to HDFC Bank pursuant to the Scheme becoming effective.

Review of Operations and other Matters

The Company invests in equities and also in fixed deposits with banks and bonds of Public Sector Undertakings (PSUs). The investment companies are exposed to market risks. The PSU bonds that the Company has invested in are long term in nature, with tax free income and are classified as held-to-maturity.

During the year, your Company received a dividend of ₹ 46,671.15 lakh of which ₹ 46,500 lakh was from HDFC Bank Limited (HDFC Bank). During the year, your Company also received dividend of USD 1,93,792.15 (₹ 1,51,15,787.70) from HDFC Plc, Maldives.

During the year, your Company sold the equity shares of certain investee companies viz., Institutional Investor Advisory Services India Limited.

Further, during the year, your Company also sold its entire stake in Softcell Technologies Private Limited, Lentra AI Private Limited and Softcell Technologies Global Private Limited.

The Company has put in place adequate procedures to ensure that the system of internal financial control is commensurate with the size and nature of the Company's business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of

Annexure to Directors' Report – II (Continued)

assets of the Company, prevention and detection of frauds, accuracy and completeness of accounting records and ensuring compliance.

The Profit before Tax, for the year ended March 31, 2023, stood at ₹ 48,098.01 lakh (previous year ₹ 19,997.19 lakh). Profit after Tax Increased by 163.07 % from ₹ 18,267.18 lakh to ₹ 48,054.98 lakh as compared to the previous year.

Pursuant to the provisions of Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, the Company re-appointed Messrs ANB & Co., Chartered Accountants as Internal Auditors of the Company to review internal controls and compliances under various regulations that are applicable to the Company for FY 24.

The Company has appointed Messrs Heena Jaysinghani & Co., practicing company secretaries as Secretarial Auditors of the Company to undertake the secretarial audit of the Company for FY 24.

The Company had no employees on its payroll as at March 31, 2023 and certain employees of HDFC, dedicate a certain amount of their time towards the Company.

Independent Auditor's Report

TO THE MEMBERS OF HDFC INVESTMENTS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HDFC INVESTMENTS LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SA's") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Independent Auditors' Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained

up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - e) On the basis of the written representations received from the directors as on March 31, 2023 taken

Independent Auditors' Report (Continued)

on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and according to the information and explanation given to us, company has not paid any managerial remuneration to its director, so provisions of section 197 is not applicable to the company.

With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigation which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including

foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The Company has declared and paid the Interim dividend during the year and the same is in compliance with respect to section 123 of the Act.

For V. C. Shah & Co.
Chartered Accountants
ICAI Firm Registration No.109818W

Viral J. Shah
Partner

Place: Mumbai
Date: April 21, 2023

Membership No.: 110120
UDIN: 23110120BGXNHN5058

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of HDFC INVESTMENTS LIMITED on the Ind AS financial statements for the year ended March 31, 2023)

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Ind AS financial statements of the Company and to the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. The Company does not have any property, plant and equipment, intangible assets and lease assets. Hence reporting under clause 3(i)(a) to (d) of the Order is not applicable.
 - (e) As represented by the Management, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.
 - (b) The Company has not been sanctioned working capital limits in excess of ¹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- iii. The Company has made investments in, companies, firms, Limited Liability Partnerships, and granted unsecured loans to other parties, during the year, in respect of which:
 - (a) The Company has not provided any loans or advances in the nature of loans or stood guarantee, or provided security to any other entity during the year, and hence reporting under clause 3(iii)(a) of the Order is not applicable.
 - (b) In our opinion, the investments made during the year are, prima facie, not prejudicial to the Company's interest. As represented by the Management, the Company has not granted any loans and advances in the nature of loans or provided any guarantee during the year to anyone.
 - (c) As represented by the Management, the Company has not granted any loans or advances in the nature of Loans during the year, hence reporting under clause 3(iii)(c) to (f) of the Order is not applicable.

The Company has not provided any guarantee or security or granted any advances in the nature of

loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties.

- iv. The Company has not given any loan to directors and the Company being registered NBFC as Investment Company, the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, are not applicable. Hence reporting under clause 3(iv) of the Order is not applicable.
- v. The Company has not accepted any deposit or amounts which are deemed to be deposits, as per the directives issued by Reserve Bank of India and the provisions of the section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules made thereunder. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi. The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company.
- vii. In respect of statutory dues:
 - (a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
 - (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below:

Nature of the statute	Nature of dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount ₹ in Lakhs
Income Tax Act, 1961	Income Tax	Assessing Officer	F.Y. 2011-12	80
Income Tax Act, 1961	Income Tax	Assessing Officer	F.Y. 2015-16	420

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT (Continued)

- viii. As represented by the Management, there were no transactions which were previously not recorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, there are no funds raised on short-term basis during the year. Hence, reporting under clause 3(ix)(d) of the Order is not applicable.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The Company has not raised any loans during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence, reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence, reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) As represented by the Management, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) As represented by the management, there are no whistle blower complaints received by the Company during the year.
- xii. The Company is not a Nidhi Company and hence, reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors as per the provisions of section 192 of the Companies Act, 2013. Hence, reporting under clause 3(xv) of the Order is not applicable to the Company.
- xvi. (i) The According to the information and explanation given to us, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the Certificate of registration vide CoR No. N-13.00034 dated 14 February 1998.
- (ii) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year. Hence, reporting under clause 3(xvii) of the Order is not applicable to the Company.

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT (Continued)

- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable to the Company.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Hence, reporting under clause 3(xx)(a) of the Order is not applicable for the year to the Company.
- (b) There are no unspent amounts towards Corporate Social Responsibility (CSR) on any ongoing projects requiring a transfer to a special account in compliance with sub-section (6) of Section 135 of the said Act. Hence, reporting under clause 3(xx)(b) of the Order is not applicable for the year to the Company.

For V. C. Shah & Co.
Chartered Accountants
ICAI Firm Registration No.109818W

Viral J. Shah
Partner

Place: Mumbai
Date: April 21, 2023

Membership No.: 110120
UDIN: 23110120BGXNHN5058

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of HDFC INVESTMENTS LIMITED on the Ind AS financial statements for the year ended March 31, 2023)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub- section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls over financial reporting of **HDFC INVESTMENTS LIMITED** (the "Company") as of March 31, 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of

internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Management's Responsibility for Internal Financial Controls

The Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT (Continued)

and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting

and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For V. C. Shah & Co.

Chartered Accountants
ICAI Firm Registration No.109818W

Viral J. Shah

Partner

Place: Mumbai

Date: April 21, 2023

Membership No.: 110120

UDIN: 23110120BGXNHN5058

BALANCE SHEET AS AT MARCH 31, 2023

Particulars	Note	₹ in lakhs	
		As at March 31, 2023	As at March 31, 2022
ASSETS			
Financial assets			
Cash and cash equivalents	5	7.81	9.48
Investments	6	23,160.50	28,513.98
Other financial assets	7	665.43	1.60
Total Financial Assets		23,833.74	28,525.06
Non-Financial assets			
Current Tax Assets (Net)	8	3,248.27	1,949.04
Other Non-financial Assets	9	0.02	0.04
Total Non-Financial Assets		3,248.29	1,949.08
Total Assets		27,082.03	30,474.14
EQUITY AND LIABILITIES			
LIABILITIES			
Financial Liabilities			
Payables	10		
Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		0.02	0.02
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		44.82	16.79
Total Financial Liabilities		44.84	16.81
Non-Financial Liabilities			
Current Tax Liabilities (Net)	8	1.18	1.18
Deferred tax liabilities (Net)	8	1,789.65	2,553.60
Other Non-financial Liabilities	11	0.16	2.29
Total Non-Financial Liabilities		1,790.99	2,557.07
Total Liabilities		1,835.83	2,573.88
EQUITY			
Equity share capital	12	2,667.05	2,667.05
Other Equity	13	22,579.15	25,233.21
Total Equity		25,246.20	27,900.26
Total Equity and Liabilities		27,082.03	30,474.14

See accompanying notes which form an integral part of financial statements

As per our report attached of even date

For V. C. Shah & Co.
Chartered Accountants
ICAI Firm Registration No. 109818W

Viral J. Shah
Partner
Membership No.: 110120

Mumbai, April 21, 2023.

For and on behalf of the Board of Directors
HDFC Investments Limited

Conrad D'Souza
(DIN: 00010576)

Satrajit Bhattacharya
Chief Executive Officer

Surajkumar M. Tripathi
Chief Financial Officer
(ICAI M. No.: 141731)

V. Srinivasa Rangan
(DIN: 00030248)

Vibha Padalkar
(DIN: 01682810)

Sarika Mahajan
Company Secretary
(ICSI M. No.: A28624)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

Particulars	Note	₹ in lakhs	
		Year ended March 31, 2023	Year ended March 31, 2022
Revenue from Operations			
Interest Income	14	39.56	52.98
Dividend Income	15	47,496.19	20,061.53
Net gain on fair value changes	16	676.22	(45.28)
Total Revenue from Operations		48,211.97	20,069.23
Other Income		5.96	0.78
Total Income		48,217.93	20,070.01
Expenses			
Employee benefit expense	17	27.70	21.26
Other expenses	18	92.22	51.56
Total expenses		119.92	72.82
Profit before Tax		48,098.01	19,997.19
Tax Expense			
- Current tax		23.36	120.80
- Deferred tax		19.67	1,609.21
Total Tax Expense	8	43.03	1,730.01
Net Profit after Tax		48,054.98	18,267.18
Other Comprehensive Income			
<u>Items that will not be subsequently classified to Profit and Loss</u>			
Profit or Loss on Sale of Investments carried at fair value through OCI		6,771.79	—
Tax on realised profit as above		(1,498.54)	—
Net change in fair values of investments in equity shares carried at fair value through OCI		(3,424.91)	2,530.89
Deferred Tax on Net change in Fair value through OCI		783.62	(611.63)
Other Comprehensive Income		2,631.96	1,919.26
Total Comprehensive Income for the year		50,686.94	20,186.44
Earnings per Equity Share	23		
Basic (₹)		180.18	68.49
Diluted (₹)		180.18	68.49

See accompanying notes which form an integral part of financial statements

As per our report attached of even date

For V. C. Shah & Co.
Chartered Accountants
ICAI Firm Registration No. 109818W

Viral J. Shah
Partner
Membership No.: 110120

Mumbai, April 21, 2023.

For and on behalf of the Board of Directors
HDFC Investments Limited

Conrad D'Souza
(DIN: 00010576)

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Chief Financial Officer
(ICAI M. No.: 141731)

Sarika Mahajan
Company Secretary
(ICSI M. No.: A28624)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

A. EQUITY SHARE CAPITAL

₹ in lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the current reporting period	2,667.05	2,667.05
Changes in Equity Share Capital due to prior period errors	—	—
Restated balance at the beginning of the current reporting period	2,667.05	2,667.05
Changes in equity share capital during the current year	—	—
Balance at the end of the current reporting period	2,667.05	2,667.05

B. OTHER EQUITY

Refer Note 13

₹ in lakhs

Particulars	Securities Premium	Retained Earnings	General Reserve	Capital Redemption Reserve	Other Comprehensive Income	Total
Balance as at April 1, 2021	3,347.25	8,564.35	5,242.14	600.00	6,815.83	24,569.57
Changes in accounting policy/prior period errors	—	—	—	—	—	—
Restated balance at the beginning of the reporting period	3,347.25	8,564.35	5,242.14	600.00	6,815.83	24,569.57
Profit for the year transferred to retained earnings (a)	—	18,267.18	—	—	—	18,267.18
Other Comprehensive Income for the year (b)	—	—	—	—	1,919.27	1,919.27
Total Comprehensive Income for the year(a+b)	—	18,267.18	—	—	1,919.27	20,186.45
Interim dividend paid	—	(19,522.81)	—	—	—	(19,522.81)
Transfer of Profit on Sale of Investments carried at FVOCI to Retained Earnings	—	95.66	—	—	(95.66)	—
Balance as at March 31, 2022	3,347.25	7,404.38	5,242.14	600.00	8,639.44	25,233.21

Particulars	Securities Premium	Retained Earnings	General Reserve	Capital Redemption Reserve	Other Comprehensive Income	Total
Balance as at April 1, 2022	3,347.25	7,404.38	5,242.14	600.00	8,639.44	25,233.21
Changes in accounting policy/prior period errors	—	—	—	—	—	—
Restated balance at the beginning of the reporting period	3,347.25	7,404.38	5,242.14	600.00	8,639.44	25,233.21
Profit for the year transferred to retained earnings (a)	—	48,054.98	—	—	—	48,054.98
Other Comprehensive Income for the year (b)	—	—	—	—	2,631.96	2,631.96
Total Comprehensive Income for the year(a+b)	—	48,054.98	—	—	2,631.96	50,686.94
Interim dividend paid	—	(53,341.00)	—	—	—	(53,341.00)
Transfer of Profit on Sale of Investments carried at FVOCI to Retained Earnings	—	5,265.14	—	—	(5,265.14)	—
Balance as at March 31, 2023	3,347.25	7,383.50	5,242.14	600.00	6,006.26	22,579.15

See accompanying notes which form an integral part of financial statements

As per our report attached of even date

For V. C. Shah & Co.
Chartered Accountants
ICAI Firm Registration No. 109818W

Viral J. Shah
Partner
Membership No.: 110120

Mumbai, April 21, 2023.

For and on behalf of the Board of Directors
HDFC Investments Limited

Conrad D'Souza
(DIN: 00010576)

V. Srinivasa Rangan
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Satrajit Bhattacharya
Chief Executive Officer

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Surajkumar M. Tripathi
Chief Financial Officer
(ICAI M. No.: 141731)

Sarika Mahajan
Company Secretary
(ICSI M. No.: A28624)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023

Particulars	Note	₹ in lakhs	
		Year ended March 31, 2023	Year ended March 31, 2022
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before Tax		48,098.01	19,997.19
Add / (Less) : Adjustments for			
(Gain) / loss on Investments measured at Fair Value through Profit and Loss (Net)	16	(676.22)	45.28
Interest income	14	(39.56)	(52.98)
Dividend income		(47,496.19)	(20,061.53)
Operating Profit before Working Capital changes		(113.96)	(72.04)
Add / (Less) : Adjustments for			
(Increase) / decrease in Other Financial and Non-financial Assets		(663.81)	0.03
Increase / (decrease) in Financial and non-financial liabilities		25.90	10.61
Cash generated from Operations		(751.87)	(61.40)
Dividend received		47,334.98	19,519.99
Interest received	14	44.64	58.01
Income Tax paid		(2,821.12)	(2,007.72)
(Investment in) / Redemption from Mutual Funds (Net)		1,206.29	1,847.10
Net cash generated from operating activities		45,012.92	19,355.98
B. CASH FLOW FROM INVESTING ACTIVITIES			
Investments purchased	6	—	—
Sale of Investments		8,326.41	159.22
Net cash generated from investing activities		8,326.41	159.22
C. CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid	13	(53,341.00)	(19,522.81)
Net cash used in financing activities		(53,341.00)	(19,522.81)
Net decrease in cash and cash equivalents (A+B+C)		(1.67)	(7.61)
Cash and cash equivalents as at the beginning of the year	5	9.48	17.09
Cash and cash equivalents as at the end of the year		7.81	9.48
Reconciliation of Cash and cash equivalents with the Balance Sheet:			
Cash and bank balance as per Balance Sheet	5	7.81	9.48
Less: Balances not considered as Cash and cash equivalents		—	—
Cash and cash equivalents as at the end of the year	5	7.81	9.48

See accompanying notes which form an integral part of financial statements

As per our report attached of even date

For V. C. Shah & Co.
Chartered Accountants
ICAI Firm Registration No. 109818W

Viral J. Shah
Partner
Membership No.: 110120

Mumbai, April 21, 2023.

For and on behalf of the Board of Directors
HDFC Investments Limited

Conrad D'Souza
(DIN: 00010576)

V. Srinivasa Rangan
(DIN: 00030248)

Satrajit Bhattacharya
Chief Executive Officer

Vibha Padalkar
(DIN: 01682810)

Sarika Mahajan
Company Secretary
(ICSI M. No.: A28624)

Surajkumar M. Tripathi
Chief Financial Officer
(ICAI M. No.: 141731)

Notes forming part of the financial statements for the year ended on March 31, 2023

1. Company Overview

HDFC Investments Limited ('the Company') was incorporated in 1994 as the wholly owned subsidiary of Housing Development Finance Company ("the Parent") having its registered office at Ramon House, H T Parekh Marg, Churchgate, Mumbai 400 020. The principal business is making investments in equity shares, preference shares, venture funds, mutual funds and other securities. The Company is a Systemically Important Non Deposit Accepting Non-Banking Finance Company registered with the Reserve Bank of India (RBI).

2. Basis of Preparation and Presentation

2.1 Statement of compliance and basis of preparation and presentation

The financial statements ("financial statements") have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the Reserve Bank of India ("RBI") to the extent applicable.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

Amounts in the financial statements are presented in Indian Rupees in lakhs rounded off to two decimal places. Per share data are presented in Indian Rupee rounded off to two decimal places. The Company presents its Balance Sheet in the order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 23(a).

Accounting policies have been consistently applied except where a newly-issued Ind AS is initially adopted or a revision to an existing Ind AS requires a change in the accounting policy hitherto in use.

Further, the Company has opted not to prepare Consolidated Financial Statements (CFS) as its Holding Company shall be preparing CFS that will be available for public use and comply with Ind AS.

2.2 Functional and presentation currency

The financial statements are presented in Indian Rupees (₹) which is the functional and the presentation currency of the Company and all values are rounded to the nearest rupee in lakhs with two decimals, except when otherwise indicated.

2.3 Basis of Measurement

The financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair values.

A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the Company.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

Fair value measurements under Ind AS are categorised into fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access on measurement date.
- Level 2 inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 where unobservable inputs are used for the valuation of assets or liabilities.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. The application of accounting policies that require critical accounting estimates involve complex and subjective judgments and the use of assumptions. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The preparation of the financial statements in conformity with Indian Accounting Standards ("Ind AS") requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.4.1 Fair Valuation of Investments (other than Investment in Subsidiaries and Associates)

Some of the Company's Investments (other than Investment in Subsidiaries and Associates) are measured at fair value. In determining the fair value of such Investments, the Company uses quoted prices (unadjusted) in active markets for identical assets or based on inputs which are observable either directly or indirectly. However in certain cases, the Company adopts valuation techniques and inputs which are not based on market data. When market observable information is not available, the Company has applied appropriate valuation techniques and inputs to the valuation model.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Information about the valuation techniques and inputs used in determining the fair value of Investments are disclosed in Note 23(b).

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

2.4.2 Income Taxes:

The Company's tax jurisdiction is in India. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for certain tax positions.

2.4.3 Impairment on Financial Assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

3 Significant Accounting Policies

3.1 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

(i) Interest income

Interest income on financial instruments at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate (EIR) applicable. Interest on financial instruments measured as at fair value is included within the fair value movement during the period.

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount. The future cash flows are estimated taking into account all the contractual terms of the instrument. For financial assets measured at Fair Value through Profit and Loss ('FVTPL'), transaction costs are recognised in profit or loss at initial recognition.

Interest on Income tax refund is accounted when the same is received.

(ii) Dividend income

Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

3.2 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets:

3.2.1 Recognition and Initial measurements:

Financial assets and liabilities are initially recognised on the trade date, i.e. the date that the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at FVTPL) are added to or deducted from the fair

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL are recognised immediately in profit or loss.

3.2.2 Classification and subsequent measurement

Financial Assets

The Company classifies and measures all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either

- Amortised cost
- Fair Value through Profit and Loss ('FVTPL')
- Fair Value through other comprehensive income ('FVTOCI')

Amortised cost

The Company measures cash and bank balances, trade receivables, investments in debt securities and other financial assets at amortised cost. The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

Business Model assessment

The Company determines the business model at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company considers all relevant information available when making the business model assessment. The Company takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

Solely Payments of Principal and Interest (SPPI Test):

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that meets the SPPI test on the principal outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

Based on above, the Company has classified its investment in debentures as investments held at amortised cost and intends to hold them till maturity.

FVOCI

Financial assets at FVOCI are:

- The asset is held within a business model whose objective is to hold and sell assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in Other Comprehensive Income.

The company has elected to classify its investments in equity shares as fair value through OCI as the same are not held for trading purposes and meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation.

FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in statement of profit and loss.

Subsequent Measurement and gains and losses:

For purposes of subsequent measurement, financial assets are classified in three categories:

- Debt Instruments at Amortised Cost:

A 'debt instrument' is measured at the amortised cost, if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

— Mutual funds at fair value through profit or loss (FVTPL):

These assets are subsequently measured at fair value. Net gain and losses, including dividend income, are recognised in statement of profit and loss.

— Equity instruments measured at Fair Value through Other Comprehensive Income (FVOCI):

Gains and losses on equity instruments at FVOCI are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI.

Equity instruments at FVOCI are not subject to an impairment assessment.

The amount of realised gains (net of taxes) is transferred from OCI to retained earnings on sale of equity instruments carried through FVOVI.

Financial Liabilities and Equity instruments

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are classified as measured at amortised cost.

Subsequent measurement and gains and losses

Financial liabilities, which are classified as measured at amortised cost are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

3.2.3 Reclassifications

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets.

3.2.4 Derecognition of financial instruments

Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial assets.

In respect of certain investments changes in Fair value of which is recognised in Other Comprehensive income, the company transfers amount therefrom to retained earnings when the relevant investments are derecognised.

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

Financial Liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.2.5 Impairment of Financial assets

The Company assesses loss allowances for Expected Credit Losses on the following financial instruments that are not measured at FVTPL:

- Debt instruments carried at Amortised Cost
- Other Financial Assets

The Company performs an assessment at the end of each reporting period whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instruments.

Debt instruments that are subsequently measured at amortised cost are subject to impairment. Equity instruments at FVOCI are not subject to an impairment assessment.

3.3 Cash and cash equivalents

Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short-term deposits with banks (with an original maturity of three months or less from the date of placement) and cheques on hand. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

3.4 Dividends on ordinary shares

The Company recognises a liability to make cash to equity holders of the Company when the dividend is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, an interim dividend is authorised when it is approved by the Board of Directors and final dividend is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.5 Provisions and contingencies

Provisions are recognised only when:

- (i) An entity has a present obligation (legal or constructive) as a result of a past event; and
- (ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) A reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows.

Contingent liability is disclosed in case of:

- (i) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

- (ii) A present obligation arising from past events, when no reliable estimate is possible.

Provisions and contingent liabilities are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent Assets:

Contingent assets are not recognised in the financial statements. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are reviewed at each Balance Sheet date.

3.6 Foreign currencies

- (i) Functional currency of the Company and foreign operations has been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.
- (ii) Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the year-end. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

3.7 Taxes on Income

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date, and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Significant accounting estimates and judgements are involved in determining the tax charge for the year which includes an interpretation of local tax laws, judicial pronouncements and an assessment whether the tax authorities will accept the position taken. These judgements, also, take account of external advice, wherever appropriate, and the company's view on settling with the tax authorities.

The Company provides for current tax liabilities at the best estimate that is expected to be paid to the tax authorities where an outflow is probable. In making these estimates, the Company assumes that the tax authorities will examine all the amounts reported to them and have full knowledge of all the relevant information.

3.8 Goods and Services Input Tax Credit

Goods and Services tax input credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is a possibility of further supply of output services.

3.9 Securities premium

Securities premium is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of shares and issue expenses of securities which qualify as equity instruments.

3.10 Investments in Subsidiaries, Joint Ventures and Associates

Investments in Subsidiaries and Associates are measured at cost as per Ind AS 27 – Separate Financial Statements.

3.11 Earnings per share

Basic earnings per share have been computed by dividing net income by the weighted average number of shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to the fraction paid up. Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

3.12 Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- i. changes during the period in operating receivables and payables transactions of a non-cash nature;
- ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates and joint ventures; and
- iii. All other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

3.13 Standards issued but not yet effective upto the date of issuance of the financial statements

Ministry of Corporate affairs have made changes on March 31, 2023, in the following Indian Accounting Standards (Ind AS) amended namely Ind AS 101, Ind AS 102, Ind AS 103, Ind AS 107, Ind AS 109, Ind AS 115, Ind AS 1, Ind AS 8, Ind AS 12 and Ind AS 34. These amendments shall be applicable from annual reporting periods beginning on or after April 01, 2023.

4 Scheme of Amalgamation

The Board of Directors of the Company at its meeting held on the April 3, 2022, approved the composite scheme of amalgamation of: (a) HDFC Holdings Limited and the Company with and into the Housing Development Finance Corporation Limited (the Corporation); and (b) the Corporation with and into HDFC Bank Limited (the Bank). Further, the aforesaid scheme of amalgamation has received approvals respective shareholders and secured creditors as directed by the Hon'ble National Company Law Tribunal (NCLT) vide order dt. October 14, 2022. NCLT, in accordance with sections 230 to 232 of the Companies Act, 2013 and rules made thereunder, has vide its order dated March 17, 2023 sanctioned the scheme.

The Company is still under process of obtaining of seeking the remaining approvals/permissions and accordingly the scheme is not yet effective.

5 Cash And Cash Equivalents

₹ in lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with Banks:		
— in Current Accounts*	<u>7.81</u>	<u>9.48</u>
Total	<u>7.81</u>	<u>9.48</u>

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

6 Investments

₹ in lakhs

Investments	As at March 31, 2023						
	Amortised cost	At Fair Value			Sub-Total	Others*	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			
	(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)	(7)=(1)+(5)+(6)
Mutual funds	—	—	3,508.42	—	3,508.42	—	3508.42
Equity shares	—	11,513.45	—	—	11,513.45	—	11,513.45
Debentures (Tax free Bonds)	288.43	—	—	—	—	—	288.43
Subsidiaries - Equity Shares	—	—	—	—	—	520.58	520.58
Associates - Equity Shares	—	—	—	—	—	7,329.62	7,329.62
Total – Gross (A)	288.43	11,513.45	3,508.42	—	15,021.87	7,850.20	23,160.50
(i) Investments outside India	—	3,565.73	—	—	3,565.73	520.58	4,086.31
(ii) Investments in India	288.43	7,947.72	3,508.42	—	11,456.14	7,329.62	19,074.19
Total (B)	288.43	11,513.45	3,508.42	—	15,021.87	7,850.20	23,160.50
Less: Allowance for Impairment loss (C)	—	—	—	—	—	—	—
Total – Net (D)= (A)-(C)	288.43	11,513.45	3,508.42	—	15,021.87	7,850.20	23,160.50

* Others includes Investment in subsidiaries and associates which have been carried at Deemed Cost.

₹ in lakhs

Investments	As at March 31, 2022						
	Amortised cost	At Fair Value			Sub-Total	Others*	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			
	(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)	(7)=(1)+(5)+(6)
Mutual funds	—	—	5,068.67	—	5,068.67	—	5,068.67
Equity shares	—	15,001.60	—	—	15,001.60	—	15,001.60
Debentures (Tax free Bonds)	593.51	—	—	—	—	—	593.51
Subsidiaries - Equity Shares	—	—	—	—	—	520.58	520.58
Associates - Equity Shares	—	—	—	—	—	7,329.62	7,329.62
Total – Gross (A)	593.51	15,001.60	5,068.67	—	20,070.27	7,850.20	28,513.98
(i) Investments outside India	—	5,263.80	—	—	5,263.80	520.58	5,784.38
(ii) Investments in India	593.51	9,737.80	5,068.67	—	14,806.47	7,329.62	22,729.60
Total (B)	593.51	15,001.60	5,068.67	—	20,070.27	7,850.20	28,513.98
Total (A) to tally with (B)	—	—	—	—	—	—	—
Less: Allowance for Impairment loss (C)	—	—	—	—	—	—	—
Total – Net (D)= (A)-(C)	593.51	15,001.60	5,068.67	—	20,070.27	7,850.20	28,513.98

* Others includes Investment in subsidiaries and associates which have been carried at Deemed Cost.

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

7 Others Financial Assets

Particulars	₹ in lakhs	
	As at March 31, 2023	As at March 31, 2022
Security Deposits - Unsecured; considered good	1.60	1.60
Other receivables - Unsecured; considered good	663.83	—
Total	665.43	1.60

8.1 Current Tax Liabilities (Net)

Particulars	₹ in lakhs	
	As at March 31, 2023	As at March 31, 2022
Provision for Tax (Net of Advance Tax)	1.18	1.18
	1.18	1.18

8.2 Current Tax Assets (Net)

Particulars	₹ in lakhs	
	As at March 31, 2023	As at March 31, 2022
Advance Tax (Net of Provision)	3,248.27	1,949.05
Total	3,248.27	1,949.05

8.3 Deferred Tax (Liabilities)/Assets (Net)

The major components of deferred tax assets and liabilities are :

Particulars	As at March 31, 2023		As at March 31, 2022	
	Assets	Liabilities	Assets	Liabilities
a) Fair valuation of investments	—	1,789.65	—	2,553.60
Net Deferred Tax (Liability) / Asset	—	(1,789.65)	—	(2,553.60)

In compliance with the Indian Accounting Standard (Ind AS) 12 relating to 'Accounting for Taxes on Income', the Company has recognised ₹ 19.67 Lakh (Previous Year ₹ 1,609.21 Lakh) in the Statement of Profit and Loss for the year ended March 31, 2023 towards deferred tax Liability (net) for the year.

8.4 Movements in deferred tax assets (Liabilities)

₹ in lakhs				
Particulars	MAT credit entitlement	Financial assets at fair value through profit or loss	Financial assets at FVOCI	Total
As at March 31, 2021	1,609.30	—	(1,942.06)	(332.76)
Charged/(credited)				
— to profit or loss	(1,609.30)	0.09	—	(1,609.21)
— to other comprehensive income	—	—	(611.63)	(611.63)
As at March 31, 2022	—	0.09	(2,553.69)	(2,553.60)
Charged/(credited)				
— to profit or loss	—	(19.67)	—	(19.67)
— to other comprehensive income	—	—	783.62	783.62
As at March 31, 2023	—	(19.58)	(1,770.07)	(1,789.65)

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)**8.5 Income Taxes relating to continuing operations****8.5.1. Income Tax recognised in profit or loss**

Particulars	₹ in lakhs	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Current Tax		
In respect of the current year	23.36	120.80
In respect of prior years	—	—
Deferred Tax		
In respect of the current year	19.67	(0.09)
MAT Credit Entitlement	—	1,609.30
Total Income tax expense recognised in the current year relating to continuing operations	43.03	1,730.01

8.5.2. Reconciliation of income tax expense of the year can be reconciled to the accounting profit as follows:

Particulars	₹ in lakhs	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax	48,098.01	19,997.19
Income tax expense calculated at 25.168% (Previous Year 25.168%)	12,105.31	5,032.89
Effect of expenses that are not deductible in determining taxable profit	11.41	2.58
Effect of incomes which are taxed at different rates	(150.52)	—
Effect of incomes which are not taxable	(11,923.22)	(4,926.83)
Effect on deferred tax balances due to the changes in income tax rate*	—	1,620.52
Provision for taxes pertaining to earlier years	—	—
Others	0.06	0.85
Income tax expense recognised in statement of profit and loss	43.03	1,730.01

The evaluation of uncertain tax positions involves an interpretation of relevant tax laws which could be subject to challenge by the tax authorities and an assessment of whether the tax authorities will accept the position taken. The Company does not currently consider that assumptions or judgements made in assessing tax liabilities have a significant risk resulting in a material adjustment within the next financial year.

9 Other Non-Financial Assets

Particulars	₹ in lakhs	
	As at March 31, 2023	As at March 31, 2022
Prepaid Expenses - Unsecured; considered good	0.02	0.04
Total	0.02	0.04

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

10 PAYABLES

I) TRADE PAYABLES

₹ in lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises	<u>0.02</u>	<u>0.02</u>
Total outstanding dues of creditors other than micro enterprises and small enterprises	<u>44.82</u>	<u>16.80</u>

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of Information available with the Company. The amount of principal and interest outstanding during the year is given below.

II) Trade Payables aging schedule

₹ in lakhs

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	0.02	—	—	—	0.02
Others	44.82	—	—	—	44.82
Disputed dues - MSME	—	—	—	—	—
Disputed dues - Others	—	—	—	—	—

₹ in lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
a) Amount outstanding but not due as at year end	0.02	0.02
b) Amount due but unpaid as at the year end	—	—
c) Amounts paid after appointed date during the year	—	—
d) Amount of interest accrued and unpaid as at year end	—	—
e) The amount of further interest due and payable even in the succeeding year	—	—
	<u>0.02</u>	<u>0.02</u>

11 OTHER NON-FINANCIAL LIABILITIES

₹ in lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory Remittances	<u>0.16</u>	<u>2.30</u>
Total	<u>0.16</u>	<u>2.30</u>

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)**12 SHARE CAPITAL**

	As at March 31, 2023 ₹ in lakhs	As at March 31, 2022 ₹ in lakhs
AUTHORISED		
3,30,00,000 Equity Shares of ₹ 10 each	3,300.00	3,300.00
(Previous Year 3,30,00,000 Equity Shares of ₹ 10 each)		
	3,300.00	3,300.00
ISSUED, SUBSCRIBED AND FULLY PAID UP		
2,66,70,500 Equity Shares of ₹ 10 each	<u>2,667.05</u>	<u>2,667.05</u>
(Previous Year 2,66,70,500 Equity Shares of ₹ 10 each)		
	<u>2,667.05</u>	<u>2,667.05</u>

12.1 The Company has only one class of shares referred to as equity shares having Face Value of ₹ 10 each. Each shareholder of equity share is entitled to one vote per share.

12.2 The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting.

12.3 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the Shareholders.

12.4 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	₹ in lakhs	Number	₹ in lakhs
Equity shares outstanding as at the beginning of the year	2,66,70,500	2,667.05	2,66,70,500	2,667.05
Shares allotted pursuant to issue of shares under QIP, preferential basis and Conversion of Warrants into equity shares	—	—	—	—
Equity shares outstanding as at the end of the year	2,66,70,500	2,667.05	2,66,70,500	2,667.05

12.5 Details of shareholders holding more than 5 percent shares in the Company are given below:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	₹ in lakhs	Number	₹ in lakhs
Housing Development Finance Corporation Limited (100%)	2,66,70,500	2,667.05	2,66,70,500	2,667.05

12.6 Details of promotor's holding in the Company are given below:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	₹ In Lakhs	Number	₹ In Lakhs
Housing Development Finance Corporation Limited (100%)	2,66,70,500	2,667.05	2,66,70,500	2,667.05

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)**12.7 Dividend:**

The Directors of the Company had recommended and paid interim dividend of ₹ 175 and ₹ 25 (Previous year final dividend of ₹ 72.20) per equity share of face value of ₹ 10 each of the Company for the financial year 2022-23 in the Board of Directors meeting held on October 14, 2022 and January 13, 2023 respectively.

12.8 Relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and Companies Act has been complied with for such transactions and the transactions are not violative of the Prevention of Money-Laundering act, 2002.

13 OTHER EQUITY

₹ in lakhs

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Securities Premium	3,347.25	3,347.25
Capital Redemption Reserve	600.00	600.00
General Reserve	5,242.14	5,242.14
Other Comprehensive Income	6,006.26	8,639.44
Retained Earnings	7,383.50	7,404.38
TOTAL	22,579.15	25,233.21

Securities Premium Reserve: Securities premium reserve is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs, etc.

Capital Redemption Reserve: It is a non-free reserve which is created by appropriation from profits of the year in which the company bought back the shares from the shareholders.

General Reserve: It is a free reserve which is created by appropriation from profits of the current year and/or undistributed profits of previous years, before declaration of dividend duly complying with any regulations in this regard.

Other Comprehensive Income: The Company has elected to recognise changes in the fair value of certain investments (net of deferred tax effects) in equity and preference securities in other comprehensive income. These changes are accumulated within the Other Comprehensive Income.

The Company has been granted an exemption by the Reserve Bank of India (RBI) from creation of Statutory Reserves in terms of section 45 IC(1) of the Reserve Bank of India Act, 1934. The said exemption continues to remain till the time the Company fulfills the requirements of Section 45-IC(3) of the Reserve Bank of India Act, 1934. The Company continues to fulfill the said requirements.

14 Interest Income

₹ in lakhs

Particulars	For the year ended	For the year ended
	March 31, 2023	March 31, 2022
On Financial Assets measured at Amortised Cost		
Interest income from investments	39.56	52.98
Total	39.56	52.98

15 Dividend includes ₹ 46,520 Lakhs (₹ 19,500 Lakhs) received from related parties [Refer Note 19]

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

16 Net gain/(loss) on fair value changes		₹ in lakhs	
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022	
Net gain/(loss) on financial instruments at fair value through profit or loss	676.22	(45.28)	
<u>Fair Value changes:</u>			
- Realised	595.69	(44.75)	
- Unrealised	(80.53)	(0.53)	
Total Net gain/(loss) on fair value changes	676.22	(45.28)	

17 Employee Benefits Expenses		₹ in lakhs	
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022	
Deputation Cost	27.70	21.26	
Total	27.70	21.26	

18 Other Expenses		₹ in lakhs	
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022	
Filing Fees	2.63	1.70	
Auditors' Remuneration	9.44	10.53	
Profession Tax	0.02	0.02	
Directors' Sitting Fees	11.56	12.98	
Professional Fees	54.14	16.40	
Custodian and depository charges	1.15	0.96	
Miscellaneous Expenses	3.88	0.97	
Corporate Social Responsibility Expenses	9.40	8.00	
	92.22	51.56	

- a) Auditor's Remuneration for the year ended March 31, 2022 comprises of remuneration of ₹ 4.23 Lakh (including GST) paid to the previous auditor.

Disclosures

Included in Miscellaneous Expenses are the below:

1. Payments to auditors

		₹ in lakhs	
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022	
Audit Fees	3.40	3.40	
ICFR Fees	0.50	0.50	
Limited Reviews	1.50	1.96	
Tax Matters	0.84	0.84	
Other Matters and Certification	1.76	2.35	
GST on Auditor's Remuneration	1.44	1.48	
Total	9.44	10.53	

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

2. The details of amounts spent towards CSR are as under:

₹ in lakhs

A. Gross amount required to be spent by the company during the year.	9.40
B. Amount approved by the Board to be spent during the year	9.40
C. Amount spent during the year on:	9.40
i) Construction / acquisition of any asset	—
ii) On purposes other than (i) above	9.40

D. Details of related party transactions, e.g., contribution to a trust / society / section 8 company controlled by the company in relation to CSR expenditure as per IndAS 24 – Related Party Disclosures. – ₹ Nil

E. Unspent amount as per Section 135 (5) – ₹ Nil

19 Related Party Transactions and Balances

As per the Indian Accounting Standard on 'Related Party Disclosures' (IndAS - 24), the related parties of the Company, with whom there have been transactions, are as follows:

(A) Holding Company	Housing Development Finance Corporation Ltd.
(B) Associate of Holding Company	HDFC Bank Limited
(C) Wholly owned Subsidiary	Griha Pte. Ltd (Singapore)
(D) Key Managerial Persons	Mr. Joseph Conrad D'Souza Mr. V Srinivasa Rangan Mr. M Ramabhadran Mrs. Vibha Umesh Padalkar

₹ in lakhs

	Holding Company		Wholly owned Subsidiary Company		Entity over which control is exercised by Holding Company		Key Managerial Persons		Associate of Holding Company	
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
Dividend received on equity shares	—	—	—	—	—	—	—	—	46,500.00	19,500.00
Dividend paid on equity shares	53,341.00	19,522.81	—	—	—	—	—	—	—	—
Sitting fees to KMP	—	—	—	—	—	—	9.80	11.00	—	—
Technology Usage Charges	0.74	0.74	—	—	—	—	—	—	—	—
Reimbursement of GST on brand usage	1.40	0.03	—	—	—	—	—	—	—	—
Refund of GST paid on brand usage	0.06	—	—	—	—	—	—	—	—	—
Deputation cost	27.70	21.26	—	—	—	—	—	—	—	—
Investments - Equity Shares	—	—	520.58	520.58	—	—	—	—	7,329.62	7,329.62

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

20 Segment Reporting

The Company is engaged in the business of making investments. There being only one business segment and only one geographical segment, the said disclosure has not been made.

21 Contingent Liabilities

There is no Contingent liability in respect of income-tax demands, net of amounts provided for and disputed by the Company. (Previous Year ₹ Nil).

22 Earnings Per Share (EPS)

In accordance with the Indian Accounting Standard (Ind AS) 33 on 'Earnings Per Share':

The Basic Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares for the respective periods.

The Company has not issued any instruments that are potentially dilutive in nature. Hence, the basic and diluted EPS for the respective periods is same.

Particulars	Current Year	Previous Year
(a) Face value per share (₹)	10.00	10.00
(b) Profit after Taxation (₹ in lakhs)	48,054.98	18,267.18
(c) Number of Equity Shares Outstanding	2,66,70,500	2,66,70,500
(d) Earnings Per Share (Basic and Diluted) (b)/(c) (₹)	180.18	68.49

23(a) Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

₹ in lakhs

ASSETS	March 31, 2023			March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	7.81	—	7.81	9.48	—	9.48
Investments	3,524.97	19,635.53	23,160.50	5,390.30	23,123.68	28,513.98
Other financial assets	663.83	1.60	665.43	—	1.60	1.60
Non-financial Assets						
Current tax asset	—	3,248.27	3,248.27	—	1,949.05	1,949.05
Deferred tax Assets (Net)	—	—	—	—	—	—
Other non-financial assets	—	0.02	0.02	—	0.04	0.04
Total Assets (A)	4,196.61	22,885.42	27,082.03	5,399.78	25,074.37	30,474.14
LIABILITIES						
Financial Liabilities						
Trade Payables						
(i) total outstanding dues of micro enterprises and small enterprises	0.02	—	0.02	0.02	—	0.02
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	44.82	—	44.82	16.79	—	16.79
Non-financial Liabilities						
Current tax liability	1.18	—	1.18	1.18	—	1.18
Deferred tax liabilities (Net)	—	1,789.65	1,789.65	—	2,553.60	2,553.60
Other Non-financial liabilities	0.16	—	0.16	2.29	—	2.29
Total liabilities (B)	46.18	1,789.65	1,835.83	20.28	2,553.60	2,573.88
Net Assets (A-B)	4,150.43	21,095.77	25,246.20	5,379.50	22,520.77	27,900.26

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

23(b) Financial Instruments

23.1 Capital management

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period.

Ratios

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
i) CRAR (%)	141.39%	116.95%
ii) CRAR - Tier I Capital (%)	141.39%	116.95%
iii) CRAR - Tier II Capital (%)	0.00%	0.00%
iv) Liquidity Coverage Ratio	Refer note below	

Note : Since, company does not have any borrowings and liquidity coverage ratio (LCR) is also not applicable to the company under RBI guidelines, disclosure of LCR is not applicable.

23.2 Financial Risk management

The Company has to manage various risks associated with the investment business. These risks include Foreign exchange risk, interest rate risk and counterparty risk.

The Company manages its interest rate and currency risk in accordance with the guidelines prescribed therein.

23.3 Fair value measurements

Financial instruments by category

₹ in lakhs

Particulars	March 31, 2023			March 31, 2022		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments						
Mutual funds	3,508.42	—	—	5,068.67	—	—
Equity shares	—	11,513.45	—	—	15,001.60	—
Debentures	—	—	288.43	—	—	593.51
Cash and cash equivalents	—	—	7.81	—	—	9.48
Other financial Assets	—	—	665.43	—	—	1.60
Total financial assets	3,508.42	11,513.45	961.67	5,068.67	15,001.60	604.59
Financial liabilities						
Trade payables	—	—	44.82	—	—	16.79
Total financial liabilities	—	—	44.82	—	—	16.79

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

₹ in lakhs

Financial assets and liabilities measured at fair value - recurring fair value measurements - As at March 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Financial Investments at FVTPL				
Mutual funds	3,508.42	—	—	3,508.42
Financial Investments at FVTOCI				
Unquoted equity investments	—	—	11,513.45	11,513.45
Total financial assets	3,508.42	—	11,513.45	15,021.87

₹ in lakhs

Financial assets and liabilities measured at fair value - recurring fair value measurements - As at March 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Financial Investments at FVTPL				
Mutual funds	5,068.67	—	—	5,068.67
Financial Investments at FVTOCI				
Unquoted equity investments	—	—	15,001.60	15,001.60
Total financial assets	5,068.67	—	15,001.60	20,070.27

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

(ii) Valuation technique used to determine fair value

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparables method, recent transactions happened in the company and other valuation models.

The Company measures financial instruments, such as investments (other than equity investments in Subsidiaries, Joint Ventures and Associates) at fair values.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

the use of unobservable inputs. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (adjusted/unadjusted) for identical assets. This category consists of quoted equity shares, venture fund units, mutual fund units and security receipts.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets, measured using inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e; as prices) or indirectly (i.e; derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2023 and 2022.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 March 2023 and 31 March 2022:

₹ in lakhs	
Particulars	Unlisted equity securities
As at March 31, 2021	12,567.58
Acquisitions	—
Disposal	(96.87)
Gains/losses recognised in profit or loss	—
Gains(losses) recognised in other comprehensive income	2,530.89
As at March 31, 2022	15,001.60
Acquisitions	—
Disposal	(63.24)
Gains/(losses) recognised in profit or loss	—
Gains/(losses) recognised in other comprehensive income	(3,424.91)
Transfer from level 2	—
As at March 31, 2023	11,513.45
Unrealised gains/(losses) recognised in profit and loss related to assets and liabilities held at the end of the reporting period	
As at March 31, 2022	—
As at March 31, 2023	—

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)**Valuation inputs and relationships to fair value**

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

₹ in lakhs

Particulars	Fair value as at		Significant unobservable inputs*	Sensitivity	
	31 March 2023	31 March 2022		Favourable	Un-favourable
Unquoted equity shares	12,505.51	15,001.60	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 1250.55 Lakh in FY 23.	An adverse change in the Valuation Factor by 10% decretion the fair value by ₹ 1250.55 Lakh in FY 23.

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Valuation Factor includes Equity Multiples such as PE Ratio, Price to Book Value Ratio, EV/EBITDA Ratio and Price to Revenue Ratio

Sensitivity data are calculated using a number of techniques, including analysing price dispersion of different price sources, adjusting model inputs to reasonable changes within the fair value methodology.

The carrying amounts of trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature. Carrying value other financial asset approximates its fair value.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

(v) Valuation processes

The main level 3 inputs used by the Company are derived and evaluated as follows:

- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the Company's internal credit risk management Company.
- Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

The carrying amounts of trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

23.4 Fair value of the Financial Assets that are not measured at fair value

₹ in lakhs

Particulars	As at 31 March 2023		As at 31 March 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets at amortised cost				
Tax free Bonds	288.43	312.73	593.51	660.66
Total financial assets	288.43	312.73	593.51	660.66

The fair value of debentures (Tax free Bonds) has been derived as per the last traded price on Recognised Stock Exchange on which Bonds are traded.

23.5 Equity instruments held as Fair value through OCI

₹ in lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Feedback Infra Private Limited	—	—
Institutional Investor Advisory Services India Pvt Ltd	180.20	123.15
Softcell Technologies Limited	—	—
Softcell Technologies Global Pvt Ltd	995.00	3,112.03
Lentra AI Pvt Ltd	6,772.52	6,502.62
First Housing Finance (Tanzania) Limited	—	—
HDFC Plc Maldives	3,565.73	5,263.80
Total	11,513.45	15,001.60

23.6 Liquidity risk

(i) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

₹ in lakhs

Contractual maturities of financial liabilities March 31, 2023	0-1 years	1-3 years	3-5 years	>5 years	Total
Trade payables	44.82	—	—	—	44.82

₹ in lakhs

Contractual maturities of financial liabilities March 31, 2022	0-1 years	1-3 years	3-5 years	>5 years	Total
Trade payables	16.79	—	—	—	16.79

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)**23.7 Market Risk****23.7.1 Foreign currency risk**

The Company is exposed to foreign exchange risk arising from foreign currency transactions (investments). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

When making investments in overseas markets, the risk and return of the investment will be determined by:

- the volatility of the underlying investment and the return it provides in the local currency
- the volatility of the foreign currency against the portfolio's base currency and the return of the foreign currency relative to the base currency

The impact that exchange rate fluctuations have on profitability will vary. However, the company believes that it will be insignificant in most of the cases.

The Company's exposure to foreign currency risk at the end of the reporting period **expressed as ₹ in lakhs**, are as follows

Particulars	March 31, 2023			
	SGD	MUR	MVR	TZS
Investments	520.58	—	3,565.73	—

Particulars	March 31, 2022			
	SGD	MUR	MVR	TZS
Investments	520.58	—	5,263.80	—

23.8 Credit Risk

Credit risk means the risk of default wherein the issuer of such instruments is unable or unwilling to make further income and /or principal payments. The Company has made investments in certain debt securtites, interest income from whom are tax-free under the terms of such investments. These investments are issued by Companies owned and managed by Government of India and are assumed to be carrying no credit risk.

- 24** Disclosures pursuant to Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended) and RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20, to the extent applicable to the Company.

The Company has prepared financial statements for the year ended March 31, 2023, in accordance with Ind AS. The relevant disclosures have been made in accordance with the Principles of recognition and measurement as required under the IndAS framework.

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

24.1 Capital to Risk Asset Ratio (CRAR)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
i) CRAR (%)	141.39%	116.95%
ii) CRAR - Tier I Capital (%)	141.39%	116.95%
iii) CRAR - Tier II Capital (%)	—	—
iv) Sub-ordinated debt raised as Tier II Capital	Nil	Nil
v) Amount raised by issue of perpetual debt	Nil	Nil

24.2 INVESTMENTS

₹ in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
1) Value of Investments		
(i) Gross Value of Investments (*)		
(a) In India	12,941.40	14,950.50
(b) Outside India	2,402.78	2,402.78
(ii) Unrealised fair value gains under IndAS (*)		
(a) In India	6,132.79	7,779.10
(b) Outside India	2,675.59	3,381.60
(iii) Net Value of Investments		
(a) In India	19,074.19	22,729.60
(b) Outside India	5,078.37	5,784.38
2) Movement of Unrealised fair value gains under Ind AS		
(i) Opening balance	11,160.70	8,725.99
(ii) Add: Increase in Fair value gains during the year	432.79	3,000.05
(iii) Less: Decrease in Fair value gains during the year	(3,777.17)	(565.34)
(iv) Closing Balance	7,816.32	11,160.70

* The total cost of investments is presented as the gross value of investments and the unrealised fair value gain represents the unrealised gain on investments from inception till date recognised under IndAS.

24.3 Exposure to Real Estate Sector

As on March 31, 2023 and during the current year, there is no exposure to Real Estate Sector. (Previous Year - Nil)

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

24.4 Asset Liability Management

Maturity pattern of certain items of assets and liabilities

₹ in Lakhs

As at March 31, 2023	1 day to 7 days	8 days to 14 days	15 days to 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	—	—	—	—	—	—	—	—	—	—	—
Advances	—	—	—	—	—	—	—	—	—	—	—
Borrowings	—	—	—	—	—	—	—	—	—	—	—
Foreign Currency Assets	—	—	—	—	—	—	—	—	—	—	—
Foreign Currency Liabilities	—	—	—	—	—	—	—	—	—	—	—
Advances	—	—	—	—	—	—	—	—	—	—	—
Investments	13.75	—	—	—	—	—	3,622.05	161.05	—	19,363.65	23,160.50

₹ in Lakhs

As at March 31, 2022	1 day to 7 days	8 days to 14 days	15 days to 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	—	—	—	—	—	—	—	—	—	—	—
Advances	—	—	—	—	—	—	—	—	—	—	—
Borrowings	—	—	—	—	—	—	—	—	—	—	—
Foreign Currency Assets	—	—	—	—	—	—	—	—	—	—	—
Foreign Currency Liabilities	—	—	—	—	—	—	—	—	—	—	—
Advances	—	—	—	—	—	—	—	—	—	—	—
Investments	13.75	—	—	—	—	—	5,376.55	110.83	—	23,012.85	28,513.98

24.5 The Company does not have any exposure to Derivatives including Forward Rate Agreements, Interest Rate Swaps and Exchange Traded Derivatives.

24.6 The Company has not securitised/assigned any of its exposures.

- (1) Company has not sold any financial asset to Securitisation/Reconstruction Company for Asset Reconstruction
- (2) The Company has not purchased/sold non-performing financial assets

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

24.7 Exposure to Capital Market

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	19,363.65	22,851.80
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity - oriented mutual funds;	—	—
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	—	—
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	—	—
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	—	—
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	—	—
(vii) bridge loans to companies against expected equity flows / issues;	—	—
(viii) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	—	—
(ix) Financing to stockbrokers for margin trading	—	—
(ix) Financing to stockbrokers for margin trading	—	—
(ix) All exposures to Alternative Investment Funds:	—	—
(a) Category 1	—	—
(a) Category 2	—	—
(a) Category 3	—	—
TOTAL EXPOSURE TO CAPITAL MARKETS	19,363.65	22,851.80

24.8 The Company has not exceeded the Single Borrower Limit and nor has exceeded the Group Borrower Limit.

24.9 Concentration of Deposits, Advances, Exposures and NPAs

24.9.1 The Company is a Non Deposit Accepting NBFC and as such, does not have any depositors. Further, the Company does not have made any borrowings and hence disclosures in relation to public disclosure on Liquidity risk under guideliness on Risk management framework is not made.

24.9.2 The Company has not given any advances and as such does not have any exposure.

24.9.3 The Company has no assets which qualify to be Non Performing Assets. Accordingly, the disclosure on "Concentration of NPAs", "Sector wise NPAs", "Movement of NPAs" and other disclosures introduced by RBI vide ref no. DOR.No.BP.BC.63/21.04.048/2019-20 dt. April 17, 2020 are not applicable.

24.9.4 Exposure to Unsecured Advances as at March 31, 2023 was Nil (Previous Year Nil)

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)**24.10 Overseas Assets**

(₹ in Lakhs)

Name of the Joint Venture/Subsidiary	Other Partner in JV	Country	Total Assets Current Year	Total Assets Previous Year
Griha Pte Ltd.	Not Applicable	Singapore	520.58	520.58
TOTAL			520.58	520.58

24.11 The Company does not have any off-balance sheet SPVs.

25 Miscellaneous**25.1 Registration**

Issuing Authority	Registration Number	Date of Registration	Valid upto	Registered As
Reserve Bank of India (RBI)	13.00034	14-Feb-98	Not Applicable	NBFC - ND

25.2 The RBI has in the past, not levied any penalties on the Company

25.3 The Company has not issued any instruments, which require it to obtain a credit rating.

26 Additional Disclosures**26.1 Provisions and Contingencies**

(₹ in Lakhs)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Current Year	Previous Year
Provisions for depreciation on Investment [Refer note 24.2]	—	—
Provision towards NPA	—	—
Provision made towards Income tax	43.03	1,730.01
Other Provision and Contingencies (with details)	—	—
Provision for Standard Assets	—	—

26.2 The disclosure on Customer complaints does not apply to the company since considering the nature of business, there were no customers during the year.

26.3 Schedule to the Balance sheet pursuant to Reserve Bank of India Master Directions DNBR.PD.008/ 03.10.119/ 2016-17 dated September 1, 2016(as amended), to the extent applicable to the Company

(₹ in Lakhs)

27	Particulars	Amount outstanding as at March 31, 2023	Amount outstanding as at March 31, 2022
(1)	Liabilities side :		
	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
	(a) Debentures :		
	Secured	NIL	NIL
	Unsecured (other than falling within the meaning of public deposits)	NIL	NIL
	(b) Deferred Credits		
	(c) Term Loans		
	(d) Inter-corporate loans and borrowing	NIL	NIL
	(e) Commercial Paper	NIL	NIL
	(f) Other Loans (specify nature)	NIL	NIL
	Sundry Creditors	44.82	16.79
	Other Liabilities	0.16	2.29

* Please see Note 1

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

₹ In Lakh

Assets side :		Amount outstanding as at March 31, 2023
(2)	Break-up of Loans and Advances including bills receivables [other than those included in (3) below]:	
	(a) Secured	NIL
	(b) Unsecured	NIL
(3)	Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities	
	(i) Lease assets including lease rentals under sundry debtors :	
	(a) Financial lease	NIL
	(b) Operating lease	NIL
	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	NIL
	(b) Repossessed Assets	NIL
	(iii) Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	NIL
	(b) Loans other than (a) above	NIL
(4)	Break-up of Investments :	
	Current Investments :	
	1. Quoted:	
	(i) Shares: (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and Bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL
	2. Unquoted:	
	(i) Shares: (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and Bonds	NIL
	(iii) Units of mutual funds	3,508.42
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL
	Long Term investments :	
	1. Quoted:	
	(i) Shares: (a) Equity	7329.62
	(b) Preference	NIL
	(ii) Debentures and Bonds	288.43
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (Please specify)	NIL
	2. Unquoted:	
	(i) Shares: (a) Equity	12,034.03
	(b) Preference	NIL
	(ii) Debentures and Bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (Please specify)	NIL

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)**(5) Borrower group-wise classification of assets financed as in (2) and (3) above (Please see Note ii) :**

₹ In Lakh

Category	Amount net of provisions as at March 31, 2023		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same Group	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL
2. Other than related parties	NIL	NIL	NIL
Total			NIL

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): (Please see Note iii)

₹ In Lakh

Category	Market Value / Break up or fair value or NAV March 31, 2023	Book Value (Net of Provisions) March 31, 2023
1. Related Parties **		
(a) Subsidiaries	7,859.53	520.58
(b) Companies in the same group	48,28,650.00	7,329.62
(c) Other related parties	—	—
2. Other than related parties	15,334.60	15,310.30
Total	48,51,844.13	23,160.50

** As per Accounting Standard of ICAI (Please see Note iii)

(7) Other information

₹ In Lakh

Particulars	Amount
Gross Non-Performing Assets	NA
(a) Related parties	NA
(b) Other than related parties	NA
Net Non-Performing Assets	NA
(a) Related parties	NA
(b) Other than related parties	NA
Assets acquired in satisfaction of debt	NA

Notes:

- i As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- ii Provisioning norms applicable to the Company are as prescribed in Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.
- iii All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

28 Disclosures in relation to scale based regulations framework

Pursuant to circular DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 on '**Scale Based Regulation (SBR): A Revised Regulatory Framework**' for NBFCs, RBI vide circular RBI/2022-23/26 DOR.ACC.REC.No. 20/21.04.18/2022-23 dated April 19, 2022 required certain disclosures.

Exposure

- i. **Exposure to real estate sector** – This disclosure is not made as the company is not into the business of granting loans and advances
- ii. **Exposure to capital market** – Refer note 24.7
- iii. **Sectoral exposure** – This disclosure is not made as the company is not into the business of granting loans and advances.
- iv. **Intra-group exposure** – Refer note 19 - Related party transactions and balances
- iv. **Unhedged foreign exposure** – Refer note 23.7.1 - Foreign currency risk

Related party disclosure – Refer note 19 - Related party transactions and balances

Disclosure of complaints – This disclosure is not made as the company is not into the business of granting loans and advances.

29 Disclosures of Additional Regulatory Information required as per Schedule III Division III of the the Companies Act, 2013

- (i) The Company does not have any immovable properties.
- (iv) The Company does not have any intangible assets.
- (v) The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are (refer note 21):
 - (a) repayable on demand or
 - (b) without specifying any terms or period of repayment
- (vi) The Company does not have Capital-Work-in Progress.
- (vii) The Company does not have Intangible assets under development.
- (viii) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ix) The Company does not have any borrowings from banks or financial institutions.
- (x) The Company is not declared as wilful defaulter by any bank or financial Institution or other lender.
- (xi) The Company has not entered any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- (xii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (xiii) The Company is in Compliance with number of layers of companies, as prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- (xiv) Ratios (Refer Note 25.1)

Notes forming part of the financial statements for the year ended on March 31, 2023 (Continued)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
i) CRAR (%)	141.39%	116.95%
ii) CRAR - Tier I Capital (%)	141.39%	116.95%
iii) CRAR - Tier II Capital (%)	0.00%	0.00%
iv) Liquidity Coverage Ratio	Refer note below	

Note: Since, company does not have any borrowings and liquidity coverage ratio (LCR) is also not applicable to the company under RBI guidelines, disclosure of LCR is not applicable.

- (xv) During the period, no scheme of Arrangements has been approved by the competent Authority in terms of section 230 to 237 of the Companies Act, 2013, accordingly the aforesaid disclosure are not given, since there are no such transaction (Refer note 4)
- (xvi) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall;
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (xvii) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall;
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (xviii) The Company does not have any transactions not recoded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessment under the in income tax Act, 1961.
- (xviii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

30 Previous Year Comparatives

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report attached of even date

For V. C. Shah & Co.
Chartered Accountants
ICAI Firm Registration No. 109818W

Viral J. Shah
Partner
Membership No.: 110120

Mumbai, April 21, 2023.

For and on behalf of the Board of Directors
HDFC Investments Limited

Conrad D'Souza
(DIN: 00010576)

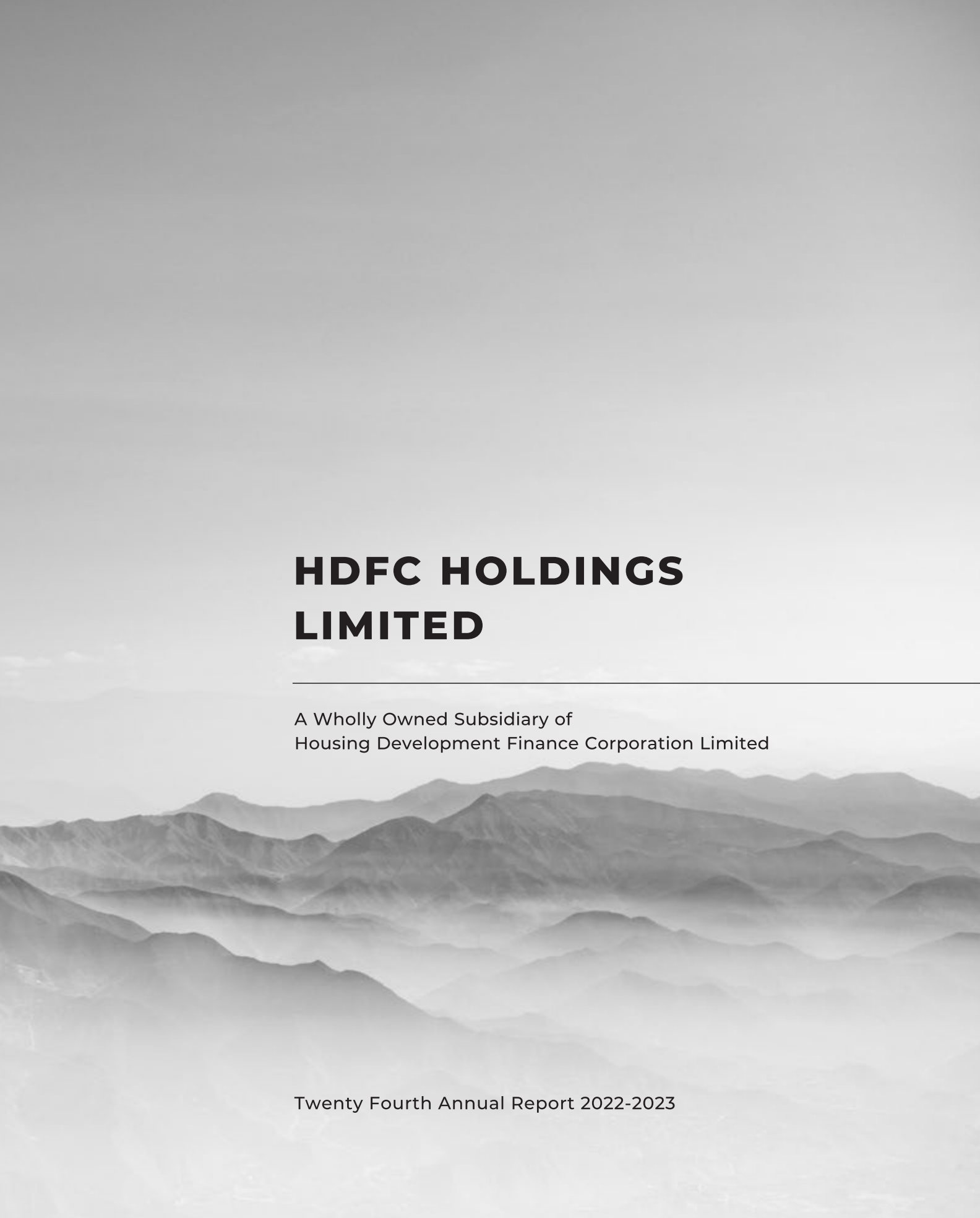
Satrajit Bhattacharya
Chief Executive Officer

Surajkumar M. Tripathi
Chief Financial Officer
(ICAI M. No.: 141731)

V. Srinivasa Rangan
(DIN: 00030248)

Vibha Padalkar
(DIN: 01682810)

Sarika Mahajan
Company Secretary
(ICSI M. No.: A28624)



HDFC HOLDINGS LIMITED

A Wholly Owned Subsidiary of
Housing Development Finance Corporation Limited

Twenty Fourth Annual Report 2022-2023

Board of Directors

Mr. Conrad D'Souza
(DIN: 00010576)

Mr. M. Ramabhadran
(DIN: 00473399)

Mr. Sudhir Kumar Jha
(DIN: 07130697)

Statutory Auditors

Messrs Manubhai & Shah LLP
Chartered Accountants

Banker

HDFC Bank Limited

Registered Office

Ramon House,
H. T. Parekh Marg,
169, Backbay Reclamation,
Churchgate, Mumbai 400 020.
Tel. No.: +91 22 6176 6000
CIN: U65993MH2000PLC123680

Directors' Report

TO THE MEMBERS

Your directors are pleased to present the Twenty Fourth annual report of your Company with the audited accounts for the year ended March 31, 2023.

Financial Results

	For the year ended March 31, 2023 (₹ in lakh)	For the year ended March 31, 2022 (₹ in lakh)
Profit before Tax	1,442.25	3,399.67
Provision for Tax (including deferred tax)	(68.76)	(244.41)
Profit after Tax	1,373.49	3,152.26
Other Comprehensive Income for the year	1,774.46	(2,028.20)
Total Comprehensive Income/(Expense) for the year	3,147.95	1,124.06
Retained Earnings		
Retained Earnings (opening balance)	7,423.86	6,252.12
Profit after Tax	1,373.49	3,152.26
Transfer of realized profit from other Comprehensive Income on account of sale of financial instruments held as FVOCI	(395.24)	—
Appropriations		
Final Dividend paid	(180.01)	(1,350.05)
Transfer to Special Reserve u/s 45-IC(1) of the Reserve Bank of India Act, 1934	(274.70)	(630.45)
Retained Earnings carried forward to Balance Sheet	7,947.40	7,423.86

Dividend

Your directors recommend payment of dividend for the financial year ended March 31, 2023 of ₹ 20 per equity share of ₹ 10 each (Previous year: final dividend ₹ 10 per equity share of ₹ 10 each).

During the year, your directors did not declare any interim dividend.

Review of Operations

Your Company is a wholly-owned subsidiary of Housing Development Finance Corporation Limited ("HDFC"). It carries on the business of investments in stocks, shares, debentures and other securities.

During the year, your Company subscribed to compulsorily convertible preference shares ("CCPS") issued by Sewa Grih Rin Limited on a private placement basis. Your Company also subscribed to the preferential issue of equity shares and CCPS made by Legasis Private Limited.

Further, during the year, your Company sold its entire stake in Kaizen Management Advisors Private Limited.

Material Developments: Ongoing Scheme of Amalgamation

The Board of Directors of the Company at its meeting held on April 3, 2022, subject to requisite approvals / consents, approved a composite scheme of amalgamation ("Scheme") for the amalgamation of (i) the Company and HDFC Investments Limited ("HDFC Investments") with and into HDFC; and (ii) HDFC with and into HDFC Bank Limited (HDFC Bank) and matters related thereto ("Amalgamation"). Thereafter, the Board of Directors of HDFC at its meeting held on April 4, 2022, subject to requisite approvals/ consents, had approved the said Scheme for the amalgamation of (i) the Company and HDFC Investments, with and into HDFC and (ii) HDFC with and into HDFC Bank and matters related thereto.

In addition to the approvals granted by various regulatory/ statutory authorities viz., the Reserve Bank of India (RBI), the Competition Commission of India (CCI) and the shareholders of HDFC, the Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") on March 17, 2023, approved the Scheme. Further, certain approvals are still awaited from regulators of few subsidiary/ associate companies of HDFC in respect of change in control/ transfer of shares to HDFC Bank. The Scheme shall become effective upon HDFC receiving all such requisite approvals, fulfilment of conditions prescribed therein and upon filing of the certified copy of the order with the Registrar of Companies, Mumbai ("ROC") by all the companies involved in the Scheme.

Upon the coming into effect of the Scheme and with effect from the Appointed Date 1 as mentioned in the Scheme, the Company would be dissolved without being wound up.

Further, the Financial Services Commission, Mauritius vide its letter dated January 12, 2023, granted its approval for proposed transfer of shares of Griha Investments (incorporated in Mauritius), a wholly-owned subsidiary of the Company and a foreign step-down subsidiary of HDFC, from the Company to HDFC Bank as a result of the Scheme.

Apart from the ongoing Amalgamation as disclosed, there are no material changes and commitments affecting the financial position of the Company which have occurred after March 31, 2023 till the date of this Report.

Key Regulatory Changes

On October 22, 2021, RBI notified “Scale Based Regulation: A revised regulatory framework for NBFC’s” effective from October 1, 2022. In accordance with the Scale Based Regulation, non-deposit taking NBFCs (“NBFC-ND”) below the asset size of ₹ 1,000 crore and not availing public funds and not having any customer interface shall be classified as NBFC- Base Layer (“NBFC-BL”) and regulatory guidelines for NBFC-BL shall be subject to regulations as are currently applicable to NBFC-ND except certain requirements w.r.t. Net Owned Funds, NPA classification, prudential/ governance guidelines etc. as mentioned in Scale Based Regulation. Further, On October 11, 2022, RBI had issued a circular “Multiple NBFCs in a Group: Classification in Middle Layer” thereby clarifying that NBFCs without public funds and customer interface and are part of the NBFC group would continue to be classified as NBFC-BL even if the consolidated asset size of such NBFC group exceeds ₹ 1,000 crore and accordingly, the Company is classified as NBFC-BL and is required to comply with the extant regulations as prescribed by RBI for NBFC-ND and current regulations as prescribed by RBI for NBFC-BL.

As per Scale Based Regulation, the Company has adopted a Policy on grant of loans to directors, senior officers and also to entities where directors or their relatives have major shareholding thereby stating that the Company has till date not granted and also undertaking not to grant any loans to directors, senior officers and relatives of directors and to any entity where directors or their relatives have major shareholding.

Scale Based Regulation has also prescribed certain compliances to be ensured by NBFC-BL along with the timelines with respect to disclosures in financial statements – Notes to Accounts of NBFCs, atleast one

of the directors of NBFC-BL shall have experience of having worked with a bank/NBFC, the Risk Management Committee of NBFC-BL shall be responsible for evaluating the overall risks faced by NBFCs including liquidity risk etc. The Company has complied with the said requirements.

Loans, Guarantees or Investments

Since the Company is a NBFC, it is exempt from making a disclosure about the particulars of investments made under the provisions of Section 186(11) of the Companies Act, 2013.

During the year, your Company has not given any loan or provided any guarantee or security.

Particulars of Contracts or Arrangements with Related Parties

Your Company has not entered into any contracts or arrangements with related parties requiring disclosure in Form No. AOC-2, as prescribed under Rule 8(2) of the Companies (Accounts) Rules, 2014.

Details of other related party transactions are provided in the notes to the financial statements.

The Company has a Policy on Related Party Transactions which is intended to ensure proper approval and reporting of such transactions between the Company and its related parties. The said Policy *inter alia* provides for the identification of related parties and related party transactions, ascertaining whether related party transactions are an arm’s length basis or in the ordinary course of business, procedure for approval and review of related party transactions, criteria to be followed by the audit committee while granting approvals. The Policy on Related Party Transactions is available at www.hdfc.com/the-hdfc-group/subsidiaries-policies.

Deposits

Your Company has not accepted any deposit and as such, no amount of principal or interest was outstanding as at March 31, 2023.

Subsidiary/Associate Companies

Griha Investments is a wholly-owned subsidiary of your Company. For the year ended March 31, 2023, Griha Investments reported a loss of USD 31,63,721.

The financial statements of your Company and its subsidiary, form part of the consolidated financial

statements of HDFC. Consequently, your Company is not required to prepare consolidated financial statements.

During the year, there were no new subsidiary or associate companies incorporated nor was there any change in the nature of business of the subsidiary company.

Particulars of Employees

Your Company had no employees on its payroll as at March 31, 2023 and all the affairs of the Company are carried out by some employees of HDFC. The Compliance Officer (CO) and the Chief Information Officer (CIO) are employees of HDFC.

Prevention of Sexual Harassment at Workplace

Your Company being a wholly-owned subsidiary of HDFC adopted the Policy for protection of women against sexual harassment at the workplace as formulated by HDFC.

The Internal Complaints Committee of HDFC is responsible for overseeing the redressal of complaints/grievances received, if any, by the Company, under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder.

During the year, no complaint was received by the Company.

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Your Company being a NBFC, its activities are not energy intensive. However, adequate measures have been taken for conservation of energy and usage of alternative source of energy, wherever possible.

During the year, your Company had no dealings in foreign exchange.

Directors

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Conrad D'Souza is liable to retire by rotation at the ensuing Annual General Meeting (AGM). He is eligible for re-appointment.

The necessary resolution for the re-appointment of Mr. Conrad D'Souza and his details as required under secretarial standard have been included in the notice convening the ensuing AGM. All the directors of the

Company have confirmed that they continue to satisfy the fit and proper criteria as prescribed under applicable regulations and that they are not disqualified from being appointed as directors in terms of Section 164 of the Companies Act, 2013.

None of the directors of your Company have been debarred from holding the office of director by virtue of any order from the Securities and Exchange Board of India or any other such authority.

Board Meetings

During the year, the board met six times. The meetings were held on April 3, 2022, April 21, 2022, June 23, 2022, July 14, 2022, October 14, 2022 and January 13, 2023.

The attendance of the directors at the above-mentioned board meetings is listed below:

Directors	Number of Meetings attended
Mr. Conrad D'Souza	6
Mr. M. Ramabhadran	5
Mr. Sudhir Kumar Jha	6

Leave of absence was granted to the concerned director who could not attend the board meeting.

Audit Committee

The Audit Committee consists of Mr. Sudhir Kumar Jha (Chairman), Mr. Conrad D'Souza and Mr. M. Ramabhadran. The members of the Audit Committee have accounting, financial management and legal expertise. The quorum for the Audit Committee Meeting is two members.

The terms of reference of the committee *inter alia* include approving and implementing the audit procedures and techniques, reviewing the financial reporting systems, financial statement, internal financial control systems and procedures, records relating to related party transactions, analysis of risks and compliance of regulatory guidelines. The financial results are made available to the committee in advance. This enable review and discussions with the auditors before recommending it to the Board of Directors for its approval.

The committee also grants approval for related party transactions and reviews the said transactions on a quarterly basis in terms of the Policy on Related Party Transactions of the Company.

During the year, the committee met five times. The meetings were held on April 3, 2022, April 21, 2022, July 14, 2022, October 14, 2022 and January 13, 2023.

The attendance of the members of the committee at the above-mentioned meetings is listed below:

Members	Number of Meetings attended
Mr. Sudhir Kumar Jha (Chairman)	5
Mr. M. Ramabhadran	4
Mr. Conrad D'Souza	5

Leave of absence was granted to the concerned member who could not attend the meeting.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of Mr. Conrad D'Souza (Chairman), Mr. M. Ramabhadran and Mr. Sudhir Kumar Jha. The quorum for the Nomination and Remuneration Committee Meeting is two members.

The terms of reference of the committee *inter alia* include identifying persons who are qualified to become directors of the Company, ensuring that such persons meet the relevant criteria prescribed under applicable laws, ensuring the fit and proper criteria at the time of appointment of directors of the Company and on a continuing basis, scrutinising the declarations received from the proposed/existing directors and evaluating every director's performance, formulating the Policy for appointment of Directors and Members of Senior Management and Remuneration Policy, formulating the criteria for determining qualifications, positive attributes and independence of a director and for evaluating their performance.

The Company has a Policy for Fit and Proper Criteria for Directors based on which the existing directors whose appointment is intended to be continued and new directors proposed to be appointed are evaluated.

During the year, the committee met on April 21, 2022.

The attendance of the members of the committee at the above-mentioned meeting is listed below:

Members	Number of Meeting attended
Mr. Conrad D'Souza (Chairman)	1
Mr. M. Ramabhadran	1
Mr. Sudhir Kumar Jha	1

Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee consists of Mr. Conrad D'Souza (Chairman), Mr. M. Ramabhadran and Mr. Sudhir Kumar Jha. The quorum for the CSR Committee Meeting is two members.

The terms of reference of the committee *inter alia* is to review the CSR policy, recommend an annual action plan in pursuance of the CSR policy, indicate activities to be undertaken by the Company towards CSR and formulate a transparent monitoring mechanism to ensure implementation of projects and activities undertaken by the Company towards CSR.

During the year, the committee met twice. The meetings were held on April 21, 2022 and June 23, 2022.

The attendance of the members of the committee at the above-mentioned meetings is listed below:

Members	Number of Meetings attended
Mr. Conrad D'Souza (Chairman)	2
Mr. M. Ramabhadran	2
Mr. Sudhir Kumar Jha	2

Further details as required under Section 135 of the Companies Act, 2013 and rules made thereunder is provided in the Annual Report on CSR activities annexed to this Report at Annexure I.

Risk Management Committee

The Risk Management Committee consists of Mr. Conrad D'Souza (Chairman), Mr. M. Ramabhadran and Mr. Sudhir Kumar Jha. The quorum for the Risk Management Committee Meeting is two members.

The terms of reference of the committee *inter alia* include reviewing the risk profile of the Company from time to time and suggesting mitigation measures to reduce the impact of the risks.

Your directors are of the opinion that the Company is managing its risks through well-defined internal financial controls and that there are no significant risks that threaten the existence of the Company.

During the year, the committee met twice. The meetings were held on April 13, 2022 and October 12, 2022.

The attendance of the members of the committee at the above-mentioned meetings is listed below:

Members	Number of Meetings attended
Mr. Conrad D'Souza (Chairman)	2
Mr. M. Ramabhadran	1
Mr. Sudhir Kumar Jha	2

Leave of absence was granted to the concerned member who could not attend the meeting.

Asset Liability Committee

The Asset Liability Committee consists of Mr. Conrad D'Souza (Chairman), Mr. M. Ramabhadran and Mr. Sudhir Kumar Jha. The quorum for the Asset Liability Committee Meeting is two members.

The terms of reference of the committee *inter alia* include asset liability management of the Company.

During the year, the committee met twice. The meetings were held on April 13, 2022 and October 12, 2022.

The attendance of the members of the committee at the above-mentioned meetings is listed below:

Members	Number of Meetings attended
Mr. Conrad D'Souza (Chairman)	2
Mr. M. Ramabhadran	1
Mr. Sudhir Kumar Jha	2

Leave of absence was granted to the concerned member who could not attend the meeting.

Auditors

At the Twenty Third AGM of the Company held on June 23, 2022, the Members had appointed Messrs Manubhai & Shah LLP, Chartered Accountants having Firm Registration No. 106041W/ W100136, as Statutory Auditors of the Company, for a period of 5 (five) years, to hold office as such until the conclusion of the Twenty-Eighth AGM. The Company has received a confirmation from Messrs Manubhai & Shah LLP to the effect that they meet the criteria for independence, eligibility and qualification as prescribed in Section 141 of the Companies Act, 2013.

The Auditors' Report annexed to the financial statements for the year under review does not contain any qualification.

Further, pursuant to the provisions of Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, the Company has re-appointed Messrs ANB & Co., Chartered Accountants as Internal Auditors of the Company to review internal controls and compliances under various regulations that are applicable to the Company for FY 24.

Significant and Material Orders passed by Regulators or Courts or Tribunal

During the year, apart from the order passed by the Hon'ble NCLT as mentioned above, no other significant or material orders were passed by any regulator or court or tribunal against the Company impacting the going concern status and the Company's operations in future.

Secretarial Standards

The Company has complied with the applicable provisions of Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

Directors' Responsibility Statement

In accordance with the provisions of Section 134(3)(c) of the Companies Act, 2013 and based on the information provided by the management, your directors state that:

- In the preparation of annual accounts, the applicable accounting standards have been followed;
- Accounting policies selected have been applied consistently. Reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profit of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- The annual accounts of the Company have been prepared on a going concern basis; and
- Systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of this Report at Annexure II.

Annual Return Form No. MGT-7

The Annual Return in Form No. MGT- 7 for FY 23 is available at www.hdfc.com/the-hdfc-group/subsidiaries-policies.

Acknowledgements

Your directors would like to express their sincere appreciation to all its stakeholders for their support and continued patronage.

Your directors place on record their gratitude for the support of various statutory/ regulatory authorities

including the RBI, NCLT, CCI, Ministry of Corporate Affairs, ROC and the depositories.

Your directors recognise and appreciate the sincere hard work, loyalty and efforts of the employees of HDFC who devoted their valuable time in managing the affairs of the Company and whose professionalism has ensured excellent all-round performance of the Company.

On behalf of the Board of Directors

Conrad D'Souza
Sudhir Kumar Jha
Directors

Mumbai
April 18, 2023

Annexure to Directors' Report - I

THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline on CSR Policy of the Company:

The Company believes in conducting its business responsibly, fairly and in a most transparent manner. It continuously seeks ways to bring about an overall positive impact on the society and environment where it operates and as a part of its social objectives.

The main objective of the CSR Policy of the Company is to lay down guidelines to make CSR a key business process for sustainable development of the society and the environment in which it operates. The CSR policy is available at www.hdfc.com/the-hdfc-group/subsidiaries-policies.

During the year, the Company as part of its CSR activities provided a grant to the Lila Poonawala Foundation, a non-profit organisation based in Pune. The contribution is towards providing scholarship (based on merit and financial need), and a skill building programme for 15 girls pursuing their Bachelor of Science in Nursing (B.Sc. Nursing – 4 year course) in Pune district, Maharashtra. The organisation supports academically outstanding and financially deserving girls from low income communities to pursue their higher education.

The CSR Committee is the governing body that articulates the scope of CSR activities and ensures compliance with the CSR Policy including overview of the projects undertaken.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Conrad D'Souza	Director	2	2
2	Mr. M. Ramabhadran	Director	2	2
3	Mr. Sudhir Kumar Jha	Director	2	2

- Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company- www.hdfc.com/the-hdfc-group/subsidiaries-policies
- Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable. – Not Applicable
- Average net profit of the company as per Section 135(5) – ₹ 4,10,33,840
 - Two percent of average net profit of the company as per Section 135(5) – ₹ 8,20,677
 - Surplus arising out of the CSR projects or programmes or activities of the previous financial years – Nil
 - Amount required to be set-off for the financial year, if any – Nil
 - Total CSR obligation for the financial year (5b+5c-5d) – ₹ 8,20,677
- Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) - ₹ 11,28,000
 - Amount spent in Administrative Overheads - Nil
 - Amount spent on Impact Assessment, if applicable - Not Applicable
 - Total amount spent for the Financial Year [(a)+(b)+(c)]- ₹ 11,28,000

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount.	Date of transfer	Name of the Fund	Amount	Date of transfer
11,28,000	—	—	—	—	—

(f) Excess amount for set-off, if any -

Sl. No.	Particular	Amount (₹)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of Section 135	8,20,677
(ii)	Total amount spent for the Financial Year	11,28,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	3,07,323
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	—
(v)	Amount available for set-off in succeeding Financial Years] (iii)-(iv)]	—

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years: NIL

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
	—	—	—	—	—	—	—	—
	TOTAL	—	—	—	—	—	—	—

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Not Applicable

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
—	—	—	—	—	—	—	—

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135. – Not Applicable

For HDFC Holdings Limited

Mumbai
April 18, 2023

Conrad D'Souza
Chairman - CSR Committee

Sudhir Kumar Jha
Director

Annex to Directors' Report –II

Management Discussion and Analysis Report

In accordance with the RBI's Scale Based Regulation: A Revised regulatory framework for NBFC's and Circular "Multiple NBFCs in a Group: Classification in Middle Layer", the Company is classified as NBFC-BL and is required to comply with the extant regulations as prescribed by RBI for NBFC-ND and current regulations as prescribed by RBI for NBFC-BL.

Material Developments: Ongoing Scheme of Amalgamation

The Board of Directors of the Company at its meeting held on April 3, 2022, subject to requisite approvals /consents, approved a composite scheme of amalgamation ("Scheme") for the amalgamation of (i) the Company and HDFC Investments with and into HDFC; and (ii) HDFC with and into HDFC Bank and matters related thereto ("Amalgamation"). Thereafter, the Board of Directors of HDFC at its meeting held on April 4, 2022, subject to requisite approvals/ consents, had approved the said Scheme for the amalgamation of (i) the Company and HDFC Investments, with and into HDFC and (ii) HDFC with and into HDFC Bank and matters related thereto.

In addition to the approvals granted by various regulatory/ statutory authorities viz., RBI, CCI and the shareholders of HDFC, the NCLT on March 17, 2023, approved the Scheme. Further, certain approvals are still awaited from regulators of few subsidiary/ associate companies of HDFC in respect of change in control/ transfer of shares to HDFC Bank. The Scheme shall become effective upon HDFC receiving all such requisite approvals, fulfilment of conditions prescribed therein and upon filing of the certified copy of the order with the ROC by all the companies involved in the Scheme.

Upon the coming into effect of the Scheme and with effect from the Appointed Date 1 as mentioned in the Scheme, the Company would be dissolved without being wound up.

Change in control of subsidiary pursuant to merger

The Financial Services Commission, Mauritius vide its letter dated January 12, 2023, granted its approval for proposed transfer of shares of Griha Investments, a wholly-owned subsidiary of the Company and a foreign step-down subsidiary of HDFC, from the Company to HDFC Bank as a result of the Scheme.

Review of Operations and other Matters

The Company invests in equities and also in fixed deposits with banks and bonds of Public Sector Undertakings (PSUs). The investment companies are exposed to market risks. The PSU bonds that the Company has invested in are long term in nature, with tax free income and are classified as held-to-maturity.

During the year, your Company subscribed to compulsorily convertible preference shares (CCPS) issued by Sewa Grih Rin Limited on a private placement basis. Your Company also subscribed to the preferential issue of equity shares and CCPS made by Legasis Private Limited. Further, during the year, your Company sold its entire stake in Kaizen Management Advisors Private Limited.

The Company is managing its risks through well-defined internal financial controls and that there are no significant risks that threaten the existence of the Company.

The Profit before Tax, for the year ended March 31, 2023, stood at ₹ 1,442.25 lakh (previous year ₹ 3,399.67 lakh). Profit after Tax decreased by 56.43% from ₹ 3,152.26 lakh to ₹ 1,373.49 lakh as compared to the previous year.

The Company re-appointed Messrs ANB & Co., Chartered Accountants as Internal Auditors of the Company to review internal controls and compliances under various regulations that are applicable to the Company for FY 24.

The Company has appointed Messrs Heena Jaysinghani & Co., practicing company secretaries as Secretarial Auditors of the Company to undertake the secretarial audit of the Company for FY 24.

The Company had no employees on its payroll as at March 31, 2023 and certain employees of HDFC, dedicate a certain amount of their time towards the Company.

Independent Auditor's Report

To the Members of HDFC Holdings Limited Report on the Audit of the Financial Statements Opinion

We have audited the accompanying Financial Statements of **HDFC Holdings Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Company Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2023, its profit (including Other Comprehensive Income), Changes in Equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Director's report and Management Discussion & Analysis (MD&A) report but does not include the financial statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the financial statements

The Company's management are responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Independent Auditors' Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to

the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

Independent Auditors' Report (Continued)

- e) On the basis of the written representations received from the directors as on 31st March 2023 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls with respect to Financial Statements, refer to our separate Report in 'Annexure A'.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. As stated in Note 12.7 to the financial statements
 - (a) The final dividend proposed in the previous year, declared and paid by the company during the year is in accordance with Section 123 of the Act.
 - (b) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the member at the ensuing Annual General meeting. The amount of dividend proposed is in accordance with section 123 of the act, as applicable.
- vi. Proviso to Rule 3 (1) of the companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the

Independent Auditors' Report (Continued)

company with effect from April 1, 2023 and accordingly, reporting under Rule 11 (g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. With respect to the matter to be included in the Auditor's Report under Section 197(16):

In our opinion and according to the information and explanation given to us, during the current year, the remuneration paid by the Company to its Directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any Director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us

3. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

For Manubhai & Shah LLP
Chartered Accountants
FRN 106041W/W100136

CA Ashish Shah
Partner

Mumbai,
Date: April 18, 2023

Membership No: 103750
UDIN: 23103750BGVVPY8410

Annexure - A to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **HDFC Holdings Limited** ("the Company") as of 31st March 2023 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

Annexure - A to the Independent Auditors' Report (Continued)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to

financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

For Manubhai & Shah LLP

Chartered Accountants

FRN 106041W/W100136

CA Ashish Shah

Partner

Membership No: 103750

UDIN: 23103750BGGVVPY8410

Mumbai,

Date: April 18, 2023

Annexure B referred to in paragraph 2 Our Report of even date to the members of HDFC Holdings Limited on the accounts of the company for the year ended 31st March, 2023

i. The Company does not have any Property, Plant and Equipment or Intangible Assets and accordingly, reporting under sub clause (a) to (e) of clause (i) of paragraph 3 of the Order is not applicable (Refer Note 29 of the Financial Statement).

ii. The Company is a non-banking non deposit taking finance company and primarily invests in unlisted shares of companies, bonds and mutual funds. Accordingly, it does not hold any inventories. Thus, paragraph 3 (ii) (a) and (b) of the Order is not applicable to the Company.

iii. According to the information and explanations given to us, the investments made by the Company during the year are not prejudicial to the interest of the Company.

During the year, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, reporting under other relevant clauses of paragraph 3(iii) of the Order is not applicable.

iv. According to the information and explanations given to us, the provisions of section 185 of the Act are not applicable to the Company. Further, the Company has complied with the provisions of section 186 of the Act.

v. According to the information and explanations given to us, the Company has not accepted any deposits. Thus, paragraph 3 (v) of the Order is not applicable to the Company.

vi. As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act to the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, Value added tax, wealth tax, service tax, Goods and

Services Tax, duty of customs, duty of excise, cess and other material statutory dues, as applicable, with the appropriate authorities.

According to the information and explanations given to us and the records of the Company examined by us, in our opinion, no material undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Goods and Services Tax, Custom Duty, Excise Duty, value added tax, cess and any other material statutory dues, as applicable, were in arrears as at last day of financial year for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records, there are no dues of service tax, goods and services tax, cess and other material statutory dues as on 31 March 2023 that have not been deposited on account of any dispute. Except, the following dues of income tax have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	37	F.Y. 2016-17	Commissioner of Income Tax (Appeals) (Mumbai)

viii. We have not come across any transaction which were previously not recorded in the books of account of the Company that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (Refer Note 29 of the Financial Statement).

ix. In our opinion and according to the information and explanations given to us, the Company has not taken any loan or borrowing. Thus, sub clause (a) to (f) of paragraph 3 (ix) of the Order is not applicable to the Company.

Annexure B referred to in paragraph 2 Our Report of even date to the members of HDFC Holdings Limited on the accounts of the company for the year ended 31st March, 2023 (Continued)

- x. In our opinion and according to the information and explanations given to us, the Company has neither raised any money by way of initial public offer, further public offer (including debt instrument) nor made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible). Thus, paragraph 3 (x) (a) & (b) of the Order is not applicable to the Company.
- xi. a) During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor we have been informed of any such instance by the Management.
b) No report under section 143(12) of the Act has been filed with the Central Government by the auditors of the Company in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, during the year or up to the date of this report.
c) According to the information and explanations given to us, there are no whistle blower complaints received by the Company during the year and up to the date of this report.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as prescribed under section 406 of the Act. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.
- xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements (Refer Note 19 of the Financial Statement) as required by the applicable accounting standards.
- xiv. a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business
b) We have considered the Internal Audit Reports of the Company issued till date, for the period under audit
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- xvi. a) According to the information and explanation given to us, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the Certificate of registration dated 14 February 1998.
b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without having a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934
c) The Company is not a Core Investment Company (CIC) as defined in Core Investment Companies (Reserve Bank) Directions, 2016 ("Directions") by the Reserve Bank of India. Accordingly, reporting under clause (xvi)(c) and (d) of paragraph 3 of the Order are not applicable.
- xvii. The Company has not incurred cash losses in the current and the immediately preceding financial year.
- xviii. The statutory auditors of the Company resigned during the current year for personal reasons. No issues, objections or concerns were raised by the outgoing auditors
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and

Annexure B referred to in paragraph 2 Our Report of even date to the members of HDFC Holdings Limited on the accounts of the company for the year ended 31st March, 2023 (Continued)

management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which cause us to believe that any material uncertainty exists as on the date of this audit report and that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. According to the information and explanations given to us and based on our examination of the records of

the Company, There are no unspent amount towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Act in compliance with second proviso to section 135(5) of the said Act. Hence, reporting under sub clause (a) and (b) of clause (xx) of paragraph 3 of the Order is not applicable

For Manubhai & Shah LLP
Chartered Accountants
FRN 106041W/W100136

CA Ashish Shah
Partner

Mumbai,
Date: April 18, 2023

Membership No: 103750
UDIN: 23103750BGVVPY8410

Balance Sheet as at 31 March 2023

Particulars	Note	As at March 31, 2023	₹ In Lakhs As at March 31, 2022
ASSETS			
Financial assets			
Cash and cash equivalents	5	17.40	13.66
Investments	6	28,118.60	24,532.86
Other financial assets	7	1.60	1.60
Total Financial Assets		28,137.60	24,548.12
Non-Financial assets			
Current Tax Assets (Net)	8	175.43	175.44
Other non-financial assets	9	0.34	0.36
Total Non-Financial Assets		175.77	175.80
Total Assets		28,313.37	24,723.92
EQUITY AND LIABILITIES			
LIABILITIES			
Financial Liabilities			
Payables	10		
(A) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		0.02	0.02
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		9.97	9.15
Total Financial Liabilities		9.99	9.17
Non-Financial Liabilities			
Current tax liabilities (Net)	8	41.46	51.55
Deferred tax liabilities (Net)	8	700.35	68.23
Other Non-financial Liabilities	11	0.10	1.44
Total Non-Financial Liabilities		741.91	121.22
Total liabilities		751.90	130.39
EQUITY			
Equity share capital	12	180.01	180.01
Other equity	13	27,381.46	24,413.52
Total equity		27,561.47	24,593.53
Total equity and liabilities		28,313.37	24,723.92

See accompanying notes which form an integral part of financial statements

As per our report attached of even date
For Manubhai & Shah LLP
Chartered Accountants
ICAI Firm Registration No. 106041W/W100136
CA Ashish Shah
Partner
Membership No.: 103750
MUMBAI,
April 18, 2023

For and on behalf of the Board of Directors
HDFC Holdings Limited

Conrad D'Souza
(DIN: 00010576)

Sudhir Kumar Jha
(DIN: 07130697)

Statement of Profit and Loss for the Year ended March 31, 2023

Particulars	Note	₹ In Lakhs	
		Year ended March 31, 2023	Year ended March 31, 2022
Revenue from Operations			
Interest Income	14	252.49	271.99
Dividend Income	15	303.52	311.87
Net gain on fair value changes	16	966.61	2,864.52
Total Revenue from Operations		1,522.62	3,448.38
Other Income		0.43	11.15
Total Income		1,523.05	3,459.53
Expenses			
Employee benefit expense	17	13.18	8.33
Other expenses	18	67.62	51.53
Total expenses		80.80	59.86
Profit before Tax		1,442.25	3,399.67
Tax expense			
- Current tax		62.00	251.99
- Deferred tax		6.05	(1.61)
- Short/(Excess) provision of earlier years		0.71	(2.97)
Total tax expense	8	68.76	247.41
Net Profit After Tax		1,373.49	3,152.26
Other comprehensive income			
(A) Items that will not be reclassified to profit or loss			
(i) Changes in fair value of:			
Equity Instruments through Other Comprehensive Income		1,953.28	(2,822.97)
Preference Shares through Other Comprehensive Income		447.25	630.23
(ii) Income tax relating to items that will not be reclassified to profit or loss		(626.07)	164.54
Other Comprehensive Income		1,774.46	(2,028.20)
Total Comprehensive Income for the year		3,147.95	1,124.06
Earnings per equity share	22		
Basic (₹)		76.30	175.12
Diluted (₹)		76.30	175.12
See accompanying notes which form an integral part of financial statements			

As per our report attached of even date
For **Manubhai & Shah LLP**
Chartered Accountants
ICAI Firm Registration No. 106041W/W100136
CA Ashish Shah
Partner
Membership No.: 103750
MUMBAI,
April 18, 2023

For and on behalf of the Board of Directors
HDFC Holdings Limited

Conrad D'Souza
(DIN: 00010576)

Sudhir Kumar Jha
(DIN: 07130697)

Statement of Changes in Equity for the year ended March 31, 2023

A. EQUITY SHARE CAPITAL

₹ In Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the current reporting period	180.01	180.01
Changes in Equity Share Capital due to prior period errors	—	—
Restated balance at the beginning of the current reporting period	180.01	180.01
Changes in equity share capital during the current year	—	—
Balance at the end of the current reporting period	180.01	180.01

B. OTHER EQUITY

₹ In Lakhs

Refer Note 26

Particulars	Securities Premium	General Reserve	Retained Earnings	Special Reserve u/s 45-IC of RBI Act, 1934	Other Comprehensive Income	Total
Balance as at April 1, 2021	10,050.00	1,121.20	6,252.12	4,783.93	2,432.28	24,639.53
Changes in accounting policy/prior period errors	—	—	—	—	—	—
Restated balance at the beginning of the reporting period	10,050.00	1,121.20	6,252.12	4,783.93	2,432.28	24,639.53
Profit for the year transferred to retained earnings (a)	—	—	3,152.24	—	—	3,152.24
Other Comprehensive Income for the year (b)	—	—	—	—	(2,028.20)	(2,028.20)
Total Comprehensive Income for the year (a+b)	—	—	3,152.24	—	(2,028.20)	1,124.04
Transfer to Special Reserve u/s 45-IC of RBI Act, 1934	—	—	(630.45)	630.45	—	—
Transfer of Profit on Sale of Investments carried at FVOCI to Retained Earnings	—	—	—	—	—	—
FINAL Dividend paid	—	—	(1,350.05)	—	—	(1,350.05)
Balance as at March 31, 2022	10,050.00	1,121.20	7,423.86	5,414.38	404.08	24,413.52

₹ In Lakhs

Particulars	Securities Premium	General Reserve	Retained Earnings	Special Reserve u/s 45-IC of RBI Act, 1934	Other Comprehensive Income	Total
Balance as at April 1, 2022	10,050.00	1,121.20	7,423.86	5,414.38	404.08	24,413.52
Changes in accounting policy/prior period errors	—	—	—	—	—	—
Restated balance at the beginning of the reporting period	10,050.00	1,121.20	7,423.86	5,414.38	404.08	24,413.52
Profit for the year transferred to retained earnings (a)	—	—	1,373.49	—	—	1,373.49
Other Comprehensive Income for the year (b)	—	—	—	—	1,774.46	1,774.46
Total Comprehensive Income for the year (a+b)	—	—	1,373.49	—	1,774.46	3,147.95
Transfer to Special Reserve u/s 45-IC of RBI Act, 1934	—	—	(274.70)	274.70	—	—
Transfer of Loss on Sale of Investments carried at FVOCI to Retained Earnings	—	—	(395.24)	—	395.24	—
FINAL Dividend paid	—	—	(180.01)	—	—	(180.01)
Balance as at March 31, 2023	10,050.00	1,121.20	7,947.40	5,689.08	2,573.78	27,381.46

See accompanying notes which form an integral part of financial statements

As per our report attached of even date

For **Manubhai & Shah LLP**

Chartered Accountants

ICAI Firm Registration No. 106041W/W100136

CA Ashish Shah

Partner

Membership No.: 103750

MUMBAI,
April 18, 2023

For and on behalf of the Board of Directors

HDFC Holdings Limited

Conrad D'Souza

(DIN: 00010576)

Sudhir Kumar Jha

(DIN: 07130697)

Statement of Cash flow for the year ended March 31, 2023

Particulars	Note No.	₹ In Lakhs	
		Year Ended March 31, 2023	Year Ended March 31, 2022
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		1,442.25	3,399.67
Add/(Less) : Adjustments for			
Gain on Investments measured at Fair Value through Profit and Loss (Net)	16	(966.61)	(2,864.52)
Interest income	14	(252.49)	(271.99)
Other Interest		—	(2.33)
Dividend income		(303.52)	(311.87)
Operating cashflow before Working Capital changes		(80.37)	(51.04)
Add/(Less) : Adjustments for			
(Increase)/decrease in Financial Assets and Non Financial Assets		0.02	(0.31)
(Increase)/decrease in Financial Liabilities and Non Financial Liabilities		(0.52)	(0.79)
Cash generated from Operations		(80.87)	(52.14)
Interest received	14	301.54	279.59
Dividend Received	15	39.05	0.65
Income tax refund received		—	31.12
Income tax paid		(72.80)	(240.87)
Redemption/(Investments) in Mutual Funds (Net)		(422.05)	3,746.42
Net cash used in operating activities		(235.13)	3,764.77
B. CASH FLOW FROM INVESTING ACTIVITIES			
Investments purchased	6	(3,375.52)	(3,530.95)
Sale of Investments	6	3,794.40	1,112.95
Net cash generated from investing activities		418.88	(2,418.00)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(180.01)	(1,350.05)
Net cash used in financing activities		(180.01)	(1,350.05)
Net increase/(Decrease) in cash and cash equivalents (A+B+C)		3.74	(3.28)
Cash and cash equivalents as at the beginning of the year	5	13.66	16.95
Cash and cash equivalents as at the end of the year		17.40	13.67
Reconciliation of Cash and cash equivalents with the Balance Sheet:			
Cash and bank balance as per Balance Sheet	5	17.40	13.66
Less: Balances not considered as Cash and cash equivalents		—	—
Cash and cash equivalents as at the end of the year	5	17.40	13.66
See accompanying notes which form an integral part of financial statements			

As per our report attached of even date

For Manubhai & Shah LLP

Chartered Accountants

ICAI Firm Registration No. 106041W/W100136

CA Ashish Shah

Partner

Membership No.: 103750

MUMBAI,
April 18, 2023

For and on behalf of the Board of Directors

HDFC Holdings Limited

Conrad D'Souza

(DIN: 00010576)

Sudhir Kumar Jha

(DIN: 07130697)

Notes forming part of the Financial Statements for the year ended March 31, 2023

1. Company Overview

HDFC Holdings Limited ('the Company') was incorporated in 2000 as the wholly owned subsidiary of Housing Development Finance Corporation Limited ('the Parent') having its registered office at Ramon House, H T Parekh Marg, Churchgate, Mumbai 400 020. The principal business is making investments in equity shares, preference shares, venture funds, mutual funds and other securities. The Company is a Systematically Important Non Deposit Accepting Non-Banking Finance Company registered with the Reserve Bank of India(RBI).

2. Basis of Preparation and Presentation

2.1 Statement of compliance and basis of preparation and presentation

The financial statements ("financial statements") have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the Reserve Bank of India ("RBI") to the extent applicable.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

Amounts in the financial statements are presented in Indian Rupees in lakhs rounded off to two decimal places. Per share data are presented in Indian Rupee rounded off to two decimal places. The Company presents its Balance Sheet in the order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 23.

Accounting policies have been consistently applied except where a newly-issued Ind AS is initially adopted or a revision to an existing Ind AS requires a change in the accounting policy hitherto in use.

Further, the Company has opted not to prepare Consolidated Financial Statements (CFS) as its Holding Company shall be preparing CFS that will be available for public use and comply with Ind AS.

2.2 Functional and presentation currency

The financial statements are presented in Indian Rupees (₹) which is the functional and the presentation currency of the Company and all values are rounded to the nearest rupee in lakhs with two decimals, except when otherwise indicated.

2.3 Basis of Measurement

The financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair values.

A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the Company.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

Fair value measurements under Ind AS are categorised into fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access on measurement date.
- Level 2 inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 where unobservable inputs are used for the valuation of assets or liabilities.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. The application of accounting policies that require critical accounting estimates involve complex and subjective judgments and the use of assumptions. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The preparation of the financial statements in conformity with Indian Accounting Standards ("Ind AS") requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.4.1 Fair Valuation of Investments (other than Investment in Subsidiaries and Associates)

Some of the Company's Investments (other than Investment in Subsidiaries and Associates) are measured at fair value. In determining the fair value of such Investments, the Company uses quoted prices (unadjusted) in active markets for identical assets or based on inputs which are observable either directly or indirectly. However in certain cases, the Company adopts valuation techniques and inputs which are not based on market data. When market observable information is not available, the Company has applied appropriate valuation techniques and inputs to the valuation model.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

Information about the valuation techniques and inputs used in determining the fair value of Investments are disclosed in Note 24.

2.4.2 Income Taxes:

The Company's tax jurisdiction is in India. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for certain tax positions.

2.4.3 Impairment on Financial Assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

3. Significant Accounting Policies

3.1 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

(i) Interest income

Interest income on financial instruments at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate (EIR) applicable. Interest on financial instruments measured as at fair value is included within the fair value movement during the period.

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount. The future cash flows are estimated taking into account all the contractual terms of the instrument. For financial assets measured at FVTPL, transaction costs are recognised in profit or loss at initial recognition.

Interest on Income tax refund is accounted when the same is received.

(ii) Dividend income

Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

3.2 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets:

3.2.1 Recognition and Initial measurements:

Financial assets and liabilities are initially recognised on the trade date, i.e. the date that the Company becomes a party to the contractual provisions of the instrument.

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL are recognised immediately in profit or loss.

3.2.2 Classification and subsequent measurement

Financial Assets

The Company classifies and measures all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either

- Amortised cost
- FVTPL
- FVTOCI

Amortised cost

The Company measures cash and bank balances, trade receivables, investments in debt securities and other financial assets at amortised cost. The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

Business Model assessment

The Company determines the business model at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company considers all relevant information available when making the business model assessment. The Company takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

Solely Payments of Principal and Interest (SPPI Test):

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that meets the SPPI test on the principal outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

Based on above, the Company has classified its investment in debentures as investments held at amortised cost and intends to hold them till maturity.

FVTOCI

Financial assets at FVTOCI are:

- The asset is held within a business model whose objective is to hold and sell assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in Other Comprehensive Income.

The company has elected to classify its investments in equity shares as fair value through OCI as the same are not held for trading purposes and meet the definition of Equity under Ind AS 32 Financial Instruments : Presentation.

FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in statement of profit and loss.

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

Subsequent Measurement and gains and losses:

For purposes of subsequent measurement, financial assets are classified in three categories:

- Debt Instruments at Amortised Cost:

A 'debt instrument' is measured at the amortised cost, if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

- **Mutual funds at fair value through profit or loss (FVTPL):**

These assets are subsequently measured at fair value. Net gain and losses, including dividend income, are recognised in statement of profit and loss.

- **Equity instruments measured at Fair Value through Other Comprehensive Income (FVTOCI):**

Gains and losses on equity instruments at FVOCI are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI.

Equity instruments at FVOCI are not subject to an impairment assessment.

Financial Liabilities and Equity instruments

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are classified as measured at amortised cost.

Subsequent measurement and gains and losses

Financial liabilities, which are classified as measured at amortised cost are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

3.2.3 Reclassifications

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets.

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

3.2.4 Derecognition of financial instruments

Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial assets.

In respect of certain investments changes in Fair value of which is recognised in Other Comprehensive income, the company transfers amount therefrom to retained earnings when the relevant investments are derecognised.

Financial Liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.2.5 Impairment of Financial assets

The Company assesses loss allowances for Expected Credit Losses on the following financial instruments that are not measured at FVTPL:

- Debt instruments carried at Amortised Cost
- Other Financial Assets

The Company performs an assessment at the end of each reporting period whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instruments.

Debt instruments that are subsequently measured at amortised cost are subject to impairment. Equity instruments at FVOCI are not subject to an impairment assessment.

3.3 Cash and cash equivalents

Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short-term deposits with banks (with an original maturity of three months or less from the date of placement) and cheques on hand. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

3.4 Dividends on ordinary shares

The Company recognises a liability to make cash to equity holders of the Company when the dividend is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, an interim dividend is authorised when it is approved by the Board of Directors and final dividend is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

3.5 Provisions and contingencies

Provisions are recognised only when:

- (i) An entity has a present obligation (legal or constructive) as a result of a past event; and
- (ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) A reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows.

Contingent liability is disclosed in case of:

- (i) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- (ii) A present obligation arising from past events, when no reliable estimate is possible.

Provisions and contingent liabilities are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent Assets:

Contingent assets are not recognised in the financial statements. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are reviewed at each Balance Sheet date.

3.6 Foreign currencies

- (i) Functional currency of the Company and foreign operations has been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.
- (ii) Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the year-end. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

3.7 Taxes on Income

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss.

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date, and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Significant accounting estimates and judgements are involved in determining the tax charge for the year which includes an interpretation of local tax laws, judicial pronouncements and an assessment whether the tax authorities will accept the position taken. These judgements, also, take account of external advice, wherever appropriate, and the company's view on settling with the tax authorities.

The Company provides for current tax liabilities at the best estimate that is expected to be paid to the tax authorities where an outflow is probable. In making these estimates, the Company assumes that the tax authorities will examine all the amounts reported to them and have full knowledge of all the relevant information.

3.8 Goods and Services Input Tax Credit

Goods and Services tax input credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is a possibility of further supply of output services.

3.9 Securities premium

Securities premium is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of shares and issue expenses of securities which qualify as equity instruments.

3.10 Investments in Subsidiaries, Joint Ventures and Associates

Investments in Subsidiaries and Associates are measured at cost as per Ind AS 27 – Separate Financial Statements.

3.11 Earnings per share

Basic earnings per share have been computed by dividing net income by the weighted average number of shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

the fraction paid up. Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

3.12 Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- i. changes during the period in operating receivables and payables transactions of a non-cash nature;
- ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates and joint ventures; and
- iii. All other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

4. Scheme of Amalgamation

The Board of Directors of the Company at its meeting held on the April 3, 2022, approved the composite scheme of amalgamation of: (a) HDFC Holdings Limited and the Company with and into the Housing Development Finance Corporation Limited (the Corporation); and (b) the Corporation with and into HDFC Bank Limited (the Bank). Further, the aforesaid scheme of amalgamation has received approvals respective shareholders and secured creditors as directed by the Hon'ble National Company Law Tribunal (NCLT) vide order dt. October 14, 2022. NCLT, in accordance with sections 230 to 232 of the Companies Act, 2013 and rules made thereunder, has vide its order dated March 17, 2023 sanctioned the scheme.

The Company is still under process of obtaining of seeking the remaining approvals/permissions and accordingly the scheme is not yet effective.

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

5 Cash And Cash Equivalents

₹ In Lakhs

Particulars

As at
March 31, 2023

As at
March 31, 2022

Balances with banks (In Current Accounts)

17.40 13.66

Total**17.40 13.66**

6 Investments

₹ In Lakhs

Investments	As at March 31, 2023						
	Amortised cost	At Fair Value			Sub-Total	Others*	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			
	(1)	(2)	(3)	(4)	(6)=(2)+(3)+(4)	(5)	(7)=(1)+(5)+(6)
Mutual funds	—	—	6,372.41	—	6,372.41	—	6,372.41
Equity shares	—	7,971.25	—	—	7,971.25	—	7,971.25
Equity Shares - Subsidiaries	—	—	—	—	—	20.03	20.03
Equity Shares - Associates	—	—	—	—	—	2.50	2.50
Preference shares	—	4,470.04	—	—	4,470.04	—	4,470.04
Tax Free Bonds	1,926.96	—	—	—	—	—	1,926.96
Investment in Units of Alternate Investment funds	—	—	7,355.41	—	7,355.41	—	7,355.41
Total - Gross (A)	1,926.96	12,441.29	13,727.82	—	26,169.11	22.53	28,118.60
(i) Investments outside India	—	3,151.00	—	—	3,151.00	20.03	3,171.03
(ii) Investments in India	1,926.96	9,290.29	13,727.82	—	23,018.11	2.50	24,947.57
Total (B)	1,926.96	12,441.29	13,727.82	—	26,169.11	22.53	28,118.60
Less: Allowance for Impairment loss (C)	—	—	—	—	—	—	—
Total - Net (D)= (A)-(C)	1,926.96	12,441.29	13,727.82	—	26,169.11	22.53	28,118.60

* Others includes Investment in subsidiaries and associates which have been carried at Deemed Cost.

₹ In Lakhs

Investments	As at March 31, 2022						
	Amortised cost	At Fair Value			Sub-Total	Others*	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			
	(1)	(2)	(3)	(4)	(6)=(2)+(3)+(4)	(5)	(7)=(1)+(5)+(6)
Mutual funds	—	—	6,033.48	—	6,033.48	—	6,033.48
Equity shares	—	6,127.79	—	—	6,127.79	—	6,127.79
Equity Shares - Subsidiaries	—	—	—	—	—	20.03	20.03
Equity Shares - Associates	—	—	—	—	—	2.50	2.50
Preference shares	—	2,822.98	—	—	2,822.98	—	2,822.98
Debentures	3,476.01	—	—	—	—	—	3,476.01
Investment in Units of Alternate Investment funds	—	—	6,050.07	—	6,050.07	—	6,050.07
Total - Gross (A)	3,476.01	8,950.77	12,083.55	—	21,034.32	22.53	24,532.86
(i) Investments outside India	—	2,708.00	—	—	2,708.00	20.03	2,728.03
(ii) Investments in India	3,476.01	6,242.77	12,083.55	—	18,326.32	2.50	21,804.83
Total (B)	3,476.01	8,950.77	12,083.55	—	21,034.32	22.53	24,532.86
Less: Allowance for Impairment loss (C)	—	—	—	—	—	—	—
Total - Net (D)= (A)-(C)	3,476.01	8,950.77	12,083.55	—	21,034.32	22.53	24,532.86

* Others includes Investment in subsidiaries and associates which have been carried at Deemed Cost.

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

7 Others Financial Assets

₹ In Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Security Deposits - Unsecured; considered good	1.60	1.60
Total	1.60	1.60

8 Current and Deferred Taxes

8.1 Current Tax Liabilities (Net)

₹ In Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Tax (Net of Advance Tax)	41.46	51.55
	41.46	51.55

8.2 Current Tax Assets (Net)

₹ In Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Advance Tax (Net of Provision)	175.43	175.44
Total	175.43	175.44

8.3 Deferred Tax Asset/(Liability)

The major components of deferred tax assets and liabilities are :

₹ In Lakhs

Particulars	As at March 31, 2023		As at March 31, 2022	
	Assets	Liabilities	Assets	Liabilities
a) Deferred tax liability	—	700.35	—	68.23
Total	—	700.35	—	68.23
Net Deferred Tax Liability	—	(700.35)	—	(68.23)

8.4 Movements in deferred tax (Liabilities)

₹ In Lakhs

Particulars	Financial assets at FVTPL	Financial assets at FVOCI	Total
As at April 01, 2021	3.11	231.27	234.38
Charged/(credited)			
- to profit or loss	(1.61)	—	(1.61)
- to other comprehensive income	—	(164.54)	(164.54)
As at March 31, 2022	1.50	66.73	68.23
Charged/(credited)			
- to profit or loss	6.05	—	6.05
- to other comprehensive income	—	626.07	626.07
As at March 31, 2023	7.55	692.80	700.35

In compliance with the Indian Accounting Standard (Ind AS) 12 relating to 'Accounting for Taxes on Income', the Company has recognised a debit of ₹ 6.05 Lakhs (Previous Year a credit of ₹ 1.61 Lakhs) in the Statement of Profit and Loss for the year ended March 31, 2023 towards deferred tax Liability (net) for the year, arising on account of timing differences.

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

8.5 Income Taxes relating to continuing operations

1. Income Tax recognised in profit or loss

Particulars	₹ In Lakhs	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Current Tax		
In respect of the current year	62.00	251.99
In respect of prior years	0.71	(2.97)
	62.71	249.02
Deferred Tax		
In respect of the current year	6.05	(1.61)
In respect of prior years	—	—
	6.05	(1.61)
Total Income tax expense recognised in the current year relating to continuing operations	68.76	247.41

2. Reconciliation of income tax expense of the year can be reconciled to the accounting profit as follows:

Particulars	₹ In Lakhs	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax	1,442.25	3,399.67
Income tax expense calculated at 25.168%	362.99	855.63
Effect of expenses that are not deductible in determining taxable profit	9.38	4.74
Effect of incomes which are taxed at different rates	(240.78)	(542.09)
Effect of incomes which are exempt from tax	(63.31)	(68.38)
Tax provision for earlier years	0.71	(2.97)
MAT Credit Written off	—	—
Others	(0.23)	0.48
Income tax expense recognised in statement of profit and loss	68.76	247.42

The evaluation of uncertain tax positions involves an interpretation of relevant tax laws which could be subject to challenge by the tax authorities and an assessment of whether the tax authorities will accept the position taken. The Company does not currently consider that assumptions or judgements made in assessing tax liabilities have a significant risk resulting in a material adjustment within the next financial year.

9 Other Non-Financial Assets

Particulars	₹ In Lakhs	
	As at March 31, 2023	As at March 31, 2022
Other Advances - Unsecured; Considered good	0.32	0.32
Prepaid Expenses - Unsecured; considered good	0.02	0.04
Total	0.34	0.36

Other Advances include ₹ 0.32 Lakh receivable from HDFC Investment Limited.

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

10 PAYABLES

I) TRADE PAYABLES

₹ In Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises	0.02	0.02
Total outstanding dues of creditors other than micro enterprises and small enterprises	9.97	9.15

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of Information available with the Company. The amount of principal and interest outstanding during the year is given below.

₹ In Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
a) Amount outstanding but not due as at year end	0.02	0.02
b) Amount due but unpaid as at the year end	—	—
c) Amounts paid after appointed date during the year	—	—
d) Amount of interest accrued and unpaid as at year end	—	—
e) The amount of further interest due and payable even in the succeeding year	—	—
	0.02	0.02

II) Trade Payables aging schedule

₹ In Lakhs

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	0.02	—	—	—	0.02
Others	9.97	—	—	—	9.97
Disputed dues - MSME	—	—	—	—	—
Disputed dues - Others	—	—	—	—	—

11 Other Non-financial Liabilities

₹ In Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory Remittances	0.10	1.44
Total	0.10	1.44

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

12 SHARE CAPITAL

	As at March 31, 2023	₹ In Lakhs As at March 31, 2022
AUTHORISED		
5,00,00,000 Equity Shares of ₹ 10 each	5,000.00	5,000.00
(Previous Year 5,00,00,000 Equity Shares of ₹ 10 each)		
	<u>5,000.00</u>	<u>5,000.00</u>
ISSUED, SUBSCRIBED AND FULLY PAID UP		
18,00,070 Equity Shares of ₹ 10 each	180.01	180.01
(Previous Year 18,00,070 Equity Shares of ₹ 10 each)		
	<u>180.01</u>	<u>180.01</u>

12.1 The Company has only one class of shares referred to as equity shares having Face Value of ₹ 10 each. Each shareholder of equity share is entitled to one vote per share.

12.2 The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting.

12.3 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the Shareholders.

12.4 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	₹ In Lakhs	Number	₹ In Lakhs
Equity shares outstanding as at the beginning of the year	18,00,070	180.01	18,00,070	180.01
Shares issued / allotted during the year	—	—	—	—
Equity shares outstanding as at the end of the year	18,00,070	180.01	18,00,070	180.01

12.5 Details of shareholders holding more than 5 percent shares in the Company are given below:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	₹ In Lakhs	Number	₹ In Lakhs
Housing Development Finance Corporation Limited (Promoter)	18,00,070	180.01	18,00,070	180.01

12.6 Details of promotor's holding in the Company are given below:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	₹ In Lakhs	Number	₹ In Lakhs
Housing Development Finance Corporation Limited	18,00,070	180.01	18,00,070	180.01

12.7 The Directors of the Company, have recommended a final dividend of ₹ 20 (Previous year ₹ 10) per equity share of face value of ₹ 10 each of the Company for the financial year 2022-23 in the Board of Directors meeting held on April 18, 2023.

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

12.8 the company does not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

12.9 relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and Companies Act has been complied with for such transactions and the transactions are not violative of the Prevention of Money-Laundering act, 2002.

13 OTHER EQUITY

Particulars	₹ In Lakhs	
	As at March 31, 2023	As at March 31, 2022
Securities Premium	10,050.00	10,050.00
General Reserve	1,121.20	1,121.20
Retained Earnings	7,947.40	7,423.86
Special Reserve I (U/s 45IC of RBI Act, 1934)	5,689.08	5,414.38
Other Comprehensive Income	2,573.78	404.08
TOTAL	27,381.46	24,413.52

Securities Premium Reserve: Securities premium reserve is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs, etc.

General Reserve: It is a free reserve which is created by appropriation from profits of the current year and/or undistributed profits of previous years, before declaration of dividend duly complying with any regulations in this regard.

Other Comprehensive Income: The Company has elected to recognise changes in the fair value of certain investments (net of deferred tax effects) in equity and preference securities in other comprehensive income. These changes are accumulated within the Other Comprehensive Income.

Special Reserve I (U/s 45IC of RBI Act, 1934): The Company is required to transfer an amount equal to 20% of the net profit after tax the year to the Special reserve account, in terms of section 45 IC(1) of the Reserve Bank of India Act, 1934, before any dividend is declared.

14 Interest Income

Particulars	₹ In Lakhs	
	For the year ended March 31, 2023	For the year ended March 31, 2022
On Financial Assets measured at Amortised Cost		
Interest income from investments	251.54	271.67
Other interest Income	0.95	0.32
Total	252.49	271.99

15 Dividend Income of ₹ 303.52 Lakh includes ₹ 1.55 Lakh (Previous year ₹ 0.65 lakhs) received from HDFC Bank Limited [Refer Note 19].

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)**16 Net gain/(loss) on fair value changes**

₹ In Lakhs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net gain on financial instruments at fair value through profit or loss - Investments	966.61	2,864.52
Fair Value changes:		
- Realised	23.59	309.50
- Unrealised	943.02	2,555.02
Total Net gain/(loss) on fair value changes	966.61	2,864.52

17 Employee Benefits Expenses

₹ In Lakhs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Deputation Cost	13.18	8.33
Total	13.18	8.33

18 Other Expenses

₹ In Lakhs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Filing Fees	0.12	0.09
Profession Tax	0.02	0.02
Auditors' Remuneration	9.95	9.86
Directors' Sitting Fees	10.62	9.44
Professional Fees	24.88	13.39
Miscellaneous Expenses	10.61	7.47
Custodian and Depository Charges	0.14	0.23
Corporate Social Responsibility Expenses	11.28	11.03
Total	67.62	51.53

Disclosures**1. Payments to auditors**

₹ In Lakhs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Audit Fees	3.50	3.50
ICFR Fees	1.00	1.00
Limited Reviews	1.50	1.86
Tax Matters	1.00	1.00
Other Matters and Certification	1.44	1.00
GST on Auditor's Remuneration	1.51	1.50
Total	9.95	9.86

- a) Auditor's Remuneration for the year ended March 31, 2022 comprises of remuneration of ₹ 2.16 Lakh paid to the previous auditor.

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

2. The details of amounts spent towards CSR are as under:

₹ In Lakhs

A. Gross amount required to be spent by the company during the year.	8.21
B. Amount approved by the Board to be spent during the year	11.28
C. Amount spent during the year on:	—
i) Construction / acquisition of any asset	—
ii) On purposes other than (i) above	11.28

D. Details of related party transactions, e.g., contribution to a trust/society/section 8 company controlled by the company in relation to CSR expenditure as per IndAS 24, Related Party Disclosures - ₹ Nil

E. Unspent amount as per Section 135 (5) - ₹ Nil

19 Related Party Transactions and Balances

As per the Accounting Standard on 'Related Party Disclosures' (IndAS - 24), the related parties of the Company are as follows:

(A) Holding Company	Housing Development Finance Corporation Ltd.
(B) Associate of Holding Company	HDFC Bank Limited
(C) Wholly owned Subsidiary	Griha Investments
(D) Entity over which control is exercised by Holding Company	H. T. Parekh Foundation
(E) Key Managerial Persons (where there are transactions)	Mr. Joseph Conrad D'Souza Mr. M Ramabhadran Mr. Sudhir Kumar Jha

₹ In Lakhs

Particulars	Holding Company		Wholly owned Subsidiary Company		Key Managerial Persons(KMP)		Associate of Holding Company	
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
Dividend received on equity shares	—	—	—	—	—	—	1.55	0.65
Dividend paid on equity shares	180.01	1,350.05	—	—	—	—	—	—
Sitting fees to KMP	—	—	—	—	9.00	8.00	—	—
Technology Support Charges	0.74	0.74	—	—	—	—	—	—
Reimbursement of GST on brand usage	0.67	0.04	—	—	—	—	—	—
Deputation cost	13.18	8.33	—	—	—	—	—	—
Investments - Equity Shares	—	—	20.03	20.03	—	—	2.50	2.50

20 Segment Reporting

The Company is engaged in the business of making investments. There being only one business segment and only one geographical segment, the said disclosure has not been made.

21 Contingent Liabilities

The undrawn commitment in respect of Venture funds is ₹ 2,363.52 Lakhs (Previous Year ₹ 2,804.06 Lakhs).

22 Earnings Per Share (EPS)

In accordance with the Indian Accounting Standard (Ind AS) 33 on 'Earnings Per Share':

The Basic Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares for the respective periods.

The Company has not issued any instruments that are potentially dilutive in nature. Hence, the basic and diluted EPS for the respective periods is same.

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

Particulars	Current Year	Previous Year
(a) Face value per share (₹)	10	10
(b) Profit after Taxation (₹ In Lakhs)	1,373.49	3,152.26
(c) Number of Equity Shares Outstanding	18,00,070	18,00,070
(d) Earnings Per Share (Basic and Diluted) (b)/(c) (₹)	76.30	175.12

23 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled.

₹ In Lakhs

	As at March 31, 2023			As at March 31, 2022		
ASSETS	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and cash equivalents	17.40	—	17.40	13.66	—	13.66
Investments	8,030.88	20,087.72	28,118.60	7,658.74	16,874.12	24,532.86
Other financial assets	—	1.60	1.60	—	1.60	1.60
Non-financial Assets						
Current tax asset	—	175.43	175.43	—	175.44	175.44
Other non-financial assets	—	0.34	0.34	—	0.36	0.36
Total Assets	8,048.28	20,265.09	28,313.37	7,672.40	17,051.52	24,723.92
LIABILITIES						
Financial Liabilities						
Trade Payables						
(i) total outstanding dues of micro enterprises and small enterprises	0.02	—	0.02	0.02	—	0.02
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	9.97	—	9.97	9.15	—	9.15
Non-Financial Liabilities						
Current tax liability	41.46	—	41.46	51.55	—	51.55
Deferred tax liabilities (Net)	—	700.35	700.35	—	68.23	68.23
Other Non-financial liabilities	0.10	—	0.10	1.44	—	1.44
Total liabilities	51.55	700.35	751.90	62.16	68.23	130.39
Net	7,996.73	19,564.74	27,561.47	7,610.24	16,983.29	24,593.53

24 Financial Instruments

24.1 Capital management

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period.

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

Capital to Risk Asset Ratio (CRAR)

Items	For the year ended March 31, 2023	For the year ended March 31, 2022
i) CRAR (%)	90.01%	100.62%
ii) CRAR - Tier I Capital (%)	90.01%	100.62%
iii) CRAR - Tier II Capital (%)	0.00%	0.00%
iii) Liquidity Coverage Ratio	Refer note below	

Note : Since, company does not have any borrowings and liquidity coverage ratio (LCR) is also not applicable to the company under RBI guidelines. Disclosure of LCR is not applicable.

24.2 Financial Risk management

The Company has to manage various risks associated with the investment business. These risks include Foreign exchange risk, interest rate risk and counterparty risk.

The Company manages its interest rate and currency risk in accordance with the guidelines prescribed therein.

24.3 Fair value measurements

Financial instruments by category

₹ In Lakhs

Particulars	March 31, 2023			March 31, 2022		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments						
Mutual funds	6,372.41	—	—	6,033.48	—	—
Equity shares	—	7,971.25	—	—	6,127.79	—
Preference Shares	—	4,470.04	—	—	2,822.98	—
Debentures	—	—	1,926.96	—	—	3,476.01
Investment in Units of Venture Capital Fund	7,355.41	—	—	6,050.07	—	—
Other Financial assets	—	—	1.60	—	—	1.60
Total financial assets	13,727.82	12,441.29	1,928.56	12,083.55	8,950.77	3,477.61
Financial liabilities						
Trade payables	—	—	9.99	—	—	9.17
Total financial liabilities	—	—	9.99	—	—	9.17

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

₹ In Lakhs

<i>Financial assets and liabilities measured at fair value - recurring fair value measurements - As at March 31, 2023</i>	Level 1	Level 2	Level 3	Total
Financial assets				
Financial Investments at FVTPL				
Mutual funds	6,372.41	—	—	6,372.41
Investment in Units of Venture Capital Fund	—	—	7,355.41	7,355.41
Financial Investments at FVTOCI				
Equity shares	1,509.65	—	6,461.60	7,971.25
Preference Shares	—	—	4,470.04	4,470.04
Total financial assets	7,882.06	—	18,287.05	26,169.11

₹ In Lakhs

<i>Financial assets and liabilities measured at fair value - recurring fair value measurements - As at March 31, 2022</i>	Level 1	Level 2	Level 3	Total
Financial assets				
Financial Investments at FVTPL				
Mutual funds	6,033.48	—	—	6,033.48
Investment in Units of Venture Capital Fund	—	—	6,050.07	6,050.07
Financial Investments at FVTOCI				
Equity shares	1,390.78	—	4,737.01	6,127.79
Preference Shares	—	—	2,822.98	2,822.98
Total financial assets	7,424.26	—	13,610.06	21,034.32

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

(ii) **Valuation technique used to determine fair value**

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparables method, recent transactions happened in the company and other valuation models.

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

The Company measures financial instruments, such as investments (other than equity investments in Subsidiaries, Joint Ventures and Associates) at fair values.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (adjusted/unadjusted) for identical assets. This category consists of quoted equity shares, mutual fund units and security receipts.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets, measured using inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e; as prices) or indirectly (i.e; derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There has been no transfers between Level 1, 2 and 3 for the year ended on March 31, 2023.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 March 2022 and 31 March 2023:

₹ In Lakhs				
Particulars	Unlisted equity securities	Preference Shares	Venture funds/ AIFs	Total
As at April 1, 2021	2,612.79	2,192.75	2,639.02	7,444.56
Acquisitions	2,000.01	—	1,530.94	3,530.95
Transfer out of Level 3 to Level 1	—	—	(679.85)	(679.85)
Disposal	—	—	—	—
Gains/losses recognised in profit or loss	—	—	2,559.96	2,559.96
Gains(losses) recognised in other comprehensive income	124.21	630.23	—	754.44
As at March 31, 2022	4,737.01	2,822.98	6,050.07	13,610.06
Acquisitions	0.17	1,199.81	415.54	1,615.52
Disposal	(110.00)	—	(7.54)	(117.54)
Transfer out of Level 3 to Level 1	—	—	—	—
Gains/losses recognised in profit or loss	—	—	897.35	897.35
Gains(losses) recognised in other comprehensive income	1,834.41	447.25	—	2,281.66
As at March 31, 2023	6,461.59	4,470.04	7,355.42	18,287.05
Unrealised gains/(losses) recognised in profit and loss related to assets and liabilities held at the end of the reporting period.				
As at March 31, 2022	—	—	2,559.96	2,559.96
As at March 31, 2023	—	—	897.35	897.35

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

₹ In Lakhs

Particulars	Fair value as at		Significant unobservable inputs*	Sensitivity	
	31 March 2023	31 March 2022		Favourable	Un-favourable
Unquoted equity shares	6,461.60	4,737.01	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 646.16 Lakh in FY23.	An adverse change in the Valuation Factor by 10% increases the fair value by ₹ 646.16 Lakh in FY23.
Convertible Preference Shares	4,470.04	2,822.98	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 447.00 Lakh in FY23.	An adverse change in the Valuation Factor by 10% increases the fair value by ₹ 447.00 Lakh in FY23.
Venture Funds/ Alternative Investment Funds	7,355.40	6,050.07	Net Asset Value	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 735.54 Lakh in FY23.	An adverse change in the Valuation Factor by 10% increases the fair value by ₹ 735.54 Lakh in FY23.

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Valuation Factor includes Equity Multiples such as Price to book value, Price to AUM ratio and EV/EBITDA Ratio.

Sensitivity data are calculated using a number of techniques, including analysing price dispersion of different price sources, adjusting model inputs to reasonable changes within the fair value methodology.

The carrying amounts of trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

Carrying value of Other Financial Asset approximates its fair value.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

(v) Valuation processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Directors and the audit committee (AC). Discussions of valuation processes and results are held between the Directors, AC and the valuation team at least once every three months, in line with the Company's quarterly reporting periods.

The main level 3 inputs used by the Company are derived and evaluated as follows:

- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the Company's internal credit risk management.
- Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

24.4 Fair value of the Financial Assets that are not measured at fair value

₹ In Lakhs

Particulars	As at 31 March 2023		As at 31 March 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets at amortised cost				
Debentures	1,926.96	2,211.48	3,476.01	3,719.85
Total financial assets	1,926.96	2,211.48	3,476.01	3,719.85

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair value of debentures (Tax free Bonds) has been derived as per the last traded price on Recognised Stock Exchange on which Bonds are traded.

24.5 Equity instruments held as FVOCI

₹ In Lakhs

Particulars	As at 31 March 2023	As at 31 March 2022
Feedback Infra Private Limited	—	—
Kaizen Management Advisors Private Limited	—	49.02
National E-Governance Services Limited	652.84	544.99
PeopleStrong HR Services Private Limited	1,489.98	1,436.92
Sewa Grih Rin Limited	2,318.60	706.07
Suryoday Small Finance Bank Limited	1,509.65	1,390.78
Online PSB Loans Limited	2,000.01	2,000.01
Legasis Private Limited - Equity	0.17	—
Total	7,971.25	6,127.79

24.6 Liquidity risk

(i) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for: all non-derivative financial liabilities, and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

₹ In Lakhs

Contractual maturities of financial liabilities March 31, 2023	0-1 years	1-3 years	3-5 years	>5 years	Total
Trade payables	9.97	—	—	—	9.97

₹ In Lakhs

Contractual maturities of financial liabilities March 31, 2022	0-1 years	1-3 years	3-5 years	>5 years	Total
Trade payables	9.15	—	—	—	9.15

24.7 Market Risk

24.7.1 Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions (investments). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

When making investments in overseas markets, the risk and return of the investment will be determined by:

- the volatility of the underlying investment and the return it provides in the local currency.
- the volatility of the foreign currency against the portfolio's base currency and the return of the foreign currency relative to the base currency.

The impact that exchange rate fluctuations have on profitability will vary. However, the company believes that it will be insignificant in most of the cases.

The Company's exposure to foreign currency risk at the end of the reporting period expressed as ₹ in lakhs, are as follows:

₹ In Lakhs

Particulars	March 31, 2023		March 31, 2022	
	USD	MUR	USD	MUR
Investments	3,151.00	20.03	2,708.00	20.03

24.8 Credit Risk

Credit risk means the risk of default wherein the issuer of such instruments is unable or unwilling to make further income and /or principal payments. The Company has made investments in certain debt securitites, interest income from whom are tax-free under the terms of such investments. These investments are issued by Companies owned and managed by Government of India and are assumed to be carrying no credit risk.

- 25** Disclosures pursuant to Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended) and RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20, to the extent applicable to the Company.

The Company has prepared financial statements for the year ended March 31, 2023, in accordance with Ind AS. The relevant disclosures have been made in accordance with the Principles of recognition and measurement as required under the Ind AS framework.

25.1 Capital to Risk Asset Ratio (CRAR)

Items	For the year ended March 31, 2023	For the year ended March 31, 2022
i) CRAR (%)	90.01%	100.62%
ii) CRAR - Tier I Capital (%)	90.01%	100.62%
iii) CRAR - Tier II Capital (%)	0.00%	0.00%
iv) Sub-ordinated debt raised as Tier II Capital	Nil	Nil
v) Amount raised by issue of perpetual debt	Nil	Nil

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

25.2 Investments

₹ In Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	19,150.59	19,303.64
(b) Outside India	719.45	719.44
(ii) Unrealised fair value gains under IndAS		
(a) In India	5,796.99	2,501.19
(b) Outside India	2,451.58	2,008.59
(iii) Net Value of Investments		
(a) In India	24,947.58	21,804.83
(b) Outside India	3,171.03	2,728.03
2) Movement of Unrealised fair value gains under Ind AS		
(i) Opening balance	4,509.78	4,147.49
(ii) Add: Increase in Fair value gains during the year	3,851.77	3,736.51
(iii) Less: Decrease in Fair value gains during the year	(112.98)	(3,374.22)
(iv) Closing Balance	8,248.57	4,509.78

* The total cost of investments is presented as the gross value of investments and the unrealised fair value gain represents the unrealised gain on investments from inception till date recognised under IndAS.

25.3 Exposure to Real Estate Sector

As on March 31, 2023 and during the current year, there is no exposure to Real Estate Sector. (Previous Year - Nil)

25.4 Asset Liability Management

Maturity pattern of certain items of assets and liabilities

₹ In Lakhs

As at March 31, 2023	1 day to 7 days	8 days to 14 days	15 days to 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	—	—	—	—	—	—	—	—	—	—	—
Advances	—	—	—	—	—	—	—	—	—	—	—
Borrowings	—	—	—	—	—	—	—	—	—	—	—
Foreign Currency Assets	—	—	—	—	—	—	—	—	—	—	—
Foreign Currency Liabilities	—	—	—	—	—	—	—	—	—	—	—
Advances	—	—	—	—	—	—	—	—	—	—	—
Investments	13.75	—	41.75	—	—	—	7,975.38	1,658.47	31.23	18,398.02	28,118.60

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

₹ In Lakhs

As at March 31, 2022	1 day to 7 days	8 days to 14 days	15 days to 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	—	—	—	—	—	—	—	—	—	—	—
Advances	—	—	—	—	—	—	—	—	—	—	—
Borrowings	—	—	—	—	—	—	—	—	—	—	—
Foreign Currency Assets	—	—	—	—	—	—	—	—	—	—	—
Foreign Currency Liabilities	—	—	—	—	—	—	—	—	—	—	—
Advances	—	—	—	—	—	—	—	—	—	—	—
Investments	13.75	—	41.75	—	—	—	7,603.24	1,658.47	31.23	15,184.42	24,532.86

25.5 The Company does not have any exposure to Derivatives including Forward Rate Agreements, Interest Rate Swaps and Exchange Traded Derivatives.

25.6 The Company has not securitised / assigned any of its exposures.

- (1) Company has not sold any financial asset to Securitisation/Reconstruction Company for Asset Reconstruction
- (2) The Company has not purchased/ sold non-performing financial assets

25.7 Exposure to Capital Market

₹ In Lakhs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	12,463.82	8,973.30
(ii) advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity - oriented mutual funds;	—	—
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	—	—
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares /convertible bonds/convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances;	—	—
(v) secured and unsecured advances to stock brokers and guarantees issued on behalf of stockbrokers and market makers;	—	—
(vi) loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	—	—
(vii) bridge loans to companies against expected equity flows/issues;	—	—
(viii) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	—	—

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(ix) Financing to stockbrokers for margin trading	—	—
(ix) Financing to stockbrokers for margin trading	—	—
(ix) All exposures to Alternative Investment Funds:		
(a) Category 1	6,031.98	5,023.07
(a) Category 2	1,323.43	1,027.00
(a) Category 3	—	—
TOTAL EXPOSURE TO CAPITAL MARKETS	19,819.23	15,023.37

25.8 The Company has not exceeded the Single Borrower Limit (SGL) and nor has exceeded the Group Borrower Limit (GBL).

25.9 Concentration of Deposits, Advances, Exposures and NPAs

25.9.1 The Company is a Non Deposit Accepting NBFC and as such, does not have any depositors. Further, the Company does not have made any borrowings and hence disclosures in relation to public disclosure on Liquidity risk under guideliness on Risk management framework is not made.

25.9.2 The Company has not made any Loans or Advances.

25.9.3 The Company has no assets which qualify to be Non Performing Assets. Accordingly, the disclosure on “Concentration of NPAs”, “Sector wise NPAs”, “Movement of NPAs” and other disclosures introduced by RBI vide ref no. DOR.No.BP.BC.63/21.04.048/2019-20 dt. April 17, 2020 are not applicable.

25.9.4 Exposure to Unsecured Advances as at March 31, 2023 was Nil (As at March 31, 2022 - Nil)

25.10 Overseas Assets

₹ In Lakhs

Name of the Joint Venture/Subsidiary	Other Partner in JV	Country	Total Assets Current Year	Total Assets Previous Year
Griha Investment	Not Applicable	Mauritius	20.03	20.03
TOTAL			20.03	20.03

25.10.1 The Company does not have any off-balance sheet SPVs.

26 Miscellaneous

26.1 Registration

Issuing Authority	Registration Number	Date of Registration	Valid upto	Registered As
Reserve Bank of India (RBI)	N-13.01337	May 15, 2000	Not Applicable	NBFC - ND

26.2 The RBI has in the past, not levied any penalties on the Company.

26.3 The Company has not issued any instruments, which require it to obtain a credit rating.

27 Additional Disclosures

27.1 Provisions and Contingencies

₹ In Lakhs

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Current Year	Previous Year
Provisions for depreciation on Investment [Refer note 25.2]	—	—
Provision towards NPA	—	—
Provision made towards Income tax	62.00	251.99
Other Provision and Contingencies (with details)	—	—
Provision for Standard Assets	—	—

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

27.2 The Company did not have any complaints at the beginning of the year; has not received any complaints during the year and thus there were no complaints pending at the end of the year.

27.3 **Schedule to the Balance Sheet of a Non Deposit taking Non Banking Financial Company [as required in terms of Paragraph 13 of Master Circular – “Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015” dated July 1, 2015, as amended upto November 26, 2015]**

₹ In Lakhs

	Particulars	Amount outstanding as at March 31, 2023	Amount overdue as at March 31, 2022
	Liabilities side :		
(1)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
(a)	Debentures :		
	Secured		
	Unsecured (other than falling within the meaning of public deposits*)	NIL	N.A.
(b)	Deferred Credits		
(c)	Term Loans		
(d)	Inter-corporate loans and borrowing	NIL	N.A.
(e)	Commercial Paper	NIL	N.A.
(f)	Other Loans (specify nature)	NIL	N.A.
	Sundry Creditors	9.99	9.17
	Other Liabilities	0.10	1.44

* Please see Note 1

₹ In Lakhs

	Assets side :	Amount outstanding as at March 31, 2023
(2)	Break-up of Loans and Advances including bills receivables [other than those included in (3) below] :	
(a)	Secured	NIL
(b)	Unsecured	NIL
(3)	Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities	
(i)	Lease assets including lease rentals under sundry debtors :	
(a)	Financial lease	NIL
(b)	Operating lease	NIL
(ii)	Stock on hire including hire charges under sundry debtors:	
(a)	Assets on hire	NIL
(b)	Reposessed Assets	NIL
(iii)	Other loans counting towards AFC activities	
(a)	Loans where assets have been reposessed	NIL
(b)	Loans other than (a) above	NIL

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

	Assets side :	Amount outstanding as at March 31, 2023
(4)	<u>Break-up of Investments :</u>	
	<u>Current Investments :</u>	
	1. Quoted :	
	(i) Shares: (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and Bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL
	2. Unquoted:	
	(i) Shares: (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and Bonds	NIL
	(iii) Units of mutual funds	6,372.41
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL
	<u>Long Term investments :</u>	
	1. Quoted:	
	(i) Shares: (a) Equity	2.50
	(b) Preference	NIL
	(ii) Debentures and Bonds	1,926.96
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (Please specify)	NIL
	2. Unquoted:	
	(i) Shares: (a) Equity	7,991.28
	(b) Preference	4,470.04
	(ii) Debentures and Bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (Please specify)	7,355.41

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

(5) **Borrower group-wise classification of assets financed as in (2) and (3) above:**

Please see Note 2

₹ In Lakhs

Category		Amount net of provisions as at March 31, 2023		
		Secured	Unsecured	Total
1.	Related Parties **			
	(a) Subsidiaries	Nil	Nil	Nil
	(b) Companies in the same Group	Nil	Nil	Nil
	(c) Other related parties	Nil	Nil	Nil
2.	Other than related parties	Nil	Nil	Nil
	Total			Nil

(6) **Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) [Please see Note 3] :**

₹ In Lakhs

	Category	Market Value/ Break up or fair value or NAV as at March 31, 2023	Book Value (Net of Provisions) as at March 31, 2023
1.	Related Parties **		
	(a) Subsidiaries	3,604.54	20.03
	(b) Companies in the same group	160.96	2.50
	(c) Other related parties	—	—
2.	Other than related parties	28,380.58	28,096.07
	Total	32,146.08	28,118.60

** As per Accounting Standard of ICAI (Please see Note III below)

(7) **Other information**

₹ In Lakhs

Particulars	Amount
Gross Non-Performing Assets	NA
(a) Related parties	NA
(b) Other than related parties	NA
Net Non-Performing Assets	NA
(a) Related parties	NA
(b) Other than related parties	NA
Assets acquired in satisfaction of debt	NA

Notes:

- I As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- II Provisioning norms shall be applicable as prescribed in Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016.
- III All Accounting Standards issued by the Ministry of Corporate Affairs and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.

28 Disclosures in relation to scale based regulations framework

Pursuant to circular DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 on 'Scale Based Regulation (SBR): A Revised Regulatory Framework' for NBFCs, RBI vide circular RBI/2022-23/26 DOR.ACC.REC.No. 20/21.04.18/2022-23 dated April 19, 2022 required certain disclosures.

A. Exposure

- i. **Exposure to real estate sector** - This disclosure is not made as the company is not into the business of granting loans and advances
- ii. **Exposure to capital market** - Refer note 25.7
- iii. **Sectoral exposure** - This disclosure is not made as the company is not into the business of granting loans and advances.
- iv. **Intra-group exposure** - Refer note 19 - Related party transactions and balances
- v. **Unhedged foreign exposure** - Refer note 24.7.1 - Foreign currency risk

B. Related party disclosure - Refer note 19 - Related party transactions and balances

C. Disclosure of complaints - This disclosure is not made as the company is not into the business of granting loans and advances.

29 Disclosures of Additional Regulatory Information required as per Schedule III Division III of the the Companies Act, 2013

- (i) The Company does not have any immovable properties.
- (ii) The Company does not have any intangible assets.
- (iii) The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are (refer note 19):
 - (a) repayable on demand or
 - (b) without specifying any terms or period of repayment
- (iv) The Company does not have Capital-Work-in Progress.
- (v) The Company does not have Intangible assets under development.
- (vi) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (vii) The Company does not have any borrowings from banks or financial institutions.
- (viii) The Company is not declared as wilful defaulter by any bank or financial Institution or other lender.
- (ix) The Company has not entered any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- (x) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (xi) The Company is in Compliance with number of layers of companies, as prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

Notes forming part of the Financial Statements for the year ended March 31, 2023 (Continued)

(xii) Ratios (Refer Note 24.1)

Items	For the year ended March 31, 2023	For the year ended March 31, 2022
i) CRAR (%)	90.01%	100.62%
ii) CRAR - Tier I Capital (%)	90.01%	100.62%
iii) CRAR - Tier II Capital (%)	0.00%	0.00%
iv) Liquidity Coverage Ratio*	Refer note below	

Note : Since, company does not have any borrowings and liquidity coverage ratio (LCR) is also not applicable to the company under RBI guidelines. Disclosure of LCR is not applicable.

- (xiii) During the period, no scheme of Arrangements has been approved by the competent Authority in terms of section 230 to 237 of the Companies Act, 2013, accordingly the aforesaid disclosure are not given, since there are no such transaction (Refer note 30)
- (xiv) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall;
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (xv) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall;
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (xvi) The Company does not have any transactions not recoded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessment under the in income tax Act, 1961.
- (xvii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

30 Previous Year Comparatives

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report attached of even date
For **Manubhai & Shah LLP**
Chartered Accountants
ICAI Firm Registration No. 106041W/W100136

CA Ashish Shah
Partner
Membership No.: 103750

MUMBAI,
April 18, 2023

For and on behalf of the Board of Directors
HDFC Holdings Limited

Conrad D'Souza
(DIN: 00010576)

Sudhir Kumar Jha
(DIN: 07130697)



GRIHA INVESTMENTS

A Wholly Owned Subsidiary of HDFC Holdings Limited

Seventeenth Annual Report 2022-2023

CORPORATE DATA			ADMINISTRATOR AND SECRETARY:		
	<i>Date of appointment</i>	<i>Date of resignation</i>	Apex Financial Services (Mauritius) Ltd		
DIRECTORS:			Apex House, Bank Street		
Keki Minoo Mistry	24 August 2007	—	TwentyEight, Cybercity		
Yuvraj Thacoor	11 June 2012	—	Ebène 72201		
Rubina Toorawa	14 April 2014	30 January 2023	MAURITIUS		
Bibi Resmah Choomka	13 April 2020	—	AUDITOR:		
Shah Ahmud Khalil Peerbocus	30 January 2023	—	Deloitte		
REGISTERED OFFICE:			7 th – 8 th Floor,		
Apex House			Standard Chartered Tower		
Bank Street			19-21 Bank Street, Cybercity		
TwentyEight			Ebène 72201		
Cybercity			MAURITIUS		
Ebène 72201			BANKER:		
MAURITIUS			SBI (Mauritius) Limited		
			7 th Floor, SBI Tower		
			Mindspace Building		
			Ebène		
			MAURITIUS		

Commentary of the Directors for the the year ended 31 March 2023

DIRECTORS' REPORT

The directors are pleased to present their report together with the audited financial statements of Griha Investments (the "Company") for the year ended 31 March 2023.

PRINCIPAL ACTIVITY

The principal activity of the Company is to act as investment manager to HIREF International LLC (the "Fund") and its Special Purpose Vehicles.

RESULTS

The results for the year are shown in the statement of profit or loss and other comprehensive Income and related notes.

DIRECTORS

The present membership of the Board is set out on page 224.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and the cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- maintain adequate accounting records and an effective system of internal control and risk management control;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business in the foreseeable future.
- maintain adequate accounting records and effective systems of internal controls and risk management.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

The auditor, **Deloitte**, has indicated its willingness to continue in office until the next Annual Meeting.

Corporate Governance Report for the the year ended 31 March 2023

The Board ensures that the Company is in compliance with the rules of the National Code of Corporate Governance (the “Code”) as issued by the National Committee on Corporate Governance on 13 February 2017 and which is effective as from reporting year ended 30 June 2018. The Board has on 11 April 2019 adopted a Corporate Governance Framework which is based on the eight principles of the Code. The Board considers that it has maintained appropriate policies and procedures during the year ended 31 March 2023 to ensure compliance with the Corporate Governance Framework of the Company.

The eight principles of the Code have been implemented as detailed below:

1) *Governance Structure*

The Company has obtained a Global Business Licence and an Authorisation letter (“Authorisation letter”) from the Financial Services Commission (“FSC”) on 26 July 2007. As part of the Corporate Governance Framework which the Board has adopted, the Company has also adopted a Board Charter, which clearly defines the role, function and objectives of the Board of Directors, the various committees in place, as well as that of the Administrator, Apex Financial Services (Mauritius) Ltd (“Apex”).

The Company has in place a Constitution which sets out the rules and regulations which it needs to abide along with other local laws and regulations.

In addition, in line with the Securities Act 2005 (“SA 2005”), the Company has adopted a Code of ethics on 14 March 2014. The Board reviews the suitability and effectiveness of the Code of ethics at least once year.

The Board acknowledges that it should lead and control the organisation and be collectively responsible for its long-term success, reputation and governance. In so doing, the Board assumes responsibility for meeting all regulatory and legal requirements.

The profiles of the Board of Directors are set out as follows:

Mr. Keki Minoo Mistry

Mr. Keki M. Mistry (DIN: 00008886) is the Vice Chairman & Chief Executive Officer of HDFC Limited (“the Corporation”). Mr. Mistry joined the Corporation in 1981. He was appointed as the Executive Director

of the Corporation in 1993, as the Deputy Managing Director in 1999 and as the Managing Director in 2000. He was re-designated as the Vice Chairman & Managing Director of the Corporation in October 2007. Mr. Mistry has been the Vice Chairman & Chief Executive Officer of the Corporation with effect from January 1, 2010. Mr. Mistry is also non-executive Chairman of HDFC ERGO General Insurance Company Limited. He is currently a Member of Primary Markets Advisory Committee set up by the Securities and Exchange Board of India (SEBI). He is the Chairman of the Sub-Group constituted by SEBI to ‘Review the Reverse Book Building Process and Review the Compulsory Delisting Framework Adopted by Stock Exchanges.’ Mr. Mistry was also the Chairman of the Sub-Group Constituted by SEBI to ‘Review the SEBI Buyback Regulations.’ He was a Member on the Committee of Corporate Governance set up by the SEBI in 2017. Mr. Mistry was the Chairman of the CII National Council of Corporate Governance for five years (2016-17 to 2017-18 and from 2019-20 to 2021-22). He was also a Member of the CII Economic Affairs Council for 2021-22. Mr. Mistry is a member of the Corporate Social Responsibility Committee of Directors and Risk Management Committee of the Corporation.

Mr. Yuvraj Thacoor

Mr. Thacoor is a Fellow of the Institute of Chartered Accountants in England and Wales, Member of The British Institute of Management, Associate of The Chartered Institute of Arbitrators, Member of The Mauritius Institute of Professional Accountants, Licensed Insolvency Practitioner and holds an Auditor’s License issued by the Financial Reporting Council. He has been working in the field of audit and advisory for over 43 years and was the Regional Head (Africa) for Grant Thornton International. He is currently the Director of Thacoor Advisory Services Ltd and Quantuma Mauritius.

Ms. Rubina Toorawa (Resigned on 30 January 2023)

Ms. Toorawa holds the position of Head of Apex Financial Services (Mauritius) Ltd (“Apex”). She is a Fellow of the Institute of Chartered Accountants in England and Wales and holds a BSc (Hons) from the University of Manchester. Prior to joining Apex in March 1999, she was a Senior Manager with PricewaterhouseCoopers (Mauritius), with particular

Corporate Governance Report for the the year ended 31 March 2023 (Continued)

exposure in the financial, textile and tourism sectors, including management of overseas projects financed by international financial institutions such as the World Bank. She had previously worked for KPMG (Manchester) for 6 years, where she specialized in the Banking and Finance sector and Value for Money audits. She has over 30 years' experience in accountancy, auditing, tax and consultancy. Her area of specialization is on fund structuring, set up and administration. She also serves as a director of global business companies and investment funds.

Ms. Bibi Resmah Choomka

Ms. Choomka, Associate Director at Apex, is a Fellow member of the Association of Chartered Certified Accountants, UK. She joined Apex in 2005 after graduating from the University of Mauritius with a BSc (Hons) in Accounting with Information Systems. She has led a number of units at Apex and secured wide ranging skills including in financial reporting, fund accounting, legal, tax, administration, Anti Money Laundering and corporate secretarial fields. Ms. Choomka also spearheaded the successful setting up of Apex CIS-Fund Accounting Unit in 2011, including coaching talents on a sophisticated IT platform. She was responsible for the daily operations of the unit covering inter alia Net Asset Value calculation, registrar, investor reporting, general accounting and financial reporting. After 2.5 years co-heading the CIS-Fund Accounting Unit team of 15 members, she moved to lead another team of 15 people having the responsibility for a portfolio of more than 130 entities, including collective investment schemes, close-end funds, investment holding companies and trusts.

Drawing on her experience in setting up new departments, Ms. Choomka had a lead role from client services side in the set-up of Apex's Centre of Excellence for financial reporting in 2018. She spent 2 years heading Apex's Centre of Excellence for financial reporting where she was responsible for Service Delivery Management, operational effectiveness of the team's financial reporting offering to all Apex's jurisdictions and managing a team of 25 members. Ms. Choomka was also involved in supporting project management, migration and deployment of certain strategic business initiatives of the group. Since April 2020, Ms. Choomka is heading a team of 21 persons

in the Closed-End Fund Unit of Apex and oversees a diversified portfolio of over 120 financial and non-financial services entities (principally closed-end funds). Ms. Choomka serves as director on a number of global business companies, including Funds.

Mr. Shah Ahmud Khalil Peerbocus

Mr. Peerbocus, Manager at Apex, is a Fellow of the Association of Chartered Certified Accountants, UK and graduated with a Bachelor of Science in Accounting and Finance (Hons) from the University of Mauritius. Prior to joining Apex (formerly known as International Financial Services Limited) in July 2003, he was with PricewaterhouseCoopers (Mauritius) in the Audit department. He has been with Apex for almost 19 years and has been exposed to the main areas of the industry including legal, tax, administration and corporate secretarial fields. He sits on the Board of a number of global business companies and financial services licence entities. He currently manages a team with a portfolio 90 companies. He has exposure on administration of domestic companies and leading the "Winding up and Liquidation Unit".

2) Structure of the Board and its Committees

The Board currently comprises of Messrs Keki Mistry, Yuvraj Thacoor and Shah Ahmud Khalil Peerbocus and Ms. Bibi Resmah Choomka. The Board meets as and when required to discuss routine and other significant matters so as to ensure that the directors maintain overall control and supervision of the Company's affairs. In line with the requirement of the Financial Services Act 2007, all the meetings of the Board have been attended by the 2 resident directors or alternates and in line with the Constitution of the Company, all Board meetings were quorate and have been held, chaired and minuted in Mauritius.

The Board of Directors meets at least once yearly. The following table shows the list of Board members and the number of Board meetings held during the year and the attendance of individual Directors.

The Company does not have a permanent Chairperson. In accordance with its constitution, a chairperson for each Board meeting is elected amongst the Directors present, provided that the Chairperson shall be a Director attending from Mauritius.

Corporate Governance Report for the the year ended 31 March 2023 (Continued)

No. of meetings held	Board	
Directors	Note:	
Mr. Yuvraj Thacoor	a	3
Mr. Shah Ahmud Khalil Peerbocus*	b	1
Ms. Resmah Choomka	b	7
Ms. Rubina Toorawa**	b	4
Mr. Keki Minoo Mistry	b	0

Note:

'a' – Independent Director

'b' – Non-Executive Director

*Appointed as director on the Board of Griha Investments on 30 January 2023

** Resigned from her position as director on the Board of Griha Investments on 30 January 2023

The Board is currently responsible for assessing the systems of internal controls regarding risk management, finance, accounting, financial reporting, and business practices and conduct as the Board assessed that there is currently no requirement to set up an Audit and Risk Committee.

To further assist the Board in its functions, the undermentioned committee has been set up and delegated with specific tasks:

- Tax Residence Certificate Committee

The minutes of the Committee meetings and decisions taken therein for the year under review have been duly reviewed and ratified by the Board.

3) Director Appointment Procedures

All prior appointment of directors have been effected in accordance with the Constitution of the Company subject to receipt of customer due diligence documents on the latter, in line with the Code of prevention of Money Laundering and Terrorist Financing, issued by the FSC. In addition, FSC approval has been duly received prior to the appointment of the above-mentioned directors.

Board succession planning ensures the systematic replacement of non-executive and independent board members. Succession planning is structured in line with term limits, planned retirements and emergency planning when unforeseen events occur, for example, if a Board member passes away. Board is not aware of anticipated vacancies due to term

limits or directors' plans for retirement. Non-executive board candidates are internally sourced to fill board positions and independent board candidates are identified from large talent pool of skilled independent directors in the industry. This method allows timeous identification of potential successors.

4) Directors Duties, Remuneration and Performance

The directors of the Company are aware of their duties under the Companies Act 2001 and the Constitution of the Company and exercise sufficient care, diligence and skills for the good conduct of the business.

The Board meets regularly (frequency depending on nature of business and operations) to discuss and approve the Company's operational, regulatory and compliance matters. The directors are provided appropriate notice and materials to help them in their decision-making.

The Company, in line with the SA 2005, has also adopted a Policy for Conflicts of interest and was last re-assessed by the Board on 22 April 2022.

All remuneration of the members have been duly approved by the Board before any disbursement has been done and is in line with agreements in place.

The Code encourages the Board to undertake a formal, regular and rigorous evaluation of its own performance and that of its Committees and individual Directors and produce a development plan on an annual basis.

Directors are able to express their views and concerns on whether the Board is fulfilling its legal and ethical role. No concerns were received on the performance of the Board, individual directors and its policies and procedures.

Code of Ethics

The transactions of the Company are carried out as per Company's Internal Control Manual and Code of Ethics and Conduct, applicable to all direct and indirect employees who deal with the matters of the Company.

5) Risk Management and Internal Control

The directors are responsible for maintaining an effective system of internal control and risk management.

Corporate Governance Report for the the year ended 31 March 2023 (Continued)

Day to day activities are undertaken by the Administrator, Apex Financial Services (Mauritius) Ltd ("Apex"), which needs to ensure that the necessary structures, processes and methods for identifying and monitoring any risks are in place. Hence, the Company relies on the internal controls of APEX which is subject to an internal control review and reporting by external auditors. On a yearly basis, an ISAE 3402 Type II Audit is conducted and a report is provided to senior management of Apex. The latest report was issued on 15 June 2022.

The Company has also contracted a Venture Capital Asset Protection insurance cover for its directors and officers from SICOM which is renewable every year. The current insurance policy is valid up to 1 May 2023.

6) *Reporting with Integrity*

The directors are responsible for preparing the audited financial statements of the Company on a yearly basis in accordance with applicable law and regulations. The financial statements have been prepared under the International Financial Reporting Standards, which is an accepted GAAP as per FSC circular dated 2 December 2014.

The financial statements of the Company for the year ended 31 March 2023 will be filed with the FSC within the statutory deadline, after the Board's approval.

The Board is currently responsible for assessing the systems of internal controls regarding risk management, finance, accounting, financial reporting, and business practices and conduct as the Board

assessed that there is currently no requirement to set up an Audit & Risk Committee.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the various risks faced by the Company. Further, risks and uncertainties are managed at the level of the board of Directors of the Company. Moreover, considering the size and nature of its business activities, the Company does not have a whistle blowing policy in place. Instead, all Company affairs are addressed to the Board of Directors of the Company.

Since the Company has a limited number of customers, it is not commercially required to have a website.

7) *Audit*

In line with the Financial Services Act 2007, the financial statements of the Company are audited by Deloitte, appointed after prior approval of the FSC, in Mauritius. The re-appointment of Deloitte will be done at the next Annual Meeting of the Company.

Pricewaterhouse Coopers conducts an annual internal audit and the findings are tabled to the Board.

8) *Relations with Shareholders and other Key stakeholders*

The Annual Meeting of the shareholders of the Company will be held by 30 September 2023 to adopt the audited financial statements of the Company for the year ended 31 March 2023. Notice of this meeting will be sent within the deadline stipulated by the Constitution of the Company.

Directors' Statement of Compliance with the National Code of Corporate Governance ("CODE") for the year ended 31 March 2023

Throughout the year ended 31 March 2023, to the best of the Board's knowledge, the Company has complied with the Code and has applied all of the principles set out in the Code, where relevant, and explained how these principles have been applied.

Bibi Resmah Choomka
Director

Date: 27 April 2023

Certificate

from the Secretary under Section 166 (d) of the Mauritius Companies Act 2001

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **Griha Investments** under the Mauritius Companies Act 2001 during the financial year ended 31 March 2023.

for Apex Financial Services (Mauritius) Ltd
Secretary

Registered Office:

Apex House, Bank Street, TwentyEight, Cybercity
Ebène 72201, Mauritius

Date: 27 April 2023

Independent Auditor's Report to the Shareholder of Griha Investments

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Griha Investments** (the "Company") set out on pages 12 to 35, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Global Business Licence companies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standard Board for Accountants' International Code of Ethics for Professional Accountants (*including International Independence Standards*) (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Commentary of the Directors, Corporate Governance Report, the Directors' statement of compliance with National Code of Corporate Governance and the Certificate from the secretary, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Global Business Licence companies and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report to the Shareholder of Griha Investments (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Company other than in our capacity as auditor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Corporate Governance Report

Our responsibility under the Financial Services Commission Circular Letter CL280218 is to report on the compliance with the Code of Corporate Governance disclosed in the Corporate Governance Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Corporate Governance Report, the Company has complied with the requirements of the Code.

Use of this report

This report is made solely to the Company's shareholder, as a body, in accordance with the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to the shareholder in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte
Chartered Accountants

Rajeev Tatiah, FCCA
Licensed by FRC

Statement of Profit or Loss and other Comprehensive Income for the Year Ended 31 March 2023

	Notes	2023 USD	2022 USD
INCOME			
Interest income		83,394	9,484
Unrealised foreign exchange gain		706	503
Reversal of impairment from related company	12	166,850	—
Management fees	6	—	198,747
Consultancy fees	7	—	10,000
		<u>250,950</u>	<u>218,734</u>
EXPENSES			
Advisory fees	8	3,052,816	3,050,166
Impairment loss on amount receivable from related company	12	—	166,850
Amount receivable from related company waived off	12	192,371	—
Professional fees		61,249	276,410
Salary		35,567	30,213
Audit fees		23,560	24,262
Facilitation fee		17,897	17,255
Directors fees		15,000	15,000
Travel and accommodation		6,840	—
Statutory fees		5,000	5,000
Bank charges		2,545	2,643
Miscellaneous expenses		955	902
Telephone expenses		731	1,186
Depreciation	11	123	91
Insurance		17	—
		<u>3,414,671</u>	<u>3,589,978</u>
LOSS BEFORE TAXATION		(3,163,721)	(3,371,244)
Taxation	5	—	—
LOSS FOR THE YEAR		(3,163,721)	(3,371,244)
Other comprehensive income		—	—
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(3,163,721)</u>	<u>(3,371,244)</u>

The notes form an integral part of these financial statements.

Statement of Financial Position at 31 March 2023

	Notes	2023 USD	2022 USD
ASSETS			
Non-current assets			
Investment	10	2	2
Office equipment	11	1,354	91
		<u>1,356</u>	<u>93</u>
Current assets			
Cash and cash equivalents		4,401,867	7,551,812
Other receivables and prepayments	12	53,681	17,018
		<u>4,455,548</u>	<u>7,568,830</u>
Total assets		<u>4,456,904</u>	<u>7,568,923</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	40,000	40,000
Retained earnings		4,345,615	7,509,336
Total equity		<u>4,385,615</u>	<u>7,549,336</u>
Current liabilities			
Accruals and payables	14	71,289	19,587
		<u>71,289</u>	<u>19,587</u>
Total equity and liabilities		<u>4,456,904</u>	<u>7,568,923</u>

Approved by the Board of Directors and authorised for issue on 27 April 2023 and signed on its behalf by:

Yuvraj Thacoor
Director

Bibi Resmah Choomka
Director

The notes form an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2023

	Share capital USD	Retained earnings USD	Total USD
At 1 April 2021	40,000	10,880,580	10,920,580
Total comprehensive loss for the year	—	(3,371,244)	(3,371,244)
At 31 March 2022	40,000	7,509,336	7,549,336
Total comprehensive loss for the year	—	(3,163,721)	(3,163,721)
At 31 March 2023	<u>40,000</u>	<u>4,345,615</u>	<u>4,385,615</u>

The notes form an integral part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2023

		2023 USD	2022 USD
	Notes		
<i>Cash flows from operating activities</i>			
Loss before taxation		(3,163,721)	(3,371,244)
<i>Adjustment for:</i>			
Unrealised exchange gain		(706)	(503)
Interest income		(83,394)	(9,484)
Impairment loss on amount receivable from related company		—	166,850
Depreciation	11	123	91
Reversal of impairment from related company	12	(166,850)	—
Amount receivable from related company waived off	12	192,371	—
		<u>(3,222,177)</u>	<u>(3,214,290)</u>
<i>Changes in working capital:</i>			
Decrease in other receivables and prepayments		7,027	9,548,320
Increase / (Decrease) in accruals and payables		51,702	(13,904)
Net cash (used in) / generated from operating activities		<u>(3,163,448)</u>	<u>6,320,126</u>
<i>Cash flows from investing activities</i>			
Advance to HIREF International III LLC	12	(25,521)	—
Interest received		39,704	1,931
Purchase of office equipment	11	(1,386)	—
Net cash generated from investing activities		<u>12,797</u>	<u>1,931</u>
Net (decrease) / increase in cash and cash equivalents		<u>(3,150,651)</u>	<u>6,322,057</u>
Effects of exchange gain		706	503
Cash and cash equivalents at beginning of the year		7,551,812	1,229,252
Cash and cash equivalents at end of the year		<u><u>4,401,867</u></u>	<u><u>7,551,812</u></u>

The notes form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2023

1 GENERAL

The Company was incorporated in Mauritius under the Companies Act 2001 on 27 March 2006 and holds a Global Business Licence issued by the Financial Services Commission. The Company is a private company with liability limited by shares. HDFC Holdings Ltd, incorporated in the city of Maharashtra (Mumbai), India on 17 January 2000, a wholly-owned subsidiary of HDFC Limited, is the sole shareholder of the Company. The Company has also received an authorisation under Section 98 of the Securities Act 2005 to operate as a CIS Manager. Its registered office is Apex House, Bank Street, TwentyEight Cybercity, Ebene 72201, Mauritius.

The principal activity of the Company is to act as investment manager to HIREF International LLC (the “Fund”) and its Special Purpose Vehicles. Following the end of life of the Fund on 23 August 2016, a Board meeting was held by the Company on 22 July 2016 whereby the consent of the Advisory Committee has been obtained for the extension of two years. As such, the term of Fund was extended until 23 August 2018. Given that all the investments were not divested as at that date, the term of the Fund was extended until 23 August 2019. As at the end of this extended term, the Fund was at an advanced stage of exiting the remaining investments. Consequently, the term of the Fund has been further extended to 23 August 2020, 23 August 2021 and subsequently to 23 August 2022. It was further noted that the shareholders of the Fund have approved vide shareholders resolutions dated 12 August 2022, the winding up of the Fund under section 290 of the Mauritius Companies Act 2001.

The financial statements of the Company are expressed in US Dollars (“USD”) which is the currency of the primary economic environment in which the Company operates.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In the current year, the Group and the Company have applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 April 2021.

2.1 New and revised Standards that are effective but with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

- IAS 39 Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform
- IFRS 1 First-time Adoption of International Financial Reporting Standards - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020
- IAS16 Property, Plant and Equipment – Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding onerous contracts-cost of fulfilling a contract (effective 1 January 2022)
- IFRS 9 Financial Instruments – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the ‘10 per cent’ test for derecognition of financial liabilities) (effective 1 January 2022)

2.2 New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

- IAS 1 Presentation of Financial Statements – Amendments regarding the classification of liabilities (effective 1 January 2024)

Notes to the Financial Statements for the year ended 31 March 2023 (Continued)

- IAS 1 Presentation of Financial Statements – Amendment to defer the effective date of the January 2020 amendments (effective 1 January 2023)
- IAS 1 Presentation of Financial Statements – Amendments regarding the disclosure of accounting policies (effective 1 January 2023)
- IAS 1 Presentation of Financial Statements – Amendments regarding the classification of debt with covenants (effective 1 January 2024)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors–Amendments regarding the definition of material (effective 1 January 2023)
- IAS 12 Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective 1 January 2023)

The directors anticipate that these standards and interpretation will be applied on their effective dates in future periods. The directors have not yet assessed the potential impact of the application of these amendments.

3 ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements, which have been applied consistently, are set out below:

Basis of preparation

The financial statements have been prepared under the historical cost convention. The preparation of financial statements in accordance with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements of the Company are presented in USD, which is the functional currency of the Company.

Management has determined the functional currency of the Company to be USD. In making this judgement, management evaluates among other factors, the regulatory and competitive environment, as well as the economic environment in which the financial assets of the Company are invested and in particular, the economic environment of the investors.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Income tax

Income tax expenses represent the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of Profit or Loss and Other Comprehensive Income because of items of income or expense that

Notes to the Financial Statements for the year ended 31 March 2023 (Continued)

are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Currently enacted tax rates are used to determine deferred tax. The principal temporary differences arise from tax losses carried forward. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Cash and cash equivalents

Cash comprises of currency and current deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and are held for the purpose of meeting short term cash commitments rather than investment or other purpose.

Revenue recognition

Management Fee Income

The Company's performance obligations relate to the provision of investment management services. The performance obligations are satisfied over time. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for investment management services provided in the normal course of business.

Consultancy Fee Income

The Company's performance obligations relate to the provision of consultancy services. The performance obligations are satisfied over time. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for consultancy services provided in the normal course of business.

Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rates unless collectability is in doubt.

Other income

Other income is recognised on an accrual basis.

Expense recognition

All expenses are accounted for in the Statement of Profit or Loss and Other Comprehensive Income on the accrual basis.

Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and are disclosed in the relevant notes.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Notes to the Financial Statements for the year ended 31 March 2023 (Continued)

Office equipment

Office equipment is stated at cost less accumulated depreciation and impairment losses. It is recorded at cost based on at the exchange rates prevailing at the date of the purchase. Same are adjusted at year end for depreciation at 50% on net book value. The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the differences between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the Company has become a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

The Company classifies its financial assets in the following categories:

- those to be measured subsequently at fair value through profit or loss, and
- those measured at amortised cost.

(i) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. This category includes investment held by the Company in the Fund.

(ii) Financial assets at amortised cost

The Company has classified cash and cash equivalents and other receivables at amortised cost. Amortised cost instruments are instruments with a business model to only collect contractual cash flows consisting of payments solely related to principal and interest on the principal amount outstanding at specified dates. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method, less impairment.

The effective interest method is a method of calculating the amortised cost of a debt instrument of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest

Notes to the Financial Statements for the year ended 31 March 2023 (Continued)

rate, transaction costs and other premiums, or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

(ii) *Financial assets at amortised cost (continued)*

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised in profit or loss and is included in the “interest income” line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the financial performance of the Company’s debtors, any change in regulations that might have an impact on their performance, as well as consideration of various external sources of actual and forecast economic information that relate to the Company’s core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition.

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Notes to the Financial Statements for the year ended 31 March 2023 (Continued)

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) the financial instrument has a low risk of default;
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Company becomes a party to the irrecoverable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or is facing financial difficulties. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all cash flows that the Company expects to receive, discounted at the original interest rate.

Impairment of financial assets

A provision for impairment of financial assets at amortised cost is established using the expected credit loss approach on date of initial recognition. A provision is raised using either a 12-month expected credit loss or lifetime expected credit loss approach. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described

Notes to the Financial Statements for the year ended 31 March 2023 (Continued)

above. As for exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all cash flows that the Company expects to receive, discounted at the original interest rate.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in equity instruments revaluation reserve is reclassified to profit or loss.

Financial liabilities

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(i) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

(ii) Other financial liabilities

Financial liabilities (including accruals and payables) are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Retirement Benefit Obligations

Contributions to the National Pension Scheme are expensed to the statement of profit or loss and other comprehensive income in the period in which they fall due.

No retirement benefit obligation has been recognised as in the opinion of the directors it is not material.

Notes to the Financial Statements for the year ended 31 March 2023 (Continued)

4 ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Company's accounting policies, which are described in Note 3, the directors have made the following judgements that have the most effect on the amounts recognised in the financial statements:

Determination of functional currency

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the USD.

Going concern

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

5 TAXATION

The Company holds a Global Business License for the purpose of the Financial Services Act 2007 of Mauritius. Pursuant to the enactment of the Finance Act 2018, with effect as from 1 January 2019, the deemed tax credit has been phased out, through the implementation of a new tax regime. Companies which had obtained their Global Business Licence on or before 16 October 2017, including the Company, have been grandfathered and would benefit from the deemed tax credit regime up to 30 June 2021.

Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax ("Deemed tax credit") on its foreign source income resulting in an effective tax rate on net income of up to 3%, up to 30 June 2021. Further, the Company is exempted from income tax in Mauritius on profits or gains arising from sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to Shareholders or in respect of redemptions or exchanges of Shares.

Post 31 June 2021 and under the new tax regime, the Company is entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability computed at 15% on such income, or (b) a partial exemption of 80% of the income of the Company from tax in Mauritius subject to meeting all the following conditions, with the remaining 20% of the income to be subject to a 15% tax. The partial exemption is subject to:

- The Company carrying out its core income generating activities in Mauritius;
- The Company employing, directly or indirectly, an adequate number of suitably qualified persons to conduct its core income generating activities; and
- The Company incurring a minimum expenditure proportionate to its level of activities.

(i) Current income tax

	2023 USD	2022 USD
Loss before taxation	(3,163,721)	(3,371,244)
Tax at the applicable rate of 15% (2022: 15%)	(474,558)	(505,687)
<i>Tax effect of :</i>		
Exempt income	(106)	(82)
Unauthorised deductions	30,172	56,684
Outside scope of taxation	(25,028)	—
	(469,520)	(449,085)
Foreign tax credit	—	359,268
Deferred tax asset not recognised	469,520	89,817
Tax expense	—	—

Notes to the Financial Statements for the year ended 31 March 2023 (Continued)

The Company has not recognised a deferred tax asset on the tax losses of USD3,130,129 (2022: USD2,993,896) available for carry forward since there is no certainty that there will be future profits against which the tax losses may be offset. As at 31 March 2023, the Company had accumulated tax losses of USD11,451,927 out of which USD11,449,304 relates to losses arising out of operations which can be carried forward for a period not exceeding five years from the year in which the operating loss arose. The remaining amount of USD2,623 relates to capital allowances which can be carried forward indefinitely.

The estimated accumulated tax losses are available for offset against future taxable profits up to the financial year ending:

	USD	Expiry dates
31 March 2019	1,403,479	31 March 2024
31 March 2020	1,307,388	31 March 2025
31 March 2021	2,616,404	31 March 2026
31 March 2022	2,993,875	31 March 2027
31 March 2023	3,129,415	31 March 2028

The tax losses of USD1,182,478 for the year ended 31 March 2018 were lapsed during the year.

6 MANAGEMENT FEES

	2023 USD	2022 USD
Management fees from HIREF International LLC	—	180,923
Management fees from EIF-Coinvest XII	—	17,824
	<u>—</u>	<u>198,747</u>

Up to 23 August 2016, the Company was entitled to receive a yearly management fee equivalent to 1.75% of the total commitment amount (USD750 million), receivable in advance, from HIREF International LLC (the “Fund”), a related party, in respect of the investment management services provided. Following previous divestments and subsequent return of capital contribution to investors, the management fees receivable by the Company was computed based on revised assets under management of the Fund. Following the extension of the life of the Fund, the management fees would be receivable upon receipt of proceeds from disposal of the Fund’s investment, as and when they happen. No management fees have been accrued for the year ended 31 March 2023 (31 March 2022: USD180,923).

The Company was entitled to an annual management fee equal to 1% of the equity tranche portion investment made by EIF-Coinvest XII (“EIF”) in Gileppe Mauritius Limited (“Gileppe”) and Russard Holdings Limited (“Russard”). The management fees were payable to the Company till the time the latter provided co-investment management services to EIF. Gileppe and Russard held the investment in Lodha Healthy Constructions Private Ltd (“Lodha Healthy”). Russard and Gileppe have exited the investment in BHCDPL on 12 July 2021. No management fees were due for the year under review.

7 CONSULTANCY FEES

In January 2012, the Company received an authorisation from the Financial Services Commission to extend its business activities to include the provision of certain non-exclusive and non-binding consultancy services to Monterey Capital Management (“Monterey”), an entity incorporated in Mauritius. Under the terms of the Consultancy Agreement entered with Monterey, the Company would be entitled to an annual fee of USD10,000 payable in equal instalments and fees for any additional services that are mutually agreed between the Company and Monterey from time to time. The Company and Monterey have started procedures to cancel the Agreement, effective as from 31 March 2022. Accordingly no income has been recognised for the year ended 31 March 2023.

Notes to the Financial Statements for the year ended 31 March 2023 (Continued)

8 OTHER AGREEMENTS AND FEES

Administration Agreement

The Company has entered into an Administration Agreement with Apex (previously known as International Financial Services Limited and SANNE Mauritius respectively) (the “Administrator”), a company incorporated under the laws of Mauritius. In consideration for the services to be performed by the Administrator, the latter is entitled to receive from the Company a quarterly fee of USD3,000 in advance, as agreed between the Company and the Administrator from time to time. The Administration Agreement also covers an annual directorship fee of USD8,000 payable in advance.

Investment Advisory Agreement

The Company has entered into an Investment Advisory Agreement with HDFC Property Ventures Limited (the “Investment Advisor”), a related party. Under the Agreement, the Investment Advisor is entitled to an annual fee of USD2,500,000 payable half-yearly in advance. The Board of the Company approved an increase of USD500,000 per annum such that the annual advisory fee was increased from USD2,500,000 to USD3,000,000, effective as from 1 January 2016. The Agreement also provides that the Company shall pay to the Investment Advisor an additional fee amounting to 40% of (i) all other fees, and (ii) any performance related income (but excluding the Annual Investment Management Fee) by whatever name called, received by the Company pertaining to eligible investments managed by the Company for the relevant financial year.

9 DIVIDENDS

During the year, the Company has not declared or paid dividends (2022: USD Nil) out of retained earnings, to its sole shareholder.

10 INVESTMENT

Investments in equity instruments measured at FVTPL

	2023	2022
	USD	USD
Investment in HIREF International LLC	<u>2</u>	<u>2</u>

The investment consists of 2 Class B equity shares of USD1 each and represents 0.003% of the issued share capital of HIREF International LLC, an unquoted company incorporated in Mauritius. The directors believe that the fair value of the investment approximate its cost.

Rights of shares

Each Class B shareholder is entitled to vote only on specific matters and a right to receive carried interest as prescribed by the Constitution of HIREF International LLC.

11 OFFICE EQUIPMENT

	USD
Cost	10,759
At 1 April 2021	
Additions during the year	—
Total	<u>10,759</u>
Depreciation	
At 1 April 2021	10,577
Charge for the year	<u>91</u>
Total	<u>10,668</u>

Notes to the Financial Statements for the year ended 31 March 2023 (Continued)

<i>Net book value</i>	USD
At 31 March 2022	91
Cost	10,759
At 1 April 2022	
Write-off	(10,668)
Additions during the year	1,386
Total	1,477
<i>Depreciation</i>	
At 1 April 2022	10,668
Write-off	(10,668)
Charge for the year	123
Total	123
<i>Net book value</i>	
At 31 March 2023	1,354

12 OTHER RECEIVABLES AND PREPAYMENTS

	2023	2022
	USD	USD
Prepayments	2,438	6,965
Management fee receivable	—	—
Interest receivable	51,243	7,553
Consultancy fees receivable	—	2,500
	<u>53,681</u>	<u>17,018</u>
Receivable from HIREF International LLC		
	2023	2022
	USD	USD
Opening balance	—	140,813
Advance during the year	25,521	26,037
Reversal of impairment loss	166,850	—
Impairment loss	—	(166,850)
Amount waived off	(192,371)	—
	<u>—</u>	<u>—</u>
	<u>53,681</u>	<u>17,018</u>

The ageing profile of the receivable from HIREF International III LLC is provided below, together with the provision for Expected Credit Loss. The balance receivable of USD 192,371 was waived off on 14 March 2023.

Notes to the Financial Statements for the year ended 31 March 2023 (Continued)

Receivables from HIREF International III LLC

As at 31 March 2023

	<30 days	31-60 days	61-90 days	90-120 days	121-365 days	>365 days	Total
Expected loss rate	USD	USD	USD	USD	USD	USD	USD
Trade receivable	-	-	-	-	-	-	-
Specific provision	-	-	-	-	-	-	-
Collectively assessed	-	-	-	-	-	-	-
As at 31 March 2022							
	<30 days	31-60 days	61-90 days	90-120 days	121-365 days	>365 days	Total
Expected loss rate	<2%	<2%	<3%	<5%	<15%	<100%	
	USD	USD	USD	USD	USD	USD	USD
Trade receivable	2,219	-	4,169	-	19,649	140,813	166,850
Specific provision	(2,219)	-	(4,169)	-	(19,649)	(140,813)	(166,850)

The average credit period on receivables is 12 months. The directors have assessed the carrying value of the receivables and are of the view that they are fairly stated in the financial statements.

13 SHARE CAPITAL

	2023	2022
	USD	USD
Issued and fully paid		
At 1 April and 31 March	<u>40,000</u>	<u>40,000</u>
No. of ordinary shares of USD1 each in issue	<u>40,000</u>	<u>40,000</u>

Ordinary shareholders are entitled to vote on all matters requiring shareholders' approval, to receive dividends and a share of distribution on winding up of the Company.

HDFC Holdings Ltd's liability in the Company is limited to the 40,000 Ordinary shares of USD1 each in issue.

On 20 January 2023, the Board of the Company has approved a change in the entire shareholding of the Company subject to requisite approvals in place for a composite merger scheme at the shareholder and ultimate shareholder of the Company. As of 31 March 2023, the requisite amount of approvals were yet to be received.

14 ACCRUALS AND PAYABLES

	2023	2022
	USD	USD
Other accrued expenses	<u>71,289</u>	<u>19,587</u>
	<u>71,289</u>	<u>19,587</u>

The Company ensures that all payables are paid within the credit timeframe.

15 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholder.

Notes to the Financial Statements for the year ended 31 March 2023 (Continued)

The capital structure of the Company consists of equity comprising stated capital and retained earnings.

Categories of financial instruments

	2023 USD	2022 USD
<i>Financial assets</i>		
<i>Financial assets at FVTPL</i>		
Investments measured at FVTPL	2	2
<i>Financial assets at amortised cost</i>		
Other receivables and cash and cash equivalents	4,453,110	7,561,865
	<u>4,453,112</u>	<u>7,561,867</u>
<i>Financial liabilities</i>		
<i>Other financial liabilities at amortised cost</i>		
Accruals and payables	71,289	19,587

Financial risk management

In its ordinary operations, the Company's investment activities expose it to the various types of risks, which are associated with the financial instruments and markets in which it invests.

The following is a summary of the main risks:

Currency risk

The Company holds certain assets denominated in Mauritian Rupees ("MUR"). Consequently, it is exposed to the risk that the exchange rate of the USD relative to the MUR may change in a manner, which has a material effect on the reported value of the Company's assets, which are denominated in MUR.

Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial assets 2023 USD	Financial liabilities 2023 USD	Financial assets 2022 USD	Financial liabilities 2022 USD
USD	4,452,552	71,289	7,558,995	19,587
MUR	560	—	2,872	—
	<u>4,453,112</u>	<u>71,289</u>	<u>7,561,867</u>	<u>19,587</u>

Foreign currency sensitivity analysis

The table below details the Company's sensitivity to a 10% increase and decrease in the USD against the MUR. 10% is used as the sensitivity rate as it represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in currency rates.

	10% increase MUR Impact 31 March 2023 USD	10% decrease MUR Impact 31 March 2023 USD	10% increase MUR Impact 31 March 2022 USD	10% decrease MUR Impact 31 March 2022 USD
Other equity	(51)	62	(261)	319

Notes to the Financial Statements for the year ended 31 March 2023 (Continued)

Interest rate risk

The Company's only interest bearing asset consists of its cash at bank, which is stated at amortised cost and bears interest at market rate. Therefore, the Company does not have fair value interest rate risk and its exposure on cash flow interest rate risk is considered as being low.

Credit risk management

Credit risk refers to the risk that the receivables will default on their contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company's exposure and the credit ratings of its counterparty are continuously monitored. Concentration of risk related to HIREF International LLC (refer to Note 12), exceeded 40% of gross monetary assets during the year. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets at any time during the year.

Liquidity risk profile

All the financial liabilities of the Company are payable in less than one year.

Fair Values

The Company's financial assets and liabilities include investment, cash and cash equivalents, receivables and accruals. The carrying amounts of these assets and liabilities approximate their fair values due to the short term nature of the balances involved.

16 RELATED PARTY TRANSACTIONS

During the year under review, the Company transacted with the following related parties. The nature, volume of transactions and balances with related parties are disclosed in the respective notes and as follows:

Names	Relationship	Nature of transactions	2023	Balances USD
			Volume of transaction USD	
HIREF International III LLC	Promoter	Advance	25,521	—
HDFC Property Ventures	Investment Advisor	Advisory fee	3,052,816	—
Apex Financial Services (Mauritius) Ltd	Administrator, Secretary and Directorship	Professional fees (including director fees)	53,851	150
Names	Relationship	Nature of transactions	2022	Balances USD
			Volume of transaction USD	
HIREF International LLC	Fund under management	Advance	282,126	—
HIREF International III LLC	Promoter	Advance	26,037	—
HDFC Property Ventures	Investment Advisor	Advisory fee	3,050,166	—
Apex Financial Services (Mauritius) Ltd	Administrator, Secretary and Directorship	Professional fees (including director fees)	54,557	200

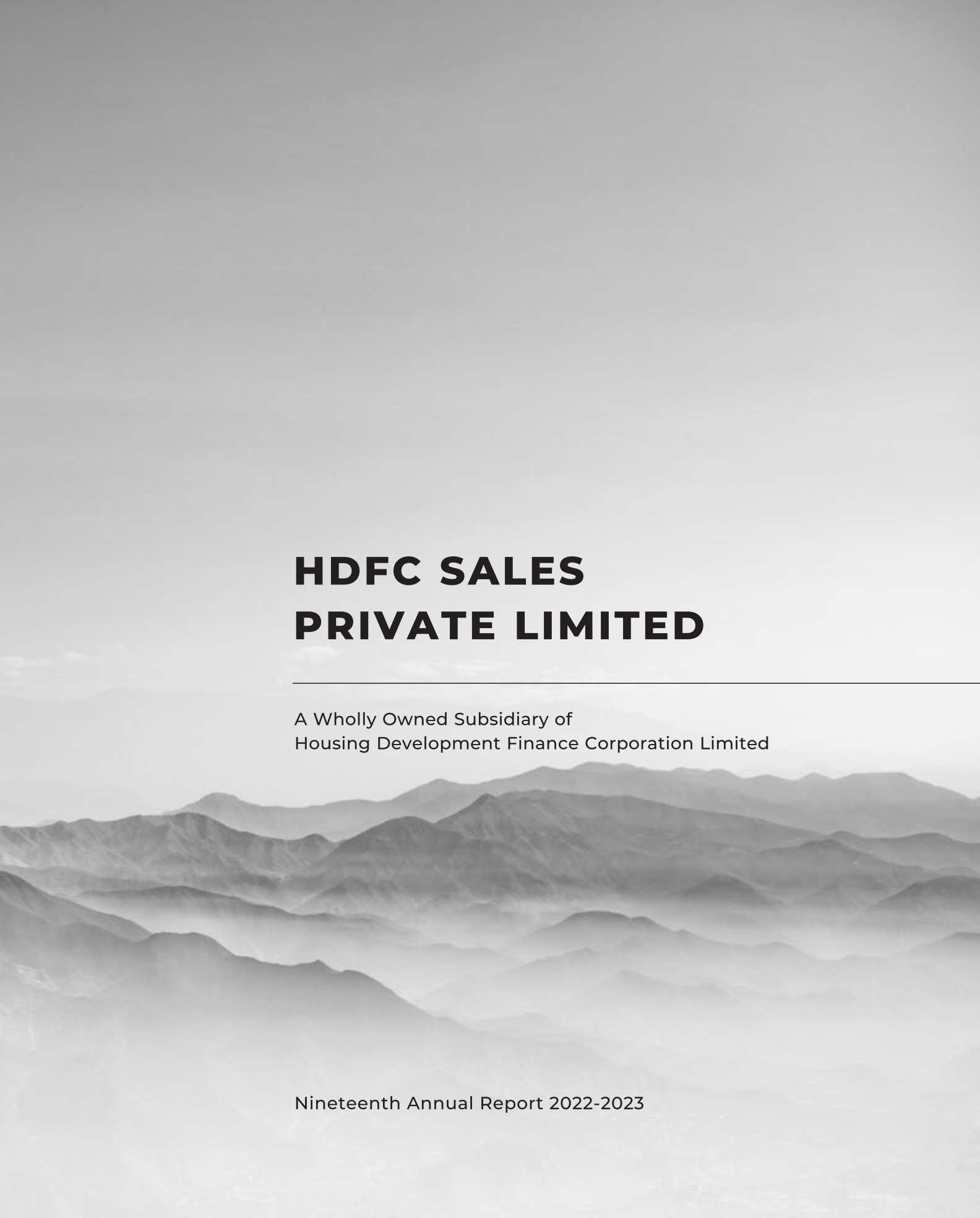
17 COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of key management personnel during the year was as follows:

	2023 USD	2022 USD
Salary	35,567	30,213
Director fees	<u>15,000</u>	<u>15,000</u>
	<u><u>50,567</u></u>	<u><u>45,213</u></u>

18 SUBSEQUENT EVENTS

There have been no significant events after the reporting date which requires disclosures or amendments to the 31 March 2023 financial statements.



HDFC SALES PRIVATE LIMITED

A Wholly Owned Subsidiary of
Housing Development Finance Corporation Limited

Nineteenth Annual Report 2022-2023

Board of Directors

Mr. Conrad D'Souza
(DIN: 00010576)

Mr. S. N. Shroff*
(DIN: 00011169)
(*Independent Director)

Mr. Rajeev Sardana
(DIN: 06648276)

Ms. Harini Anand
(DIN: 09157265)

Statutory Auditors

Messrs B S R & Co. LLP
Chartered Accountants

Key Managerial Personnel

Mr. Santosh Gopalkrishnan
Chief Executive Officer
(PAN: AHDPG9627P)

Mr. Shivalingam Pillai
Chief Financial Officer
(ICAI Membership No.: 108439)

Ms. Krithika Raghu
Company Secretary
(ICSI Membership No.: A51700)

Banker

HDFC Bank Limited

Registered Office

HDFC House, H. T. Parekh Marg,
165-166, Backbay Reclamation,
Churchgate, Mumbai 400 020.
Tel. No.: +91 22 6155 2400
CIN: U65920MH2004PTC144182

Directors' Report

TO THE MEMBERS

Your directors are pleased to present the Nineteenth annual report of your Company with the audited accounts for the year ended March 31, 2023.

Financial Results

	For the year ended March 31, 2023 (₹ in lakhs)	For the year ended March 31, 2022 (₹ in lakhs)
Profit before Tax	9,019.48	8,313.29
Provision for Tax	2,213.61	446.65
Profit after Tax	6,805.88	7,866.65
Other comprehensive income /(expense)	(328.29)	(56.95)
Total comprehensive income for the year	6,477.59	7,809.69
Equity component of compound financial instruments	—	—
Dividend paid	(6,222.00)	(854.00)
Profit/(Loss) brought forward from previous year	5,520.13	(1,435.56)
Balance carried to Balance Sheet	5,775.72	5,520.13

Dividend

Your Company has reported a profit after tax of ₹ 6,805.88 lakhs during the year under review. For the year under review, your directors approved the payment of interim dividends of ₹ 1 per equity share of ₹ 10 each, ₹ 1.05 per equity share of ₹ 10 each and ₹ 1 per equity share of ₹ 10 each as well as a final dividend of ₹ 2.05 per equity share of ₹ 10 each, aggregating to a total dividend amounting to ₹ 5.1 per equity share of ₹ 10 each for the FY23.

Review of Operations

Your Company is a wholly owned subsidiary of Housing Development Finance Corporation Limited (HDFC). It sources home loan business for HDFC for which it receives commission. During the year, your Company sourced 51% of the home loans disbursed by HDFC. Your Company also sources public deposits for HDFC.

Your Company is also a corporate agent of HDFC Life Insurance Company Limited and HDFC ERGO General

Insurance Company Limited. During the year, your Company sold 1,24,921 life insurance policies and 1,21,568 general insurance policies. Your Company is registered with the Association of Mutual Funds in India (AMFI) for selling of mutual fund products. Your Company sources education loans for HDFC Credila Financial Services Limited (HDFC Credila), a wholly owned subsidiary of HDFC. Further, your company acts as a sub-entity for HDFC which is a point of presence under the Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2018.

There was no change in the nature of business of your Company nor was there any material change or commitment that would affect its financial position during the year as also till the date of this Report.

Amalgamation of holding company

The Board of Directors of HDFC at its meeting held on April 4, 2022, approved a composite scheme of amalgamation for the amalgamation of: (a) HDFC Holdings Limited and HDFC Investments Limited with and into HDFC; and (b) HDFC with and into HDFC Bank Limited (HDFC Bank), subject to necessary approvals, consents, permissions and sanctions.

Upon the scheme being effective, HDFC would stand dissolved without being wound up. In view of the same, the control of the Company would change from HDFC to HDFC Bank. The amalgamation is likely to take effect in June/July 2023.

Loans, Guarantees or Investments

During the year, your Company has not given any loan or provided any guarantee or security or made any investment.

Particulars of Contracts or Arrangements with Related Parties

The particulars of contracts or arrangements with related parties, as prescribed in Form No. AOC-2 under Rule 8(2) of the Companies (Accounts) Rules, 2014 is annexed to this Report.

Details of other related party transactions are provided in the notes to the financial statements.

Deposits

Your Company has not accepted any deposit and as such, no amount of principal or interest was outstanding as at March 31, 2023.

Subsidiary/Associate Companies

Your Company does not have any subsidiary or associate companies.

Particulars of Employees

Your Company had 13,258 employees as at March 31, 2023.

Prevention of Sexual Harassment of Employees at Workplace

Your Company has in place a policy on prevention of sexual harassment of employees at the workplace *inter alia* in terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder. Members of the Internal Complaints Committee constituted by the Company are responsible for reporting and conducting inquiries pertaining to such complaints.

The Company on a regular basis sensitises its employees including outsourced employees on prevention of sexual harassment at the workplace through workshops, group meetings and online training modules. During the year, 4 complaints were received by the committee, all of which were resolved and thus there were no pending complaints with the committee as at March 31, 2023.

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The operations of your Company are not energy intensive. However, adequate measures have been taken for conservation of energy and usage of alternative source of energy, wherever possible.

During the year, your Company had no dealings in foreign exchange.

Directors

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Conrad D'Souza, Mr. Rajeev Sardana and Ms. Harini Anand are liable to retire by rotation at the ensuing Annual General Meeting (AGM). They are eligible for re-appointment.

The necessary resolutions for the re-appointment of Mr. Conrad D'Souza, Mr. Rajeev Sardana and Ms. Harini Anand and details as required under secretarial standard have been included in the notice convening the ensuing AGM.

All the directors of your Company have confirmed that they are not disqualified from being appointed as directors,

in terms of Section 164(2) of the Companies Act, 2013.

None of the directors of your Company have been debarred from holding the office of director by virtue of any order from Securities and Exchange Board of India (SEBI) or any other such authority.

Mr. S. N. Shroff, Independent Director has also confirmed that he satisfies the criteria prescribed for an independent director as stipulated under Section 149(6) of the Companies Act, 2013.

Key Managerial Personnel

During the year, Mr. Shivalingam Pillai tendered his resignation as the Chief Financial Officer (CFO) of the Company w.e.f. May 24, 2023. The Board of Directors based on the recommendation of the Nomination and Remuneration Committee, at its meeting held on April 28, 2023 appointed Mr. Baiju Dawda (ICAI Membership No. 118360) as the CFO and Key Managerial Person of the Company w.e.f. May 25, 2023.

Board Meetings

During the year, the Board met six times. The meetings were held on April 29, 2022, July 27, 2022, October 21, 2022, December 13, 2022, January 23, 2023 and March 21, 2023.

The attendance of the directors at the above-mentioned Board meetings is listed below:

Directors	Number of Meetings attended
Mr. Conrad D'Souza	6
Mr. S. N. Shroff	6
Mr. Rajeev Sardana*	5
Ms. Harini Anand	6

* Leave of absence was granted to Mr. Rajeev Sardana who could not attend the meeting.

Audit Committee

The Audit Committee consists of Mr. S. N. Shroff (Chairman), Mr. Conrad D'Souza and Mr. Rajeev Sardana. The members of the Audit Committee have accounting, financial management and legal expertise. The quorum for the Audit Committee meeting is two members.

The terms of reference of the Audit Committee *inter alia* include approving and implementing the audit procedures and techniques, reviewing the financial reporting systems, financial statements, internal control systems and procedures, records relating to related party transactions,

analysis of risks and compliance of regulatory guidelines. The financial results are made available to the Committee in advance. This enables review and discussion with the auditors before recommending it to the Board of Directors for its approval.

The Committee also grants approval for related party transactions and reviews the said transactions on a quarterly basis.

During the year, the Committee met five times. The meetings were held on April 29, 2022, July 27, 2022, October 21, 2022, January 23, 2023 and March 21, 2023.

The attendance of the members of the Committee at the above-mentioned meetings is listed below:

Members	Number of Meetings attended
Mr. S. N. Shroff (Chairman)	5
Mr. Conrad D'Souza	5
Mr. Rajeev Sardana	5

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of Mr. S. N. Shroff (Chairman), Mr. Rajeev Sardana and Mr. Conrad D'Souza. The quorum for the Nomination and Remuneration Committee meeting is two members.

The terms of reference of the Committee *inter alia* include identifying persons who are qualified to become directors of the Company, ensuring that such persons meet the relevant criteria prescribed under applicable laws, carrying out evaluation of every director's performance, formulating the Policy for Appointment of Directors and Members of Senior Management and Remuneration Policy, formulating the criteria for determining qualifications, positive attributes and independence of a director and for evaluating their performance.

The Policy on Appointment of Directors and Members of Senior Management *inter alia* lays down the criteria for appointment including qualifications, attributes, experience and skills etc. and nomination and evaluation process. The Committee apart from evaluating the performance of Directors, Board as a whole and committees thereof, also evaluates the performance of Senior Management of the Company viz. Chief Executive Officer, Chief Operating Officer and the Chief Financial Officer.

The Remuneration Policy ensures that remuneration is aligned to the overall performance of the Company, is fair

and reasonable to attract and retain necessary talent, is linked to attaining performance benchmarks and involves a judicious balance of fixed and variable components.

The Policy on Appointment of Directors and Members of Senior Management and the Remuneration Policy are available at the website of the Company, www.hdfcsales.com.

During the year, the Committee met two times. The meetings were held on April 29, 2022 and January 23, 2023.

The attendance of the members of the Committee at the above-mentioned meetings is listed below:

Members	Number of Meetings attended
Mr. S. N. Shroff (Chairman)	2
Mr. Rajeev Sardana	2
Mr. Conrad D'Souza	2

Corporate Social Responsibility Committee

During the year, the Committee was re-constituted and the present members of the Committee are Ms. Harini Anand (Chairperson), Mr. Conrad D'Souza, Mr. S.N. Shroff and Mr. Rajeev Sardana. The quorum for the CSR Committee meeting is two members. The terms of reference of the committee *inter alia* is to review the CSR policy, recommend an annual action plan in pursuance of the CSR policy, indicate activities to be undertaken by the Company towards CSR and formulate a transparent monitoring mechanism to ensure implementation of projects and activities undertaken by the Company towards CSR.

During the year, the Committee had proposed an amendment in the CSR Policy, which was duly approved by the Board of Directors.

During the year, the Committee met on December 13, 2022. The attendance of the members of the Committee at the above-mentioned meeting is listed below:

Members	Number of Meeting attended
Ms. Harini Anand (Chairperson)	1
Mr. Conrad D'Souza	1
Mr. S.N. Shroff	1
Mr. Rajeev Sardana	1

Further details as required under Section 135 of the Companies Act, 2013 and Rules made thereunder, is provided in the Annual Report on CSR activities annexed to this Report.

Risk Management Committee

The Risk Management Committee consists of Mr. Conrad D'Souza (Chairman), Mr. Rajeev Sardana, Mr. S. N. Shroff, Mr. Santosh Gopalkrishnan (Chief Executive Officer) and Mr. Ranjeet Shetty (Chief Operating Officer).

The quorum for the Risk Management Committee meeting is two members.

During the year, the Committee met on July 27, 2022. The attendance of the members of the Committee at the above-mentioned meeting is listed below:

Members	Number of Meeting attended
Mr. Conrad D'Souza (Chairman)	1
Mr. Rajeev Sardana	1
Mr. S.N. Shroff	1
Mr. Santosh Gopalkrishnan (Chief Executive Officer)	1
Mr. Ranjeet Shetty (Chief Operating Officer)	1

The terms of reference of the committee *inter alia* include reviewing the risk profile of the Company from time to time and suggesting mitigation measures to reduce the impact of the risks. Your directors are of the opinion that the Company is managing its risks through well-defined internal financial controls and that there are no significant risks that may threaten the existence of your Company.

Independent Directors

Your Company, being a wholly owned subsidiary of HDFC, is not required to have an independent director on its Board. However, Mr. S. N. Shroff was re-appointed as an Independent Director of the Company for a second term of 5 (five) consecutive years with effect from March 24, 2020.

Board Evaluation

During the year, the Nomination and Remuneration Committee continued with the same criteria to evaluate the performance of the Board as a whole and its Committees as well as the performance of each director individually, as in the previous year. The criteria for evaluation were voluntarily benchmarked with the Guidance Note issued by the SEBI on board evaluation.

The evaluation of the Board, committees thereof and of each director was done through a structured and comprehensive questionnaire *inter alia* containing effectiveness of the Board and its committees, process of decision making, active participation, independence,

quality and content of agenda papers, frequency of meetings, discussions at meetings, cohesion in meetings, contribution and management of conflict of interest.

The Chairman of the Nomination and Remuneration Committee reviewed the feedback received from the directors on the said questionnaire and prepared a consolidated report. The said consolidated report was *inter alia* reviewed by the Nomination and Remuneration Committee.

The Chairman of the Nomination and Remuneration Committee shared the results of evaluation at the meeting of the Board of Directors. The Board reviewed the results and expressed its satisfaction on the same. As part of the evaluation process, the directors were of the view that the management could brief the Board more about the granular details of the business of the Company at a special board meeting dedicated for the said purpose.

The Company conducts familiarisation programme for its directors on an annual basis. The familiarisation programme ensure that the directors are updated on the business and regulatory environment as well as the overall operations of the Company. These programmes enable the directors to make better informed decisions in the interest of the Company and its stakeholders.

Auditors

At the Fifteenth AGM of the Company held on July 26, 2019, the Members had appointed Messrs B S R & Co. LLP, Chartered Accountants, having Firm Registration Number 101248W/W-100022 as the statutory auditors of the Company, for a period of 5 years, to hold office as such until the conclusion of the Twentieth AGM. The Company has received a confirmation from Messrs B S R & Co. LLP, to the effect that they meet the criteria for independence, eligibility and qualification as prescribed in Section 141 of the Companies Act, 2013.

The Auditors' Report annexed to the financial statements for the year under review does not contain any qualification.

Further, pursuant to the provisions of Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, the Company has re-appointed Messrs JHS & Associates, Chartered Accountants as internal auditors of the Company to review internal controls and compliances under various regulations that are applicable to the Company.

The Company has put in place adequate procedures to

ensure that the system of Internal Financial Controls is commensurate with the size and nature of the Company's business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention and detection of frauds, accuracy and completeness of accounting records and ensuring compliance.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Messrs Heena Jaysinghani & Co., Practicing Company Secretaries, undertook the secretarial audit of the Company for the FY23. The Secretarial Audit Report is annexed to this report and does not contain any qualification.

Significant and Material Orders passed by Regulators or Courts or Tribunals

During the year, no significant or material orders were passed by any regulator or courts or tribunals against the Company impacting the going concern status and the Company's operations in future.

Secretarial Standards

The Company has complied with the applicable provisions of Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

Directors' Responsibility Statement

In accordance with the provisions of Section 134(3)(c) of the Companies Act, 2013 and based on the information provided by the management, your directors state that:

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed;
- b. Accounting policies selected have been applied consistently. Reasonable and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profit of the Company for the year ended on that date;

- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- d. The annual accounts of the Company have been prepared on a going concern basis; and
- e. Systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

Annual Return – Form No. MGT-7

The annual return in Form No. MGT-7 for the financial year 2022-23 is available at the Company's website i.e. www.hdfcsales.com.

Acknowledgements

Your directors would like to express their sincere appreciation to all its stakeholders for their support and continued patronage.

Your directors appreciate the guidance received from various statutory/regulatory authorities including the Insurance and Regulatory Development Authority of India, AMFI, Pension Fund Regulatory and Development Authority, Ministry of Corporate Affairs – Government of India, the Registrar of Companies, Mumbai and the depositories.

Your directors recognise and appreciate the sincere hard work, loyalty and efforts of the employees of the Company in ensuring that the Company performs well. Your directors also wish to place on record their appreciation to all the employees of HDFC who devoted their valuable time in managing the affairs of the Company.

On behalf of the Board of Directors

Mumbai
April 28, 2023

Conrad D'Souza
S. N. Shroff
Directors

Annex to Directors' Report - I

FORM NO. AOC-2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

2. Details of material contracts or arrangements or transactions at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any (₹)
	(a)	(b)	(c)	(d)	(e)	(f)
1.	Housing Development Finance Corporation Limited (HDFC) (Holding Company)	DSA Commission (Home Loan Sourcing)	5 years – expiry date May 31, 2023	The Company generates leads for HDFC for which it receives commission on conversion of such leads to loans. HDFC pays a commission after taking into account the leads and infrastructure provided by it.	—	—
2.	HDFC ERGO General Insurance Company Limited (Associate of Holding Company)	Corporate Agency Agreement (Sourcing General Insurance)	3 years – expiry date March 31, 2025	Soliciting or procuring insurance and marketing insurance products of HDFC ERGO General Insurance Company Limited.	—	—
3.	HDFC Life Insurance Company Limited (Associate of Holding Company)	Corporate Agency Agreement (Sourcing Life Insurance)	Perpetual agreement	Soliciting or procuring insurance and marketing insurance products of HDFC Life Insurance Company Limited.	—	—

The above-mentioned transactions were entered into by the Company in its ordinary course of business. The materiality threshold is as prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014, as amended.

On behalf of the Board of Directors

Mumbai
April 28, 2023

Conrad D'Souza
S. N. Shroff
Directors

Annex to Directors' Report - II

THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 and Companies
(Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline on CSR Policy of the Company

The Company believes in conducting its business responsibly, fairly and in a most transparent manner. It continuously seeks ways to bring about an overall positive impact on the community and environment in which it operates.

The main objective of the CSR Policy of the Company is to lay down guidelines to make CSR a key business and support programmes aimed at development of communities which are inequitably endowed. The Company's CSR policy is a guiding document which provides the approach and direction given by the board of the Company, after considering the recommendations of its CSR Committee. It also includes, amongst others, guiding principles for selection, implementation and monitoring of CSR activities. These activities will in turn focus on established need, sustainability and focused outcomes of the chosen sectoral themes.

During the year, the Company as part of its CSR activities provided grants to Aishwarya Trust and Genesis Foundation towards treatment of Congenital Heart Diseases.

The CSR Committee is the governing body that articulates the scope of CSR activities and ensures compliance with the CSR policy including monitoring implementation progress of the CSR projects undertaken by the Company.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Ms. Harini Anand	Director	1	1
2.	Mr. Conrad D'Souza	Director	1	1
3.	Mr. S. N. Shroff	Director	1	1
4.	Mr. Rajeev Sardana	Director	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company – www.hdfcsales.com
4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable. – Not Applicable
5. (a) Average net profit of the company as per section 135(5) – ₹ 33.32 crore
 (b) Two percent of average net profit of the company as per section 135(5) – ₹ 66.63 lakhs
 (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years – Nil
 (d) Amount required to be set off for the financial year, if any – Nil
 (e) Total CSR obligation for the financial year (5b+5c-5d) – ₹ 66.63 lakhs.
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) – ₹ 67 lakhs
 (b) Amount spent in Administrative Overheads. – Nil
 (c) Amount spent on Impact Assessment, if applicable. – Not Applicable
 (d) Total amount spent for the Financial Year [(a)+(b)+(c)]. – ₹ 67 lakhs

Annex to Directors' Report - II (Continued)

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
67,00,000	—	—	—	—	—

(f) Excess amount for set-off, if any: Nil

Sl. No.	Particular	Amount (in ₹)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	—
(ii)	Total amount spent for the Financial Year	—
(iii)	Excess amount spent for the financial year [(ii)-(i)]	—
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	—
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	—

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years: Nil

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
	—	—	—	—	—	—	—	—
	TOTAL	—	—	—	—	—	—	—

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Not Applicable

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/Authority/beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
—	—	—	—	—	—	—	—

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135 – **Not Applicable**For **HDFC Sales Private Limited**Mumbai
April 28, 2023**Harini Anand**
Chairperson – CSR Committee**Santosh Gopalkrishnan**
Chief Executive Officer

Annex to Directors' Report – III

Form No. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

HDFC SALES PRIVATE LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HDFC Sales Private Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023 has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made thereunder
2. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
3. Other applicable Laws as per list attached as 'Annexure A' to this report.

We have also examined compliance with the applicable clauses of the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India (ICSI).

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with Non-Executive Directors. The following changes in the composition of Board of Directors/Key Managerial Personnel that took place during the period under review were carried out in compliance with the provisions of the Act:

The shareholders of the Company at its Annual General Meeting held on June 24, 2022 re-appointed Mr. Conrad D'Souza (DIN: 00010576), Mr. Rajeev Sardana (DIN: 06648276) and Ms. Harini Anand (DIN: 09157265) as the directors of the Company liable to retire by rotation.

The meetings were duly convened by giving adequate notice as required under the provisions of the Act and Secretarial Standards issued by ICSI. The Agenda and detailed notes on the Agenda were sent 7 (seven) days in advance except for the Board Meetings held on December 13, 2022 and March 21, 2023 and Corporate Social Responsibility Committee Meeting held on December 13, 2022, for which adequate consent was obtained from all the directors/members, as the case may be. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The minutes of the proceedings of Board Meetings and Committee Meetings have been maintained in compliance with the requirement under the Act and Secretarial Standards issued by ICSI.

Annex to Directors' Report – III (Continued)

All the decision taken in the Board Meetings were carried through by majority and there was no dissenting view by any director.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit Period, the Company has not undertaken any specific events/actions that can have a major bearing on the Company's compliance responsibility in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except as under:

- (i) The shareholders of the Company at its Annual General Meeting held on June 24, 2022 approved the payment of final dividend of ₹ 2.05 per equity share of ₹ 10 each of the Company for the financial year 2021-22.
- (ii) The Board of Directors at their meeting held on July 27, 2022 declared an interim dividend at the rate of ₹ 1.00 per equity share on 12,20,00,000 equity shares.
- (iii) The Board of Directors at their meeting held on October 21, 2022 declared a second interim dividend at the rate of ₹ 1.05 per equity share on 12,20,00,000 equity shares.
- (iv) The Board of Directors at their meeting held on January 23, 2023 declared a third interim dividend at the rate of ₹ 1.00 per equity share on 12,20,00,000 equity shares.

For M/s Heena Jaysinghani & Co.
Practicing Company Secretaries
UDIN: F011432E000133455

Heena Jaysinghani
Company Secretary
M.No 11432/CP. No. 20242
Peer Review Cert. No.: 2562/2022

Date: 18/04/2023
Place: Mumbai

Annex to Directors' Report – III (Continued)

‘ANNEXURE A’

LIST OF OTHER APPLICABLE LAWS

(including statutory amendments made thereto or amendments thereof for the time being in force)

1. The Maharashtra Shops and Establishments (Regulation of Employment and Conditions of Service) Act, 2017, rules thereunder and other State Acts and rules thereunder, including statutory amendments made thereto.
2. Payment of Gratuity Act, 1972 and applicable State Rules.
3. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
4. Information Technology Act, 2000 and Information Technology (Reasonable security practices and procedures and sensitive personal data or information) Rules, 2011.
5. Income Tax Act, 1961, Central Goods and Services Tax Act, 2017, State Goods and Service Tax Act, 2017 and Integrated Goods and Service Tax Act, 2017, Profession Tax, and rules thereunder.
6. Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015.
7. Conditions under registration with Association of Mutual Funds in India.
8. The Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2018.
9. Maternity Benefit Act, 1961 and applicable State Rules.
10. Payment of Bonus Act, 1965 and Payment of Bonus Rules, 1975.

Independent Auditors' Report

TO THE MEMBERS OF HDFC SALES PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HDFC Sales Private Limited (the "Company") which comprise the balance sheet as at 31 March 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information (or another title if appropriate, such as "Information Other than the Financial Statements and Auditor's Report Thereon")

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's directors' report, but does not include the financial statements and auditor's report(s) thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is

materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive loss, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

Independent Auditors' Report (Continued)

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope

and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. A. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule

Independent Auditors' Report (Continued)

11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its financial statements - Refer Note 26 to the financial statements.
- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- d.
 - (i) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 36 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (ii) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 36 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide

any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend. The interim dividend declared and paid by the Company during the year and until the date of this audit report is in compliance accordance with Section 123 of the Act. As stated in to the financial statements, the Board of Directors of the proposed final dividend for the which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.
- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act: In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W - 100022

Ajit Viswanath

Partner

Membership No.: 067114

ICAI UDIN:23067114BGWPHT6446

Mumbai
28 April 2023

Annexure A to the Independent Auditor's Report on the Financial Statements of HDFC Sales Private Limited for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company is a service company, primarily rendering direct selling agent services to its clients. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made investments, provided guarantee or security, granted loans and advances in the nature of loans, secured or unsecured to companies, limited liability partnership and other parties in respect of which the requisite information is as below:
- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity as below:

Particulars	Guarantees ₹ In Lakhs	Security ₹ In Lakhs	Loans ₹ In Lakhs	Advances in nature of loans ₹ In Lakhs
Aggregate amount during the year				
Subsidiaries*	NA	NA	NA	NA
Joint ventures*	NA	NA	NA	NA
Associates*	NA	NA	NA	NA
Others*	NA	NA		NA
Balance outstanding as at balance sheet date				
Subsidiaries*	NA	NA	NA	NA
Joint ventures*	NA	NA	NA	NA
Associates*	NA	NA	NA	NA
Others*	NA	NA	60.6	NA

*As per the Companies Act, 2013

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made, guarantees provided, security given

Annexure A to the Independent Auditor's Report of even date on financial statements of HDFC Sales Private Limited (Continued)

during the year and the terms and conditions of the grant of loans and advances in the nature of loans and guarantees provided during the year are, prima facie, not prejudicial to the interest of the Company.

- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.

- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of payment relating to ESIC, GST and Profession Tax.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

Name of the statute	Nature of the dues	Amount (₹ In Lakhs)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
The Finance Act, 1994	Service Tax	72	Financial year 2013-2017	Deputy/Assistant - Commissioner of Service Tax	—
Income Tax Act, 1967	Income Tax	89	Assessment Year 2021-22	Income Tax Authority	Rectification of return

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues

which have not been deposited on account of any dispute are as follows:

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not

Annexure A to the Independent Auditor's Report of even date on financial statements of HDFC Sales Private Limited (Continued)

surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Act.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

Annexure A to the Independent Auditor's Report of even date on financial statements of HDFC Sales Private Limited (Continued)

- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.
- (b) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any ongoing project. Accordingly, clause 3(xx)(b) of the Order is not applicable.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W - 100022

Ajit Viswanath

Partner

Mumbai
28 April 2023

Membership No.: 067114

ICAI UDIN:23067114BGWPHT6446

Annexure B to the Independent Auditor's Report on the financial statements of HDFC Sales Private Limited for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(F) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of HDFC Sales Private Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of

the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Annexure B to the Independent Auditors' report on the financial statements of HDFC Sales Private Limited for the year ended 31 March 2023. (Continued)

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W - 100022

Ajit Viswanath

Partner

Mumbai
28 April 2023

Membership No.: 067114

ICAI UDIN:23067114BGWPHT6446

Balance Sheet as at 31 March 2023

			(₹ In lakhs)
	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	7,104.80	7,338.95
Capital Work-in-Progress	3	2.88	20.24
Other Intangible Assets	3	123.23	165.49
Intangible Assets under development	3	12.88	10.00
Financial Assets			
Other financial assets	4	616.36	717.47
Deferred tax assets (net)	5	2,267.00	2,000.00
Income tax assets (net)	6	827.28	69.76
Other Non-Current assets	7	3.08	6.92
Total Non Current Assets		10,957.51	10,328.83
Current Assets			
Financial assets			
Investments	8	—	794.81
Trade receivables	9	12,403.84	12,313.69
Cash and cash equivalents	10	478.58	921.78
Bank balances other than cash and cash equivalents	11	3,504.99	3,304.99
Loans	12	24.25	34.62
Other financial assets	13	11,404.96	9,972.99
Other current assets	14	1,050.91	826.36
Total Current Assets		28,867.53	28,169.24
Total Assets		39,825.04	38,498.07
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	12,200.00	12,200.00
Other equity		5,775.72	5,520.13
Total Equity		17,975.72	17,720.13
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Lease Liabilities		4,061.61	3,903.07
Provisions	16	4,932.33	4,252.07
Total Non Current Liabilities		8,993.94	8,155.14
Current Liabilities			
Financial liabilities			
Trade payables	17	351.51	343.36
Lease Liabilities		1,594.54	1,587.07
Other financial liabilities	18	6,635.97	6,309.48
Current tax liabilities (Net)		99.95	140.10
Provisions	19	980.97	867.61
Other current liabilities	20	3,192.44	3,375.18
Total Current Liabilities		12,855.38	12,622.80
Total Equity and Liabilities		39,825.04	38,498.07

Summary of significant accounting policies

1 - 2

The accompanying notes form an integral part of the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Ajit Viswanath
Partner
Membership No.: 067114

Mumbai, April 28, 2023

For HDFC Sales Private Limited

Joseph Conrad Agnelo D'Souza
Director
(DIN: 00010576)

Gopalkrishnan Santosh
Chief Executive Officer
Mumbai, April 28, 2023

S. N. Shroff
Director
(DIN: 00011169)

Shivalingam Pillai
Chief Financial Officer

Harini Anand
Director
(DIN: 09157265)

Krithika Raghu
Company Secretary

Statement of Profit and Loss for the Year ended March 31, 2023

Particulars	Note No.	(₹ In lakhs)	
		Period ended March 31, 2023	Period ended March 31, 2022
Revenue from operations	21	77,127.75	72,295.86
Other income	22	2,892.46	369.70
Total Income		80,020.21	72,665.56
Expenses			
Employee benefit expense	23	63,737.85	57,078.33
Finance cost	24	598.09	644.36
Depreciation and amortisation	3	2,979.33	3,016.17
Other expenses	25	3,685.46	3,613.41
Total Expenses		71,000.73	64,352.27
Profit before tax		9,019.48	8,313.29
Tax expenses (Refer Note 30)			
Current tax		2,514.00	2,429.00
Tax Adjustments pertaining to prior years		(33.40)	17.65
Deferred Tax		(267.00)	(2,000.00)
Profit for the year from operations		6,805.88	7,866.65
Profit for the year		6,805.88	7,866.65
Other comprehensive income			
<u>Items that will not be reclassified to profit or loss</u>			
Remeasurement of the defined benefit plans		(328.29)	(56.95)
Total		(328.29)	(56.95)
Total comprehensive income for the year		6,477.59	7,809.69
Earnings per equity share : (Face value of ₹10 each)	29		
Basic		5.58	6.45
Diluted		5.58	6.45
Summary of significant accounting policies	1 - 2		
The accompanying notes form an integral part of the financial statements			

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Ajit Viswanath
Partner
Membership No.: 067114

Mumbai, April 28, 2023

For HDFC Sales Private Limited

Joseph Conrad Agnelo D'Souza
Director
(DIN: 00010576)

Gopalkrishnan Santosh
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Mumbai, April 28, 2023

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Director
(DIN: 09157265)

Krithika Raghu
Company Secretary

Statement Cash Flow for the year ended March 31, 2023

	(₹ In lakhs)	
	For the Year ended March 31, 2023	For the Year ended March 31, 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	9,019.48	8,313.29
Depreciation and Amortisation	2,979.33	3,016.17
Rent Paid	(2,389.66)	(2,277.27)
Bad debts written off	11.44	39.46
Interest on Bank Deposits	(959.04)	(302.44)
Loss on Sale of Fixed Assets	(5.11)	(1.34)
Profit on Retirement of ROU Asset & Lease Liability under Ind AS 116	(12.54)	(10.11)
Operating profit before working capital changes	8,643.90	8,777.76
Decrease in Non - Current Assets	102.93	39.11
Increase in Current Assets	(847.74)	(2,308.37)
Increase in Non Current Liabilities	680.26	413.03
Decrease in Current Liabilities	(63.02)	2,928.62
Cash Generated from Operations	8,516.33	9,850.15
Taxes Paid	(3,278.25)	(2,645.86)
Net cash from Operating Activities (I)	5,238.08	7,204.29
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment /Other Intangible Assets, including capital advances	(767.89)	(776.94)
Increase/(Decrease) Capital Work-in-Progress/Intangible Assets under development	14.48	(4.68)
Sale of Property, Plant and Equipment	42.20	75.40
Purchase of Investments - Fixed deposits	(1,100.00)	(13,000.00)
Purchase of Investments - Mutual funds	(7,302.82)	(16,194.81)
Redemption of Investment Mutual funds	8,097.63	15,400.00
Interest on Bank Deposits	959.04	302.44
Net cash from /(used in) Investing Activities (II)	(57.35)	(14,198.59)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(6,222.00)	(854.00)
Interest Expenses - Lease Rental Properties	598.09	644.36
Net cash used in Financing Activities (III)	(5,623.91)	(209.64)
Net Decrease in cash and cash equivalents (IV) = (I)+(II)+(III)	(443.19)	(7,203.94)
Add : Cash and Cash equivalents at the beginning of the year (Refer Note 10)	921.78	8,125.72
Cash and Cash equivalents at the end of the year (Refer Note 10)	478.59	921.78
Summary of significant accounting policies		
The accompanying notes form an integral part of the financial statements		

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Ajit Viswanath
Partner
Membership No.: 067114

Mumbai, April 28, 2023

For HDFC Sales Private Limited

Joseph Conrad Agnelo D'Souza
Director
(DIN: 00010576)

Gopalkrishnan Santosh
Chief Executive Officer
Mumbai, April 28, 2023

S. N. Shroff
Director
(DIN: 00011169)

Shivalingam Pillai
Chief Financial Officer

Harini Anand
Director
(DIN: 09157265)

Krithika Raghu
Company Secretary

Statement of Changes in Equity

(₹ In lakhs)

A. Equity Share Capital

Balance as at April 1, 2022	12,200.00
Shares issued during the Period	—
Balance as at March 31, 2023	<u>12,200.00</u>

B. Other Equity

Particulars	Retained Earnings	Equity component of compound financial instruments	Total
Balance as as April 1, 2021	(1,435.56)	—	(1,435.56)
Additions during the Period	—	—	—
Interim Dividend paid	(854.00)	—	(854.00)
Profit transferred from Statement of Profit and Loss	7,866.65	—	7,866.65
Other Comprehensive Income	(56.95)	—	(56.95)
Redemption of optionally convertible debentures (equity component)	—	—	—
Closing Balance as as March 31, 2022	5,520.13	—	5,520.13
Surplus transferred from Statement of Profit and Loss	6,805.88	—	6,805.88
Final Dividend paid	(2,501.00)	—	(2,501.00)
Interim Dividend Payable	(3,721.00)	—	(3,721.00)
Other Comprehensive Income	(328.29)	—	(328.29)
Redemption of optionally convertible debentures (equity component)	—	—	—
Closing Balance as as March 31, 2023	5,775.72	—	5,775.72

Summary of significant accounting policies

The accompanying notes form an integral part of the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Ajit Viswanath
Partner
Membership No.: 067114

Mumbai, April 28, 2023

For HDFC Sales Private Limited

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(DIN: 00010576)

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Director
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Shivalingam Pillai
Chief Financial Officer

Harini Anand
Director
(DIN: 09157265)

Krithika Raghu
Company Secretary

Notes forming part of the financial statements

1. General Information

HDFC Sales Private Limited (the “Company”) a wholly owned subsidiary of Housing Development Finance Corporation Limited (HDFC Ltd), is incorporated in India, with its registered office in Mumbai. The Company sources loan business for HDFC Ltd and HDFC Credila Financial Services Limited, for which it receives commission. The Company is also a corporate agent of HDFC Life Insurance Company Limited and HDFC ERGO General Insurance Company Limited.

2. Significant Accounting Policies

2.1 Basis of preparation and presentation of financial statements:

Compliance with Indian Accounting Standards (Ind AS)

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) and the relevant provisions of the Companies Act, 2013 (the “Act”) (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant rules, as amended.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

Basis of Measurement

Historical cost convention:

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the Company.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

Critical accounting estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Further results

Notes forming part of the financial statements

could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known /materialize.

Fair Valuation:

The Company's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value, the Company uses market observable data to the extent it is available. When Level I inputs are not available, the Company establishes other appropriate valuation techniques and inputs to valuation model.

Measurement of Defined Benefit Plan:

The cost and the present value of the defined benefit plan are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and Attrition rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. (Refer Note No. 23.3)

Leases:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. Refer Note 31

2.2 Presentation of financial statements

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Companies Act, 2013 (the "Act"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The Balance Sheet, Statement of Profit and Loss, Statement of Cash Flow and Statement of Changes in Equity are together referred as the financial statement of the Company.

2.2.1 Functional and presentation currency

Amounts in the financial statements are presented in Indian Rupees in lakhs rounded off to two decimal places as permitted by Schedule III to the Act. Per share data are presented in Indian Rupee to two decimal places.

2.2.2 Recent pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions

Notes forming part of the financial statements

that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

2.3 Going Concern

As explained in note 34, the financial statements have been prepared on a going concern basis.

2.4 Revenue Recognition:

2.4.1 Commission income and Management Fee

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115, Revenue from contracts with customers, outlines a single comprehensive model of accounting for revenue arising from contracts with customers. The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

- The Company recognises fee and commission income towards rendering of services to its customers on satisfactory completion of the services.
- Distribution income is earned by selling of services under distribution arrangements.

2.4.2 Other income

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

2.5 Property, plant and equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. PPE acquired on hire purchase basis are recognised at their cash values. Cost includes professional fees related to the acquisition of PPE.

Notes forming part of the financial statements

For transition to Ind AS, the Company has elected to adopt as deemed cost, the carrying value of PPE measured as per IGAAP less accumulated amortisation and cumulative impairment on the transition date of April 1, 2017.

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land) less their residual values over their useful lives specified under Part C of Schedule II to the Act, or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value being accounted on prospective basis.

Depreciation for additions to/deductions from, owned assets is calculated pro rata to the period of use. Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

The useful life of the property, plant and equipment held by the Company is as follows:

Class of assets	Useful life	Companies Act
Computer Hardware*	4 years	3/6 years
Furniture & Fixtures	10 years	10 years
Office Equipment	5 years	5 years
Building	60 years	60 years
Leasehold Improvement	Over the lease period	Over the lease period

* For the above class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Act.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.6 Intangible Assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

For transition to Ind AS, the Company has elected to adopt as deemed cost, the carrying value of Intangible assets measured as per IGAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2017.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as “Intangible assets under development”.

Company follows its internal policy for amortisation of Intangible assets. It is amortised on straight line basis over the estimated useful life of 4 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

Notes forming part of the financial statements

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit or loss when the asset is derecognised.

2.7 Impairment losses on non-financial assets:

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

An asset is considered as impaired when on the balance sheet date there are indications of impairment in the carrying amount of the assets, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the assets' net selling price and value in use). The carrying amount is reduced to the level of recoverable amount and the reduction is recognised as an impairment loss in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss

2.8 Borrowing cost :

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets as defined in Ind AS 23 are capitalized as a part of costs of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use.

Borrowing costs include interest expense calculated using the EIR on respective financial instruments measured at amortised cost, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the gross carrying amount of the financial liability. Calculation of the EIR includes all fees paid that are incremental and directly attributable to the issue of a financial liability.

2.9 Employee Benefits:

Defined Contribution Plan:

The Company has two defined contribution plans for its employees:

- Contribution to Provident Fund is made to Government Provident Fund Authority
- Contribution to Employees Pension Scheme 1995 is made to Government Provident Fund Authority.

The Company recognises contribution payable to this fund / scheme as an expenditure, where an employee renders the related services. If the contribution payable to the scheme for services received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid.

Defined Benefit Plan:

The Company's Gratuity liability under the Payment of Gratuity Act, 1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method.

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Notes forming part of the financial statements

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long term service awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date. The obligation is measured on the basis of actuarial valuation using Projected unit credit method and remeasurements gains/ losses are recognised in statement of profit and loss in the period in which they arise.

Short-term employee benefits

The undiscounted amount of short-term employee benefits are expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive which is expected to be paid within twelve months after the end of the period in which the employee renders the related service

2.10 Leases :

Lease liabilities are initially recognised and measured at an amount equal to the present value of minimum lease payments during the lease term that are not yet paid.

The lease liability is measured in subsequent periods using the incremental borrowing cost rate.

i. As a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate standalone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated

Notes forming part of the financial statements

impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right of use assets recognised.

ii. As a lessor

The Company has not let out property and equipment on lease and hence is not required to make any adjustments for leases in which it acts as a lessor.

2.11 Taxes on Income:

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the Statement of Profit and Loss except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognised outside profit or loss.

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax credits could be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date, and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Notes forming part of the financial statements

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Significant accounting estimates and judgements are involved in determining Company's tax charge for the year which includes an interpretation of local tax laws, judicial pronouncements and an assessment whether the tax authorities will accept the position taken. These judgements, also, take account of external advice, wherever appropriate, and the Company's view on settling with the tax authorities.

The Company provides for current tax liabilities at the best estimate that is expected to be paid to the tax authorities where an outflow is probable. In making these estimates, the Company assumes that the tax authorities will examine all the amounts reported to them and have full knowledge of all the relevant information.

2.12 Cash and Cash Equivalents:

Cash and Bank balances comprises cash on hand and demand deposits with banks. Bank balances are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.13 Statement of Cash Flows:

Cash Flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.14 Earnings Per Share:

Basic earnings per share is calculated by dividing the net statement of profit or loss (before Other Comprehensive Income) for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity share would decrease the net profit per share or increase net loss per share from continuing ordinary operations.

2.15 Provisions and contingencies:

Provisions are recognised only when:

An entity has a present obligation (legal or constructive) as a result of a past event; and

It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

A reliable estimate can be made of the amount of the obligation. Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in

Notes forming part of the financial statements

respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

A present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent Assets:

Contingent assets are not recognised in the financial statements

2.16 Goods and Service Tax (GST) Input credit:

GST input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

2.17 Operating Cycle:

The primary determinant between current and noncurrent assets is the anticipated timeline of their use. Current and noncurrent assets and liabilities are listed on the balance sheet.

- Current assets are assets that are expected to be converted to cash within a year.
- Noncurrent assets are those that are considered long-term, where their full value won't be realised until at least a year.
- Current liabilities are financial obligations that are expected to settle in their normal operating cycle.
- Noncurrent liabilities are financial obligations that are not due within a year, such as long-term debt.

2.18 Financial instruments

Date of recognition

The Company recognises debt securities, deposits and borrowings when funds reach the Company.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for the Day 1 profit or loss, as described below.

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments,

Notes forming part of the financial statements

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Compound instruments

The component parts of compound instruments (e.g. convertible debentures) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital and share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain/loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible debentures are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the convertible debentures.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'at amortised cost'.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

Modification and De-recognition of financial assets:

Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows

Notes forming part of the financial statements

of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness). Such accounts are classified as stage 3 immediately upon such modification in the terms of the contract.

Not all changes in terms of loans are considered as renegotiation and changes in terms of a class of obligors that are not overdue is not considered as renegotiation and is not subjected to deterioration in staging.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of ownership of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of:

- (i) the consideration received (including any new asset obtained less any new liability assumed), and
- (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

Reclassifications within classes of financial assets

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

The classification and measurement requirements of the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets.

2.19 Operating Segments:

Based on "Management Approach" as defined by Ind AS 108, The Chief Operating Decision Maker (CODM) evaluates the "Operating Segments". The Chief Operating Decision Maker (CODM) of the Company is the Board of Directors.

The Company is primarily engaged in providing commission services in India. As such, there are no separate reportable segments, as per Ind AS 108 on "Operating Segments".

2.20 Dividend on Ordinary Shares:

As per the corporate laws in India, an interim dividend is authorised when it is approved by the Board of Directors and final dividend is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Notes forming part of the financial statements

(₹ In lakhs)

3 Property, plant and equipment

Particulars	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK	
	As at April 1, 2022	Additions during the Period	Deductions/ Write-off during the Period	As at March 31, 2023	For the Period	Deductions/ Write-off during the Period	As at March 31, 2023	As at March 31, 2022
Tangible								
Building	11.71	—	—	11.71	0.20	—	2.56	9.15
Computer Hardware	2,516.69	230.78	197.51	2,549.96	295.17	195.01	2,006.52	543.44
Leasehold Improvements	4,057.52	322.52	150.98	4,229.06	526.20	119.86	3,061.53	1,167.53
Furniture & Fixtures	255.91	24.76	2.46	278.21	22.97	1.28	132.67	145.54
Office Equipments	1,655.82	170.14	41.16	1,784.80	251.89	38.87	1,364.55	420.25
Total	8,497.65	748.20	392.11	8,853.74	1,096.43	355.02	6,567.83	2,285.91
Right of use assets	9,762.74	2,103.49	425.97	11,440.26	1,818.94	292.60	6,621.37	4,818.89
Total	18,260.39	2,851.69	818.08	20,294.00	2,915.37	647.62	13,189.20	7,104.80
Other Intangibles - other than Internally generated								
Computer Software	466.43	21.70	—	488.13	63.96	—	364.90	123.23
Total	466.43	21.70	—	488.13	63.96	—	364.90	123.23
Grand Total	18,726.82	2,873.39	818.08	20,782.13	2,979.33	647.62	13,554.10	7,228.03
Particulars	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK	
	As at April 1, 2021	Additions during the Period	Deductions/ Write-off during the Period	As at March 31, 2022	For the Period	Deductions/ Write-off during the Period	As at March 31, 2022	As at March 31, 2022
Tangible								
Building	11.71	—	—	11.71	0.20	—	2.36	9.36
Computers	2,377.04	420.97	281.32	2,516.70	338.23	276.55	1,906.35	610.34
Leasehold Improvements	4,105.27	125.69	173.44	4,057.52	547.34	118.61	2,655.18	1,402.33
Furniture & Fixtures	272.91	14.14	31.14	255.91	21.51	29.01	110.98	144.92
Office Equipments	1,657.24	109.87	111.29	1,655.82	255.42	98.95	1,151.53	504.28
Total	8,424.17	670.67	597.20	8,497.65	1,162.70	523.12	5,826.41	2,671.24
Right of use assets	9,205.44	653.88	96.58	9,762.74	1,793.92	39.38	5,095.03	4,667.71
Total	17,629.62	1,324.55	693.78	18,260.39	2,956.62	562.49	10,921.44	7,338.96
Other Intangibles - other than Internally generated								
Computer Software	355.38	111.05	—	466.43	59.55	—	300.95	165.49
Total	355.38	111.05	—	466.43	59.55	—	300.95	165.49
Grand Total	17,985.00	1,435.61	693.78	18,726.83	3,016.17	562.49	11,222.38	7,504.44
Particulars	As at			As at				
	March 31, 2023	March 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2022		
Capital Work-in-Progress								
Total	2.88	2.88	20.24	2.88	20.24	20.24		
Intangible Assets under development								
Total	12.88	12.88	10.00	12.88	10.00	10.00		

Notes forming part of the financial statements

Note:1

As at 31st March, 2023					
To be completed in					(₹ In lakhs)
CWIP	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in progress					
CWIP-Tangible					
1. Leasehold of existing office modification- Vastrapura - Ahemdabad	2.88	—	—	—	2.88
CWIP-Intangible					
1. Simson Softwares Pvt. Ltd.-SAIBA-Online Indian Edition for Direct Insurance Broker	10.00	—	—	—	10.00
2. Cyber Managers Software Services Pvt. Ltd. - DEVELOPMENT OF FS INCENTIVE SYSTEM	2.88	—	—	—	2.88
Project temporarily suspended	—	—	—	—	—
Total	15.76	—	—	—	15.76

CWIP ageing schedule					
Amount in CWIP as at year ended 31st March, 2023					(₹ In lakhs)
CWIP	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project in progress-Tangible					
1. Leasehold of new office at Vikaspuri-Delhi	2.88	—	—	—	2.88
Project in progress-Intangible					
1. Simson Softwares Pvt. Ltd. - SAIBA-Online Indian Edition for Direct Insurance Broker	—	—	—	10.00	10.00
2. Cyber Managers Software Services Pvt. Ltd. - DEVELOPMENT OF FS INCENTIVE SYSTEM	2.88	—	—	—	2.88
Project temporarily suspended	—	—	—	—	—
Total	5.76	—	—	10.00	15.76

As at 31st March, 2022					
To be completed in					(₹ In lakhs)
CWIP	Less than 1 year	1-2Years	2-3 Years	More than 3 Years	Total
Projects in progress					
CWIP-Tangible					
1. Leasehold of new office at Kompoli-Telangana State	11.36	—	—	—	11.36
2. Leasehold of new office at Vijay Nagar-Madhya Pradesh	8.03	—	—	—	8.03
3. Leasehold of new office at Chindwara-Madhya Pradesh	0.85	—	—	—	0.85
CWIP-Intangible					
1. Simson Softwares Pvt. Ltd.-SAIBA-Online Indian Edition for Direct Insurance Broker	10.00	—	—	—	10.00
Project temporarily suspended	—	—	—	—	—
Total	30.24	—	—	—	30.24

Notes forming part of the financial statements

CWIP ageing schedule					
Amount in CWIP as at year ended 31st March, 2022					(₹ In lakhs)
CWIP	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project in progress-Tangible					
1. Leasehold of new office at Kompoli-Telangana State	11.36	—	—	—	11.36
2. Leasehold of new office at Vijay Nagar-Madhya Pradesh	8.03	—	—	—	8.03
3. Leasehold of new office at Chindwara-Madhya Pradesh	0.85	—	—	—	0.85
Project in progress-Intangible					
1. Simson Softwares Pvt. Ltd.-SAIBA-Online Indian Edition for Direct Insurance Broker	—	—	10.00	—	10.00
Project temporarily suspended	—	—	—	—	—
Total	20.24	—	10.00	—	30.24

(₹ In lakhs)

4 OTHER NON-CURRENT FINANCIAL ASSETS

	As at March 31, 2023	As at March 31, 2022
Bank Deposit with maturity beyond twelve months (Under Lien) (Refer Note 27)	5.00	5.00
Security Deposits	10.98	10.51
Rent Deposits	600.38	701.96
	616.36	717.47

5 DEFERRED TAX ASSETS (NET)

	As at March 31, 2023	As at March 31, 2022
Depreciation	568.00	500.00
Retirement Benefits	1,488.00	1,300.00
Ind As 116 ROU/Lease Liabilities	211.00	200.00
	2,267.00	2,000.00

6 INCOME TAX ASSETS (NET)

	As at March 31, 2023	As at March 31, 2022
Advance Payment of Income Tax (Net of Provisions)	827.28	69.76
	827.28	69.76

7 OTHER NON- CURRENT ASSETS

	As at March 31, 2023	As at March 31, 2022
Prepaid Expenses	1.31	3.13
Capital Advances	1.77	3.79
	3.08	6.92

Notes forming part of the financial statements

(₹ In lakhs)

8 CURRENT INVESTMENTS

	As at March 31, 2023	As at March 31, 2022
Investment In Cash Management Schemes Of Mutual Funds	—	794.81
	—	794.81

9 TRADE RECEIVABLES

(Unsecured, Considered Good)

	As at March 31, 2023	As at March 31, 2022
Outstanding for a period exceeding 12 months from the date they become due	4.93	3.94
Others (Refer Note 27)	12,398.91	12,309.75
	12,403.84	12,313.69

Trade Receivables ageing schedule

Particulars	Outstanding receivables as on 31st March, 2023					
	Less than 6 months	6 months - 1 year	1-2 Years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables — considered good/ All receivables from related party	12,398.42	0.49	1.33	0.32	3.28	12,403.84
(ii) Undisputed Trade Receivables — which have significant increase in credit risk	—	—	—	—	—	—
(iii) Undisputed Trade Receivables — credit impaired	—	—	—	—	—	—
(iv) Disputed Trade Receivables — considered good	—	—	—	—	—	—
(v) Disputed Trade Receivables — which have significant increase in credit risk	—	—	—	—	—	—
(vi) Disputed Trade Receivables — credit impaired	—	—	—	—	—	—
Total	12,398.42	0.49	1.33	0.32	3.28	12,403.84

Particulars	Outstanding receivables as on 31st March, 2022					
	Less than 6 months	6 months - 1 year	1-2 Years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables — considered good	12,309.70	0.05	3.94	—	—	12,313.69
(ii) Undisputed Trade Receivables — which have significant increase in credit risk	—	—	—	—	—	—
(iii) Undisputed Trade Receivables — credit impaired	—	—	—	—	—	—
(iv) Disputed Trade Receivables — considered good	—	—	—	—	—	—
(v) Disputed Trade Receivables — which have significant increase in credit risk	—	—	—	—	—	—
(vi) Disputed Trade Receivables — credit impaired	—	—	—	—	—	—
Total	12,309.70	0.05	3.94	—	—	12,313.69

Notes forming part of the financial statements

(₹ In lakhs)

10 CASH AND CASH EQUIVALENTS

	As at March 31, 2023	As at March 31, 2022
Balances with bank		
— In Current Account (Refer Note 27)	178.58	221.78
— Bank Deposits (Refer Note 27)	300.00	700.00
	<u>478.58</u>	<u>921.78</u>

11 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at March 31, 2023	As at March 31, 2022
Bank Deposits (Under Lien) (Refer Note 27)	4.99	4.99
Bank Deposits (Refer Note 27)	3,500.00	3,300.00
	<u>3,504.99</u>	<u>3,304.99</u>

12 CURRENT LOANS

	As at March 31, 2023	As at March 31, 2022
(Unsecured, Considered Good)		
Staff Loans	24.25	34.62
	<u>24.25</u>	<u>34.62</u>

13 OTHER CURRENT FINANCIAL ASSETS

	As at March 31, 2023	As at March 31, 2022
(Unsecured, Considered Good)		
Interest Accrued but not due on Bank Deposits	529.87	113.56
Rent Deposits	275.09	159.43
Fixed Deposits (Refer Note 27)	10,600.00	9,700.00
	<u>11,404.96</u>	<u>9,972.99</u>

14 OTHER CURRENT ASSETS

	As at March 31, 2023	As at March 31, 2022
GST Input Credit Receivable	403.36	379.52
Advance to employees	29.82	39.20
Dues from Employees	9.00	12.73
Other Advances		
— Related Party (Refer Note 27)	179.28	42.64
— Others	301.57	5.75
Prepaid Expenses		
— Related Party (Refer Note 27)	(7.52)	217.64
— Others	135.40	128.88
	<u>1,050.91</u>	<u>826.36</u>

Notes forming part of the financial statements

(₹ In lakhs)

15 SHARE CAPITAL

	As at March 31, 2023	As at March 31, 2022
Authorised (Refer note 15.1)		
15,00,00,000 Equity Shares of ₹ 10/- each	15,000.00	15,000.00
	15,000.00	15,000.00
Issued, Subscribed and paid-up		
12,20,00,000 Equity Shares of ₹ 10/- each fully paid up	12,200.00	12,200.00
(Previous Year 12,20,00,000 Equity Shares of ₹ 10/- each fully paid up)		
(All the Shares are held by Housing Development Finance Corporation Limited, the Holding Company and its nominees)		
	12,200.00	12,200.00

15.1 The Company has only one class of shares referred to as equity shares having Face Value of ₹ 10/- each. Each holder of equity share is entitled to one vote per share.

15.2 The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting. The Company has declared and paid final and interim dividend as under:

Date of Board meeting / AGM	Date of payment	Type of Dividend	Rate / share	₹ crores
24 June 2022	27 June 2022	Final Dividend	2.05	25.01
27 July 2022	29 July 2022	Interim dividend	1.00	12.20
21 October 2022	22 October 2022	Interim dividend	1.05	12.81
23 January 2023	25 January 2023	Interim dividend	1.00	12.20
Total			5.10	62.22

15.3 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the Shareholders.

15.4 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	As at 31-Mar-23		As at 31-Mar-22	
	Number	(₹ In lakhs)	Number	(₹ In lakhs)
Equity shares outstanding as at the beginning of the year	12,20,00,000	12,200	12,20,00,000	12,200
Equity Shares issued during the year on Right basis	—	—	—	—
Equity shares outstanding as at the end of the year	12,20,00,000	12,200	12,20,00,000	12,200

Notes forming part of the financial statements

15.5 Details of shareholding of Promoters :

Name of the Shareholder	As at March 31, 2023			As at March 31, 2022			As at April 01, 2021
	No. of Equity Shares (Face Value ₹ 10)	% of Share Capital	% Change during the year	No. of Equity Shares (Face Value ₹ 10)	% of Share Capital	% Change during the year	No. of Equity Shares (Face Value ₹ 10)
Housing Development Finance Corporation Limited	12,20,00,000	100%	0%	12,20,00,000	100%	0%	12,20,00,000

15.6 During the period of 5 years immediately preceeding the Balance Sheet date, the Company has not issued any Equity Shares without payment being received in cash, bonus shares and has not bought back any Equity Shares

(₹ In lakhs)

16 NON CURRENT PROVISIONS

	As at March 31, 2023	As at March 31, 2022
Provision for Employee Benefits		
Gratuity (Refer Note 23.3)	2,835.56	2,376.30
Leave Encashment	2,096.77	1,875.77
	<u>4,932.33</u>	<u>4,252.07</u>

17 TRADE PAYABLES

	As at March 31, 2023	As at March 31, 2022
Due to micro enterprises and small enterprises	25.31	10.43
Due to Other than micro enterprises and small enterprises((Refer Note 27)	326.20	332.93
	<u>351.51</u>	<u>343.36</u>

Particulars	Outstanding payables as on 31st March,2023				
	Less than 1 years	1-2 Years	2-3 years	More than 3 years	Total
(i) MSME	25.31	—	—	—	25.31
(ii) Others	321.15	1.09	0.03	3.93	326.20
(iii) Disputed dues- MSME	—	—	—	—	—
(iv) Disputed Dues- Others	—	—	—	—	—
Total	346.46	1.09	0.03	3.93	351.51

Particulars	Outstanding payables as on 31st March,2022				
	Less than 1 years	1-2 Years	2-3 years	More than 3 years	Total
(i) MSME	10.43	—	—	—	10.43
(ii) Others	328.27	1.08	0.06	3.52	332.93
(iii) Disputed dues- MSME	—	—	—	—	—
(iv) Disputed Dues- Others	—	—	—	—	—
Total	338.70	1.08	0.06	3.52	343.36

Notes forming part of the financial statements

- 17.1 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the year is given below :

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Amounts outstanding but not due as at year end	—	—
(b) Amounts due but unpaid as at year end	25.31	10.43
(c) Amounts paid after appointed date during the year	—	—
(d) Amounts of interest accrued and unpaid as at year end	—	—
(e) The amount of further interest due and payable even in the succeeding year	—	—
Total	25.31	10.43

- 17.2 There is amount payable of ₹ 22.12 lacs during the year by the Company to suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.

(₹ In lakhs)

18 OTHER FINANCIAL LIABILITIES

	As at March 31, 2023	As at March 31, 2022
Accrued Employee Compensation	6,565.42	6,213.60
Retention Money	24.76	14.80
Capital Creditors	24.78	60.51
Other liabilities / payables	21.01	20.58
	<u>6,635.97</u>	<u>6,309.48</u>

19 SHORT TERM PROVISIONS

	As at March 31, 2023	As at March 31, 2022
Provision for Employee Benefits		
Gratuity (Refer Note 23.3)	180.99	135.71
Leave Encashment	799.98	731.90
	<u>980.97</u>	<u>867.61</u>

20 OTHER CURRENT LIABILITIES

	As at March 31, 2023	As at March 31, 2022
Statutory Remittances	3,192.44	3,375.18
	<u>3,192.44</u>	<u>3,375.18</u>

Notes forming part of the financial statements

(₹ In lakhs)

21 REVENUE FROM OPERATIONS

	Period ended March 31, 2023	Period ended March 31, 2022
Commission & Brokerage (Refer Note 27)		
— Mortgage	58,978.10	56,214.46
— Insurance	16,979.08	15,299.58
— Education Loan	336.70	146.61
— National Pension Scheme Commission	2.70	2.70
— Others	319.15	244.32
	76,615.73	71,907.67
Management Fees (Refer Note 27)	512.02	388.19
	<u>77,127.75</u>	<u>72,295.86</u>

22 OTHER INCOME

	Period ended March 31, 2023	Period ended March 31, 2022
Branding service	1,920.87	—
Interest on Bank Deposits (Refer Note 27)	959.04	302.44
Surplus From Deployment In Cash Mgmt Schemes Of Mutual Funds	9.55	47.41
Interest on Income Tax Refund	3.00	19.85
	<u>2,892.46</u>	<u>369.70</u>

23 EMPLOYEE BENEFITS EXPENSES

	Period ended March 31, 2023	Period ended March 31, 2022
Salaries & Bonus (Refer Note 23.1 & 23.2)	59,200.44	53,114.17
Contribution to Provident Fund (Refer Note 23.3)	2,458.14	2,013.23
Staff Welfare Expenses (Refer Note 23.3 & 27)	1,524.25	1,461.00
Gratuity (Refer Note 23.3)	555.02	489.93
	<u>63,737.85</u>	<u>57,078.33</u>

23.1 Salaries and bonus includes ₹ 516.78 lacs (Previous Year ₹ 221.05 lacs) being amount paid to Holding Company, on account of personnel deputed to the Company.

23.2 Salaries and bonus is net of recovery from Holding Company, to the extent of ₹ 9,841.06 lacs (Previous Year ₹ 7,630.94 lacs) towards outsourcing services rendered by the employees of the company.

23.3 As required by Indian Accounting Standard 19 - "Employee Benefits", the following disclosures have been made :

I Defined Contribution Plans

The Company makes Provident Fund, Employee State Insurance Scheme and Labour Welfare Fund contributions which are defined Contribution Plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the Payroll Cost to fund the benefits.

Notes forming part of the financial statements

- i) The Company has recognised ₹ 2,654.21 lacs (Previous Year ₹ 2,174.60 lacs) in the Statement of Profit and Loss on account of Contribution to Provident Fund and administration charges.
- ii) The Company has recognised ₹ 504.61 lacs (Previous Year ₹ 502.06 lacs) in the Statement of Profit and Loss on account of Contribution to Employee's State Insurance Corporation.
- iii) The Company has recognised ₹ 10.93 lacs (Previous Year ₹ 6.20 lacs) in the Statement of Profit and Loss on account of Contribution to Labour Welfare Fund.

II Defined Benefit Plans

- a) The Company has an obligation towards gratuity, a non funded defined benefit plan covering eligible employees. The plan provides for a lumpsum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to fifteen days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs on completion of five years of service.
- b) Details of the Company's non funded post-retirement benefit plans towards gratuity for its employees are given below which is certified by the actuary and relied upon by the auditors:

(₹ In lakhs)

Change in the Benefits Obligations:	Current Year	Previous Year
Liability at the beginning of the year	2,512.01	2,178.68
Current Service Cost	381.69	346.79
Interest Cost	173.33	143.14
Benefits Paid	(378.77)	(213.55)
Actuarial Loss	328.29	56.95
Liability at the end of the year	3,016.55	2,512.01

Amount Recognised in the Balance Sheet :	Current Year	Previous Year
Liability at the end of the year	3,016.55	2,512.01
Fair Value of the plan at the end of the year	—	—
Amount Recognised in the Balance Sheet under "Provision for Employee Benefits"	3,016.55	2,512.01
— Long Term Provisions	2,835.56	2,376.30
— Short Term Provisions	180.99	135.71

Expense Recognised in the Statement of Profit and Loss :	Current Year	Previous Year
Current Service Cost	381.69	346.79
Interest Cost	173.33	143.14
Net Actuarial loss to be recognised	328.29	56.95
Expense recognised in the Statement of Profit & Loss included under Employee Benefits Expense	883.31	546.88

Notes forming part of the financial statements

(₹ In lakhs)

Reconciliation of the Liability Recognised in the Balance Sheet	2022-23	2021-22	2020-21	2019-20	2018-19
Opening Net Liability	2,512.01	2,178.68	1,760.37	1,207.03	906.41
Expense Recognised	883.31	546.88	512.42	653.81	389.03
Benefit Paid	(378.77)	(213.55)	(94.10)	(100.47)	(88.41)
Amount recognised in the Balance Sheet under "Provision for Employee Benefits"	3,016.55	2,512.01	2,178.68	1,760.37	1,207.03
Experience Adjustment:					
On Plan Liabilities (Gain)/Loss	479.55	143.02	86.74	186.41	134.16

Principal Assumptions:

Particulars	Current Year %	Previous Year %
Discount Rate	6.90	6.90
Salary Escalation Rate	5.00	5.00
Attrition Rate		
For Service Below 5 Years	28.00	28.00
For Service 5 Years & Above	5.00	5.00

The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors.

Sensitivity Analysis - Gratuity Fund

(₹ In lakhs)

Particulars	Current Year	Previous Year
Projected Benefit Obligation on Current Assumptions	3,016.55	2,512.01
Delta Effect of +1% Change in Rate of Discounting	(264.15)	(232.07)
Delta Effect of -1% Change in Rate of Discounting	308.57	272.75
Delta Effect of +1% Change in Rate of Salary Increase	313.02	275.27
Delta Effect of -1% Change in Rate of Salary Increase	(272.15)	(238.03)
Delta Effect of +1% Change in Rate of Employee Turnover	56.13	35.49
Delta Effect of -1% Change in Rate of Employee Turnover	(64.71)	(41.67)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

Notes forming part of the financial statements

Maturity Analysis of the Benefit Payments: From the Fund

(₹ In lakhs)

Projected Benefits Payable in Future Years From the Date of Reporting	Current Year	Previous Year
1st Following Year	180.99	135.71
2nd Following Year	194.42	149.61
3rd Following Year	200.08	159.61
4th Following Year	207.34	163.46
5th Following Year	223.81	168.34
Sum of Years 6 To 10	1,150.54	902.72
Sum of Years 11 and above	5,134.19	4,232.50

24 FINANCE COST

	Period ended March 31, 2023	Period ended March 31, 2022
Interest Expenses - Lease Rental Properties	598.09	644.36
	<u>598.09</u>	<u>644.36</u>

25 OTHER EXPENSES

	Period ended March 31, 2023	Period ended March 31, 2022
Advertisement & Sales Promotion	6.00	10.33
Auditors' Remuneration (Refer Note No. 25.1)	20.00	14.20
Bad Debts written off	11.44	39.46
Bank Charges (Refer Note 27)	2.35	1.61
Commission and Fees	0.00	0.14
Computer Expenses (Refer Note 27)	531.59	393.46
Corporate Social Responsibility Expenditure (Refer Note 28)	67.00	16.92
Directors' Sitting Fees	19.90	18.85
Electricity Expenses	585.34	473.38
Insurance Charges (Refer Note 27)	16.03	16.08
Interest on Delayed Payments of Statutory Dues	0.95	(13.52)
Legal & Professional Fees	1,023.55	949.04
Loss on Sale of Assets (Net)	(17.65)	(1.34)
Miscellaneous Expenses	55.58	27.29
Postage, Telephone & Fax	490.28	517.62
Printing & Stationery	108.98	90.19
Rates & Taxes (Refer Note 27)	98.64	130.56
Rent (Refer Note 27 & 31)	(1.79)	(5.66)
Repairs & Maintenance (Refer Note 27)	237.32	261.03
Shared Service Cost Recovered	(266.59)	—
Training Expenses	16.61	8.85
Travelling & Conveyance	401.36	297.86
Fee Subvention Expense (Refer Note 27)	278.57	367.06
	<u>3,685.46</u>	<u>3,613.41</u>

Notes forming part of the financial statements

25.1 Payment to Auditors comprises of :

	Period ended March 31, 2023	Period ended March 31, 2022
Audit Fees	11.95	6.27
Tax Audit Fees	2.05	2.06
Other Matters	6.00	5.88
	<u>20.00</u>	<u>14.20</u>

26 Contingent Liability and Capital Commitments:

(₹ In lakhs)			
Sr. No	Particulars	Current Year	Previous Year
1	Claims not acknowledged by the Company relating to cases contested by the Company and which are not likely to devolve on the Company		
	Service Tax (Pending before Office of the DY/ Asst. Commissioner of Service Tax)	72.16	72.16
2	Estimated amount of contracts remaining to be executed on capital account and not provided	19.95	44.77

27 Related Party Transactions:

As per the Indian Accounting Standard on “Related Party Disclosures” (Ind AS-24) :

Holding Company: Housing Development Finance Corporation Limited.

Fellow Subsidiaries: HDFC ERGO General Insurance Company Limited

(with whom there are transactions) HDFC Credila Financial Services Limited

HDFC Life Insurance Company Limited

Associate of Holding Company: HDFC Bank Limited

List of key managerial personnel:

Directors:

Mr. Joseph Conrad Angelo Dsouza

Mr. Suryakant Nanalal Shroff

Mr. Rajeev Sardana

Ms. Harini Anand

Executive Officers:

Mr. Gopalkrishnan Santosh – Chief Executive Officer

Notes forming part of the financial statements

The nature and volume of transactions of the Company during the year, with the above related parties were as follows:

(₹ In lakhs)		
Particulars	Holding Company	Fellow Subsidiary / Associates of Holding Companies
Income		
Mortgage Commission	58,978.10 (56,214.46)	— —
Management Fees	512.02 (388.19)	— —
Deposit Commission	230.52 (177.00)	— —
NPS Commission	2.70 (2.70)	— —
Interest on Fixed Deposits	658.46 (55.66)	300.59# (246.79)
Insurance Commission	— — — —	8,114.99@ (7,247.02) 8,864.10* (8,052.56)
Education Loan Commission	— —	336.70^ (146.61)
Staff Welfare Expenses Recovered	91.25 (85.46)	— —
Salary Cost Recovered	9,841.06 (7,630.94)	— —
Shared Service Cost Recovered	266.59 (Nil)	— —
Income from Branding Services	— —	1,920.87 (NIL)
Expenditure		
Insurance Expense	— —	16.03* (16.09)
Rent	234.64 (240.57)	— —
Repairs & Maintenance	29.73 (37.90)	— —
Computer Expenses	67.27 (67.27)	— —
Staff Welfare Expenses	2.54 (18.07)	492.76* (519.79)
Rates and Taxes	2.70 (2.71)	— —
Deputation Cost	516.78 (221.05)	— —
Consultancy / Other Fees- Reimbursement of GST on Brand Usage	(11.13) (3.14)	— —

Notes forming part of the financial statements

(₹ In lakhs)		
Particulars	Holding Company	Fellow Subsidiary / Associates of Holding Companies
Fee Subvention Expense	278.57 (367.06)	— —
Bank Charges	— —	0.02# (0.03)
Assets		
Trade receivables	9,022.47 (9,451.00) — — — — — —	2,027.29@ (1,502.87) 1,328.09* (1,332.04) 16.38^ (11.31) 0.47# (9.87)
Others (Interest Accrued on Bank & other FD)	367.52 (50.09)	162.35# (69.03)
Other advances	— —	179.28* (42.64)
Prepaid expenses	— —	(7.52)* (217.64)
Fixed Deposits	10,600.00 (9,700.00)	3,809.99# (4,009.99)
Bank Balance	— —	166.84# (209.93)
Liabilities		
Equity Share Capital	12,200.00 (12,200.00)	— —
Trade payables	46.88 (45.02)	— —
Transfer of Assets		
Sale of asset	16.32 (63.87)	— —
Interim dividend paid	3,721.00 (854.00)	— —
Final Dividend	2,501 (NIL)	— —

Note: Figures in Bracket indicate previous year figures

The above amounts are including Goods & Service Tax except for provisions.

@ HDFC Life Insurance Company Limited

* HDFC ERGO General Insurance Company Limited

^ HDFC Credila Financial Services Limited

HDFC Bank Limited

Transactions with key managerial personnel

Notes forming part of the financial statements

The compensation to key managerial personnel comprising directors and executive officers is as follows:

(₹ lakhs)		
Particulars	Current Year	Previous Year
Salaries to executive officers	47.83	44.87
Sitting fees to non – executive / independent directors	19.90	18.85
Total	67.73	63.72

28 Corporate Social Responsibility (CSR):

The details of CSR expenditure during the Financial Year 2022-23 are as below:

(₹ lakhs)		
(i)	Amount required to be spent by the Company during the year	67.00
(ii)	Amount of expenditure incurred	67.00
(iii)	Shortfall at the end of the year	—
(iv)	Total of previous years shortfall	—
(v)	Reason for shortfall	—
(vi)	Nature of CSR Activities*	Refer *
(vii)	Details of related party transactions	N. A
(viii)	Where a provision is made with respect to a Liability incurred by entering into a contractual obligation	No

*Treating of lesser privileged, critically-ill children up to 18 years old suffering from Congenital Heart Defects (“CHD”).

29 Earnings per Share:

In accordance with the Indian Accounting Standard “Earnings Per Share” (Ind AS 33)

(₹ in lakhs)

		Current Year	Previous Year
Basic			
A	Nominal Value per share	10	10
B	Profit for the year after Taxation	6,805.88	7,866.65
C	Weighted average number of Equity Shares Outstanding	12,20,00,000	12,20,00,000
D	Basic/Diluted EPS (b)/(c)	5.58	6.45

30 Reconciliation of Effective tax rate

(₹ lakhs)		
Particulars	Current Year	Previous Year
Profit before tax	9,019.48	8,313.29
Income tax expense calculated at 25.168%	2,270.02	2,092.29
Effect of expenses that are not deductible in determining taxable profit	(23.01)	(1,663.34)
Others	(33.40)	17.70
Total	2,213.61	446.65
Income tax expense recognised in statement of profit and loss	2,213.61	446.65

Notes forming part of the financial statements

The evaluation of uncertain tax positions involves an interpretation of relevant tax laws, which could be subject to challenge by the tax authorities, and an assessment of whether the tax authorities will accept the position taken. The Company does not currently consider that assumptions or judgements made in assessing tax liabilities have a significant risk resulting in a material adjustment within the next financial year.

- 1) The tax rate used for the reconciliations above is the corporate tax rate of 25.168% for the year 2021-22 and 25.168% for 2022-23 payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.
- 2) On September 20, 2019, vide the Taxation Laws (Amendment) Ordinance, 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 (the "Act") which provides domestic companies an irreversible option to pay corporate tax at reduced rates effective April 01, 2019. The Company has elected to offer taxes on its income based on the rates applicable under the aforesaid regime (25.168%) and the Company has recognized Provision for taxes at rate provided under the said regime.

31 Lease:

Disclosure of Ind AS 116 Leases

Leases as Lessee

The Company takes office premises on lease. The average period of lease ranges from 5 years to 9 years.

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate as at 1 April 2021. The rate applied is 10.50%.

In response to the COVID-19 coronavirus pandemic, the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 Leases to allow lessees not to account for rent concessions as lease modifications if they are a direct consequence of COVID-19 and meet certain conditions.

The Company has applied the 'Practical Expedient' to all rent concessions made available upto 30 June 2022. The amount recognised in the profit and loss for the reporting period to reflect changes in the lease payment arising from rent concession amounted to ₹ 1.79 lakhs. This is shown as negative amount under the heading 'Rent' under Indirect Expenditure.

Right to use assets

(₹ lakhs)

Particulars	Current Year	Previous Year
Opening	4,667.72	5,864.96
Depreciation charge for the year	(1,818.94)	(1,793.92)
Addition	2103.49	653.88
Deletion	(133.37)	(57.20)
Balance as at 31 March 2023	4,818.90	4,667.72

As at 31 March 2023, future minimum lease payments under operating leases were payable as follows.

Maturity Analysis - Contractual undiscounted cash flows

Particulars	Current Year	Previous Year
Less than 1 year	2,105.01	2,082.45
Between one and five years	4,516.09	4,136.92
More than five years	344.98	575.41

Notes forming part of the financial statements

Amount Recognised in Statement of Profit & Loss Account

(₹ in lakhs)

Particulars	Current Year	Previous Year
Interest on lease liabilities	598.09	644.36
Depreciation charge for the period	1,818.94	1,793.92
Total	2,417.03	2,438.28

Amount Recognised in Statement of Cash Flows

Particulars	Current Year	Previous Year
Total Cash Outflow for leases	2,389.66	2,277.27

Leases as Lessor

The Company does not lease out its properties.

32 Taxes on Income:

32.1 Deferred Tax Assets (Net)

Particulars	Current Year	Previous Year
Deferred Tax (Assets)	267.00	2,000.00
Net Deferred Tax Asset	267.00	2,000.00

32.2 Movement in Deferred Tax Assets / Liabilities:

Deferred Tax Assets (Net)	Current Year	Previous Year
Depreciation	68.00	500
Retirement Benefits	188.00	1,300
Ind As 116 ROU/Lease Liabilities	11.00	200
Total	267.00	2,000

33 Subsequent event:

The Board of Directors of HDFC Limited in its meeting held on April 04, 2022, approved a composite scheme of amalgamation for the amalgamation of: (a) HDFC Holdings Limited (HDFC Holdings) and HDFC Investments Limited (HDFC Investments) with and into HDFC Limited; and (b) HDFC Limited with and into HDFC Bank Limited (HDFC Bank), subject to necessary approvals, consents, permissions and sanctions.

Upon the scheme being effective, HDFC Limited would stand dissolved without being wound up. In view of the same, the control of the Company would change from HDFC Limited to HDFC Bank. Necessary intimations to the Insurance and Regulatory Development Authority of India and Pension Fund Regulatory and Development Authority have been made by the Company, regarding the said amalgamation.

RBI vide its letter dated April 20, 2023, acceded to certain forbearances sought by HDFC Bank Ltd. As regards HDFC Sales Pvt Ltd, RBI has stated that while the entire shareholding of HDFC Sales may be transferred from HDFC Ltd to HDFC Bank Ltd, HDFC Sales shall offer its sourcing service only to HDFC Bank Ltd.

34 Going Concern:

The financial statements indicate that in the current year, the Company posted a profit after tax of ₹ 6,805.88 lakhs and has cash and bank balance of ₹ 2,778.56 lakhs. The Board is satisfied that the Company has adequate resources to continue its business for the foreseeable future and consequently considers it appropriate to adopt the going concern basis in preparing the financial statements.

Notes forming part of the financial statements

Accordingly, based on discussion and Management assessment, as on date there are no conditions or events, which may affect the ability of the Company to continue on a going concern basis within one year after the date the financial statements are issued or available to be issued. Also Management does not anticipate any material uncertainties which may affect its liquidity position and ability to continue on a going concern basis.

35 Proposed Dividend:

The Board of Directors propose to declare final dividend on equity shares @ 2.05 per share at the meeting held on 28 April, 2023 ₹ 2,501.00 lakh (Previous year ₹ 2,501.00), as per Companies Accounting Standard (Amendment Rules, 2016), dividend will be recorded after approval at the ensuing Annual General Meeting.

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Opening Reserves	5,520.13	(1,435.56)
FY 2023 Profit after tax	6,805.88	7,866.65
Interim dividend	(3,721.00)	(854)
Final Dividend paid	(2,501.00)	(2,501.00)
Other Comprehensive Income	(328.29)	(56.95)
Closing Reserves	5,775.72	5,520.13
Dividend		
Proposed (Amount)	2,501.00	2,501.00
Closing Reserves - post dividend	3,274.72	3,019.13
No. of shares (Lakhs)	1,220.00	1,220.00
Price / share (₹)	10	10
Dividend percentage	20.50%	20.50%
Proposed (per share) ₹	2.05	2.05

35.1 The Company has not issued any preference shares and hence payment of dividend to preference shareholders does not arise.

35.2 The Company does not have any arrears of fixed cumulative dividends on preference shares

36. No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

No funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

Notes forming part of the financial statements

37. Ratios Ratios

	Ratios	31-Mar-23	31-Mar-22	Variance	Reason for Variance > 25%
(i)	Current Ratio (Current Assets/ Current liabilities)	2.25	2.23	0.82%	—
(ii)	Debt-Equity Ratio (Total Debt / Shareholders Equity)	1.22	1.17	3.66%	—
(iii)	Debt Service Coverage Ratio (Earnings available for Debt service / Debt Service)	NA	NA	NA	—
(iv)	Return on Equity (Net Profit after tax / shareholders equity)	0.38	0.55	(30.96%)	Previous year PAT was high on account of booking of deferred tax of ₹ 20 crores as against ₹ 2.67 crores for the CY
(v)	Inventory Turnover Ratio (Turnover / Average Inventory)	NA	NA	NA	—
(vi)	Trade Receivable Turnover Ratio (Net Credit Sale / Average Trade Receivable)	6.40	6.29	1.70%	—
(vii)	Trade Payable Turnover Ratio (Net Credit Purchase / Average Trade Payables)	NA	NA	NA	—
(viii)	Net Capital Turnover Ratio (Net Sales / Working Capital)	4.94	4.65	6.16%	—
(ix)	Net Profit Ratio (Net Profit/ Net Sales)	0.09	0.11	-21.44%	—
(x)	Return on Capital Employed	0.36	0.35	4.42%	—
(xi)	Return on Investment	1.21%	1.16%	4.79%	—

38 Other disclosures

- The Company has not traded or invested in crypto currency or virtual currency during the financial year.
- No proceeding has been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- The Company has not been declared willful defaulter by any bank or financial institutions or government or any government authority.
- The Company has not entered in to any scheme of arrangement.
- There are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- The Company does not have any relationship with Stuck off Companies.

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Ajit Viswanath
Partner
Membership No.: 067114

Mumbai, April 28, 2023

For HDFC Sales Private Limited

Joseph Conrad Agnelo D'Souza
Director
(DIN: 00010576)

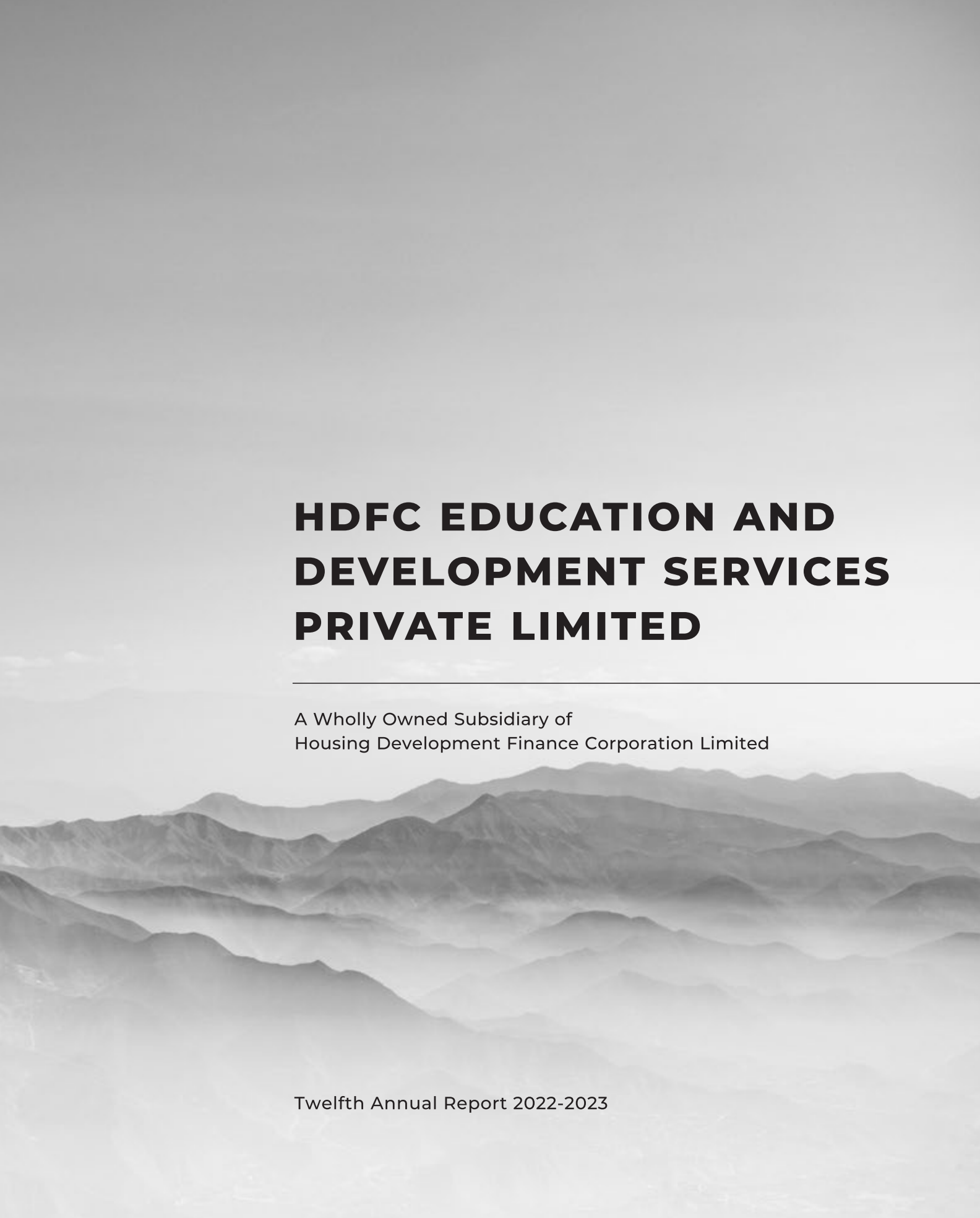
Gopalkrishnan Santosh
Chief Executive Officer
Mumbai, April 28, 2023

S. N. Shroff
Director
(DIN: 00011169)

Shivalingam Pillai
Chief Financial Officer

Harini Anand
Director
(DIN: 09157265)

Krithika Raghu
Company Secretary



HDFC EDUCATION AND DEVELOPMENT SERVICES PRIVATE LIMITED

A Wholly Owned Subsidiary of
Housing Development Finance Corporation Limited

Twelfth Annual Report 2022-2023

Board of Directors

Mr. V. Srinivasa Rangan
(DIN: 00030248)

Mr. Conrad D'Souza
(DIN: 00010576)

Mr. Rajeev Sardana
(DIN: 06648276)

Mr. S. N. Shroff#
(DIN: 00011169)
(#Independent Director)

Mr. Keyur Shah
(DIN: 00332145)

Mr. Sudhir Kumar Jha
(DIN: 07130697)

Mr. Yogesh Kapur
(DIN: 00070038)

Ms. Simrita Ahluwalia*
(DIN: 08458567)
(*Executive Director – designated as Chief Executive Officer)

Statutory Auditors

B S R & Co. LLP
Chartered Accountants

Key Managerial Personnel

Ms. Simrita Ahluwalia
(PAN: AFLPA9741C)

Mr. Ramesh Nayal
Chief Financial Officer
(ICAI Membership No. 507968)

Mr. Lalit V. Jain
Company Secretary
(ICSI Membership No. A37005)

Banker

HDFC Bank Limited

Registered Office

Ramon House,
H. T. Parekh Marg,
169, Backbay Reclamation,
Churchgate, Mumbai 400 020.
Tel. Nos. : +91 22 6176 6000
 +91 22 6631 6000

CIN : U80301MH2011PTC224035

Directors' Report

TO THE MEMBERS

Your directors are pleased to present the Twelfth annual report of your Company with the audited accounts for the year ended March 31, 2023.

Financial Results

	For the year ended March 31, 2023 (₹)	For the year ended March 31, 2022 (₹)
Profit for the year	5,53,94,872	1,14,39,558
Provision for tax	—	—
Profit after Tax	5,53,94,872	1,14,39,558
Other Comprehensive Income/(Expense)	1,63,138	(68,382)
Total Comprehensive Income for the year (a)	5,55,58,010	1,13,71,176
Profit/(Loss) brought forward from previous year (b)	(19,19,84,440)	(20,33,55,616)
Share Issue Expenses (c)	(1,08,90,900)	—
Balance carried to Balance Sheet (a+b+c)	(14,73,17,330)	(19,19,84,440)

Dividend

Your directors do not recommend any dividend for the year ended March 31, 2023.

Review of Operations

Your Company is a wholly owned subsidiary of Housing Development Finance Corporation Limited (HDFC), which focuses on education sector.

The objective of the Company for entering the education space is to imbibe best practices in education and facilitate innovation, thereby creating a visible impact on the schooling system in the country.

The first school, to which the Company is providing services – The HDFC School, Gurugram, was inaugurated in March 2015. The Company owns a 5-acre school plot and the construction of the phase 1 of the school building was completed in April 2017. The Company has leased the building to the school in 2017. The Company has completed the construction of phase 2 of the school building and the related infrastructure, is now leased to the school. The school is up to Grade XII.

The second school to which the Company is providing services is The HDFC School, Pune. The said school

operates from a long term rented premises owned by a third party and will commence the 7th Academic Session from April 2023 for classes up to Grade XII.

The third school to which the Company is providing services is The HDFC School, Bengaluru which is also operating from a long term rented premises owned by a third party. The school will commence its 6th Academic Session from April 2023 for classes up to Grade XI.

All the HDFC School(s) are intended to be full-fledged K-12 school(s) and are following the National Curriculum Framework, 2005. All three schools are Central Board of Secondary Education (CBSE) affiliated.

The HDFC Schools believe in inclusive education and cater to children with special needs with trained teachers to take care of them. The schools also have children from underprivileged backgrounds. The student community is growing steadily and is now approx. 3,300 students and has created employment for more than 500 people.

The students have been receiving accolades in India as well as abroad for their participation in several events. All schools are Microsoft Showcase schools and two of them have received the certification of “International Dimension in schools” by the British Council.

There was no change in the nature of business of your Company nor was there any material change or commitment that would affect its financial position during the year as also till the date of this Report.

Amalgamation of Holding Company

The Board of Directors of HDFC in its meeting held on April 4, 2022, approved a composite scheme of amalgamation (Scheme) for the amalgamation of: (a) HDFC Holdings Limited and HDFC Investments Limited with and into HDFC; and (b) HDFC with and into HDFC Bank Limited (HDFC Bank), subject to necessary approvals, consents, permissions and sanctions.

Upon the scheme being effective, HDFC would stand dissolved without being wound up. In view of the same, the control of the Company would change from HDFC to HDFC Bank. The amalgamation is likely to take effect in June/July 2023.

On request made by HDFC Bank with the Reserve Bank of India (RBI), the RBI vide its letter dated April 20, 2023, has permitted HDFC Bank to continue holding stake in the Company for a period of upto two years from the Effective Date of amalgamation.

Increase in Authorised Share Capital

During the year, Pursuant to the receipt of approval of the Members of the Company at an Annual General Meeting held on June 24, 2022, the authorised Share Capital of the Company was increased from ₹ 200 crore comprising 20,00,00,000 equity shares of ₹ 10 each to ₹ 500 crore comprising of 50,00,00,000 equity shares of ₹ 10 each.

Issue of Equity Shares

During the year, your Company issued 3,20,00,000 equity shares of ₹ 10 each in aggregate for cash at par, amounting to ₹ 32 crore to HDFC, on a rights basis.

As at March 31, 2023, the paid-up capital of the Company stood at ₹ 186 crore.

The Company does not anticipate any material uncertainties which affects its liquidity position and also its ability to continue as a going concern.

Loans, Guarantees or Investments

During the year, your Company has not given any loan or provided any guarantee or security or made any investment.

Particulars of Contracts or Arrangements with Related Parties

Your Company has not entered into any contracts or arrangements with related parties requiring disclosure in Form No. AOC – 2, as prescribed under Rule 8(2) of the Companies (Accounts) Rules, 2014.

Details of other related party transactions are provided in the notes to the financial statements.

The Company has a Policy on Related Party Transactions which is intended to ensure proper approval and reporting of such transactions between the Company and its related parties. The said Policy inter alia provides for the identification of related parties and related party transactions, ascertaining whether related party transactions are an arm's length basis or in the ordinary course of business, procedure for approval and review of related party transactions, criteria to be followed by the audit committee while granting approvals. The Policy on Related Party Transactions is available at www.hdfc.com/the-hdfc-group/subsidiaries-policies.

Deposits

Your Company has not accepted any deposit and as such, no amount of principal or interest was outstanding as at March 31, 2023.

Subsidiary/Associate Companies

Your Company does not have any subsidiary or associate company.

Particulars of Employees

Your Company had 3 employees as at March 31, 2023 and some of the affairs of the Company are also being carried out by the employees of HDFC.

Prevention of Sexual Harassment of Employees at Workplace

Your Company being the wholly owned subsidiary of HDFC, adopted the Policy for protection of women against sexual harassment at the workplace as formulated by HDFC.

The Internal Complaints Committee of HDFC along with Ms. Simrita Ahluwalia, Chief Executive Officer of the Company, are responsible for overseeing the redressal of complaints/grievances received, if any, by the Company, under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made there under.

During the year, no complaint was received by the Company.

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The operations of your Company are not energy intensive. However, adequate measures have been taken for conservation of energy and usage of alternative source of energy, wherever possible. During the year, your Company had no dealings in foreign exchange.

Directors

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. V. Srinivasa Rangan and Mr. Conrad D'Souza are liable to retire by rotation at the ensuing Annual General Meeting (AGM). They are eligible for re-appointment.

The necessary resolutions for the re-appointment of the directors and their details as required under secretarial standards have been included in the notice convening the ensuing AGM.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors, in terms of Section 164 of the Companies Act, 2013.

None of the directors of your Company have been debarred from holding the office of director by virtue of any order from the Securities and Exchange Board of India (SEBI) or any other such authority.

Mr. S. N. Shroff, independent director has also confirmed that he satisfies the criteria prescribed for an independent director as stipulated in Section 149(6) of the Companies Act, 2013.

Board Meetings

During the year, the board met six times. The meetings were held on April 28, 2022, June 13, 2022, July 27, 2022, October 28, 2022, January 27, 2023 and March 20, 2023.

The attendance of the directors at the above-mentioned board meetings is listed below:

Directors	Number of Meetings attended
Mr. V. Srinivasa Rangan	6
Mr. Conrad D'Souza	6
Mr. Rajeev Sardana	6
Mr. Keyur Shah	6
Mr. S. N. Shroff	6
Mr. Sudhir Kumar Jha	6
Mr. Yogesh Kapur	6
Ms. Simrita Ahluwalia	6

Audit Committee

The Audit Committee consists of Mr. Keyur Shah (Chairman), Mr. S. N. Shroff and Mr. V. Srinivasa Rangan. The members of the Audit Committee have accounting, financial management and legal expertise. The quorum for the Audit Committee meeting is two members.

The terms of reference of the Audit Committee *inter alia* include approving and implementing the audit procedures and techniques, reviewing the financial reporting systems, financial statement, internal financial control systems and procedures, records relating to related party transactions, analysis of risks and compliance of regulatory guidelines. The financial results are made available to the committee in advance. This enables review and discussions with the auditors before recommending it to the Board of Directors for its approval.

The committee also grants approval for related party transactions and reviews the said transactions on a quarterly basis.

During the year, the committee met four times. The meetings were held on April 28, 2022, July 27, 2022, October 28, 2022 and January 27, 2023.

The attendance of the members of the committee at the above-mentioned meetings is listed below:

Members	Number of Meetings attended
Mr. Keyur Shah (Chairman)	4
Mr. S. N. Shroff	4
Mr. V. Srinivasa Rangan	4

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of Mr. Conrad D'Souza (Chairman), Mr. S. N. Shroff, Mr. Keyur Shah and Mr. Rajeev Sardana. The quorum for the Nomination and Remuneration Committee meeting is two members.

The terms of reference of the committee *inter alia* include identifying persons who are qualified to become directors of the Company, ensuring that such persons meet the relevant criteria prescribed under applicable laws, carrying out evaluation of every director's performance, formulating the Policy for Appointment of Directors and Members of Senior Management and Remuneration Policy and formulating the criteria for determining qualifications, positive attributes and independence of a director and for evaluating their performance.

The Policy on Appointment of Directors and Members of Senior Management *inter alia* lays down the criteria for appointment including qualifications, attributes, experience and skills etc., and the nomination and evaluation process.

The Remuneration Policy ensures that remuneration is aligned to the overall performance of the Company, is fair and reasonable to attract and retain necessary talent, is linked to attaining performance benchmarks and involves a judicious balance of fixed and variable components.

The Policy on Appointment of Directors and Members of Senior Management and the Remuneration Policy are available at www.hdfc.com/the-hdfc-group/subsidiaries-policies.

During the year, the committee met twice. The meetings were held on April 28, 2022 and January 27, 2023.

The attendance of the members of the committee at the above-mentioned meetings is listed below:

Members	Number of Meetings attended
Mr. Conrad D'Souza (Chairman)	2
Mr. S. N. Shroff	2
Mr. Keyur Shah	2
Mr. Rajeev Sardana	2

Risk Management Committee

The Risk Management Committee consists of Mr. Conrad D'Souza (Chairman), Mr. Sudhir Kumar Jha, Mr. Keyur Shah and Ms. Simrita Ahluwalia. The quorum for the Risk Management Committee meeting is two members.

The terms of reference of the committee *inter alia* include reviewing the risk profile of the Company from time to time and suggesting mitigation measures to reduce the impact of the risks. Your directors are of the opinion that the Company is managing its risks through well-defined internal financial controls and that there are no risks that may threaten the existence of your Company.

During the year, the committee met twice. The meetings were held on October 28, 2022 and March 20, 2023.

The attendance of the members of the committee at the above-mentioned meetings is listed below:

Members	Number of Meetings attended
Mr. Conrad D'Souza (Chairman)	2
Mr. Sudhir Kumar Jha	2
Mr. Keyur Shah	2
Ms. Simrita Ahluwalia	2

Independent Directors

Your Company, being a wholly owned subsidiary of HDFC, is not required to have an independent director on its board. However, as a good governance practice Mr. S. N. Shroff was re-appointed as an independent director of the Company for a second term of 5 (five) consecutive years with effect from March 24, 2020.

Board Evaluation

During the year, the Nomination and Remuneration Committee evaluated the performance of the board as a whole and its committees as well as the performance of each director individually, as in the previous year. The criteria for evaluation were voluntarily benchmarked with the Guidance Note issued by the SEBI on board evaluation.

The evaluation of the board, committees thereof and of each director was done through a structured and comprehensive questionnaire, *inter alia* containing effectiveness of the board and its committees, process of decision making, active participation, independence, quality and content of agenda papers, frequency of meetings, discussions at meetings, cohesion in meetings, contribution and management of conflict of interest.

The Chairman of the Nomination and Remuneration Committee reviewed the feedback received from the

directors on the said questionnaire and prepared a consolidated report. The said consolidated report was *inter alia* reviewed by the Nomination and Remuneration Committee.

The Chairman of the Nomination and Remuneration Committee shared the results of evaluation at the meeting of the Board of Directors. The board reviewed the results and expressed its satisfaction on the same. There were no actionable from the said review.

The Company conducts familiarisation programme for its directors on an annual basis. These familiarisation programme ensure that the directors are updated on the business and regulatory environment as well as the overall operations of the Company. These programme enable the directors to make better informed decisions in the interest of the Company and its stakeholders.

Auditors

At the Tenth AGM of the Company held on July 16, 2021, the Members had appointed Messrs B S R & Co. LLP, Chartered Accountants, having Firm Registration Number 101248W/W-100022 as the statutory auditors of the Company, for a period of 5 (five) years, to hold office as such until the conclusion of the fifteenth AGM.

The Company has received a confirmation from Messrs B S R & Co. LLP to the effect that they meet the criteria for independence, eligibility and qualification as prescribed in Section 141 of the Companies Act, 2013.

The Auditors' Report annexed to the financial statements for the year under review does not contain any qualification.

Further, pursuant to the provisions of Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, the Company has re-appointed Messrs A. Aneja & Co., Chartered Accountants as internal auditors of the Company to review internal controls and compliances under various regulations that are applicable to the Company for the financial year 2023-24.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Messrs Heena Jaysinghani & Co., practicing company secretaries undertook the secretarial audit of the Company for the financial year 2022-23. The Secretarial Audit Report is annexed to this report and does not contain any qualification.

Further, the Board of Directors of the Company at its meeting held on April 28, 2023, re-appointed Messrs Heena Jaysinghani & Co., practicing company secretaries as the secretarial auditors to undertake the secretarial audit of the Company for the financial year 2023-24.

Significant and Material Orders passed by Regulators or Courts or Tribunals

During the year, no significant or material orders were passed by any regulator or court or tribunal against the Company impacting the going concern status and the Company's operations in future.

Internal Financial Controls

The Company has put in place adequate procedures to ensure that the system of internal financial controls is commensurate with the size and nature of the Company's business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention and detection of frauds, accuracy and completeness of accounting records and ensuring compliance.

Secretarial Standards

The Company has complied with the applicable provisions of Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

Directors' Responsibility Statement

In accordance with the provisions of Section 134(3)(c) of the Companies Act, 2013 and based on the information provided by the management, your directors state that:

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed;
- b. Accounting policies selected have been applied consistently. Reasonable and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profit of the Company for the year ended on that date;

- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- d. The annual accounts of the Company have been prepared on a going concern basis; and
- e. Systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

Annual Return – Form No. MGT-7

The Annual Return in Form No. MGT-7 for the financial year 2022-23 is available at www.hdfc.com/the-hdfc-group/subsidiaries-policies.

Acknowledgements

Your directors would like to express their sincere appreciation to all its stakeholders for their support and continued patronage.

Your directors appreciate the guidance received from various statutory/regulatory authorities including the Ministry of Corporate Affairs – Government of India, the Registrar of Companies, Mumbai, the depositories and CBSE.

Your directors recognise and appreciate the sincere hard work, loyalty and efforts of the employees of the Company in ensuring that the Company performs well. Your directors also wish to place on record their appreciation to all the employees of HDFC who devoted their valuable time in managing the affairs of the Company.

On behalf of the Board of Directors

Mumbai
April 28, 2023

V. Srinivasa Rangan
Conrad D'Souza
Directors

Annex to Directors' Report - I

FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

HDFC EDUCATION AND DEVELOPMENT SERVICES PRIVATE LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HDFC Education and Development Services Private Limited** (hereinafter called the 'Company') Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023 has complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made thereunder;
2. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; and
3. Other applicable Laws as per list attached as 'Annexure A' to this report.

We have also examined compliance with the applicable clauses of the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India (ICSI).

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Director. During the period under review, the Members of the Company at its Annual General Meeting held on June 24, 2022 re-appointed Mr. Keyur Shah (DIN: 00332145) and Mr. Yogesh Kapur (DIN: 00070038) as the directors of the Company who were retiring by rotation, in terms of Section 152 of the Companies Act, 2013 and there were no changes in the composition of the Board during the year.

The meetings were duly convened by giving adequate notice as required under the provisions of the Act and Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI). The Agenda and detailed notes on the Agenda were sent 7 (seven) days in advance except Board of Directors meeting dated June 13, 2022 and Allotment Committee Meeting held on June 30, 2022 and March 3, 2023 which were held on shorter notice. Consent given by all the Directors for the same was duly recorded in the minutes. The minutes of the proceedings of Board Meetings, Committee Meetings and General Meetings have been maintained in compliance with the requirement under the Act and Secretarial Standards issued by ICSI.

All the decision taken in the Board Meetings was passed unanimously and with requisite majority in General Meetings.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit Period, the Company has not undertaken any specific events/actions that can have a major bearing on the Company's compliance responsibility in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., except as follows:

- i. Increase in Authorised Share Capital:

During the period under review, the Company obtained the approval of its members vide Ordinary Resolution

passed at Annual General Meeting of the Company held on June 24, 2022 for increasing its Authorised share capital from ₹ 200,00,00,000 (Rupees Two hundred crores) comprising 20,00,00,000 equity shares of ₹ 10 each to ₹ 5,00,00,00,000 (Rupees Five hundred crores) comprising 50,00,00,000 equity shares of ₹ 10 each, consequently amending Clause V of its Memorandum of Association and there was no alteration in Articles of Association.

ii. Rights Issue of equity shares:

During the period under review, the Board of Directors at its Meeting held on June 13, 2022 had approved to create, issue and offer up to 2,00,00,000 Equity shares of ₹ 10 each at par, for cash, aggregating to ₹ 20,00,00,000/- (Rupees Twenty crores Only) and the Allotment Committee at their meeting held on June 30, 2022 allotted 2,00,00,000 Equity shares of ₹ 10 each aggregating to ₹ 20,00,00,000/- (Rupees Twenty crores Only) to Housing Development Finance Corporation Limited.

The Board of Directors at its Meeting held on January 27, 2023 had approved to create, issue and offer upto 1,20,83,325 Equity Shares of ₹ 10 each at par, for cash, aggregating ₹ 12,08,33,250 (Rupees Twelve crore Eight lakhs Thirty-three thousand Two hundred and Fifty only) and Allotment Committee Meeting at their meeting held on March 3, 2023 allotted 1,20,00,000 equity shares of ₹ 10 each aggregating to ₹ 12,00,00,000/- (Rupees Twelve Crores only) to Housing Development Finance Corporation Limited.

For **M/s Heena Jaysinghani & Co.**

Practicing Company Secretaries

UDIN: F011432E000116878

Heena Jaysinghani

Company Secretary

M.No 11432/CP. No. 20242

Peer Review Cert. No.: 2562/2022

Date: April 17, 2023

Place: Mumbai

'Annexure A'

LIST OF OTHER APPLICABLE LAWS

(including statutory amendments made thereto or amendments thereof for the time being in force)

1. The Maharashtra Shops and Establishments (Regulation of Employment and Conditions of Service) Act, 2017, rules thereunder and other State Acts and rules thereunder, including statutory amendments made thereto.
2. Maternity Benefit Act, 1961 and applicable State Rules.
3. Payment of Gratuity Act, 1972 and applicable State Rules.
4. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
5. Information Technology Act, 2000.
6. Income Tax Act, 1961, Central Goods and Services Tax Act, 2017, State Goods and Services Tax Act, 2017 and Integrated Goods and Service Tax Act, 2017, Profession Tax and rules thereunder.
7. The Employees Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees Provident Fund Scheme, 1952.
8. The Indian Contract Act, 1872.
9. The Minimum Wages Act, 1948.
10. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent applicable.
11. Employees' State Insurance Act, 1948.

To
The Members,
HDFC Education and Development Services Private Limited

The Secretarial Audit Report issued by us dated April 17, 2023, is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **M/s Heena Jaysinghani & Co.**
Practicing company Secretaries
UDIN: F011432E000116878

Heena Jaysinghani
Company Secretary
M. No: 11432 /CP. No. 20242
Peer Review Cert. No.: 2562/2022

Date: April 17, 2023
Place: Mumbai

Independent Auditors' Report

TO THE MEMBERS OF HDFC EDUCATION AND DEVELOPMENT SERVICES PRIVATE LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of HDFC Education and Development Services Private Limited (the "Company") which comprise the balance sheet as at 31 March 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information (or another title if appropriate, such as "Information Other than the Financial Statements and Auditor's Report Thereon")

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's directors' report, but does not include the financial statements and auditor's report thereon.

Our opinion on the financial statements does not cover

the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Independent Auditors' Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If

we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. A. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows

Independent Auditors' Report (Continued)

- dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a. The Company does not have any pending litigations which would impact its financial position.
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - d.
 - (i) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 39 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (ii) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 39 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
 - e. The Company has neither declared nor paid any dividend during the year.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The

Independent Auditors' Report (Continued)

remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

Place: Mumbai
Date: 28 April 2023

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Ajit Viswanath
Partner
Membership No. 067114
ICAI UDIN: 23067114BGWPHU6513

Annexure “A” to the Independent Auditor’s Report on the Financial Statements of HDFC Education and Development Services Private Limited for the year ended 31 March 2023

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment. (B) The Company has maintained proper records showing full particulars of intangible assets. (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification. (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company. (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the	Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder. (ii) (a) The Company is a service company, primarily rendering consultancy services to schools. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable. (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company. (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company. (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 (“the Act”) are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable. (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable. (vi) According to the information and explanations given to us, the Central Government has not prescribed the

Annexure “A” to the Independent Auditor’s Report on the Financial Statements of HDFC Education and Development Services Private Limited for the year ended 31 March 2023 (Continued)

maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (Rs. In Laks)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961	Income Tax	232.13	AY 2018-19	Commissioner of Income Tax (Appeal)	

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

- (e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(e) is not applicable.

- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).

Annexure “A” to the Independent Auditor’s Report on the Financial Statements of HDFC Education and Development Services Private Limited for the year ended 31 March 2023 (Continued)

- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi) (d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of

Annexure “A” to the Independent Auditor’s Report on the Financial Statements of HDFC Education and Development Services Private Limited for the year ended 31 March 2023 (Continued)

the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The requirements as stipulated by the provisions of Section 135 are not applicable to the Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Co. LLP**

Chartered Accountants

Firm’s Registration No. 101248W/W-100022

Ajit Viswanath

Partner

Membership No. 067114

Place: Mumbai

Date: 28 April 2023

ICAI UDIN: 23067114BGWPHU6513

Annexure ‘B’ to the Independent Auditors’ Report on the financial statements of HDFC Education and Development Services Private Limited for the year ended 31 March 2023.

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(F) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of HDFC Education and Development Services Private Limited (“the Company”) as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”).

Management’s and Board of Directors’ Responsibilities for Internal Financial Controls

The Company’s Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the

Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company’s internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or

Annexure 'B' to the Independent Auditors' Report on the financial statements of HDFC Education and Development Services Private Limited for the year ended 31 March 2022. (Continued)

timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are

subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

Ajit Viswanath

Partner

Place: Mumbai

Date: 28 April 2023

Membership No. 067114

ICAI UDIN: 23067114BGWPHU6513

Balance Sheet as at 31 March 2023

(Amount in Lakh, unless otherwise stated)			
	Notes	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,010.53	1,964.61
Advance for capital assets		57.28	114.01
Investment property	5	9,623.78	9,821.80
Investment property under development	5	2,315.87	326.42
Intangible assets	4	0.24	0.72
Financial assets			
Other non-current financial assets	6	869.99	230.44
Deferred tax asset (net)	7	—	—
Other non-current assets	8	100.00	51.08
Total non-current assets		14,977.69	12,509.08
Current assets			
Financial assets			
Trade receivables	9	331.06	201.50
Cash and cash equivalents	10	0.00	0.00
Other current financial assets	11	1,906.68	737.25
Current tax assets	12	156.88	152.65
Other current assets	13	79.36	125.52
Total current assets		2,473.98	1,216.92
Total assets		17,451.67	13,726.00
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	18,600.00	15,400.00
Other equity	15	(1,473.17)	(1,919.83)
Total equity		17,126.83	13,480.17
Liabilities			
Non-current liabilities			
Financial liabilities			
Other non-current liabilities	16	82.24	50.88
Provisions	17	20.26	29.15
Total non-current liabilities		102.50	80.03
Current liabilities			
Financial liabilities			
Trade payable		—	—
- Total outstanding dues of micro enterprises and small enterprises		—	—
- Total outstanding dues of creditors other than micro enterprises and small enterprises	18	34.13	32.55
Other current liabilities	19	186.07	130.17
Provisions	17	2.14	3.08
Total current liabilities		222.34	165.80
Total liabilities		324.84	245.83
Total equity and liabilities		17,451.67	13,726.00
Summary of significant accounting policies	1-3		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For B S R & Co. LLP

Chartered Accountants

ICAI Firm's Registration No.:101248W/W-100022

Ajit Viswanath

Partner

Membership No. 067114

For and on behalf of the Board of Directors

Rajeev Sardana

(DIN: 06648276)

Delhi

Simrita Ahluwalia

(DIN: 08458567)

Chief Executive Officer

Delhi

Ramesh Nayal

Chief Financial Officer

ICAI M.No. 507968

Delhi

V. Srinivasa Rangan

(DIN: 00030248)

Mumbai

Lalit Jain

Company Secretary

ICSI M.No. A37005

Mumbai

Place: Mumbai

Date: 28th April 2023

Date: 28th April 2023

Statement of Profit and Loss for the year ended 31 March 2023

(Amount in Lakh, unless otherwise stated)

	Notes	Year ended 31 March 2023	Year ended 31 March 2022
Income			
Revenue from operations	20	1,511.19	933.64
Other income	21	107.25	68.58
Total income		1,618.44	1002.22
Expenses			
Employee benefit expenses	22	91.66	134.88
Depreciation and amortization expenses	23	572.91	398.08
Other expenses	24	399.92	354.86
Total expenses		1,064.49	887.82
Profit before tax		553.95	114.40
Income-tax expense			
Current tax		—	—
Deferred tax		—	—
Total income-tax expense		—	—
Profit for the Year		553.95	114.40
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
(i) Remeasurement of post employment benefit obligations	26	1.63	(0.68)
(ii) Income-tax relating to items that will not be reclassified to profit or loss		—	—
Other comprehensive income for the year		1.63	(0.68)
Total Comprehensive income for the year		555.58	113.72
Earnings per share			
Basic and diluted profit per share (₹)	25	0.33	0.07
Summary of significant accounting policies	1-3		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

For B S R & Co. LLP

Chartered Accountants

ICAI Firm's Registration No.:101248W/W-100022

Ajit Viswanath

Partner

Membership No. 067114

For and on behalf of the Board of Directors**Rajeev Sardana**

(DIN: 06648276)

Delhi

Simrita Ahluwalia

(DIN: 08458567)

Chief Executive Officer

Delhi

Ramesh Nayal

Chief Financial Officer

ICAI M.No. 507968

Delhi

V. Srinivasa Rangan

(DIN: 00030248)

Mumbai

Lalit Jain

Company Secretary

ICSI M.No. A37005

Mumbai

Place: Mumbai

Date: 28th April 2023

Date: 28th April 2023

Statement of changes in equity for the year ended 31 March 2023

(Amount in Lakh, unless otherwise stated)

(A) Equity share capital

Particulars	Note	No. of shares	Amount
Issued, subscribed and fully paid up			
Balance as at 31 March 2021 @ Rs. 10 each	14	15,40,00,000	15,400.00
Changes in equity share capital during the Period:			
Issue of equity share capital			
Balance as at 31 March 2022 @ Rs. 10 each	14	15,40,00,000	15,400.00
Changes in equity share capital during the Period:			
Issue of equity share capital		3,20,00,000	3,200.00
Balance as at 31 March 2023 @ Rs. 10 each	14	18,60,00,000	18,600.00

(B) Other equity

Particulars	Reserves & Surplus		Total
	Retained earnings	Equity component of debentures	
Balance as at 31 March 2021	(3,668.93)	1,635.38	(2,033.55)
Profit for the Period	114.40	—	114.40
Other comprehensive profit/(loss)	(0.68)	—	(0.68)
Total comprehensive profit	113.72	—	113.72
Share issue expense incurred	—	—	—
Balance as at 31 March 2022	(3,555.21)	1,635.38	(1,919.83)
Profit for the Period	553.95	—	553.95
Other comprehensive profit	1.63	—	1.63
Total comprehensive profit	555.58	—	555.58
Share issue expense incurred	(108.92)	—	(108.92)
Balance as at 31 March 2023	(3,108.55)	1,635.38	(1,473.17)

Summary of significant accounting policies 1-3

The accompanying notes are an integral part of the financial statements

As per our report of even date

For B S R & Co. LLP

Chartered Accountants

ICAI Firm's Registration No.:101248W/W-100022

Ajit Viswanath

Partner

Membership No. 067114

For and on behalf of the Board of Directors**Rajeev Sardana**

(DIN: 06648276)

Delhi

Simrita Ahluwalia

(DIN: 08458567)

Chief Executive Officer

Delhi

Ramesh Nayal

Chief Financial Officer

ICAI M.No. 507968

Delhi

V. Srinivasa Rangan

(DIN: 00030248)

Mumbai

Lalit Jain

Company Secretary

ICSI M.No. A37005

Mumbai

Place: Mumbai

Date: 28th April 2023

Date: 28th April 2023

Statement of cash flows for the year ended 31 March 2023

(Amount in Lakh, unless otherwise stated)

	Year ended 31 March 2023	Year ended 31 March 2022
Cash flow from operating activities		
Profit before tax	553.95	114.40
Adjustments for:		
Depreciation and amortization expenses	572.92	398.08
Interest on deposits	(63.99)	(31.95)
Loss on sale of Fixed assets	—	3.61
Operating profit before working capital changes	1,062.88	484.14
Changes in working capital		
Increase/(Decrease) in non-current financial liabilities	31.37	(17.67)
(Increase) in non-current financial assets	(396.52)	(29.54)
Decrease/(Increase) in other current assets	46.17	(76.86)
(Increase) in trade receivables	(129.56)	(86.39)
Increase/(decrease) in trade payables	1.57	(22.98)
Increase in other current liabilities	55.90	11.25
(Decrease) in short-term provisions	(0.95)	(0.06)
(Decrease)/Increase in long-term provisions	(7.27)	4.59
(Increase)/decrease in other non-current assets	(48.91)	20.87
Cash generated from/(used in) operations	614.68	287.35
Income-taxes paid	(4.24)	(25.20)
Net cash generated from operating activities (A)	610.45	262.15
Cash flow from investing activities		
Purchase of property, plant and equipment, intangible assets and investment property	(2,353.06)	(809.23)
Sale of property, plant and equipment and intangible assets	—	0.96
Inter corporate deposits placed	(6,939.50)	(5,872.00)
Inter corporate deposits matured	5,532.00	6,379.50
Interest received on inter corporate deposits	59.03	35.83
Net cash (used in) Investing activities (B)	(3,701.53)	(264.94)
Cash flow from financing activities		
Proceeds from issue of equity shares	3,200.00	—
Share issue expenses	(108.91)	—
Net cash generated from/(used in) Financing activities (C)	3,091.09	—
Net increase/(Decrease) in cash and cash equivalents (A+B+C)	0.00	(2.79)
Cash and cash equivalents at the beginning of the Period	0.00	2.79
Cash and cash equivalents at the end of the Period	0.00	(0.00)
Cash and cash equivalents comprise (Refer note 10)		
Balances with banks		
On current accounts	0.00	0.00
Cash on hand	—	—
Total	0.00	0.00
Total cash and bank balances at end of the Period	0.00	0.00

Summary of significant accounting policies

1-3

The accompanying notes are an integral part of the financial statements

As per our report of even date

For B S R & Co. LLP

Chartered Accountants

ICAI Firm's Registration No.:101248W/W-100022

Ajit Viswanath

Partner

Membership No. 067114

For and on behalf of the Board of Directors**Rajeev Sardana**

(DIN: 06648276)

Delhi

Simrita Ahluwalia

(DIN: 08458567)

Chief Executive Officer

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Ramesh Nayal

Chief Financial Officer

ICAI M.No. 507968

Delhi

V. Srinivasa Rangan

(DIN: 00030248)

Mumbai

Lalit Jain

Company Secretary

ICSI M.No. A37005

Mumbai

Place: Mumbai

Date: 28th April 2023

Date: 28th April 2023

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

1 Corporate information

Nature of operations

HDFC Education and Development Services Private Limited (“HEADS”) was incorporated on November 17, 2011 as a Private Limited Company in Mumbai, India. The primary objective of HEADS is to carry on the business of providing services relating to schools, higher education, vocational education and training, supplemental education including but not limited to school management and improvement services, providing consultancy and/or expertise on education, building and classroom design and campus management, providing any land, building, structure and/or other immovable property whether on a lease or any other basis, and to carry on the related pursuits in running educational institutions.

General information and statement of compliance with Ind AS

The Company has prepared its financial statements in accordance with the Indian Accounting Standards (“Ind AS”) notified under section 133 of the Companies Act 2013 (“the Act”), read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (“Indian GAAP”), Ind AS notified by the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules, 2016, 2017 and 2018 and Companies (Indian Accounting Standards) Second Amendment Rules, 2018.

As per the press release published by Ministry of Corporate Affairs (“MCA”) on 18 January 2016, Ind AS was mandatorily applicable to every Non Banking Financial Company (“NBFC”) having net worth more than Rs. 500 crores and to the holding, subsidiary, joint venture or associate companies of such NBFC. The Company is the subsidiary of “Housing Development Finance Corporation Limited” on which Ind AS are applicable from 01 April 2018, hence Ind AS are applicable to the Company.

Effective 01 April 2018, the Company has adopted Indian Accounting Standards (“Ind AS”) and the adoption was carried in accordance with Ind AS 101, first time adoption of Indian Accounting Standard, with 01 April 2017 as the transition date. The transition was carried out from Indian GAAP as prescribed under Section 133 of the Act, read with rule 7 of the Company (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

The financial statements for the Year ended 31 March 2023 were authorized and approved for issue by the Board of Directors on 28th April 2023.

Housing Development Finance Corporation Limited (HDFC Limited), the holding company of HDFC Education and Development Services Pvt. Ltd. has vide its resolution dated April 4, 2022, approved a composite scheme of amalgamation (“Scheme”) for the amalgamation of HDFC Limited with and into HDFC Bank Limited (HDFC Bank), and their respective shareholders and creditors, under Sections 230 to 232 of the Companies Act, 2013, the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other rules and regulations framed thereunder, subject to the necessary regulatory approvals, consents, permissions and sanctions.

On April 21, 2023, RBI has permitted HDFC Bank to continue holding HDFC Limited’s stake in HDFC Education and Development Services Private Limited for a period of 2 years from the effective date.

Based on discussions and management assessment, as on date there are no conditions or events, which may affect the ability of the Company to continue on a going concern basis within one year after the date that the financial statements are issued or available to be issued, also management does not anticipate any material uncertainties which affects its liquidity position and ability to continue on a going concern basis.

Authorized Share capital of the company increased from Rs. 200,00,00,000 comprising 20,00,00,000 equity shares of Rs. 10 each to Rs. 500,00,00,000 comprising 50,00,00,000 equity shares of Rs. 10 each and that existing of Memorandum of association of the company be substituted with new clause.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023 (Continued)

2 Application of new and revised Indian Accounting Standard (Ind AS)

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorized have been considered in preparing these financial statements.

Recent pronouncements:

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

3 Summary of Significant accounting policies

3.01 Overall Consideration

The financial statements have been prepared using the significant accounting policies and measurement bases summarized below. These were used throughout all periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

Basis of Preparation and Presentation of Financial Statements

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division II of Schedule III to the Companies Act, 2013 (the “Act”). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash Flows”. The Balance Sheet, Statement of Profit and Loss, Statement of Cash Flow and Statement of Changes in Equity are together referred as the financial statement of the Corporation.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023 (Continued)

The standalone financial statements of the Corporation are prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 under Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS").

The financial statements are prepared and presented on going concern basis.

Amounts in the financial statements are presented in Indian Rupees in Lakh rounded off to two decimal places as permitted by Schedule III to the Act. Per share data is presented in Indian Rupee to two decimal places. The Corporation presents its Balance Sheet in the order of liquidity.

Accounting policies are consistently applied except where a newly-issued Ind AS initially adopted or a revision to an existing Ind AS requires a change in the accounting policy.

Basis of Measurement

Historical cost convention:

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the Company.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

Functional and Presentation Currency

The financial statements are presented in Indian Rupees (₹) which is the functional and the presentation currency of the Corporation and all values are rounded to the nearest lakh with two decimals, except when otherwise indicated.

3.02 Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023 (Continued)

3.03 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with Indian Accounting Standards ("Ind AS") requires the management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Accounting estimates could change from period to period. Actual results could differ from those estimates. Revisions to accounting estimates are recognised prospectively. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise. Some of the areas involving significant estimation/judgement are determination of fair valuation of Investment Property, Income taxes and employee benefits.

3.04 Revenue recognition - Service Contracts

Ind AS 115 "Revenue from contracts with customers", introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled.

As per Ind AS 115, the Company has identifiable contracts entered between the Company and the Trusts ("3E Education Trust" and "Maharashtra 3E Education Trust"). As per the current practice being followed by the Company, the Company is charging a sum of 14% (In case of 3E Education Trust) and 18% (In case of Maharashtra 3E Education Trust), based on the Gross revenue (non-refundable fees/other charges) generated by the schools for each academic year, for the services provided by the Company.

In accordance with Ind AS 115, the Company has identifiable performance obligations to these trusts which are being delivered to the trusts as and when needed on continuous basis for each academic session. The nature of performance obligation is setup in the manner which covers the academic session and based on that, revenue is being recognized periodically for each financial year.

In accordance with the transition methods given in Ind AS 115, the Company opted to apply the standard retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application.

Rental Income

Income from operating leases are recognised in the statement of profit and loss as per the contractual rentals unless another systematic basis is more representative of the time pattern in which benefits are derived from the leased assets.

Other Income:

Interest Income

Interest income from deposits recognized on a time proportion basis by reference to the principal outstanding and at the interest rate applicable.

Interest Income from Income Tax refund is recognized on receipt basis.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to Company and the amount of income can be measured reliably.

Interest income is included under the head "other income" in the statement of profit and loss.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023 (Continued)

3.05 Property, plant and equipment

Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition less accumulated depreciation and impairment losses, if any. The cost comprises purchase price net of any trade discounts and rebates, and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses up to the date the asset is ready for its intended use.

The cost of self-constructed item of property plant and equipment comprises the cost of materials and direct labour, any other cost directly attributable to bringing the item to working condition for its intended use, and estimate cost of dismantling and removing the item and restoring the site on which it is located.

If Significant part of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (Major components) of Property plant and equipment.

Subsequent expenditure on fixed assets after its purchase/completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. All other repairs and maintenance are charged to Statement of Profit and Loss during the year in which they are incurred.

Subsequent measurement (depreciation and useful lives)

Depreciation has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of Computers and data processing equipment which are depreciated over 4 years in whose case the life of the assets has been assessed as 4 years based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

The estimate of useful lives of fixed assets followed by the Company in preparing the financial statements is as follows:

Assets Category	Useful Life
Plant & Machinery	5 Years to 15 years
Office equipment/Electrical Installation and Equipment's	5 years/10 years
Furniture and fixtures	8 years
Computers	4 years
Building	3 years to 40 years

De-recognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

3.06 Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023 (Continued)

at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as “Intangible assets under development”.

Company follows its internal policy for amortization of Intangible assets. It is amortised on straight line basis over the estimated useful life of 4 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit or loss when the asset is derecognised.

Intangible assets	Useful Life
Computer Software	1 Year to 4 years

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

3.07 Investment Property

Investment property is stated at cost. However, as per Ind AS 40, there is a requirement to disclose fair value as at the balance sheet date. The Company engaged independent valuation specialists to determine the fair value of its investment property as at reporting date. The determination of the fair value of investment properties requires the use of estimates such as future cash flows from the assets (such as lettings, future revenue streams, capital values of fixtures and fittings, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. In addition, development risks (such as construction and letting risk) are also taken into consideration when determining the fair value of the properties under construction. These estimates are based on local market conditions existing at the balance sheet date.

Subsequent measurement (depreciation and useful lives)

Investment properties are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on investment properties is provided on the straight-line method, computed on the basis of useful lives (as set-out below) prescribed in Schedule II to the Act:

Assets Category	Useful Life
Land	Infinite
Building	3 years to 40 years

3.08 Leases

Operating leases

Company as a lessee

Leases at the date of commencement has a term of 12 months or less hence the company elected to treat it as short-term lease by recognising the lease rental as an expense in statement of profit and loss on straight line

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023 (Continued)

basis, rather than recognising a 'right to use asset', except where scheduled increase in rent compensate the lessor for expected inflationary costs.

Company as Lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

3.09 Impairment losses of non-financial assets

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the statement of profit and loss. All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

3.10 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs.

Subsequent measurement

Financial instruments at amortized cost – the financial instrument is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate ("EIR") method. All the debt instruments of the Company are measured at amortized cost.

De-recognition of financial assets

A financial asset is primarily de-recognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023 (Continued)

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortized cost.

Subsequent measurement

Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method. These liabilities include borrowings.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

Compound financial instrument

Compound financial instrument are separated into liability and equity components based on the terms of the contract. On issuance of the said instrument, the liability component is arrived by discounting the gross sum at a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost until it is extinguished on conversion or redemption. The remainder of the proceeds is recognized as equity component of compound financial instrument. This is recognized and included in shareholders' equity, net of Income-tax effects, and not subsequently re-measured.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.11 Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss for financial assets.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group expect to receive). While estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

The Company applies approach permitted by Ind AS 109, financial instruments, which requires expected lifetime losses to be recognized from initial recognition of receivables.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023 (Continued)

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

3.12 Income-taxes

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax, not recognized in Other Comprehensive Income ("OCI") or directly in equity.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Current income-tax relating to items recognized outside statement of profit and loss (either in OCI or in equity).

Deferred tax is recognized in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss, unused tax credits or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Significant accounting estimates and judgements are involved in determining Company's tax charge for the year which includes an interpretation of local tax laws, judicial pronouncements and an assessment whether the tax authorities will accept the position taken. These judgements, also, take account of external advice, wherever appropriate, and the Company's view on settling with the tax authorities.

The Company provides for current tax liabilities at the best estimate that is expected to be paid to the tax authorities where an outflow is probable. In making these estimates, the Company assumes that the tax authorities will examine all the amounts reported to them and have full knowledge of all the relevant information.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside statement of profit and loss is recognized (either in OCI or in equity).

3.13 Cash and Cash Equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value.

3.14 Statement of Cash Flows:

Cash Flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023 (Continued)

3.15 Post-employment, long term and short term employee benefits

Long-term employee benefits

For Defined Contribution Plan The Company's contributions paid/payable during the year towards Provident Fund are charged to Statement of Profit and Loss every year.

For defined benefit plans in the form of gratuity fund and post retirement pension scheme for whole-time Directors, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Re-measurements are recognised in the Other Comprehensive Income in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of planned assets. Contribution towards provident fund is paid as per the statutory provisions.

Short-term employee benefits

The undiscounted amount of short-term employee benefits are expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive which is expected to be paid within twelve months after the end of the period in which the employee renders the related service.

Compensated Absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date, based on actuarial valuation.

Leave Travel Allowance

The leave travel obligations cover the Company's liability for employees travel. The Company does not have an unconditional right to defer settlement for the obligation shown as current provision balance above. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave travel allowance or require payment within the next 12 months, therefore, based on the independent actuarial report, only a certain amount of provision has been presented as current and balance as non-current.

Defined Contribution Plan:

The Company has two defined contribution plans for its employees:

- Contribution to Provident Fund is made to Government Provident Fund Authority
- Contribution to Employees Pension Scheme 1995 is made to Government Provident Fund Authority.

The Company recognizes contribution payable to this fund/scheme as an expenditure, where an employee renders the related services. If the contribution payable to the scheme for services received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid.

3.16 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023 (Continued)

based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities, if any, are disclosed in the Notes. Contingent assets are not recognized in the financial statements.

Provisions are recognised only when:

An entity has a present obligation (legal or constructive) as a result of a past event; and

It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

A reliable estimate can be made of the amount of the obligation. Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

A present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognized and measured as a provision.

Contingent Assets:

Contingent assets are not recognised in the financial statements.

3.17 Goods and Service Tax (GST) Input credit:

GST input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilizing the credits.

3.18 Earning Per Share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023 (Continued)

The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

3.19 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures.

Significant management judgements and estimates

The following are significant management judgements and estimates in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Recoverability of advances/receivables – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Defined benefit obligation (“DBO”) – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses. - Refer Note 26

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. - Refer Note 31

Useful lives of depreciable/amortizable assets – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence.

Evaluation of Revenue recognition under Ind AS 115 - The Management of the Company estimates that the identifiable performance obligations to the trusts are setup in such a manner which covers the academic session and based on that, revenue is being recognized periodically for each Financial year.

Notes forming part of the Financial Statements for the year ended 31 March 2023

(Amount in Lakh, unless otherwise stated)

4 Property, plant and equipment and intangible assets

Property, plant and equipment

Particulars	Plant & machinery	Office equipment	Furniture and fixtures	Computers	Total
Gross block					
Balance as at 01 April 2021	229.65	831.16	791.61	226.67	2,079.09
Additions	318.04	482.87	122.87	4.07	927.85
Disposals	5.62	—	—	—	5.62
Balance as at 31 March 2022	542.07	1,314.03	914.48	230.74	3,001.32
Additions	57.45	160.01	141.73	60.77	419.96
Disposals	—	—	—	—	—
Balance as at 31 March 2023	599.52	1474.04	1056.21	291.51	3421.28
Accumulated depreciation:					
Balance as at 01 April 2021	51.27	295.13	266.69	134.97	748.06
Depreciation charged for the year	28.19	117.63	102.90	41.86	290.58
Reversal on disposals/adjustments	1.82	0.03	0.08	0.00	1.93
Balance as at 31 March 2022	77.64	412.73	369.51	176.83	1,036.71
Depreciation charged for the year	45.22	163.55	128.13	37.14	374.04
Reversal on disposals/adjustments	—	—	—	—	—
Balance as at 31 March 2023	122.86	576.28	497.64	213.97	1410.75
Net block:					
Balance as at 31 March 2022	464.43	901.30	544.97	53.91	1,964.61
Balance as at 31 March 2023	476.66	897.76	558.57	77.54	2010.53

Intangible Assets

Particulars	Computer Software	Total
Gross block		
Balance as at 01 April 2021	23.82	23.82
Additions	—	—
Disposals	—	—
Balance as at 31 March 2022	23.82	23.82
Additions	—	—
Disposals	—	—
Balance as at 31 March 2023	23.82	23.82
Accumulated depreciation		
Balance as at 01 April 2021	21.06	21.06
Depreciation charged for the year	2.05	2.05
Reversal on disposals	—	—
Balance as at 31 March 2022	23.11	23.11
Depreciation charged for the year	0.47	0.47
Reversal on disposals	—	—
Balance as at 31 March 2023	23.58	23.58
Net block:		
Balance as at 31 March 2022	0.71	0.71
Balance as at 31 March 2023	0.24	0.24

Notes forming part of the Financial Statements for the year ended 31 March 2023

(Amount in Lakh, unless otherwise stated)

5 Investment Property

Particulars	Land	Building	Sub-total (A)	Capital Work in Progress (B)	Total (A+B)
Gross block					
Balance as at 01 April 2021	4,012.50	2,632.27	6,644.77	3,267.84	9,912.61
Additions	—	3,576.60	3,576.60	662.68	4,239.28
Disposals	—	1.06	1.06	3,604.10	3,605.16
Balance as at 31 March 2022	4,012.50	6,207.81	10,220.31	326.42	10,546.73
Additions	—	0.38	0.38	1,989.45	1,989.83
Disposals	—	—	—	—	—
Balance as at 31 March 2023	4,012.50	6,208.19	10,220.69	2,315.87	12,536.56
Accumulated depreciation:					
Balance as at 01 April 2021	—	293.15	293.15	—	293.15
Depreciation charged for the year	—	105.53	105.53	—	105.53
Reversal on disposals	—	0.17	0.17	—	0.17
Balance as at 31 March 2022	—	398.51	398.51	—	398.51
Depreciation charged for the Period	—	198.40	198.40	—	198.40
Reversal on disposals	—	—	—	—	—
Balance as at 31 March 2023	—	596.91	596.91	—	596.91
Net block:					
Balance as at 31 March 2022	4,012.50	5,809.30	9,821.80	326.42	10,148.22
Balance as at 31 March 2023	4,012.50	5,611.28	9,623.78	2,315.87	11,939.65

5A Amount recognized in statement of profit and loss for investment properties

Particulars	31 March 2023	31 March 2022
Rental Income (A)	715.50	307.57
Less: Direct operating expenses that generated rental income		
(a) Legal and professional charges	5.97	0.70
(b) Repairs and maintenance - building	7.44	7.26
(c) Rates and taxes	2.50	1.87
(d) Insurance Charges	4.36	1.90
(e) Miscellaneous expenses	91.35	—
Total direct operating expenses that generated rental income (C)	111.62	11.73
Profit from leasing of investment properties after depreciation (A-B-C)	603.88	295.84
Less: Depreciation expense	198.40	105.53
Profit from leasing of investment properties after depreciation	405.48	190.31

5B Leasing arrangements

All of the Investment properties are leased to tenants under long-term operating leases with rentals payable monthly.

Notes forming part of the Financial Statements for the year ended 31 March 2023

5C Fair Value

Fair value hierarchy and valuation technique

The fair value of investment property has been determined by external, independent registered property valuers as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017, having appropriate recognized professional qualification and recent experience in the location and category of the property being valued. The Company obtains independent valuations for its investment properties annually and fair value measurement has been categorised as Level 3. Fair values of the building is arrived using sales comparable method and the fair value of land appurtenant thereto has been estimated using cost method. Based on the statistics of such valuation report, the management considered carrying value of its investment property aggregating INR 13400 Lakh (31 March 2022: INR 11200 Lakh) to be a reasonable estimate of its fair value.

Investment Property under development

(Amount in Lakh, unless otherwise stated)

CWIP	To be completed in				Total
	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
Project in process					
Gurgaon School Block-B	—	2,315.86	—	—	2,315.86
Project temporarily Suspended					
NA	—	—	—	—	—

CWIP	Amount in investment Property under development for a period of				Total
	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
Project in process					
Gurgaon School Block-B	2,315.86	—	—	—	2,315.86
Project temporarily Suspended					
NA	—	—	—	—	—

(Amount in Lakh, unless otherwise stated)

6 Non current financial assets

As at
31 March 2023

As at
31 March 2022

Unsecured and considered good

Security deposit	869.99	230.44
Total	869.99	230.44

7 Deferred tax assets/(liabilities) (net)

Unrecognised deductible temporary differences and unused tax losses/unabsorbed depreciation for which no deferred tax assets (net) have been recognised:

Deferred tax liabilities arising on account of

Difference between carrying value and tax base of property, plant and equipment	260.15	196.06
Financial assets and liabilities at amortised cost	37.49	17.75
Compound instrument	—	—
	297.64	213.81

Notes forming part of the Financial Statements for the year ended 31 March 2023

(Amount in Lakh, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
Deferred tax assets arising on account of		
Provision for employee benefits	5.17	12.65
Financial assets and liabilities at amortised cost	40.44	20.68
Losses carried forward	181.81	239.27
Unabsorbed depreciation carried forward	225.17	225.17
	<u>452.59</u>	<u>497.77</u>
Net deferred tax assets/(liabilities)	<u>154.95</u>	<u>283.96</u>
Net deferred tax liabilities recognised	<u>—</u>	<u>—</u>

Note:

- No deferred tax asset is recognized in the books of accounts, in accordance with the Ind AS and hence the company has restricted the deferred tax assets to the extent of deferred tax liabilities.
- The reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate has not been prepared as there are no tax profit for the year.

(Amount in Lakh, unless otherwise stated)

8 Other non current assets	As at 31 March 2023	As at 31 March 2022
Prepaid expense	100.00	51.08
Total	<u>100.00</u>	<u>51.08</u>
9 Trade receivables		
Secured, considered good		
Unsecured	—	—
- Considered good	331.06	201.50
- Considered doubtful	—	—
Less : Allowance for bad and doubtful debts	—	—
Total	<u>331.06</u>	<u>201.50</u>
10 Cash and cash equivalents	As at 31 March 2023	As at 31 March 2022
Balances with banks		
On current accounts	0.00	0.00
Fixed deposits with maturity of less than 3 months	—	—
Cash on hand	—	—
Total	<u>0.00</u>	<u>0.00</u>
11 Other current financial assets		
<u>Unsecured and considered good</u>		
Security deposit	—	243.03
Inter-corporate deposit	1,900.00	492.50
Interest accrued on inter-corporate deposits	6.68	1.72
Total	<u>1,906.68</u>	<u>737.25</u>

Notes forming part of the Financial Statements for the year ended 31 March 2023

(Amount in Lakh, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
12 Current tax assets		
Tax deductible at source	156.85	152.51
Tax collected at source	0.03	0.14
Total	156.88	152.65
13 Other current assets		
Advance recoverable in cash or in kind		
Balance with Goods & Services Tax authorities	0.10	1.60
Prepaid expense	55.38	26.19
Advance to suppliers	1.99	—
Mobilization advance	21.89	97.73
Total	79.36	125.52
	As at 31 March 2023	As at 31 March 2022

14 Equity share capital

The Company has only one class of equity share capital having a par value of ₹ 10 each, referred to herein as equity shares.

Authorized

50,00,00,000 (31 March 2022: 20,00,00,000 of ₹ 10 each) Equity Shares of ₹ 10 each

50,000.00 20,000.00

50,000.00 20,000.00

Issued, subscribed and paid up

18,60,00,000 (31 March 2022: 15,40,00,000 of ₹ 10 each) Equity Shares of ₹ 10 each

18,600.00 15,400.00

Total 18,600.00 15,400.00

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the Year

(1) Current reporting period				
Balance at the beginning of the current reporting period	changes in Equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Change in equity share capital during the current reporting period	Balance at the end of the current reporting period
15,400.00	—	15,400.00	3,200.00	18,600
(2) Previous reporting period				
Balance at the beginning of the Previous reporting period	changes in Equity share capital due to prior period errors	Restated balance at the beginning of the Previous reporting period	Change in equity share capital during the Previous reporting period	Balance at the end of the Previous reporting period
15,400.00	—	15,400.00	—	15,400

Notes forming part of the Financial Statements for the year ended 31 March 2023

(Amount in Lakh, unless otherwise stated)

(b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

(1) Current reporting period			
S. No.	Promoter Name	No. of Shares	% of total shares
1	Housing Development Finance Corporation Limited	186000000	99.99%
(2) Previous reporting period			
S. No.	Promoter Name	No of Shares	% of total shares
1	Housing Development Finance Corporation Limited	154000000	99.99%

- (c) The Company has one class of equity shares having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share held. The holder of equity shares are entitled to dividends, if proposed by the Board of Directors, and approved by the shareholders at the Annual General Meeting.

(Amount in Lakh, unless otherwise stated)

15 Other equity	Sub-note	As at 31 March 2023	As at 31 March 2022
Retained earnings	i	(3,108.55)	(3,555.21)
Equity component of optionally convertible debentures (net of tax)	ii	1,635.38	1,635.38
		<u>(1,473.17)</u>	<u>(1,919.83)</u>
i) Retained earnings			
Balance at the beginning of year		(3,555.21)	(3,668.93)
Add: Net gain/(loss) for the current year		553.95	114.40
Add: share issue expense during the year		(108.92)	—
Items of other comprehensive income recognised directly in retained earnings:		—	—
Add: Re-measurement gain/(loss) on post employment benefit obligation		1.63	(0.68)
Balance at the end of the year		<u>(3,108.55)</u>	<u>(3,555.21)</u>
ii) Equity component of Optionally convertible debentures			
Balance at the beginning of the year		1,635.38	1,635.38
Balance at the end of the year		<u>1,635.38</u>	<u>1,635.38</u>
16 Other non-current liabilities		As at 31 March 2023	As at 31 March 2022
Security deposit		33.00	33.00
Retention money payable		49.24	17.88
Total		<u>82.24</u>	<u>50.88</u>

Notes forming part of the Financial Statements for the year ended 31 March 2023

(Amount in Lakh, unless otherwise stated)

17 Provisions

Long term

	As at 31 March 2023	As at 31 March 2022
Provision for employee benefits:		
Provision for gratuity (unfunded)	9.90	14.44
Provision for leave travel allowance	1.14	1.76
Provision for compensated absences (unfunded)	9.22	12.95
Total	20.26	29.15

Short term

	As at 31 March 2023	As at 31 March 2022
Provision for employee benefits:		
Provision for gratuity (unfunded)	0.86	1.23
Provision for leave travel allowance	0.71	1.10
Provision for compensated absences (unfunded)	0.57	0.75
Provision for Income-tax	—	—
Total	2.14	3.08

18 Trade payables

	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of creditors other than micro enterprises and small enterprises	34.13	32.56
Total	34.13	32.56

18A Details of dues to micro and small enterprises as defined under The MSMED Act, 2006*

Particulars	As at 31 March 2023	As at 31 March 2022
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
- Principal amount due to micro and small enterprises	—	—
- Interest due on above	—	—
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	—	—
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	—	—
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year	—	—
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	—	—

*The above information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.

Notes forming part of the Financial Statements for the year ended 31 March 2023

(Amount in Lakh, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
19 Other current liabilities		
Statutory due payable (including Tax Deducted at Source)	0.26	0.05
Goods and Services Tax payable	25.19	—
Retention money payable	62.98	59.50
Earnest money deposits	—	3.00
Provision for Variable Pay	6.95	20.89
Payable for property plant and equipments and investment property under development	90.69	46.73
Total	186.07	130.17
20 Revenue from operations	Year ended 31 March 2023	Year ended 31 March 2022
Sale of services		
- Gurugram	240.08	196.04
- Pune	425.48	321.52
- Bangalore	130.13	108.51
Revenue from rent of investment property (refer to note 5A)		
- Gurugram	715.50	307.57
Total	1,511.19	933.64
21 Other income		
Interest income		
- on Income-taxes	9.19	7.06
- on inter corporate deposits	63.98	31.95
Other non operating income		
- Interest income from financial assets carried at amortised cost	34.08	29.54
- Miscellaneous Income	—	0.03
Total	107.25	68.58
22 Employee benefits expenses		
Salaries, wages, bonus and other allowances	83.23	126.98
Contribution to provident fund	3.12	3.86
Gratuity (Refer to note 26)	3.10	2.51
Staff welfare expenses	2.21	1.53
Total	91.66	134.88

Notes forming part of the Financial Statements for the year ended 31 March 2023

(Amount in Lakh, unless otherwise stated)

	Year ended 31 March 2023	Year ended 31 March 2022
23 Depreciation and amortization expenses		
Depreciation on Property plant and equipment (Refer to note 4)	374.04	290.50
Depreciation on Investment property (Refer to note 5)	198.40	105.53
Amortization on Intangible assets (Refer to note 4)	0.47	2.05
Total	572.91	398.08
24 Other expenses		
Advertisement	181.70	239.94
Legal and professional charges	43.84	40.49
Audit fees*	15.00	10.75
Travel and conveyance	6.08	3.11
Repairs and maintenance - building	4.54	7.26
Repairs and maintenance - others	2.90	1.00
Director sitting fee	35.52	33.45
Workstation cost	6.00	6.00
Rates and taxes	2.50	1.88
Loss on sale of Fixed Assets	—	3.61
Electricity Load enhancement charges	90.56	—
Miscellaneous expenses	11.28	7.37
Total	399.92	354.86
*Note: The following is the break-up of auditors remuneration (exclusive of Goods and Services Tax)		
Payment to auditors		
- As auditor	15.00	10.75
Total	15.00	10.75
25 Profit per share		
The numerators and denominators used to calculate the basic and diluted EPS are as follows:		
Profit/(Loss) attributable to shareholders for basic earnings per share	553.95	114.40
Weighted average number of equity shares for basic and diluted earnings per share	17,00,54,794	15,40,00,000
Basic and diluted earnings per share (₹)	0.33	0.07

Notes forming part of the Financial Statements for the year ended 31 March 2023

(Amount in Lakh, unless otherwise stated)

26 Employee benefits

	Year ended 31 March 2023	Year ended 31 March 2022
Gratuity	10.76	15.67
Leave travel allowance	1.84	2.86
Compensated absences	9.79	13.70

The following tables summarise the components of net benefit expense recognized in the statement of profit and loss and the amount recognised in the balance sheet for the defined benefit plan.

	Gratuity benefits 31 March 2023	Gratuity benefits 31 March 2022
Change in the present value of the defined benefit obligation:		
Opening defined benefit obligation	15.67	12.48
Interest cost	1.08	0.82
Current service cost	2.02	1.69
(Benefit Paid Directly by the Employer)	(6.38)	—
Actuarial (gains)/losses on obligation	(1.63)	0.68
Closing defined benefit obligation	10.76	15.67
Expense/(income) recognized in the other comprehensive income:	(1.63)	0.68
Net actuarial loss/(gain) in the year	(1.63)	0.68
Net expense recognized in the Other comprehensive income		
Actuarial loss/(gain) arising from change in financial assumption	(0.41)	0.26
Actuarial loss/(gain) arising from experience adjustment	(1.22)	0.43

Actuarial assumptions used	31 March 2023	31 March 2022
Discount rate	7.41%	6.90%
Long-term rate of compensation increase	11.00%	11.00%
Employee turnover rate	10.00%	10.00%

Demographic assumptions used	31 March 2023	31 March 2022
Mortality table	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)
Retirement age:	58 Years	58 Years
Withdrawal rates for all ages	10%	10%

These assumptions were developed by the management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year end by reference to government securities and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

Sensitivity analysis

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate and the average employee turnover. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability at 31 March 2023.

Notes forming part of the Financial Statements for the year ended 31 March 2023

	As at 31 March 2023		As at 31 March 2022	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Discount Rate				
(Decrease)/increase in the defined benefit liability	(73,591)	83,874	(1,12,677)	1,28,665
Salary growth rate	—	—	—	—
Increase/(Decrease) in the defined benefit liability	44,410	(42,815)	63,715	(64,184)
Employee Turnover Rate	—	—	—	—
Increase/(Decrease) in the defined benefit liability	(1,563)	1,015	(8,756)	8,052

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Amounts for the current and previous two years are as follows:

(Amount in Lakh, unless otherwise stated)

	2022-23	2021-22
Defined benefit obligations	10.76	15.67
Maturity Profile of Defined Benefit Obligation	2022-23	2021-22
1st following year	0.86	1.23
2nd following year	0.98	1.26
3rd following year	0.98	1.33
4th following year	0.98	1.33
5th following year	0.98	1.33
Sum of years 6 to 10	4.87	6.60
Sum of years 11 and above	11.53	16.82
Other details	2022-23	2021-22
No of active members	3	4
Per month salary for active members	1.98	2.68
Weighted average duration of the projected benefit obligation	9	9
Average expected future service	8	8
Projected benefit obligation (PBO)	10.76	15.67
Prescribed contribution for next year (12 Months)	—	—

Risk associated with plan provisions

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follows:

Notes forming part of the Financial Statements for the year ended 31 March 2023

(a) **Interest rate risk**

A fall in the discount rate which is linked to the Government Securities rate will increase the present value of the liability requiring higher provision.

(b) **Salary risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

(c) **Asset liability matching ("ALM") risk**

The plan faces the ALM risk as to the matching cash flow. Company has to manage pay-out based on pay as you go basis from own funds.

(d) **Mortality risk**

Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Compensated absences

The leave obligations cover the Company's liability for earned leaves. The Company does not have an unconditional right to defer settlement for the obligation shown as current provision balance above. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months, therefore, based on the independent actuarial report, only a certain amount of provision has been presented as current and balance as non-current.

Leave travel allowance

The leave travel obligations cover the Company's liability for employees travel. The Company does not have an unconditional right to defer settlement for the obligation shown as current provision balance above. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave travel allowance or require payment within the next 12 months, therefore, based on the independent actuarial report, only a certain amount of provision has been presented as current and balance as non-current.

Defined contribution plans

The Company has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual or any constructive obligation. The expense recognized during the year towards defined contribution plan is ₹ 3.11 Lakh (31 March 2022: ₹ 3.85 Lakh).

27 Leases

Operating leases where Company is a lessor:

The Company has entered into lease transactions mainly for leasing of school buildings for a period upto 30 years. The terms of lease include terms of renewal, increase in rents in future periods and terms of cancellation. The lease is non-cancellable at the option of the lessor, however, the lessee can cancel such lease after giving 3 months notice to the lessor. The operating lease revenue recognized in the Statement of Profit and Loss amount to ₹ 715.50 Lakh (31 March 2022: ₹ 307.57 Lakh) included in Note 20.

- 28** For AY 2018-19, the company have filled an appeal on 2nd April 2021 to CIT (A) against the order of Assessing officer. The Assessing officer, in the assessment order, mentioned that the returned loss of ₹ 6,37,82,573/- has been accepted as assessed loss however in the computation sheet it has been Inadvertently mentioned as ₹ 4,05,69,308/- instead of ₹ 6,37,82,573/-.

Based on the facts of the case, this is an error which needs to be rectified, also the company had already filed rectification application on 24th March 2022 with the assessing officer seeking correction of mistake in the computation sheet.

Notes forming part of the Financial Statements for the year ended 31 March 2023

29 Related party transactions

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 “Related Party Disclosures”, name of the related parties, related party relationships, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows:

(A) List of related parties

Relationship	Name of the Related party
Holding Company	Housing Development Finance Corporation Limited
Associate of Holding Company	HDFC ERGO General Insurance Company Ltd. HDFC Bank Ltd.
Key Management Personnel	Mr. Conrad D'Souza, Director Mr. Keyur Shah, Director Mr. Rajeev Sardana, Director Mr. S . N Shroff, Director Mr. Sudhir Kumar Jha, Director Mr. V.S. Rangan, Director Mr. Yogesh Kapur, Director Simrita Ahluwalia, Executive Director & Chief Executive Officer

(B) Details of transaction between the Company and its related parties are disclosed below:

Particulars	Holding Company		Group Company / Associate of Parent		Key Managerial Personnel	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Transactions during the year						
Expenditure						
(i) Remuneration	—	—	—	—	45.26**	37.78**
(ii) Deputation cost*	19.21	26.75	—	—	—	—
(iii) Workstation cost*	6.00	6.00	—	—	—	—
(iv) Insurance expense*	—	—	6.05	4.41	—	—
(v) Directors sitting fee*	—	—	—	—	30.10	28.35
(vi) Bank Charges*	—	—	0.00	0.01	—	—
(vii) Miscellaneous expenses (reimbursement of expenses)	1.59	0.99	—	—	—	—
Income						
(i) Interest received	63.99	31.95	—	—	—	—
Other transactions during the year						
(i) Allotment of shares	3,200.00	—	—	—	—	—
(ii) Inter corporate deposits placed	6,939.50	5,872.00	—	—	—	—
(iii) Inter corporate deposits matured	5,532.00	6,379.50	—	—	—	—

* Exclusive of Goods and Services Tax.

** Remunerations doesn't include reimbursements for various expenses for eg. Telephone exp and etc.

Notes forming part of the Financial Statements for the year ended 31 March 2023

(Amount in Lakh, unless otherwise stated)

Particulars	Holding Company		Group Company / Associate of Parent		Key Managerial Personnel	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Balance outstanding at the year end						
(i) Loans and advances-prepaid expenses	—	—	3.87	4.22	—	—
(ii) Share capital	18,600.00	15,400.00	—	—	—	—
(iii) Inter corporate deposits	1,900.00	492.50	—	—	—	—
(iv) Interest accrued on deposits	6.68	1.91	—	—	—	—
(v) Current Account balance (HDFC Bank)	—	—	0.00	0.00	—	—

Breakup for Key management personnel's compensation in the following categories:

Particulars	31 March 2023	31 March 2022
Short-term employee benefits *	45.26**	37.78**

* As the liability for gratuity, leave encashment and leave travel allowance are provided on actuarial basis for the Company, as a whole, amounts accrued pertaining to key management personnel are not included above.

** Remunerations doesn't include reimbursements for various expenses like Telephone exp and etc.

30 Segment Reporting

Basis of Segmentation and information about products and services.

The Company's board of directors has been identified as the Chief Operating Decision Maker ("CODM"), since they are responsible for all major decision w.r.t. the preparation and execution of business plan, preparation of budget, planning, alliance, merger, acquisition and expansion of any new facility. As the company is primarily engaged in the business of providing services relating to schools, higher education, vocational education and training, supplemental education including but not limited to school management and improvement services, providing consultancy and/or expertise on education, building and classroom design and campus management, providing any land, building, structure and/or other immovable property whether on a lease or any other basis, and to carry on the related pursuits in running educational institutions in India CODM reviews the entire business as a single operating segment and accordingly disclosure requirements of IND AS 108 "Operating Segments" are not applicable.

31 Financial risk management

i) Financial instruments by category

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Notes forming part of the Financial Statements for the year ended 31 March 2023

(Amount in Lakh, unless otherwise stated)

Particulars	31 March 2023	31 March 2022
	Level 3 Amortised cost	Level 3 Amortised cost
Financial assets		
Investments		
Trade receivables	331.06	201.50
Loans	2,769.99	965.97
Cash and cash equivalents	0.00	0.00
Interest accrued on Inter Corporate Deposits	6.68	1.72
Total	3,107.73	1,169.19
Financial liabilities		
Borrowings	—	—
Trade payables	34.13	32.56
Other financial liabilities	—	—
Total	34.13	32.56

- (a) The carrying value of trade receivables, securities deposits, cash and bank balances and other financial assets recorded at amortised cost, is considered to be a reasonable approximation of fair value.
- (b) The carrying value of borrowings, trade payables and other financial liabilities recorded at amortised cost is considered to be a reasonable approximation of fair value.
- (c) All the financial assets and liabilities fall under level 3 hierarchy.

ii) Risk Management

The Company's activities expose it to liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements:

Risk	Exposure arising from	Measurement
Credit Risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts

A) Credit Risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due to the Company causing financial loss. It arises from cash and cash equivalents, deposits with banks, security deposits. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting date.

The Company continuously monitors defaults of customers and other counterparties. In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. The Company has no history of customer default, and considers the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents, bank deposits, security deposits is considered negligible, since the counterparties are reputable organisations with high quality external credit ratings. Company provides for expected credit losses on financial assets by assessing individual financial instruments for expectation of any credit losses. Since the assets have very low credit risk, and are for varied natures and purpose, there is no trend that the company can apply consistently to entire population. The Company does not have any expected loss considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

Notes forming part of the Financial Statements for the year ended 31 March 2023

Detail of trade receivables that are past due is given below:

	As at 31 March 2023	As at 31 March 2022
Not Due	—	—
0-30 days past due	331.06	201.50
31-60 days past due	—	—
61-90 days past due	—	—
More than 90 days	—	—
Total	331.06	201.50

B) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of sufficient liquid assets to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability from redemption in fixed deposits.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Financing Arrangements

Contractual maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

(Amount in Lakh, unless otherwise stated)

31 March 2023	Payable on demand	Less than 1 year	1-2 years	2-3 years	More than 3 years
Non Derivatives					
Borrowings	—	—	—	—	—
Trade payables	—	34.13	—	—	—
Security Deposit	—	—	—	—	33.00
Total	—	34.13	—	—	33.00

31 March 2022	Payable on demand	Less than 1 year	1-2 years	2-3 years	More than 3 years
Non Derivatives					
Borrowings	—	—	—	—	—
Trade payables	—	32.56	—	—	—
Security Deposit	—	—	—	—	33.00
Total	—	32.56	—	—	33.00

C) Market Risk

The Company is not exposed to any significant market risk.

Notes forming part of the Financial Statements for the year ended 31 March 2023

32 Capital management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

The Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in the economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the return capital to shareholders, issue new shares, or sell assets to reduce debt.

33 Contingent Liability

There are no pending litigations which the Company believes could reasonably be expected to have a material adverse effect on the results of operations, cash flow or the financial position of the Company.

34 The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

35 Trade Receivables Ageing Schedule

(Amount in Lakh, unless otherwise stated)

Particulars	Outstanding for following periods from due date of payment				
	Upto 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years
(i) Undisputed Trade receivables – considered good	331.06	—	—	—	—
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—
(iii) Undisputed Trade Receivables – credit impaired	—	—	—	—	—
(iv) Disputed Trade Receivables – considered good	—	—	—	—	—
(v) Disputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—
(vi) Disputed Trade Receivables – credit impaired	—	—	—	—	—

36 Trade payables ageing Schedule

(Amount in Lakh, unless otherwise stated)

Particulars	Outstanding for following periods from due date of payment			
	Upto 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years
(I) MSME	—	—	—	—
(II) Others	34.13	—	—	—
(III) Disputed Dues - MSME	—	—	—	—
(IV) Disputed Dues - Others	—	—	—	—

Notes forming part of the Financial Statements for the year ended 31 March 2023

37	Ratios	31-Mar-23	31-Mar-22	Variance	Reason for Variance >25%
	(i) Current Ratio (Current Assets/ Current liabilities)	11.13	7.34	52%	Increased due to higher amount of FD in current FY
	(ii) Debt-Equity Ratio (Total Debt/ Shareholders Equity)	0.019	0.018	4%	No major variance
	(iii) Debt Service Coverage Ratio (Earnings available for Debt service/Debt Service)	NA	NA	0%	—
	(iv) Return on Equity (Net Profit after tax - Preference dividend/ shareholders equity)	3.23%	0.85%	281%	Increase due to increase in rental income
	(v) Inventory Turnover Ratio (Turnover/Average Inventory)	NA	NA	—	—
	(vi) Trade Receivable Turnover Ratio (Net Credit Sale/Average Trade Receivable)	5.68	9.27	-39%	—
	(vii) Trade Payable Turnover Ratio (Net Credit Sale/Average Trade Payables)	45.32	21.19	114%	Increase due to increase in Turnover
	(viii) Net Capital Turnover Ratio (Net Sales/Working Capital)	0.67	0.89	-24%	Decrease due to increase in working capital (increased in FD)
	(ix) Net Profit Ratio (Net Profit/Net Sales)	0.37	0.12	199%	Increase in profit due to increase in rental income
	(x) Return on Capital Employed/ Return on Investment (Earnings before interest & taxes/Capital Employed)	3.22%	0.84%	281%	Increase due to increase in rental income

38 There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

39 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

No funds have been received by the company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

Notes forming part of the Financial Statements for the year ended 31 March 2023

40 The holding company of HDFC Education and Development Services Pvt. Ltd. has vide its resolution dated April 4, 2022, approved a composite scheme of amalgamation ("Scheme") for the amalgamation of HDFC Limited with and into HDFC Bank Limited (HDFC Bank), and their respective shareholders and creditors, under Sections 230 to 232 of the Companies Act, 2013, the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other rules and regulations framed thereunder, subject to the necessary regulatory approvals, consents, permissions and sanctions. Upon the Scheme becoming effective, HDFC Limited would stand dissolved without being wound up.

On April 21, 2023, RBI has permitted HDFC Bank to continue holding HDFC Limited's stake in HDFC Education and Development Services Private Limited for a period of 2 years from the effective date.

41 The disclosure on the following matters required under schedule III as amended not being relevant or applicable in case of the Company, same are not covered:

- a) The Company has not traded or invested in crypto currency or virtual currency during the financial year
- b) No proceedings have been initiated or are pending against the Company for holding any benarni property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder
- c) The Company has not been declared wilful defaulter by any bank or financial institutions or government or any government authority
- d) The Company _has not entered in to any scheme of arrangement
- e) There are-no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the Year in the tax assessments under the Income Tax Act, 1961

The company does not have any relationship with Struck off Companies.

42 Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 1,267.64 Lakh (31 March 2022: ₹ 3,311.38 Lakh).

As per our report of even date

For B S R & Co. LLP

Chartered Accountants

ICAI Firm's Registration No.:101248W/W-100022

Ajit Viswanath

Partner

Membership No. 067114

Place: Mumbai

Date: 28th April 2023

For and on behalf of the Board of Directors

Rajeev Sardana

(DIN: 06648276)

Delhi

Simrita Ahluwalia

(DIN: 08458567)

Chief Executive Officer

Delhi

Ramesh Nayal

Chief Financial Officer

ICAI M.No. 507968

Delhi

V. Srinivasa Rangan

(DIN: 00030248)

Mumbai

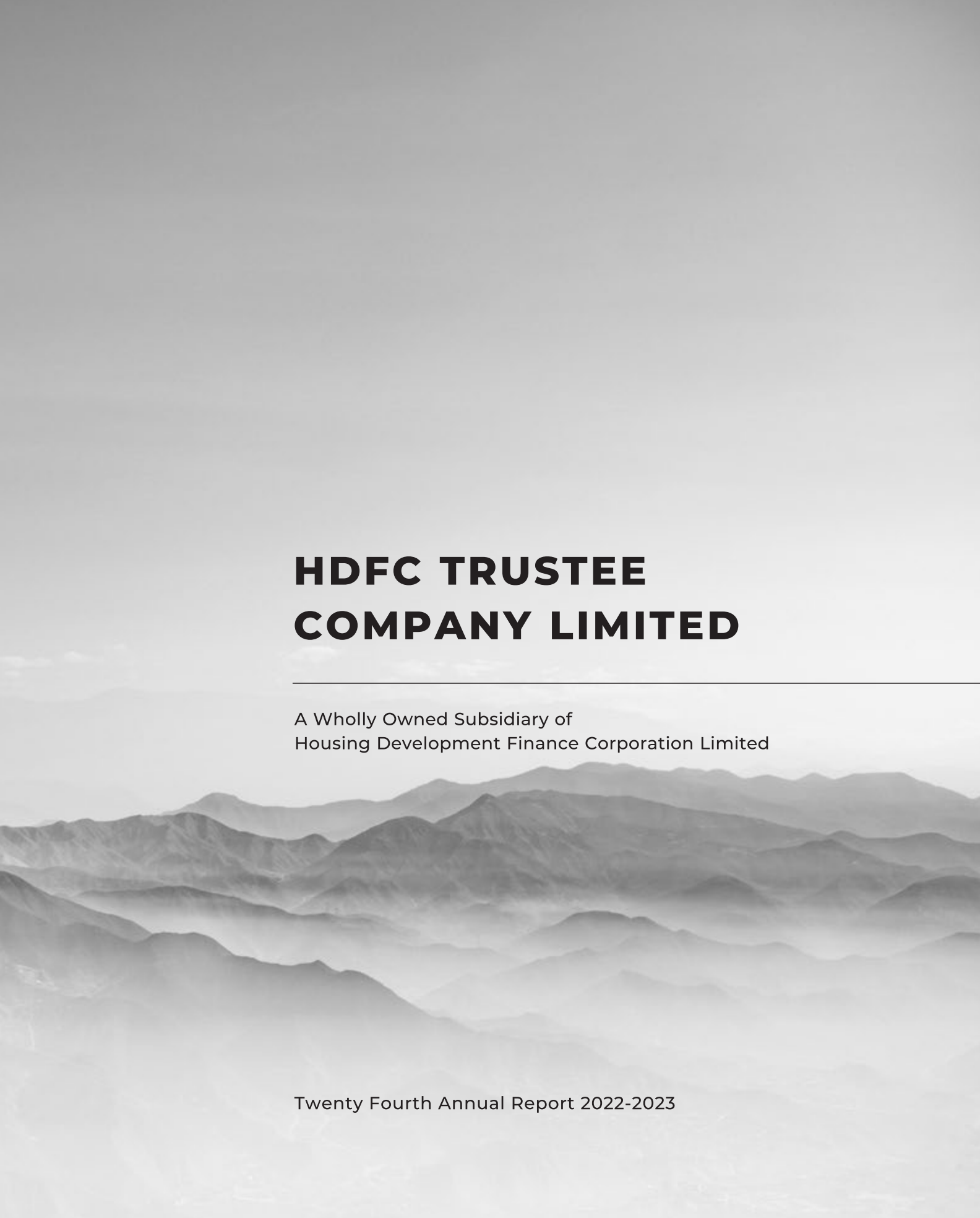
Lalit Jain

Company Secretary

ICSI M.No. A37005

Mumbai

Date: 28th April 2023



HDFC TRUSTEE COMPANY LIMITED

A Wholly Owned Subsidiary of
Housing Development Finance Corporation Limited

Twenty Fourth Annual Report 2022-2023

Board of Directors

Mr. Vimal Bhandari
Chairman
(DIN: 00001318)

Mr. Dindayal Jalan
Independent Director
(DIN: 00006882)

Mr. Mehernosh Kapadia
Independent Director
(DIN: 00046612)

Mr. V Srinivasa Rangan
Non-Executive Director
(DIN: 00030248)

Auditors

M/s B S R & Co. LLP
Chartered Accountants

Banker

HDFC Bank Ltd.

Registered Office

HDFC House, 2nd Floor
H. T. Parekh Marg, 165-166,
Backbay Reclamation, Churchgate,
Mumbai 400 020.
Tel. No.: 022-6631 6333
Fax No.: 022-6658 0203
CIN: U65991MH1999PLC123026

Directors' Report

TO THE MEMBERS

Your Directors are pleased to present the Twenty Fourth Annual Report of HDFC Trustee Company Limited ("the Company/your Company"), together with the audited financial statements for the financial year ended March 31, 2023.

STATE OF AFFAIRS OF THE COMPANY

The financial performance of your Company for the financial year ended March 31, 2023 is summarised as below:

Financial Results	For the year ended March 31, 2023 (₹ in '000s)	For the year ended March 31, 2022 (₹ in '000s)
Profit before Tax	5,926.81	5,548.40
Provision for Tax	1,297.72	1,396.43
Profit after Tax	4,629.09	4,151.97
Balance brought forward from previous year	23,393.28	19,241.31
Balance carried to Balance Sheet	28,022.37	23,393.28

Your Company does not have any subsidiary or an associate company or a joint venture company during the financial year 2022-23.

The net worth of the Company as on March 31, 2023 stood at ₹ 29,022.37 (₹ in thousand) as against ₹ 24,393.28 (₹ in thousand) as on March 31, 2022.

There was no change in the nature of business of your Company. Your Company provides Trusteeship services to HDFC Mutual Fund. There have been no material changes and commitments affecting the financial position of your Company which have occurred between the end of the financial year 2022- 23 and the date of this Report.

DIVIDEND

Your Directors do not recommend any dividend for the year ended March 31, 2023.

SHARE CAPITAL

During the year under review, your Company has not issued any further shares. The issued, subscribed and paid-up equity share capital of the Company was ₹10,00,000/- divided into 1,00,000 equity shares of ₹ 10/- each as on March 31, 2023.

TRANSFER TO RESERVES

There was no amount proposed to be transferred to the Reserves. For complete details on movement in Reserves and Surplus during the financial year ended March 31, 2023, please refer to the Statement of Changes in Equity included in the financial statements.

REVIEW OF OPERATIONS

Your Directors are pleased to report that:

Assets under Management (AUM) of HDFC Mutual Fund ("HDFC MF") at the close of FY 22-23 was ₹ 4.37 Lakh Crore as against an AUM of ₹ 4.08 Lakh Crore at the close of FY 21-22, an increase of 7%. The Annual Average AUM was ₹ 4.36 Lakh Crore versus ₹ 4.34 Lakh Crore as of March 31, 2022. HDFC MF is one of India's largest mutual funds in terms of total AUM with a market share of 11.1% based on closing AUM. It is also one of the largest mutual funds in terms of actively managed equity-oriented funds, with a market share of 11.9%. The actively managed equity-oriented AUM at the close of FY 22-23 was ₹ 2.32 Lakh Crore as against ₹ 2.00 Lakh Crore at the close of FY 21-22, an increase of 16%. The actively managed equity-oriented annual average AUM constituted 50% of the total annual average AUM and increased by 15% to Rs. 2.17 Lakh Crore.

HDFC Asset Management Company Limited ("HDFC AMC") Investment Manager of HDFC MF managed 114 Lakh live accounts as on March 31, 2023, predominantly those of individual (retail) unitholders. The Individual monthly average AUM as a percent of total monthly average AUM as of March 2023 was 67.2% as against 62.4% as of March 2022. HDFC AMC has established a strong and wide network of Investor Service Centres (ISCs) rendering services to its unit holders located at various locations across the country. HDFC AMC has 228 branches as on March 31, 2023. ISCs of Computer Age Management Services Ltd. (CAMS), the Registrar and Transfer Agent of HDFC MF, are Official Points of Acceptance for transactions of Schemes of HDFC MF. These offices supplement the investor servicing network of HDFC AMC. HDFC AMC services unitholders and over 75,000 empanelled distributors.

HDFC MF is one of the most preferred choices for individual investors, with a market share in assets from individual investors at 12.9%. Of the 3.77 Crore unique investors in mutual funds in India (as identified by PAN/ PEKRN), we enjoy trust of 66 Lakh investors, a market

penetration of 18%. HDFC AMC's offering of systematic transactions further enhances its appeal to individual investors looking to invest periodically in a disciplined and risk-mitigating manner. HDFC AMC processed ₹ 17,383 Crore through systematic transactions from April 2022 to March 2023. These monthly flows provide a strong and stable "order book", provide predictable flows, with 86% of live systematic investment plans (SIPs) subscribed for a tenure of more than 5 years.

Schemes Launched

Following new schemes were launched during the financial year –

1. HDFC FMP 1158D July 2022
2. HDFC NIFTY 100 ETF
3. HDFC NIFTY NEXT 50 ETF
4. HDFC FMP 1406D August 2022
5. HDFC Silver ETF
6. HDFC NIFTY Growth Sectors 15 ETF
7. HDFC NIFTY100 Quality 30 ETF
8. HDFC NIFTY50 Value 20 ETF
9. HDFC NIFTY100 Low Volatility 30 ETF
10. HDFC NIFTY200 Momentum 30 ETF
11. HDFC FMP 1359D September 2022
12. HDFC Silver ETF Fund of Fund
13. HDFC NIFTY G-Sec Dec 2026 Index Fund
14. HDFC NIFTY G-Sec July 2031 Index Fund
15. HDFC NIFTY IT ETF
16. HDFC NIFTY Private Bank ETF
17. HDFC Business Cycle Fund
18. HDFC NIFTY G-Sec Jun 2027 Index Fund
19. HDFC NIFTY G-Sec Sep 2032 Index Fund
20. HDFC FMP 1204D December 2022
21. HDFC Long Duration Debt Fund
22. HDFC S&P BSE 500 ETF
23. HDFC NIFTY Midcap 150 ETF
24. HDFC NIFTY Smallcap 250 ETF
25. HDFC FMP 2638D February 2023
26. HDFC Nifty SDL Oct 2026 Index Fund
27. HDFC MNC Fund
28. HDFC Nifty G-Sec Apr 2029 Index Fund
29. HDFC Nifty G-Sec Jun 2036 Index Fund
30. HDFC FMP 1269D March 2023
31. HDFC NIFTY SDL Plus G-Sec Jun 2027 40:60 Index Fund

The Mergers of the following schemes were also announced:

HDFC FMP 1381D September 2018 (1) and HDFC FMP 1372D September 2018 (1) into HDFC Corporate Bond Fund and HDFC FMP 1344D October 2018 (1) into HDFC Medium Term Debt Fund vide notice and addendum dated May 16, 2022.

INFORMATION ON PROMOTER COMPANY

Amalgamation of Housing Development Finance Corporation Limited, Holding Company

During the year, the composite scheme of amalgamation ("Scheme") for the amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, wholly-owned subsidiaries of Housing Development Finance Corporation Limited ("HDFC Limited") with and into HDFC Limited; and (ii) HDFC Limited with and into HDFC Bank Limited ("HDFC Bank") under Sections 230 to 232 of the Companies Act, 2013, was filed with Hon'ble National Company Law Tribunal, Mumbai Bench, Mumbai ("NCLT").

On March 17, 2023, Final Order was passed by NCLT sanctioning the said Scheme. Basis the above, HDFC AMC has made final application to SEBI for change in control of HDFC AMC/change in co-sponsor(s)/under SEBI (Mutual Funds) Regulations, 1996.

Stake sale by abrdn Investment Management Limited, co-sponsor of HDFC Mutual Fund

During the year, HDFC AMC was in receipt of letter from abrdn Investment Management Limited ("abrdn"), one of the promoters of HDFC AMC holding 10.21% of the paid-up share capital, intimating their intention to sell the entire stake in HDFC AMC subject to applicable SEBI (Mutual Funds) Regulations, 1996 ("SEBI MF Regulations"). In this connection, SEBI had granted its approval permitting abrdn to reduce its shareholding in HDFC AMC to less than 10%, subject to HDFC AMC complying with the requirements specified under SEBI MF Regulations. HDFC AMC has complied with the above requirements and abrdn can now reduce its stake in HDFC AMC thereby ceasing to be the co-sponsor of HDFC Mutual Fund.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Non-Executive Director

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of your Company, Mr. V. S. Rangan (DIN: 00030248), Director,

is liable to retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, seeks re-appointment.

Necessary resolution for re-appointment of Mr. V. S. Rangan has been included in the Notice convening the AGM. The brief resume of Mr. Rangan and other related information have been detailed in the Notice convening the AGM of your Company. Your Directors recommend his re-appointment as Non-Executive Director of your Company.

Independent Directors

In terms of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. Vimal Bhandari (DIN: 00001318) was re-appointed for a second term as an Independent Director of the Company not liable to retire by rotation, to hold office commencing from May 27, 2022 up to May 26, 2027.

In accordance with the provisions of Section 134(3)(d) of the Companies Act, 2013, Mr. Vimal Bhandari (DIN: 00001318), Mr. Mehernosh Kapadia (DIN: 00046612) and Mr. Dindayal Jalan (DIN: 00006882), Independent Directors, have submitted declarations stating that they meet the criteria of independence as per the provisions of the Companies Act, 2013. In the opinion of the Board, the Independent Directors fulfill the conditions specified under the Companies Act, 2013, the Rules made thereunder and are independent of the management.

All the Independent Directors have also confirmed that in terms of Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, they have registered themselves with the Independent Director's database as prescribed under the Act. Further, in terms Rule 6(4) of the Companies (Appointment and Qualification of Directors) Rules, 2014, Independent Directors were not required to appear for Online Proficiency Self-Assessment Test as required by Indian Institute of Corporate Affairs (IICA).

All the Directors of your Company have confirmed that they are not disqualified for being appointed as Directors as specified under Section 164 of the Companies Act, 2013.

Key Managerial Personnel

During the year under review, provisions relating to appointment of Key Managerial Personnel were not applicable to your Company.

CORPORATE GOVERNANCE

BOARD MEETINGS

During the financial year 2022-23, six (6) meetings of the Board of Directors of the Company were held on April 29, 2022; June 29, 2022; July 26, 2022; October 21, 2022; December 19, 2022 and January 25, 2023.

The details pertaining to attendance of each Director at the meetings of the Board of Directors held during the financial year 2022-23 are mentioned below:

Sr. No.	Name of the Director	Nature of Directorship	Number of Board Meetings	
			Held during Tenure	Attended
1	Mr. Vimal Bhandari (Chairman)	Independent Director	6	6
2	Mr. Mehernosh Kapadia	Independent Director	6	6
3	Mr. Dindayal Jalan	Independent Director	6	6
4	Mr. V.S. Rangan	Non-Executive Director	6	6

There have been no instances where the Board has not accepted any recommendation of any committee of the Board which is mandatorily required, during the financial year.

AUDIT COMMITTEE

The Audit Committee has been constituted and functions in accordance with the provisions of Section 177 of the Companies Act, 2013 read with Companies (Meeting of Board and its Powers) Rules, 2014. The Audit Committee met Six (6) times during the financial year 2022-23 on April 29, 2022; June 29, 2022; July 26, 2022; October 21, 2022; January 25, 2023 and March 24, 2023.

The composition of the Committee along with the details of the meetings held and attended by the members of the Committee during the financial year 2022-23 are as under:

Sr. No.	Name of the Director	Number of Meetings	
		Held during Tenure	Attended
1	Mr. Vimal Bhandari (Chairman)	6	6
2	Mr. Mehernosh Kapadia	6	6
3	Mr. Dindayal Jalan	6	6
4	Mr. V.S. Rangan	6	6

INDEPENDENT DIRECTORS MEETING

In accordance with the provisions of Schedule IV (Code for Independent Directors) to the Companies Act, 2013, the Independent Directors of the Company met on March 24, 2023 during the financial year 2022-23 without the attendance of Non-Independent Director and members of the Management of AMC.

VOTING RIGHTS NOT EXERCISED DIRECTLY BY EMPLOYEES

– Not applicable.

AUDITORS

Statutory Auditors

In terms of Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, M/s. B S R & Co. LLP, Chartered Accountants (ICAI FRN: 101248W/W-100022) were re-appointed as the Statutory Auditors of your Company for a period of 5 continuous years i.e. from the conclusion of 23rd AGM till the conclusion of 28th AGM of the Company.

The Auditor's Report on the financial statements of the Company for the financial year ended March 31, 2023 forms part of the Annual Report.

Internal Auditors

M/s. Deloitte Touche Tohmatsu India LLP, were appointed as Internal Auditors of your Company for the financial year 2022-23.

COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE AUDITOR IN THE REPORT

There were no qualifications, reservations or adverse comments or disclaimer made by the Statutory Auditors, M/s. B S R & Co. LLP, Chartered Accountants, in their audit report.

The Statutory Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

RISK MANAGEMENT POLICY

The Risk Management Policy of HDFC AMC, reviewed by the Audit Committee and approved by the Board, provides for the Enterprise Risk Management (ERM) framework

to be adopted by HDFC AMC to identify, assess, monitor and mitigate various business risks. This framework incorporates checks, process and procedures to identify potential risks in the operational areas of the business and minimise their impact on HDFC Mutual Fund and other business aspects of HDFC AMC. The framework is designed to identify risks, assess their likely impact, ensure the review of mitigation measures and requires reporting on a regular basis. The Audit Committee of the Board of Directors at its meetings periodically reviews the functioning of the ERM.

HDFC AMC, as an Investment Manager to HDFC Mutual Fund, has a strong Cyber Risk Management framework wherein cyber risk and mitigation controls are monitored at the Information Technology and Security Committee and Risk Management Committee of HDFC AMC. Key areas covered under the Cyber Risk Management are strong adherence to the Board approved Information and Cyber Security Policies, SEBI guidelines and ISO 27001:2013. HDFC AMC has developed its digital infrastructure to enhance the Mutual Fund investors' interface with HDFC AMC. HDFC AMC maintains robust cyber security posture to protect the confidentiality and integrity of data.

SEBI vide its circular no. SEBI/HO/IMD/IMD1 DOF2/P/CIR/2021/630 dated September 27, 2021, revised Risk Management Framework (RMF) for mutual funds. As per the said SEBI circular, HDFC Mutual Fund have adopted Risk Management Framework with effect from April 1, 2022. As part of framework, risk management functions has incorporated policies, procedures, and roles & responsibilities of the management, the Board of AMC and the Board of Trustees. The Board of your Company has approved the Risk Management framework, revised few policies in line with the said SEBI circular and has implemented risk measures outlined in the said circular. The terms of reference of the Risk Management Committee has been enhanced in line with requirements of the said SEBI circular as its main function is to oversee the risks associated with the business of mutual fund at the enterprise level, regulatory, compliance, operation and other functions of Company.

ADEQUACY OF INTERNAL CONTROLS

The internal audit system of your Company has been devised to promote reliable financial reporting, safeguarding of

assets and prevention and detection of frauds and errors. This framework provides adequate internal controls with reference to financial statements, commensurate with the business and the operations of the Company.

CORPORATE SOCIAL RESPONSIBILITY – Not applicable

PARTICULARS OF CONTRACTS/ ARRANGEMENTS WITH RELATED PARTY

The details of related party transactions as required to be disclosed under Accounting Standards forms part of the notes to the financial statements provided in this annual report. During the year under review, there are no contracts or arrangements entered into with related parties as referred to in Section 188(1) of the Companies Act, 2013, which require disclosure in Form AOC-2, hence disclosure in Form AOC-2 is not applicable.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans, guarantees or investments, if any, covered under the provisions of Section 186 of the Companies Act, 2013 are provided in the notes to the financial statements.

DEPOSITS

During the year under review, your Company has not accepted any deposits as covered under Chapter V of the Companies Act, 2013.

ANNUAL RETURN

As per the provisions of the Companies Act, 2013, a copy of the annual return (in the prescribed Form MGT-7) as on the financial year ended on March 31, 2023 is placed on the website at <https://www.hdfc.com>.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

Since, the operation of your Company are not energy intensive, there is nothing specific for the Company to disclose with respect to the conservation of energy and technology absorption in terms of Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014. However, adequate measures have been initiated for conservation of energy wherever possible.

During the year, your Company has neither incurred any expenditure nor earned any income in foreign exchange.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE COMPANY

There are no significant and/or material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future.

PARTICULARS OF EMPLOYEES

Your Company has one employee on its payroll as at March 31, 2023. Further, your Company does not offer stock options to any of its directors/employee.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has only one male employee on its payroll as at March 31, 2023 and accordingly, the disclosure required under this Act is not applicable.

OTHER DISCLOSURES

- There was no revision in the financial statements of the Company.
- Disclosure pertaining to maintenance of cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, is not applicable to your Company.
- Your Company has not issued equity shares with differential rights as to dividend, voting or otherwise.
- There was no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year.
- There was no one time settlement entered into with any Bank or financial institutions in respect of any loan taken by the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, your Directors state that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates

were made so as to give a true and fair view of the state of affairs of the Company at the end of March 31, 2023 and of the profit of the Company for that period;

- iii. proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- iv. the annual accounts of the Company have been prepared on a going concern basis;
- v. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

SECRETARIAL STANDARDS

Your Company is in compliance with provisions of the applicable Secretarial Standards issued by the Institute of Company Secretaries of India in terms of the Companies Act, 2013.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation to all the employees of HDFC Asset Management Company Limited (which acts as an Investment Manager to HDFC

Mutual Fund) and the Company for their dedication and commitment and also to the investors, distributors and other service providers for their commitment and look forward to their continued support.

Your Directors acknowledge the valuable assistance, support and guidance given by the Securities and Exchange Board of India, Association of Mutual Funds in India, Reserve Bank of India and Bankers. Your Directors would like to convey their gratitude to Housing Development Finance Corporation Limited (holding company).

Your Directors also acknowledge the faith reposed in HDFC Mutual Fund by its investors and look forward to their continued support.

On behalf of the Board of Directors

Sd/-

Vimal Bhandari
Chairman
(DIN: 00001318)

Place: Mumbai
Date: April 26, 2023

CIN No.: U65991MH1999PLC123026
Registered Office:
"HDFC House", 2nd Floor,
H. T. Parekh Marg,
165 - 166, Backbay Reclamation,
Churchgate, Mumbai - 400 020.
Tel.: 022 - 6631 6333
Fax: 022 - 66580203

Independent Auditor's Report

To the Members of HDFC Trustee Company Limited Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HDFC Trustee Company Limited (the "Company") which comprise the balance sheet as at 31 March 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting

Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud

Independent Auditor's Report (Continued)

or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such

Independent Auditor's Report (Continued)

controls, refer to our separate Report in "Annexure B".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- a. The Company does not have any pending litigations which would impact its financial position.
- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.
- d) (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 29(vi) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 29(vi) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding

Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

- e. The Company has neither declared nor paid any dividend during the year.
- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act: In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.: 101248W/W-100022

Kapil Goenka

Partner

Place: Mumbai

Date: 26 April 2023

Membership No: 118189

ICAI UDIN: 23118189BGURDZ9250

Annexure A to the Independent Auditor's Report

on the Financial Statements of HDFC Trustee Company Limited for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) (A) The company does not have any Property, Plant and Equipment. Accordingly, clause 3(i)(a) to clause 3(i)(d) of the order are not applicable. (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder. (ii) (a) The Company is a service company, primarily rendering Trusteeship services. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable. (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company. (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. The Company has made investments in companies, in respect of which the requisite information is as below. The Company has not made any investments in firms, limited liability partnership or any other parties. (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made during the year and the terms and conditions thereof are, prima facie, not prejudicial to the interest of the Company. (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the	Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with. (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable. (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable. (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST. According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Income- Tax, or other statutory dues have been regularly deposited by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax, Income-Tax or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable. (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to Goods and Services Tax, Income-Tax or other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute. (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of

Annexure A to the Independent Auditor's Report

on the Financial Statements of HDFC Trustee Company Limited for the year ended 31 March 2023 (Continued)

account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations given to us by the management and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Act.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered

Annexure A to the Independent Auditor's Report

on the Financial Statements of HDFC Trustee Company Limited for the year ended 31 March 2023 (Continued)

under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to

our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) The requirements as stipulated by the provisions of Section 135 are not applicable to the Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.: 101248W/W-100022

Kapil Goenka

Partner

Place: Mumbai
Date: 26 April 2023

Membership No: 118189
ICAI UDIN: 23118189BGURDZ9250

Annexure "B" to the Independent Auditor's Report

on the financial statements of HDFC Trustee Company Limited for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of HDFC Trustee Company Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to

financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence

Annexure “B” to the Independent Auditor’s Report

on the financial statements of HDFC Trustee Company Limited for the year ended 31 March 2023 (Continued)

to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company’s internal financial controls with reference to financial statements is a process designed to provide

reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**

Chartered Accountants

Firm’s Registration No.: 101248W/W-100022

Kapil Goenka

Partner

Membership No: 118189

ICAI UDIN: 23118189BGURDZ9250

Place: Mumbai

Date: 26 April 2023

BALANCE SHEET AS AT MARCH 31, 2023**(₹ in thousand)**

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS			
NON CURRENT ASSETS			
Financial Assets			
- Investments	4	18,626.59	—
- Other Financial Assets	5	10.00	10.00
Non Current Tax Assets (Net)	6	3,761.87	4,917.55
Other Non-Current Assets	7	11.83	13.52
TOTAL NON CURRENT ASSETS		22,410.29	4,941.07
CURRENT ASSETS			
Financial Assets			
- Investments	8	2,363.91	15,405.10
- Trade Receivables	9	8,850.00	8,850.00
- Cash and Cash Equivalents	10	1,213.46	1,395.59
Other Current Assets	11	2.02	1.69
TOTAL CURRENT ASSETS		12,429.39	25,652.38
TOTAL ASSETS		34,839.68	30,593.45
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	12	1,000.00	1,000.00
Other Equity	13	28,022.37	23,393.28
TOTAL EQUITY		29,022.37	24,393.28
NON CURRENT LIABILITIES			
Deferred Tax Liabilities (Net)	14	71.33	160.31
TOTAL NON CURRENT LIABILITIES		71.33	160.31
CURRENT LIABILITIES			
Financial Liabilities			
- Trade Payables	15	—	—
Total outstanding dues of micro enterprises and small enterprises		—	—
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,241.34	2,047.37
- Other Financial Liabilities	16	2,301.70	2,601.90
Other Current Liabilities	17	1,202.94	1,390.59
TOTAL CURRENT LIABILITIES		5,745.98	6,039.86
TOTAL EQUITY AND LIABILITIES		34,839.68	30,593.45

See summary of significant accounting policies and accompanying notes which form an integral part of the financial statements

As per our report attached of even date
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Kapil Goenka
Partner
Membership No: 118189

Mumbai, April 26, 2023

For and on behalf of the Board of Directors
Vimal Bhandari
Chairman
(DIN: 00001318)

V Srinivasa Rangan
Director
(DIN: 00030248)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

Particulars	Note No.	(₹ in thousand except share data)	
		For the year ended March 31, 2023	For the year ended March 31, 2022
INCOME			
Revenue from Operations	18	30,000.00	30,000.00
Other Income	19	<u>1,268.60</u>	<u>642.17</u>
TOTAL INCOME		<u>31,268.60</u>	<u>30,642.17</u>
EXPENSES			
Employee Benefits Expenses	20	8,622.40	8,720.78
Other Expenses	21	<u>16,719.39</u>	<u>16,372.99</u>
TOTAL EXPENSES		<u>25,341.79</u>	<u>25,093.77</u>
PROFIT BEFORE TAX		<u>5,926.81</u>	<u>5,548.40</u>
TAX EXPENSE	22		
Current Tax		1,386.70	1,302.32
Deferred Tax		<u>(88.98)</u>	<u>94.11</u>
PROFIT AFTER TAX / TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>4,629.09</u>	<u>4,151.97</u>
Earnings Per Equity Share- Basic and Diluted (Face Value ₹ 10)	23	<u>46.29</u>	<u>41.52</u>

See summary of significant accounting policies and accompanying notes which form an integral part of the financial statements

As per our report attached of even date
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Kapil Goenka
Partner
Membership No: 118189

Mumbai, April 26, 2023

For and on behalf of the Board of Directors
Vimal Bhandari
Chairman
(DIN: 00001318)

V Srinivasa Rangan
Director
(DIN: 00030248)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

A. Equity share capital (₹ in thousand)

Particulars	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
Equity Shares of ₹ 10 each fully paid up			
As on March 31, 2022	1,000.00	—	1,000.00
As on March 31, 2023	1,000.00	—	1,000.00

B. Other equity (₹ in thousand)

Particulars	Reserves and Surplus	Total
	Retained earnings	
Opening balance as on April 01, 2021	19,241.31	19,241.31
Total Comprehensive Income for the year	4,151.97	4,151.97
Closing balance as on March 31, 2022	23,393.28	23,393.28
Opening balance as on April 01, 2022	23,393.28	23,393.28
Total Comprehensive Income for the year	4,629.09	4,629.09
Closing balance as on March 31, 2023	28,022.37	28,022.37

See summary of significant accounting policies and accompanying notes which form an integral part of the financial statements

As per our report attached of even date
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Kapil Goenka
Partner
Membership No: 118189

Mumbai, April 26, 2023

For and on behalf of the Board of Directors
Vimal Bhandari
Chairman
(DIN: 00001318)

V Srinivasa Rangan
Director
(DIN: 00030248)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

Particulars	(₹ in thousand)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	5,926.81	5,548.40
Add / (Less) : Adjustment for		
Net gain / (loss) on Financial Instruments		
- On Financial Assets classified at Fair Value Through Profit and Loss	(1,087.75)	(637.17)
Stamp duty paid on Purchase of Units of Mutual Funds	2.35	—
Operating Profit before working capital changes	4,841.41	4,911.23
Adjustments for:		
(Increase) / Decrease in Other Non Current Assets	1.69	(13.52)
(Increase) / Decrease in Trade Receivables	—	(2,950.00)
(Increase) / Decrease in Other Current Assets	(0.33)	(1.69)
Increase / (Decrease) in Trade Payables	193.97	(210.73)
Increase / (Decrease) in Other Current Financial Liabilities	(300.20)	1,870.18
Increase / (Decrease) in Other Current Liabilities	(187.65)	823.81
Cash generated from operating activities	4,548.89	4,429.28
Income Tax (paid) net of refund	(231.02)	(2,470.08)
Net cash from / (used in) operating activities	4,317.87	1,959.20
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	(47,009.80)	(25,400.00)
Proceeds from Sale of Investments	42,509.80	23,900.00
Net cash from / (used in) investing activities	(4,500.00)	(1,500.00)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net Increase / (Decrease) in cash and cash equivalents	(182.13)	459.20
Net Increase / (Decrease) in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	1,395.59	936.39
Cash and cash equivalents at the end of the year	1,213.46	1,395.59
Cash and cash equivalents comprising of:		
Balance with banks in current account	1,213.46	1,395.59

Note: The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

See summary of significant accounting policies and accompanying notes which form an integral part of the financial statements

As per our report attached of even date
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Kapil Goenka
Partner
Membership No: 118189

Mumbai, April 26, 2023

For and on behalf of the Board of Directors
Vimal Bhandari
Chairman
(DIN: 00001318)

V Srinivasa Rangan
Director
(DIN: 00030248)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

1. Company overview

HDFC Trustee Company Limited ('the Company') is a Public Limited Company domiciled in India and its registered office is situated at HDFC House, 2nd Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai - 400 020. HDFC Trustee Company Limited was incorporated under the Companies Act, 1956 and it is the Trustee to HDFC Mutual Fund vide the Trust deed dated June 8, 2000, as amended from time to time.

The Company is a wholly owned subsidiary of Housing Development Finance Corporation Limited.

2. Basis of preparation and recent accounting developments

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared and presented on going concern basis and in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act, as amended from time to time.

The financial statements were approved for issue by the Company's Board of Directors on April 26, 2023.

Details of the Company's accounting policies are included in Note 3.

b) Presentation of financial statements

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of the services and the time between the provision of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non - current classification of assets and liabilities.

c) Functional and presentation currency

Indian Rupee (₹) is the currency of the primary economic environment in which the Company operates and hence the functional currency of the Company. Accordingly, the management has determined that financial statements are presented in Indian Rupees (₹).

d) Rounding Off

All amounts have been rounded-off to the nearest thousand upto two decimal places, unless otherwise indicated.

e) Basis of measurement

The Ind AS financial statements have been prepared on the historical cost basis except for the following:

Particulars	Measurement basis
Certain financial instruments (as explained in the accounting policies below)	Fair value

f) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about critical judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:

- Note 25 – recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources, if any
- Note 28 – financial instruments – fair values, risk management and impairment of financial assets;

g) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received on sale of asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation models that employ significant unobservable inputs require a higher degree of judgement and estimation in the determination of fair value. Judgement and estimation are usually required for selection of the appropriate valuation methodology, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and selection of appropriate discount rates.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 28 – Financial Instruments.

2.2 Recent Accounting Developments:

Standards issued / amended but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below.

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any significant impact in its financial statements.

3. Significant Accounting Policies

3.1 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, call deposits and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.2 Financial instruments

i. Recognition and initial measurement of financial assets and financial liabilities

All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

All the financial assets and financial liabilities are initially recognised at fair value. A financial asset or financial liability which is not recognised at Fair Value Through Profit and Loss, is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets carried at fair value through profit or loss are expensed in Profit or Loss. Trade receivables that do not contain a significant financing component are measured at transaction price.

ii. Classification, subsequent measurement and gains and losses of financial assets

Classification:

On initial recognition, a financial asset is classified and measured at

- Amortised Cost; or
- Fair Value Through Other Comprehensive Income (FVOCI); or
- Fair Value Through Profit and Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, on initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income (OCI) (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified and measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset as at FVTPL that otherwise meets the requirements to be measured at amortised cost or at FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features and
- terms that limit the Company's claim to cash flows from specified assets.

Financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in the Statement of Profit and Loss. Any gain or loss on derecognition is recognised in the Statement of Profit and Loss.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)

Financial assets other than equity investments measured at FVOCI	These assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment losses are recognised in the Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the Statement of Profit and Loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Statement of Profit and Loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, interest or dividend income, are recognized and are presented separately in the Statement of Profit and Loss.

Classification, subsequent measurement and gains and losses of financial liabilities

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

Financial liabilities are classified as amortised cost or FVTPL. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in the Statement of Profit and Loss.

iii. Derecognition of financial assets and financial liabilities**Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)

iv. Impairment of financial instruments

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not classified as Fair Value Through Profit and Loss or Equity investments at FVOCI. Expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk or the assets have become credit impaired from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment loss or its reversal in Statement of Profit and Loss.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows which the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counter party does not have assets or sources of income that could generate cash flows to repay the amounts. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

v. Off-setting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

3.3 Impairment of non-financial assets

The Company's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

3.4 Revenue recognition

i. Rendering of services

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115, Revenue from Contracts with Customers to determine when to recognize revenue and at what amount.

Revenue is measured based on the transaction price specified in the contract with a customer that is allocated to that performance obligation. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised services to a customer,

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)

excluding amounts collected on behalf of third parties. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. Revenue from contracts with customer is recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

Nature of services

The Company principally generates revenue by providing trusteeship services to HDFC Mutual Fund.

Services	Nature, timing of satisfaction of performance obligations and significant payment terms
Trusteeship Services to mutual fund	The Company has been appointed as trustee to HDFC Mutual Fund by its sponsors. The Company receives trusteeship fees from the mutual fund which is recognised on accrual basis at rates approved by the Board of Directors of the Company.

ii. Recognition of dividend income, interest income or expense, gains and losses from financial instruments

Dividend income is recognised in the Statement of Profit and Loss on the date on which the Company's right to receive dividend is established.

Interest income or expense is recognised using the effective interest rate method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the financial asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the credit-impaired financial asset (i.e. the gross carrying amount less the allowance for expected credit losses). If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

The realised gains / losses from financial instruments at FVTPL represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its settlement price.

The unrealised gains / losses represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

3.5 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)

3.6 Provisions (other than for employee benefits), contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is not recognised but disclosed in the financial statements where an inflow of economic benefit is probable.

Provisions, contingent assets and contingent liabilities are reviewed at each balance sheet date.

3.7 Income tax

Income tax comprises of current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in Other Comprehensive Income.

i. Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Tax assets and tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits, if any

Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of losses, the Company recognises a

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)

deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is other convincing evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority,

3.8 Mutual Fund expenses

Certain expenses of HDFC Mutual Fund borne by the Company are recognised under the respective expense heads in the Statement of Profit and Loss in accordance with applicable circulars and guidelines issued by SEBI and Association of Mutual Funds in India (AMFI).

3.9 Earnings per share (EPS)

The basic earnings per share is computed by dividing the profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period.

The number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares, unless they are anti-dilutive.

3.10 Dividends on equity shares

The Company recognises a liability to make cash distributions to equity shareholders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders except in case of interim dividend.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)

(₹ in thousand)

	As at March 31, 2023	As at March 31, 2022
Note 4		
INVESTMENTS		
Mutual Funds (at Fair Value Through Profit or Loss)	<u>18,626.59</u>	<u>—</u>
Total	<u>18,626.59</u>	<u>—</u>
Note 5		
OTHER FINANCIAL ASSETS		
(Unsecured and Considered good)		
Security Deposits	<u>10.00</u>	<u>10.00</u>
Total	<u>10.00</u>	<u>10.00</u>
Note 6		
NON CURRENT TAX ASSETS (NET)		
Non Current Tax Assets {net of provision for tax ₹ 1,360.43 (March 31, 2022 - ₹ 1,745.96)}	<u>3,761.87</u>	<u>4,917.55</u>
Total	<u>3,761.87</u>	<u>4,917.55</u>
Note 7		
OTHER NON-CURRENT ASSETS		
Prepaid Expenses	<u>11.83</u>	<u>13.52</u>
Total	<u>11.83</u>	<u>13.52</u>
Note 8		
INVESTMENTS		
Mutual Funds (at Fair Value Through Profit or Loss)	<u>2,363.91</u>	<u>15,405.10</u>
Total	<u>2,363.91</u>	<u>15,405.10</u>
Note 9		
TRADE RECEIVABLES		
(Unsecured and Considered good)		
Trusteeship Fees Receivable	<u>8,850.00</u>	<u>8,850.00</u>
Total	<u>8,850.00</u>	<u>8,850.00</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)**Trade Receivables Ageing schedule**

Particulars	Outstanding for following periods from due date of payment					March 31, 2023
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	8,850.00	-	-	-	-	8,850.00
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	8,850.00	-	-	-	-	8,850.00

Particulars	Outstanding for following periods from due date of payment					March 31, 2022
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	8,850.00	-	-	-	-	8,850.00
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	8,850.00	-	-	-	-	8,850.00

(₹ in thousand)

Note 10

As at
March 31, 2023 As at
March 31, 2022

CASH AND CASH EQUIVALENTS

Balances with Banks

In Current Account

1,213.46 1,395.59

Total

1,213.46 1,395.59

Note 11**OTHER CURRENT ASSETS**

Prepaid Expenses

2.02 1.69

Total

2.02 1.69

Note - No debts are due from directors or other officers or any of them either severally or jointly with any other person. No debts are due from firms, Limited Liability Partnerships or private companies in which any director is a partner or a director or a member.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)

(₹ in thousand)

Note 12

As at
March 31, 2023 As at
March 31, 2022

EQUITY SHARE CAPITAL**AUTHORISED**

1,00,000 (Previous Year 1,00,000) Equity Shares of ₹ 10 each 1,000.00 1,000.00

ISSUED, SUBSCRIBED AND FULLY PAID-UP

1,00,000 Equity (Previous Year 1,00,000) Shares of ₹ 10 each 1,000.00 1,000.00

Total 1,000.00 1,000.00

a) Reconciliation of Equity Shares outstanding at the beginning and at the end of the year

There is no movement in Equity Share Capital of the Company during the current and previous year.

b) Rights, preferences and restrictions attached to Equity Shares

The Company has only one class of shares referred to as equity share having Face Value of ₹ 10 each, each holder of equity shares is entitled to one vote per share.

The holders of equity shares are entitled to dividends, if any, proposed by the board of directors and approved by the shareholder at the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of preferential amount. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of Holding Company and Shareholders holding more than 5 percent Share Capital of the Company:

Name of the Shareholder	March 31, 2023		March 31, 2022	
	No. of Equity Shares (Face Value ₹ 10)	% of Share Capital	No. of Equity Shares (Face Value ₹ 10)	% of Share Capital
Housing Development Finance Corporation Limited (Holding Company) & its nominees	1,00,000	100	1,00,000	100

d) Equity shares movement during 5 years preceding the Balance Sheet date

During the period of 5 years immediately preceding the Balance Sheet date, the Company has not issued any equity shares without payment being received in cash, bonus shares and has not bought back any equity shares.

e) Shares held by promoter at the end of the year

Name of the Promoter	March 31, 2023			March 31, 2022		
	No. of Equity Shares (Face Value ₹ 10)	% of Share Capital	% Change during the year	No. of Equity Shares (Face Value ₹ 10)	% of Share Capital	% Change during the year
Housing Development Finance Corporation Limited (Holding Company)	1,00,000	100	—	1,00,000	100	—

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)**Note 13****Nature and purpose of reserves****Retained earnings**

Retained earnings are the profits that a company has earned to date.

(₹ in thousand)

Note 14

	As at March 31, 2023	As at March 31, 2022

DEFERRED TAX LIABILITIES (Net)

Deferred Tax Liabilities (Net)	<u>71.33</u>	<u>160.31</u>
Total	<u>71.33</u>	<u>160.31</u>

Note 15**TRADE PAYABLES****Current Trade Payables**

(Other than micro enterprises and small enterprises)

- Due to Related Party	—	—
- Due to Others	<u>2,241.34</u>	<u>2,047.37</u>
Total	<u>2,241.34</u>	<u>2,047.37</u>

Trade Payables do not include any amount payable to Small Scale Industrial Undertakings and Micro, Small and Medium Enterprises. Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMEDA) which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the management, the following disclosures are made for the amounts due to the Micro, Small and Medium enterprises, which have registered with the competent authorities.

Particulars	March 31, 2023	March 31, 2022
Principal amount remaining unpaid to any supplier as at the year end	Nil	Nil
Interest due thereon	Nil	Nil
Amount of interest paid by the company in terms of section 16 of the MSMEDA, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	Nil	Nil
Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMEDA	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil

Dues to Micro, Small and Medium Enterprises have been determined on the basis of information collected by the Company.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)**Trade Payables Ageing schedule**

Particulars	Unbilled dues	Outstanding for following periods from due date of payment				March 31, 2023
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	—	—	—	—	—	—
(ii) Others	2,241.34	—	—	—	—	2,241.34
(iii) Disputed dues - MSME	—	—	—	—	—	—
(iv) Disputed dues - Others	—	—	—	—	—	—
Total	2,241.34	—	—	—	—	2,241.34

Particulars	Unbilled dues	Outstanding for following periods from due date of payment				March 31, 2022
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	—	—	—	—	—	—
(ii) Others	2,047.37	—	—	—	—	2,047.37
(iii) Disputed dues - MSME	—	—	—	—	—	—
(iv) Disputed dues - Others	—	—	—	—	—	—
Total	2,047.37	—	—	—	—	2,047.37

(₹ in thousand)

NOTE 16**OTHER FINANCIAL LIABILITIES**

	As at March 31, 2023	As at March 31, 2022
Employee Benefits	2,300.00	2,600.00
Other Dues	1.70	1.90
Total	2,301.70	2,601.90

NOTE 17**OTHER CURRENT LIABILITIES**

	As at March 31, 2023	As at March 31, 2022
Statutory Dues	1,202.94	1,390.59
Total	1,202.94	1,390.59

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)

(₹ in thousand)

	For the year ended March 31, 2023	For the year ended March 31, 2022
Note 18		
REVENUE FROM OPERATIONS		
Trusteeship Fees	30,000.00	30,000.00
Total	<u>30,000.00</u>	<u>30,000.00</u>
Note 19		
OTHER INCOME		
Income from Investments		
Net gain / (loss) on Financial Instruments		
- On Financial Assets classified at Fair Value Through Profit and Loss	1,087.75	637.17
Total Income from Investments (A)	<u>1,087.75</u>	<u>637.17</u>
Others		
Miscellaneous Income	180.85	5.00
Total Others (B)	<u>180.85</u>	<u>5.00</u>
Total Other Income (A+B)	<u>1,268.60</u>	<u>642.17</u>
Note 20		
EMPLOYEE BENEFITS EXPENSES		
Salaries, Allowances and Bonus	8,622.40	8,720.78
Total	<u>8,622.40</u>	<u>8,720.78</u>
Note 21		
OTHER EXPENSES		
Professional and Legal Expenses	7,544.49	7,561.18
Directors' Sitting Fees	8,300.00	8,300.00
Auditors' Remuneration:		
Statutory Audit Fees	325.00	300.00
Limited Reviews	180.00	150.00
Reimbursement of expenses	<u>19.20</u>	<u>15.98</u>
	524.20	465.98
Rates and Taxes	1.69	1.69
Miscellaneous Expenses	349.01	44.14
Total	<u>16,719.39</u>	<u>16,372.99</u>
Note 22		
TAX EXPENSE		
Components of Income Tax Expense		
(a) Amounts recognised in Statement of Profit and Loss		
Current Tax	1,386.70	1,302.32
Deferred tax (Income) / expense		
Origination and reversal of temporary differences	(88.98)	94.11
	<u>1,297.72</u>	<u>1,396.43</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)

(₹ in thousand)

As at
March 31, 2023 As at
March 31, 2022

(b) Reconciliation of effective tax rate

Reconciliation between the statutory Income tax rate applicable to the Company and the effective Income tax rate of the Company

Profit before tax	5,926.81	5,548.40
Company's domestic tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	1,491.66	1,396.42
Tax effect of:		
Net expenses that are not deductible in determining taxable profit	(292.70)	(18.88)
Items which are taxed at different rates	0.59	—
Others	98.16	18.88
Income Tax expense for the year	1,297.72	1,396.43

(c) Effective Tax Rate (%)

21.90% 25.17%

(d) Significant components and movement in deferred tax liabilities:

(₹ in thousand)

Particulars	Balance as at March 31, 2022	Expense / (Income) recognised during the year	Balance as at March 31, 2023
Deferred Tax Liabilities			
- Fair value gains / losses on Investments	160.31	(88.98)	71.33
Deferred Tax Liabilities	160.31	(88.98)	71.33

Particulars	Balance as at March 31, 2021	Expense / (Income) recognised during the year	Balance as at March 31, 2022
Deferred Tax Liabilities			
- Fair value gains / losses on Investments	66.21	94.11	160.31
Deferred Tax Liabilities	66.21	94.11	160.31

Note 23**EARNINGS PER SHARE**

Basic earnings per share (EPS) is calculated by dividing the profit after tax for the year attributable to equity holders of company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years presented in these financial statements.

(₹ in thousand except share data)

Profit after tax for the period	4,629.09	4,151.97
Weighted average number of equity shares	1,00,000	1,00,000
Earning per share basic and diluted	46.29	41.52
Face value per equity share	10.00	10.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)

Note 24

SEGMENT INFORMATION

a) Description of segments and principal activities

The Company is in the business of providing trusteeship services to HDFC Mutual Fund. The primary segment is identified as trusteeship services. As such, the Company's financial statements are largely reflective of the trusteeship business and accordingly there are no separate reportable segments as per Ind AS 108 dealing with Operating Segment.

- b) Entire amount of revenue is from customer within India and the trusteeship services are rendered over a period time for the year ended March 31, 2023 and March 31, 2022
- c) All assets of the Company are domiciled in India.
- d) There is only one customer contributing in excess of 10% of the total revenue of the Company. The amounts for the same are as follows:

(₹ in thousand)		
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue	30,000.00	30,000.00

Note 25

CONTINGENT LIABILITIES AND COMMITMENTS

Disputed Income Tax demand ₹ Nil (Previous Year ₹ Nil). There are no outstanding capital commitments as on March 31, 2023 (Previous Year ₹ Nil).

Note 26

RELATED PARTY TRANSACTIONS

a) Relationships of related Parties

As per the Indian Accounting Standard on 'Related Party Disclosures' (Ind AS 24), the related parties of the Company with whom there have been transactions during the year, are as follows:

Sr. No	Relationships	Name of the Parties
1	Holding Company	Housing Development Finance Corporation Limited
2	Fellow Subsidiary	HDFC Asset Management Company Limited
3	Other Related Party	HDFC Bank Limited
4	Key Managerial Personnel (KMP)	V Srinivasa Rangan
		Vimal Bhandari
		Mehernosh Kapadia
		Dindayal Jalan

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)**b) Transactions with related parties have been set out below**

(₹ in thousand)

Nature of Transactions	Relationship	For the year ended March 31, 2023	For the year ended March 31, 2022
Others (Reimbursement of Expenses)	Holding Company	49.22	—
Bank Charges	Other Related Party	1.06	2.14
Directors' Sitting Fees	Key Managerial Personnel	8,300.00	8,300.00

c) Outstanding Balances

(₹ in thousand)

Nature of Transactions	Relationship	As at March 31, 2023	As at March 31, 2022
Account Payable	Holding Company	68.69	—
Bank Balance	Other Related Party	1,213.46	1,395.59

Notes :

- a. During the FY 2019-20, the Company has entered into an agreement with Holding company for using the Trademark of Holding company wherein no monetary consideration is required to be paid as part of mutual consideration. The said agreement does not envisage a specific sum of monies to be paid as fees at present, which is consistent with the practice followed for the previous 20 years, based on the reciprocity of benefits to both parties to the transaction.
- b. HDFC Asset Management Company Limited provides the necessary operating and secretarial services, etc. to the Company to meet its operating and compliance requirements in line with SEBI (Mutual Funds) Regulations, 1996. HDFC Asset Management Company Limited does not charge any amount in line with practice followed by the mutual fund industry.

FINANCIAL RISK MANAGEMENT**Note 27****CAPITAL MANAGEMENT**

Equity share capital and other equity are considered for the purpose of Company's capital management. The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to the Shareholders. The funding requirements are met through operating cash flows and other equity. The Board of Directors monitor the return on capital of the Company. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)

Note 28

FINANCIAL INSTRUMENTS

A. Classification and fair values of financial assets & liabilities

The following table shows the carrying amounts of financial assets and financial liabilities.

(₹ in thousand)

Particulars	Total Carrying amount		Total Carrying amount		Fair Value	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost	Level 1	
	As at		As at		As at	
	March 31, 2023		March 31, 2022		March 31, 2023	March 31, 2022
Financial assets						
Investments in:-						
Mutual Funds	20,990.50	—	15,405.10	—	20,990.50	15,405.10
Other Financial Assets	—	10.00	—	10.00	—	—
Cash and Cash Equivalents	—	1,213.46	—	1,395.59	—	—
Trade Receivables	—	8,850.00	—	8,850.00	—	—
Total	20,990.50	10,073.46	15,405.10	10,255.59	20,990.50	15,405.10
Financial liabilities						
Trade Payables	—	2,241.34	—	2,047.37	—	—
Other Financial Liabilities	—	2,301.70	—	2,601.90	—	—
Total	—	4,543.04	—	4,649.27	—	—

Fair value of other financial assets, cash and cash equivalents, trade receivables, trade payables and other financial liabilities approximate their carrying amounts largely due to current maturities of these instruments.

B. Fair value hierarchy

As per Ind AS 107, 'Financial Instruments: Disclosures', the fair values of the financial assets or financial liabilities are defined as the price that would be received on sale of asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and lowest priority to unobservable inputs.

The hierarchy used is as follows :

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Investment in open ended Mutual Funds are included in Level 1.

Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)**C. Valuation techniques used to determine fair value**

Financial instrument	Valuation technique
Mutual Funds	Net Asset Value (NAV) declared by the mutual fund at which units are issued or redeemed

D. Financial risk management

The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors. The Company's Board of Directors has overall responsibility for managing the risk profile of the Company. The purpose of risk management is to identify potential problems before they occur, so that risk-handling activities may be planned and invoked as needed to manage adverse impacts on achieving objectives.

The Company has exposure to the following risks arising from financial instruments:

Risk	Exposure arising from
Credit risk	Financial assets measured at amortised cost
Liquidity risk	Financial liabilities
Market risk - price risk	Investments in units of mutual funds

i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade receivables, other financial assets and cash and cash equivalents

Exposure to credit risk

The carrying amount of financial assets represents maximum amount of credit exposure. The maximum exposure to credit risk was as per the table below, it being total of carrying amount of trade receivables, other financial assets and cash and cash equivalents

(₹ in thousand)

Particulars	As at March 31, 2023	As at March 31, 2022
Maximum exposure to credit risk	10,073.46	10,255.59

Expected credit loss (ECL) on financial assets

The Company continuously monitors all financial assets subject to ECLs. In order to determine whether an instrument is subject to 12 month ECL (12mECL) or life time ECL (LTECL), the Company assesses whether there has been a significant increase in credit risk or the asset has become credit impaired since initial recognition. The Company applies following quantitative and qualitative criteria to assess whether there is significant increase in credit risk or the asset has been credit impaired:

- Historical trend of collection from counterparty
- Company's contractual rights with respect to recovery of dues from counterparty
- Credit rating of counterparty and any relevant information available in public domain

ECL is a probability weighted estimate of credit losses. It is measured as the present value of cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with contract / as estimated by the Company and the cash flows that the Company expects to receive).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)

The Company has following types of financial assets that are subject to the expected credit loss :

- Other Financial Assets
- Trade Receivables
- Cash and Cash Equivalents
- Bank Balances other than Cash and Cash Equivalents

Other Financial Assets

Other financial assets include security deposits as per Note 5. Based on historical experience and credit profile of counterparty, the Company does not expect any significant risk of default.

Trade Receivables

Exposure to customer outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of collection from counterparty on timely basis reflects low level of credit risk. As the Company has a contractual right to such receivables as well as the control over such funds due from the customer, the Company does not estimate any credit risk in relation to such receivables.

Cash and Cash Equivalents

The Company holds cash and cash equivalents as per Note 10. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be high.

ii. Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances.

The Company manages the liquidity risk by maintaining a portfolio of highly marketable and diverse assets, maintaining adequate reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Exposure to liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non derivative financial liabilities

(₹ in thousand)

As at March 31, 2023	Carrying amount	Contractual cash flows		
		Total	1 year or less	More than 1 year
Financial Liabilities				
Trade Payables	2,241.34	2,241.34	2,241.34	—
Other financial liabilities	2,301.70	2,301.70	2,301.70	—
	4,543.04	4,543.04	4,543.04	—

(₹ in thousand)

As at March 31, 2022	Carrying amount	Contractual cash flows		
		Total	1 year or less	More than 1 year
Financial Liabilities				
Trade Payables	2,047.37	2,047.37	2,047.37	—
Other financial liabilities	2,601.90	2,601.90	2,601.90	—
	4,649.27	4,649.27	4,649.27	—

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)**iii. Market risk**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates). Market risk is attributable to all market risk-sensitive financial instruments and all short term and long-term debt. The Company is exposed to market risk primarily related to price risk.

Price risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices and related market variables whether caused by factors specific to an individual investment, its issuer and market. The Company's exposure to price risk arises from investments in units of mutual funds which are classified as financial assets at Fair Value Through Profit and Loss and amounts to as follows:

(₹ in thousand)

Particulars	As at March 31, 2023	As at March 31, 2022
Exposure to price risk	20,990.50	15,405.10
	20,990.50	15,405.10

The Company manages its price risk from investments in mutual funds by investing in mutual funds units having exposure to securities of low credit risk and high liquidity.

Sensitivity Analysis

The table below sets out the effect on profit or loss and equity due to reasonable possible weakening / strengthening in prices of 5% :

(₹ in thousand)

Particulars	As at March 31, 2023	As at March 31, 2022
Effect on Profit and Loss		
5% increase in the prices	1,049.53	770.26
5% decrease in the prices	(1,049.53)	(770.26)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Continued)**Note 29****STATUTORY DISCLOSURE REQUIRED AS PER SCHEDULE III DIVISION II OF THE THE COMPANIES ACT, 2013****(i) Ratios**

Ratios	Numerator	Denominator	March 31, 2023	March 31, 2022	% Variance
(a) Current ratio (times) \$	Current Assets	Current Liabilities	2.16	4.25	-49.07%
(b) Debt-equity ratio *	—	—	—	—	—
(c) Debt service coverage ratio*	—	—	—	—	—
(d) Return on equity ratio	Profit After Tax	Average Shareholder's Equity	17.33%	18.60%	-1.27%
(e) Inventory turnover ratio *	—	—	—	—	—
(f) Trade receivables turnover ratio	Revenue from Operations	Average Trade Receivables	3.39	4.07	-16.67%
(g) Trade payables turnover ratio	Other Expenses	Average Trade Payables	7.80	7.61	2.51%
(h) Net capital turnover ratio #	Total Income	Working Capital	4.68	1.56	199.45%
(i) Net profit ratio	Profit After Tax	Total Income	14.80%	13.55%	1.25%
(j) Return on capital employed	Profit Before Tax	Capital Employed	20.37%	22.60%	-2.23%
(k) Return on investment	Income generated from investments	Time weighted average investments	7.06%	4.81%	2.25%

\$ On account of reclassification from current investment to non current investments

* Not applicable to the Company

Reduction in working capital due to reclassification from current investment to non current investments

- (ii) The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956
- (iii) The Company is in compliance with number of layers of companies, as prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017
- (iv) The Company does not have any transactions which were not recorded in the books of accounts, but offered as income during the year in the income tax assessment.
- (v) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year
- (vi) No funds have been advanced / loaned / invested (from borrowed funds or from share premium or from any other sources / kind of funds) by the Company to any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

No funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding (whether recorded in writing or otherwise) that the Company shall (i) directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

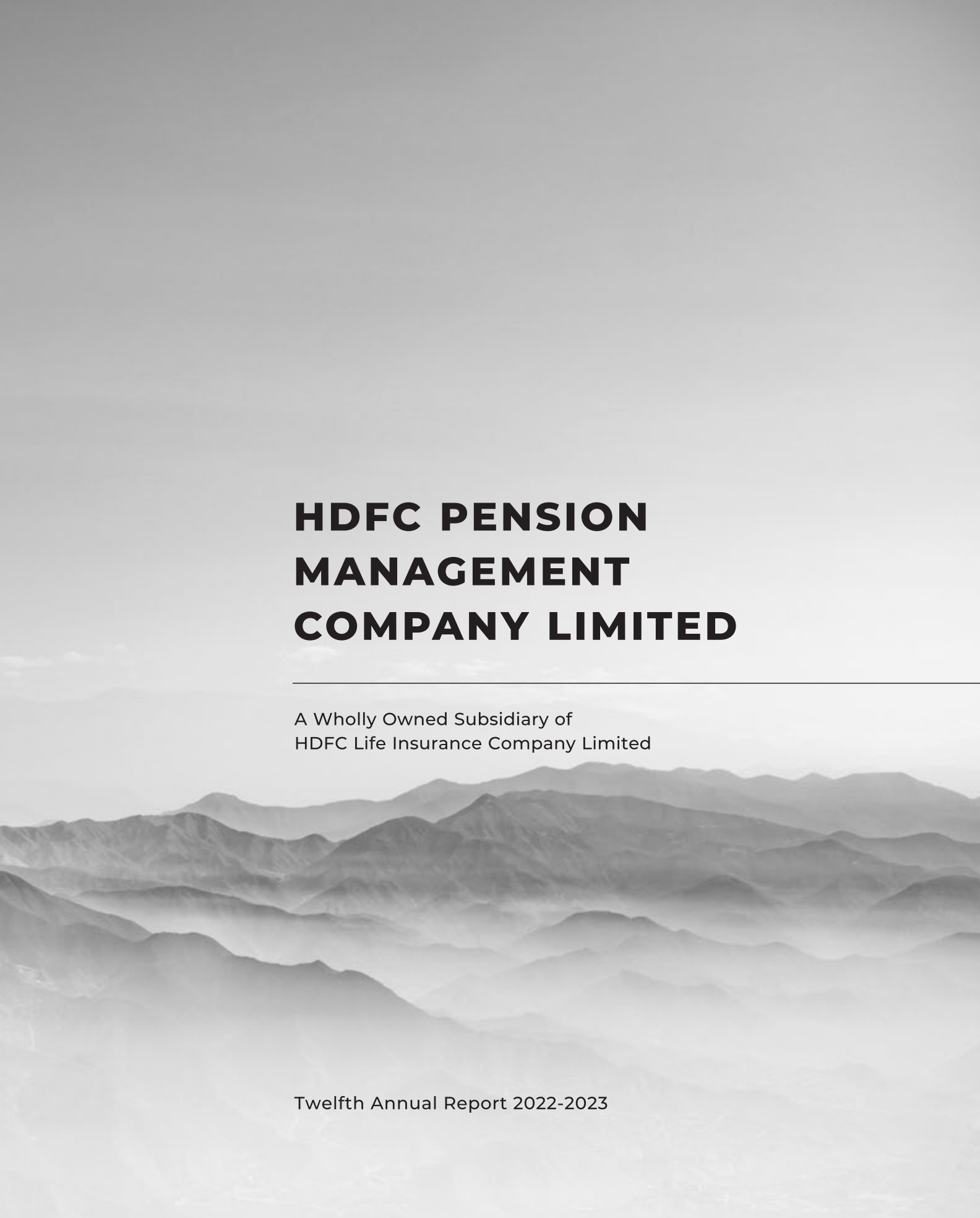
As per our report attached of even date
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Kapil Goenka
Partner
Membership No: 118189
Mumbai, April 26, 2023

For and on behalf of the Board of Directors

Vimal Bhandari
Chairman
(DIN: 00001318)

V Srinivasa Rangan
Director
(DIN: 00030248)



HDFC PENSION MANAGEMENT COMPANY LIMITED

A Wholly Owned Subsidiary of
HDFC Life Insurance Company Limited

Twelfth Annual Report 2022-2023

Corporate Information

Board of Directors

Mr. Prasad Chandran,
Non-Executive Independent Director

Mr. Sumit Bose,
Non-Executive Independent Director

Mr. Ranjan Mathai,
Non-Executive Independent Director

Ms. Vibha Padalkar,
Non-Executive Director

Mr. Niraj Shah,
Non-Executive Director

Chief Executive Officer

Mr. Sriram Iyer

Chief Financial Officer

Mr. Fagun Pancholi

Company Secretary & Compliance Officer

Mr. Nagesh Pai

Statutory Auditors

M/s. Kirtane & Pandit LLP (*For Company financials*)

M/s. S. Ramanand Aiyer & Co. (*For Scheme financials*)

Registered Office

14th Floor, Lodha Excelus, Apollo Mills Compound,

N. M. Joshi Marg, Mahalaxmi, Mumbai - 400 011

Tel: 022-6751 6666

Fax: 022-6751 6333

Email: compliance@hdfcpension.com

Website: www.hdfcpension.com

CIN: U66020MH2011PLC218824

Bankers

HDFC Bank Limited [For Company]

Axis Bank Limited [For Scheme(s) managed under
National Pension System & Point of Presence
Collection Account]

Directors' Report

To The Members of HDFC Pension Management Company Limited

Your Directors have pleasure in presenting the 12th Directors' Report of HDFC Pension Management Company Limited ("HDFC Pension"/"Company") along with the Audited Financial Statements for the financial year ended March 31, 2023.

Financial Performance

The financial performance of the Company is summarized as under:

Particulars	₹ '000	
	FY 2022-23 (Audited)	FY 2021-22 (Audited)
Gross Income	3,37,779	2,30,909
Total Expenses	2,72,244	1,85,758
Profit before Tax	65,535	45,151
Provision for Tax	16,495	9,721
Profit after Tax	49,040	35,430
Balance of Loss from previous years	Nil	(20,234)
Profit/ (Loss) carried forward to the Balance Sheet	64,236	15,196

The above figures are extracted from the Financial Statements prepared in accordance with the accounting principles generally accepted in India ("Indian GAAP") under the historical cost convention on an accrual basis of accounting and in compliance with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, and amendments and rules made thereto ("the Act"), to the extent applicable.

Business Review

HDFC Pension, a wholly-owned subsidiary of HDFC Life Insurance Company Limited ("Sponsor Company"/ "HDFC Life"), started its operations as a pension fund management company in August 2013. HDFC Pension is also a registered Point of Presence ("POP") under National Pension System ("NPS") and provides POP - NPS - Distribution and Servicing for public at large. HDFC Pension continues to be the number one privately owned Pension Fund Manager ("PFM") in India in terms of Assets Under Management ("AUM") and is also the fastest growing private sector Pension Fund Manager under the NPS architecture.

The AUM of the Company as on March 31, 2023 was ₹ 45,397 crore, registering a growth of approximately 59.8% over previous year. The cumulative market share of the Company as a Pension Fund Manager grew from 36.9% to 41.2% over the previous year.

The Scheme wise Assets Under Management is as under:

The AUM of ₹ 45,397 crore as at March 31, 2023 is managed under the following NPS Schemes:

Name of Schemes	₹ in crore	
	AUM as on March 31, 2023	AUM as on March 31, 2022
HPMC-E-T-I	19,623.07	12,427.46
HPMC-E-T-II	762.11	614.53
HPMC-C-T-I	8,999.46	5,568.25
HPMC-C-T-II	358.17	303.11
HPMC-G-T-I	14,981.97	8,983.22
HPMC-G-T-II	515.01	428.30
HPMC-A-T-I	153.58	86.91
HPMC-Tax-T2	3.99	2.08

The Company has nearly 15.1 lakh subscribers as on March 31, 2023 comprising of 9.8 lakh subscribers in retail segment and 5.3 lakh subscribers in corporate segment. The Company stands #1 in corporate segment subscribers and #2 in retail segment subscribers amongst all the private PFMs.

As on March 31, 2023, a total of approximately ₹ 9,903 crore of funds moved from default Government Fund, out of which 62.4% was received by HDFC Pension.

Additionally, HDFC Pension is also growing its operation as a POP in both retail and corporate NPS segments and has positioned itself strongly in this sector as well. HDFC Pension is ranked #2 POP in terms of Corporate and Corporate Subscriber base and #15 in retail subscriber base amongst 80 plus POPs.

Key Regulatory Changes

Some of the key sector specific regulatory changes issued by PFRDA during the year were as follows:

Pension Fund

- PFRDA has allowed the option to allocate 100% of subscriber's contribution in Asset class E (Equity) in Tier II. In Tier I-active choice, Authority has allowed 75% equity allocation without the condition of tapering from the age of 51 years.
- Revised guidelines were issued for changes in exposure norms of investment in Equity & Debt investments in sponsor & non-sponsor group companies, InVITs/ REITs, Tier II schemes etc.
- Guidelines were issued to maintain and disclose risk profiling of the Schemes managed under NPS.

Directors' Report

- The NPS subscriber under Central Government can choose amongst the available Pension Funds Managers and change asset allocation as per their choice.

Point of Presence

- PFRDA has instructed to stop the facility of payment of subscriptions/contribution to Tier - II Accounts of NPS through Credit Card.
- Enabled parallel processing of exit and annuity components for the benefit of NPS subscribers.

Update on Merger of HDFC Ltd. with HDFC Bank

The Board of Directors of HDFC Bank Ltd and Housing Development Finance Corporation Limited ("HDFC Ltd"), one of the promoter of the HDFC Life Insurance Company Limited ("Sponsor Company"), have approved a composite Scheme of Amalgamation ('Scheme') at their respective meetings held on April 4, 2022, for amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, wholly-owned subsidiaries of HDFC Ltd, with and into HDFC Ltd. and (ii) HDFC Ltd. with and into HDFC Bank Ltd., and matters related thereto.

Accordingly, post implementation of the Scheme, HDFC Bank Ltd shall be promoters of the Sponsor Company in place of HDFC Ltd, subject to regulatory approvals.

Networth

The PFRDA (Pension Fund) Regulations, 2015, requires Pension Fund to maintain a minimum positive tangible networth of ₹ 50 crore. Accordingly, the Company has maintained a positive tangible networth of ₹ 50 crore during the FY 2022-23.

As on March 31, 2023, the tangible networth of the Company stood at ₹ 60.28 crore.

Dividend and Reserves

In view of planned business growth, your Directors deem it proper to preserve the resources of the Company for growth of the business and therefore, do not recommend any dividend for the FY 2022-23.

The Company carried forward profit after tax of ₹ 4.9 crore, earned during the year ended March 31, 2023 to the Reserves and Surplus.

Share Capital

There was no change in the Company's paid-up share capital during the year, which stood at ₹ 54 crore as on March 31, 2023.

The entire paid-up share capital of the Company is held by HDFC Life Insurance Company Limited ('Sponsor Company') and its nominees.

The Company has not issued any bonus shares, sweat equity shares and shares with differential voting rights during the year under review.

Board of Directors and Key Managerial Personnel

Board of Directors

The Board of Directors comprise of five Directors. The composition of the Board of Directors as on March 31, 2023 is as follows:

- Three Independent Directors; and
- Two Non-Executive Directors, out of which one is a Woman Director.

Independent Directors

The Board of HDFC Pension comprises of three Independent Directors viz., Mr. Prasad Chandran (DIN: 00200379), Mr. Sumit Bose (DIN: 03340616) and Mr. Ranjan Mathai (DIN: 07572976). The Independent Directors of the Company are eminent personalities having significant experience and expertise.

The Board of Directors, based on the recommendation of Nomination & Remuneration Committee, had in its meeting held on July 13, 2022 considered and approved the re-appointment of Mr. Prasad Chandran (DIN: 00200379), as an Independent Director for a second term of five (5) consecutive years with effect from August 21, 2022 which was approved by the members by passing a Special Resolution at the Extra Ordinary General Meeting of the Company held on July 19, 2022.

As per the provisions of the Act, Mr. Sumit Bose and Mr. Ranjan Mathai have been appointed to hold office for their first term of five consecutive years upto August 19, 2025 and June 29, 2026 respectively.

Further, the Independent Directors are not liable to retire by rotation, and therefore shall not be counted for determining the number of Directors liable to retire by rotation.

Statement on Declaration by Independent Directors

The Independent Directors of the Company have confirmed that they meet the criteria of Independence as laid down under Section 149 of the Act.

Directors' Report

In terms of regulatory requirements, Independent Directors are required to undertake online proficiency self-assessment test to be conducted by Indian Institute of Corporate Affairs ("IICA") within a period of two years from the date of inclusion of their names in the Databank. On fulfilling the exemption criteria prescribed under the said rule, none of the Independent Directors of the Company are required to undergo the test conducted by the IICA.

Retirement by Rotation

As per the provisions of the Act, Mr. Niraj Shah (DIN: 09516010), retires by rotation, and being eligible, offers himself for re-appointment at the 12th AGM of the Company. A resolution for the said purpose along with a brief profile of Mr. Niraj Shah (DIN: 09516010) forms part of the Notice of the 12th AGM of the Company.

Statement on non-disqualification of Directors

None of the Directors are disqualified from being appointed as 'Director' under Section 164 of the Act.

As on March 31, 2023, the Board comprises of three Independent Directors viz., Mr. Prasad Chandran, Mr. Sumit Bose and Mr. Ranjan Mathai; and two Non-Executive Directors viz., Ms. Vibha Padalkar and Mr. Niraj Shah.

During FY 2022-23, four (4) meetings of the Board of Directors of the Company were held on April 22, 2022, July 13, 2022, October 18, 2022 and January 19, 2023 and the maximum gap between two meetings did not exceed 120 days. The details of attendance of Directors at the meetings are as follows:

Name	Category	Number of meetings attended/ held during the year
Mr. Prasad Chandran	Independent Director	4/4
Mr. Sumit Bose	Independent Director	4/4
Mr. Ranjan Mathai	Independent Director	4/4
Ms. Vibha Padalkar	Non-Executive Director	4/4
Mr. Niraj Shah	Non-Executive Director	4/4

Key Managerial Personnel

The management of the Company has a wide range of skills, expertise and experience which ensures the effective operations of the Company and better utilization of resources.

The list of Key Managerial Personnel as per the Companies Act, 2013 and PFRDA (Pension Fund) Regulations, 2015 is as under:

Sr. No.	Name of Key Managerial Personnel	Designation
1.	Mr. Sriram Iyer	Chief Executive Officer
2.	Mr. Fagun Pancholi	Chief Financial Officer
3.	Mr. Ganesh Ithape*	Company Secretary & Compliance Officer
4.	Mr. Vishwas Katela	Chief Investment Officer
5.	Mr. Rohit Dubey	Chief Risk Officer
6.	Mr. Rohit Rane	Chief Information & Security Officer
7.	Mr. Kamlesh Tawde	Operations Manager
8.	Mr. Ankur Shah	Fund Manager (Debt)

* Mr. Nagesh Pai resigned as the Company Secretary & Compliance Officer of the Company w.e.f. April 30, 2023 and in his place Mr. Ganesh Ithape was appointed as the Company Secretary & Compliance Officer w.e.f. May 01, 2023.

Board Committees

The Board of Directors have constituted the following committees in compliance with the requirements of the Act read with the PFRDA (Pension Fund) Regulations, 2015 and amendments thereof. The details of the Committees are as follows:

Audit Committee

Details of Composition of Committee and Number of meetings held during the financial year under review:

As on March 31, 2023, the Audit Committee comprises of three Independent Directors viz., Mr. Sumit Bose, Chairman, Mr. Prasad Chandran, Mr. Ranjan Mathai; and Ms. Vibha Padalkar, Non-Executive Director.

There were four (4) meetings of the Audit Committee held during the FY 2022-23 on April 22, 2022, July 13, 2022, October 18, 2022 and January 19, 2023. The details of attendance of Members at the meetings are as follows:

Name	Category	Number of meetings attended/ held during the year
Mr. Sumit Bose	Independent Director	4/4
Mr. Prasad Chandran	Independent Director	4/4
Mr. Ranjan Mathai	Independent Director	4/4
Ms. Vibha Padalkar	Non-Executive Director	4/4

Directors' Report

Recommendations by the Audit Committee

During FY 2022-23, there were no instances where the recommendations made by the Audit Committee were not accepted by the Board.

Investment Committee

Details of Composition of Committee and Number of meetings held during the financial year under review:

As on March 31, 2023, the Investment Committee comprises of two Independent Directors viz., Mr. Sumit Bose, Chairman, Mr. Ranjan Mathai; and two Non-Executive Directors viz., Ms. Vibha Padalkar and Mr. Niraj Shah; Mr. Sriram Iyer, Chief Executive Officer, Mr. Vishwas Katela, Chief Investment Officer and Mr. Rohit Dubey, Chief Risk Officer.

There were four (4) meetings of the Investment Committee held during FY 2022-23 on April 22, 2022, July 13, 2022, October 18, 2022 and January 19, 2023.

The details of attendance of Members at the meetings are as follows:

Name	Category	Number of meetings attended/ held during the year
Mr. Sumit Bose	Independent Director	4/4
Mr. Ranjan Mathai	Independent Director	4/4
Ms. Vibha Padalkar	Non-Executive Director	4/4
Mr. Niraj Shah	Non-Executive Director	4/4
Mr. Sriram Iyer	Chief Executive Officer	4/4
Mr. Vishwas Katela	Chief Investment Officer	4/4
Mr. Rohit Dubey	Chief Risk Officer	4/4

Risk Management Committee

Details of Composition of Committee and Number of meetings held during the financial year under review:

As on March 31, 2023, the Risk Management Committee comprises of Mr. Prasad Chandran, Independent Director and Chairman; two Non-Executive Director viz., Ms. Vibha Padalkar, and Mr. Niraj Shah; Mr. Sriram Iyer, Chief Executive Officer, Mr. Vishwas Katela, Chief Investment Officer, Mr. Rohit Dubey, Chief Risk Officer and Mr. Nagesh Pai, Company Secretary & Compliance Officer.

There were four (4) meetings of the Risk Management Committee held during FY 2022-23 on April 22, 2022, July 13, 2022, October 18, 2022 and January 19, 2023.

The details of attendance of members at the meetings are as follows:

Name	Category	Number of meetings attended/ held during the year
Mr. Prasad Chandran	Independent Director	4/4
Ms. Vibha Padalkar	Non-Executive Director	4/4
Mr. Niraj Shah	Non-Executive Director	4/4
Mr. Sriram Iyer	Chief Executive Officer	4/4
Mr. Vishwas Katela	Chief Investment Officer	4/4
Mr. Rohit Dubey	Chief Risk Officer	4/4
Mr. Nagesh Pai	Company Secretary & Compliance Officer	4/4

Nomination & Remuneration Committee

Details of Composition of Committee and Number of meeting held during the financial year under review:

As on March 31, 2023, the Nomination & Remuneration Committee comprises of two Independent Directors viz., Mr. Ranjan Mathai, Chairman and Mr. Prasad Chandran; and Ms. Vibha Padalkar, Non - Executive Director.

There was one (1) meeting of the Nomination & Remuneration Committee held during the FY 2022-23 on April 22, 2022.

The details of attendance of Members at the meetings are as follows:

Name	Category	Number of meetings attended/ held during the year
Mr. Ranjan Mathai	Independent Director	1/1
Mr. Prasad Chandran	Independent Director	1/1
Ms. Vibha Padalkar	Non-Executive Director	1/1

Corporate Social Responsibility Committee & Stakeholder's Relationship Committee

The provisions relating to constitution of Corporate Social Responsibility Committee, and Stakeholder's Relationship Committee are not applicable to the Company.

Particulars Regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Conservation of Energy and Technology Absorption

The Company has not incurred any expenditure on conservation of energy, research and development or towards technology absorption and therefore there are no disclosures with regard to the same.

Directors' Report

Foreign Exchange Earnings and Outgo

There were no foreign exchange earnings and outgo during FY 2022-23.

Policy on Remuneration of Directors

The Company has put in place a Policy on remuneration of Directors, Key Managerial Personnel and other employees. The said Policy is guided by the set of principles and objectives as envisaged under Section 178 of the Act, which *inter-alia* includes principles pertaining to determining the qualifications, positive attributes, integrity and independence of Director etc.

The Nomination & Remuneration Committee of the Board deals with matters related to appointment and remuneration of Directors, Key Managerial Personnel and other employees of the Company. The Independent Directors remuneration comprise of sitting fees for attending the meetings of Board and Committees of the Board.

The details of the appointment and remuneration of Directors has been hosted on the website of the Company and can be accessed through below mentioned web link:

<https://www.hdfcpension.com/public-disclosures/>.

Performance Evaluation of the Board of Directors

Pursuant to and in line with the requirements prescribed under the Act, the Board of Directors carried out an annual evaluation of its performance and that of its Committees and Individual Directors through an online portal. Further, the Independent Directors met separately on March 31, 2023, without the attendance of Non-Independent Directors and Members of the Management, and *inter-alia* reviewed the performance of Non-Independent Directors, Board Committees and the Board as a whole.

They further assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board. Overall, the Independent Directors expressed their satisfaction on the performance and effectiveness of the Board, all the Committees, Individual Non-Independent Board Members, and on the quality, quantity and timeliness of flow of information between the Company Management and the Board. The Independent Directors expressed their satisfaction with the conduct and efficiency of the Board and Board Committees.

The Nomination & Remuneration Committee also undertook an evaluation of Individual Director's performance and expressed its satisfaction on performance of each Director.

The Board conducted the review of each Director's performance, Board as a whole and performance of Committees of the Board, and expressed its satisfaction. There has been no material adverse observation or conclusion, consequent to such evaluation and review.

Particulars of Loans, Guarantees and Investments

During the FY 2022-23, the Company has not given any loans and guarantees which attract the provisions of Section 186 of the Act. For the particulars of investments made during the year, please refer Notes to Accounts.

Employees Stock Option

During FY 2022-23, the Company has not granted stock options to any of its employees. However, the Key Managerial Personnel and Non-Executive Directors of the Company have in the past been granted Stock Options by the Holding Company i.e. HDFC Life Insurance Company Limited.

During the year, there were no instances of loan granted by the Company to its employees.

Subsidiaries, Joint Ventures and Associate Companies

During FY 2022-23, no company has become or ceased to be subsidiary, associate or joint venture of the Company.

Related Party Transactions

In terms of applicable provisions of the Act, the Audit Committee of the Board of Directors, at its quarterly meetings, approved the related party transactions. Since all the transactions entered into by the Company during FY 2022-23 have been on arms length basis and are in ordinary course of business, the approval of the Board or the Shareholders was not required.

Public Deposits

The Company has not accepted any deposits during the year under review and hence provisions of the Act, relating to acceptance of Public Deposits are not applicable to the Company.

Auditors

Statutory Auditor

M/s. Kirtane & Pandit LLP, Chartered Accountants, (Firm Registration No. 105215W/W100057) are presently the Statutory Auditors of the Company. As per the provisions of the Act and PFRDA (Appointment of Auditors) Guidance Note, 2012, M/s. Kirtane & Pandit LLP, Chartered Accountants were re-appointed as Statutory Auditors of

Directors' Report

the Company for second term of five consecutive years i.e upto the conclusion of 13th AGM, at the AGM of the Company held on June 18, 2019.

Statutory Auditor's Report

The Statutory Auditor's have not made any qualification, reservation or adverse remark or disclaimer in their Audit Report for the FY 2022-23. The Statutory Auditor of the Company has not reported any instances of fraud or irregularities in the management of the Company during the FY 2022-23.

Secretarial Auditor

Since the paid-up share capital of the Company had increased beyond ₹ 50 crore, in view of the further issue of capital in FY 2021-22, secretarial audit is now mandatorily applicable to the Company, pursuant to Section 204 of the Companies Act, 2013.

The Company had engaged the services of M/s N L Bhatia & Associates, Practising Company Secretaries to conduct the Secretarial Audit as per the requirements under the Act for FY 2022-23. The Auditor has not made any qualification, reservation or adverse remark or disclaimer in his Secretarial Audit Report.

The Secretarial Audit Report for FY 2022-23 issued by Secretarial Auditors is enclosed as '**Annexure 1**' and forms part of this report.

Annual Return

Pursuant to Section 134(3)(a) and Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 notified by MCA, the draft of the Annual Return of the Company for the financial year ended March 31, 2023 is hosted on the website of the Company at <https://www.hdfcpension.com/about-hdfc-pmc/public-disclosures/>

Remuneration of Directors & Other Employees

The details of remuneration paid to Independent Directors are mentioned in the below table:

Sr No	Name of Director	Particulars of Remuneration	Remuneration paid (₹)
1	Mr. Prasad Chandran	Sitting fees for attending meetings of the Board and its Committees	7,00,000
2	Mr. Sumit Bose		6,50,000
3	Mr. Ranjan Mathai		7,00,000

Non - Executive Directors, other than Independent Directors do not avail sitting fees from the Company.

The provisions relating to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to your Company.

Risk Management and Internal Audit Framework

Risk Management

The Company firmly recognizes Risk Management as an integral building block to proactively manage risks and maximize opportunities related to achievement of strategic objectives. The Risk Management function is primarily responsible for identification, measurement, mitigation and reporting of various risks applicable to its operations, including financial risk, operational risk, information security risk and regulatory risk. The Risk Management function is also entrusted with implementation of the risk management framework and to periodically update the Risk Management Committee of the Board on the risk profile and status. The Company has put in place a Risk Management Policy ('Policy'), which provides a base for the overall risk management framework of the Company. The Policy is reviewed by the Risk Management Committee and the Board on a quarterly basis.

Investment involves allocation of NPS subscribers' funds, hence protection of the capital in the funds becomes one of the key risk management objectives and therefore, the Company has also put in place a Board approved Stop Loss Policy. The stop loss policy not only aids in rational investment decision-making, but also helps to promote a culture of accountability and transparency. The Stop Loss Policy is reviewed by the Risk Management Committee and the Board atleast on a yearly basis. Additionally, liquidity of investments, credit profile of portfolio, scenario analysis on concentrated investment is separately monitored.

Maintaining the Company's resilience

As our country recovers after two waves of the COVID-19 pandemic, the Company continues to stay resilient and maintain operational resiliency by operating at hybrid working mode backed by robust technology, sturdy business processes and effective execution of the Business Continuity Management (BCM) framework. HDFC Pension has the Board approved BCM Policy which provides a framework for ensuring resilience of Business from threats and challenges. The BCM Policy is signed off and reviewed by the Risk Management Committee and the Board on yearly basis and the plans are tested semi-annually via BCP drills.

Directors' Report

A. Technology Backbone:

- Systems and infrastructure are in place as part of the Work from Home (WFH) methodology to minimize disruptions caused by any future lockdowns or location unavailability
- IT teams continue to provide prioritized technical support for applications and infrastructure to ensure minimal/no downtime during remote working
- Increased focus on Infosec & Cyber Security controls including necessary checks at third parties/vendors

B. Employee Health & Safety:

- Regular advisories and information to employees
- Emotional & mental and physical well-being programs like mindful morning yoga sessions, awareness sessions with doctors etc
- Hygiene standards are maintained across all offices/branches
- Employee were encouraged to work from home in case of any viral flu and given flexibility to maintain 3 days a week to be worked from office

C. Admin Support

Sanitization and deep cleaning continues to be carried out in offices.

Internal Audit Framework and Internal Financial Controls

The Company has in place an Internal Audit framework. Internal Audit is conducted by an independent firm of Chartered Accountants as per the scope and frequency of audit defined under PFRDA (Appointment of Internal Auditor) Guidance Note, 2013 and Guidelines issued under PFRDA (Point of Presence) Regulations, 2018, as amended. The overall audit process, factors in verifying compliance with process, systems, regulatory guidelines and controls.

Internal Audit Reports are placed at every Audit Committee meeting to discuss the audit observations, recommendations along-with the Management action plan. The Internal Auditors and the Audit Committee track the status of implementation of various recommendations/ actionables. The internal audits, in addition to ensuring compliance to policies, regulations, processes etc also test and report adequacy of internal financial controls with reference to financial reporting/statements.

Material Orders Affecting the Company

No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

Material Events from Close of Financial Year

There have been no material events impacting the finances of the Company from the close of the FY 2022-23, till the date of this report.

Other Disclosures

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has constituted Internal Committee (IC) for redressal and timely management of sexual harassment complaints. The Internal Committee is presided over by a woman employee at a senior level and has minimum 50% women representatives. Further, atleast two members from employees committed to the cause of women / having experience in social work / having legal knowledge are appointed with the Internal Committee.

The Company has zero tolerance towards sexual harassment and is committed to provide a safe environment for all. Organisation's policy on Prevention and Redressal of Sexual Harassment at Workplace is inclusive irrespective of gender or sexual orientation of an individual. It also includes situations around work from home scenarios.

Compliance with secretarial standards

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India for the FY 2022-23.

Maintenance of cost records

On the basis of the nature of business, the Company is not required to maintain cost records.

Awards and Recognition

The Company was conferred with the 'Best performing POP' under Pension Fund category for FY 2023 by the PFRDA.

Directors' Responsibility Statement

In accordance with the requirements of Section 134 of the Act, the Board of Directors state that:

- In the preparation of the annual accounts, the applicable Accounting Standards have been followed, along with proper explanation relating to material departures (if any);

Directors' Report

- (ii) Such accounting policies have been selected and applied consistently, and judgments and estimates made that are reasonable and prudent, so as to give a true and fair view of the Company's state of affairs, as on March 31, 2023, and of the Company's profit for the year ended on that date;
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The annual accounts have been prepared on a going concern basis; and
- (v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws, and such systems were adequate and operating effectively.

Appreciation and Acknowledgement

Your Directors place on record their gratitude for all the subscribers, customers and business associates for reposing their trust and confidence in the Company. Your Directors would also take this opportunity to express their appreciation for hard work and dedicated

efforts put in by the employees and for their untiring commitment; and the senior management for continuing success of the business.

Your Directors further take this opportunity to record their gratitude towards HDFC Life Insurance Company Limited, the Sponsor Company, for its invaluable and continued support and guidance and also to Pension Fund Regulatory and Development Authority ('PFRDA'), Ministry of Corporate Affairs ('MCA'), National Pension System Trust ('NPS Trust') and other government and regulatory authorities for their support, guidance and co-operation from time to time.

**On behalf of the Board of Directors
For HDFC Pension Management Company Limited**

**Sd/-
Prasad Chandran**
Director
DIN: 00200379

**Sd/-
Vibha Padalkar**
Director
DIN: 01682810

Mumbai
April 25, 2023

Annexure 1**SECRETARIAL AUDIT REPORT****FORM No. MR-3****FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members of
HDFC Pension Management Company Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HDFC Pension Management Company Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended of March 31, 2023 according to the provisions of:

- (1) The Companies Act, 2013 (the Act) and the Rules made thereunder including amendments made from time to time;
- (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder; **Not applicable to the Company, for the period under review.**
- (3) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- (4) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment; Overseas Direct Investment and External Commercial Borrowing; - **Not applicable to the Company, for the period under review.**

- (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): - **Not applicable to the Company, for the period under review.**

- a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Securities and Exchange Board of India (Share Based Benefits and Sweat Equity) Regulations, 2021;
- (6) Other Laws applicable to the Company, as provided under **Annexure-I** of this report.

We have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted. The change in the composition of the Board of Directors and Key Managerial Personnel during the year is in compliance with the Act and the rules made thereunder.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the Meetings and for meaningful participation at the Meetings.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes. All decisions were passed unanimously at both Board and General Meetings.

We further report that, there are adequate systems and processes in the Company commensurate with the size

and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

**For M/s N L Bhatia & Associates
Practicing Company Secretaries**

UIN: P1996MH055800

PR NO. 700/2020

Sd/-

Bhaskar Upadhyay

Partner

FCS: 8663

CP. No. 9625

UDIN: F008663E000174367

Date: April 24, 2023
Place: Mumbai

Annexure-I

List of Other applicable laws:

1. Pension Fund Regulatory and Development Authority (Pension Fund) Regulations as amended till date;
2. Foreign Exchange Management Act, 1999 ("FEMA") and the Rules and Regulations made thereunder to the extent applicable;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Goods and Service Tax Act;
5. Income Tax Act, 1961 and Rules;
6. The Payment of Gratuity Act, 1972;
7. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Independent Auditor's Report

To the Members of HDFC Pension Management Company Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of HDFC Pension Management Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the statement of Profit and Loss, and statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and profit/loss, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility

also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As a part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for

Independent Auditor's Report

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
 - (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - (g) With the respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197 (16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

Independent Auditor's Report

- a) The Company does not have any pending litigations which would impact its financial position.
 - b) Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - d) i. On the basis of the written representations received from Management to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - ii. On the basis of the written representations received from Management, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - iii. Based on such audit procedures considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.
 - e) The Company has not declared any Dividend for the FY 2022-23.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

For **Kirtane & Pandit LLP**,
Chartered Accountants
Firm's Registration No.105215W/W100057

Mittal Shah
Partner

Place: Mumbai
Date: 25.04.2023

Membership No. 147370
UDIN: 23147370BGWPXU4797

Annexure A

to the Auditor's Report - March 31, 2023

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of HDFC Pension Management Company Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and

not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting

criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Kirtane & Pandit LLP,**

Chartered Accountants

Firm's Registration No.105215W/W100057

Mittal Shah

Partner

Place: Mumbai

Membership No. 147370

Date: 25.04.2023 UDIN: 23147370BGWPXU4797

Annexure B

to the Auditor's Report - March 31, 2023

Annexure B referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date to the members of HDFC Pension Management Company Limited on the accounts of the company for the year ended March 31, 2023.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of tangible and intangible assets;
- (b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification;
- (c) According to the information and explanation given to us and on the basis of examination of the records of the Company, no immovable properties are held in the name of the Company.
- (d) According to the information and explanation given to us and on the basis of examination of the records of the Company, no revaluation has been done by the company of its property, plant and equipment (including the right of use assets) or intangible assets or both during the year.
- (ii) As explained to us no inventories held by the company. This clause is not applicable.
- (iii) The Company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. This clause is not applicable.
- (iv) The Company does not give any loans, investments, guarantees and security to any directors, or to any other person the director is interested in.
- (v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.

(vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-Section (1) of Section 148 of the Act.

(vii) According to the information and explanations given to us and based on the records of the company examined by us,

- (a) The company has generally been regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods & Services Tax and other material statutory dues, as applicable, with the appropriate authorities in India;

According to the information and explanation given to us, no undisputed amount payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax and other material statutory dues were in arrears as at March 31, 2023 for a period of more than six months from the date they become payable.

- (b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax and Goods & Services Tax which have not been deposited on account of any disputes for more than 6 months.

(viii) No transactions that are not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) In our opinion, and according to the information and explanations given to us and based on our examination of the records, the Company does not have any loans or borrowings.

(x) In our opinion, and according to the information and explanations given to us, the Company have not raised money by way of initial public offer or further public offer.

(xi) During the course of audit, we have not noticed any fraud by the company or any fraud on the company by its officers or employees during the year.

Annexure B

(xii) The nature of business is not related to Nidhi Company; hence, this clause is not applicable.

(xiii) In our opinion, and according to the information and explanations given to us and based on our examination of the records of the Company, all transactions with related parties are in compliances with the section 177 & 188 of the Companies Act, 2013 and details have been disclosed in the Standalone Financial Statements as required by the applicable Accounting Standards.

(xiv) (a) According to the information and explanations given to us and based on our examination of the records of the Company, internal audit system is in accordance with its size and business.

(b) Reports of the internal auditors has been considered.

(xv) The company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

(xvii) The company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and

payment of financial liabilities, and other information accompanying the financial statements, we are of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;

(xx) During the year, the company has not transferred unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act as the provisions of CSR are not applicable to the company.

(xxi) As Consolidation of financial statements is not applicable to the company, this clause will not be applicable.

For **Kirtane & Pandit LLP,**

Chartered Accountants

Firm's Registration No.105215W/W100057

Mittal Shah

Partner

Place: Mumbai

Date: 25.04.2023

Membership No. 147370

UDIN: 23147370BGWPXU4797

Balance Sheet

as at March 31, 2023

(₹ '000)

Particulars	Note	As at March 31, 2023	As at March 31, 2022
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	3	540,000	540,000
Reserves and surplus	4	64,236	15,196
		604,236	555,196
NON-CURRENT LIABILITIES			
Long-term borrowings		-	-
Other long-term liabilities		-	-
Long-term provisions		-	-
CURRENT LIABILITIES			
Short-term borrowings		-	-
Trade payables	5		
(a) total outstanding dues of micro enterprises and small enterprises		-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Other current liabilities	6	145,624	130,868
Short-term provisions	7	70,478	55,707
		820,338	741,771
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment and Intangible assets			
(i) Property, Plant and Equipment	8	3,100	3,775
(ii) Intangible assets	9	1,463	1,085
(iii) Intangible assets under development	10	-	1,068
Non-current investments	11	583,389	519,142
Deferred tax assets (net)		-	-
Long-term loans and advances	12	11,142	7,957
Other non-current assets	13	2,608	2,588
CURRENT ASSETS			
Current investments	14	43,917	53,268
Trade receivables	15	22,433	14,690
Cash and cash equivalents	16	136,042	125,687
Short-term loans and advances	17	1,356	1,339
Other current assets	18	14,888	11,172
		820,338	741,771
See accompanying notes forming part of the financial statements			

In terms of our report of even date attached.

For Kirtane and Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/W100057

Mittal Shah
(Partner)
Membership No. 147370

Place- Mumbai
Date- April 25, 2023

For and on behalf of the Board of Directors
HDFC Pension Management Company Limited

Vibha Padalkar
(Director)
(DIN :01682810)

Sriram Iyer
(Chief Executive Officer)

Nagesh Pai
(Company Secretary)

Niraj Shah
(Director)
(DIN : 09516010)

Fagun Pancholi
(Chief Financial Officer)

Statement of Profit and Loss Account

for the year ended March 31, 2023

(₹ '000)

Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
INCOME			
Revenue from operations			
- Investment management fees	19	244,002	161,179
- POP Income		51,815	28,900
Other income	20	41,962	40,830
Total income		337,779	230,909
EXPENSES			
Employee benefit expenses	21	151,828	110,984
Establishment expenses	22	54,686	37,099
Other expenses	23	63,583	36,512
Depreciation and amortisation	24	2,147	1,163
Total expenses		272,244	185,758
Profit before exceptional and extraordinary items and tax		65,535	45,151
Exceptional items		-	-
Profit before extraordinary items and tax		65,535	45,151
Extraordinary items		-	-
Profit before tax		65,535	45,151
Tax expense		16,495	9,721
Profit for the year from continuing operations		49,040	35,430
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) for the year from discontinuing operations (after tax)		-	-
Profit for the year		49,040	35,430
Earnings per equity share (face value ₹ 10 each)	25		
Basic (₹)		0.91	0.84
Diluted (₹)		0.91	0.84
See accompanying notes forming part of the financial statements			

In terms of our report of even date attached.

For Kirtane and Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/W100057

Mittal Shah
(Partner)
Membership No. 147370

Place- Mumbai
Date- April 25, 2023

For and on behalf of the Board of Directors
HDFC Pension Management Company Limited

Vibha Padalkar
(Director)
(DIN : 01682810)

Sriram Iyer
(Chief Executive Officer)

Nagesh Pai
(Company Secretary)

Niraj Shah
(Director)
(DIN : 09516010)

Fagun Pancholi
(Chief Financial Officer)

Cash Flow Statement

for the year ended March 31, 2023

(₹ '000)		
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	65,535	45,151
Adjustments for:		
Depreciation and amortisation	2,147	1,163
Interest income on investments	(35,771)	(27,637)
Profit on sale of investments	(2,615)	(11,482)
Payment of stamp duty	-	2,850
Amortisation of discount/(premium) on investments	(3,294)	(1,711)
Movement in working capital		
(Increase)/Decrease in trade receivable, loans and advances & other current assets	(10,914)	(13,056)
Increase/(Decrease) in trade payables, other current liabilities & short-term provisions	18,752	35,231
Income taxes received as refund / (paid) - net	(17,251)	(5,490)
NET CASH FROM OPERATING ACTIVITIES	16,589	25,019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(781)	(4,165)
Sale of Fixed assets	-	-
Investment in Fixed Deposits	-	(138)
Purchase of investments	(100,962)	(328,014)
Sale of investments	-	64,227
Proceeds from maturity of investments	40,008	-
Income received on investment	36,310	25,684
NET CASH FROM INVESTING ACTIVITIES	(25,425)	(242,406)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	-	260,000
Payment of stamp duty	-	(2,850)
NET CASH USED IN FINANCING ACTIVITIES	-	257,150
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,836)	39,763
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	54,311	14,548
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	45,475	54,311
See accompanying notes forming part of the financial statements		
Components of cash and cash equivalents at end of the year:		
Bank balances-current accounts (Refer note number 15)	1,558	1,043
Money market instruments (Refer note number 14) *	43,917	53,268
Total cash and cash equivalents	45,475	54,311
Reconciliation of cash and cash equivalents with cash and bank balances as per Balance Sheet:		
Cash and cash equivalents	45,475	54,311
Money market instruments (Refer note number 14) *	(43,917)	(53,268)
Payable to NPS trust	134,484	124,644
Cash and bank balances as per Balance Sheet	136,042	125,687

* Money market instruments at cost

In terms of our report of even date attached.

For Kirtane and Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/W100057

Mittal Shah
(Partner)
Membership No. 147370

Place- Mumbai
Date- April 25, 2023

For and on behalf of the Board of Directors
HDFC Pension Management Company Limited

Vibha Padalkar
(Director)
(DIN :01682810)

Sriram Iyer
(Chief Executive Officer)

Nagesh Pai
(Company Secretary)

Niraj Shah
(Director)
(DIN : 09516010)

Fagun Pancholi
(Chief Financial Officer)

Notes Forming Part of the Financial Statements

1 Corporate information

HDFC Pension Management Company Limited ('the Company'/'HDFC Pension') is a wholly owned subsidiary of HDFC Life Insurance Company Limited (or 'HDFC Life'). The Company is a public limited company domiciled in India and incorporated under the provisions of the erstwhile Companies Act, 1956. The Company was incorporated on June 20, 2011 with Registration Number U66020MH2011PLC218824 with the purpose of managing pension fund business under the National Pension System (NPS), to which HDFC Life acts as the Sponsor. The Company was granted licence to undertake pension management under the NPS by the Pension Fund Regulatory and Development Authority ('PFRDA') on April 23, 2013 and is in business from August 2013.

The Company was granted licence under the new Request for Proposal (RFP) by the PFRDA and was issued certificate of registration dated 30th March, 2021 to act as Pension Fund under NPS architecture.

The Company was granted Certificate of Registration dated February 13, 2019 (Registration code: POP246022019) by the PFRDA for acting as Point of Presence (PoP) under National Pension System (NPS), to provide PoP - NPS - Distribution and Servicing services for public at large.

2 Significant accounting policies

2.1 Basis of preparation of financial statements

These financial statements for the year ended March 31, 2023 are prepared under the historical cost convention, on an accrual basis of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP), and in compliance with the Accounting Standards notified under Section 133 of the Companies Act, 2013, and amendments and rules made thereto, to the extent applicable. Accounting policies have been consistently applied to the extent applicable and in the manner so required.

2.2 Use of estimates

The preparation of the financial statements in conformity with the Indian GAAP requires that the Company's management makes estimates and assumptions that affect the reported amounts of

income and expenses for the year, reported balances of assets and liabilities and disclosures relating to contingent liabilities as on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances upto and as of the date of the financial statements. Actual results could differ from the estimates. Any revision to the accounting estimates is recognised prospectively.

2.3 Revenue recognition

(a) Investment management fees

Investment management fees are recognised on an accrual basis on daily closing assets under management across respective schemes under pension funds. The investment management fees are presented net of Goods and services Tax in the Statement of Profit & Loss Account.

(b) POP income

POP income includes account opening fees, contribution processing fees, persistency income and exit charges.

- i) Account opening fees are due and recognised on generation of Permanent retirement account number (PRAN).
- ii) Contribution Processing fees are recognised on receipt of contribution from the customer.
- iii) Persistency Income is recognised on subscriber accounts active for more than six months
- iv) Exit charges are recognised on processing of exit of the member from NPS.

POP Income are presented net of Goods and Services tax in the Statement of Profit & Loss Account.

(c) Other income

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

Interest income on debt investments is recognised on

Notes Forming Part of the Financial Statements

an accrual basis. Amortisation of premium or accretion of discount on debt investments is recognised over the period of maturity / holding of the investments on a straight line basis.

Dividend income is recognised on the "ex-dividend" date in case of listed equity shares and in case of unlisted equity shares when right to receive dividend is established.

Profit or loss on sale of debt investments is calculated as the difference between the net sale proceeds and the weighted average amortised cost as on the date of sale.

Profit or loss on sale of equity shares/mutual fund units is calculated as the difference between the net sale proceeds and the weighted average cost as on the date of sale.

2.4 Investments

Investments maturing within twelve months from the Balance Sheet date and investments made with the specific intention to dispose them within twelve months from the Balance Sheet date are classified as current investments. All other investments are classified as long term investments and disclosed as non-current investments. Current investments are valued at lower of cost or fair value determined for each individual investment. Long term investments are valued at cost, subject to amortisation of premium or accretion of discount, over the period of maturity/holding, on a straight line basis. Provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

2.5 Property, Plant and Equipment and Intangible assets and Depreciation / Amortisation

The fixed assets are stated at cost less accumulated depreciation/amortisation and impairment if any. Cost includes the purchase price and any cost directly attributable to bring the asset to its working condition for its intended use. Fixed assets individually costing less than ₹ 5,000, are fully depreciated in the month of purchase. Subsequent expenditure incurred on existing fixed assets is expensed out except where

such expenditure increases the future economic benefits from the existing assets.

Any additions to the original fixed assets are depreciated over the remaining useful life of the original asset.

Depreciation/amortisation is charged on pro-rata basis from the month in which the asset is put to use and in case of assets sold, up to the previous month of sale.

Advances given towards acquisition of fixed assets are disclosed under 'Long term loans and advances' in Balance Sheet.

Tangible assets

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management.

Useful lives of the tangible assets are as follows:

Asset class	Useful life of assets (in years)
Information technology equipment-End user devices ^	3
Information technology equipment-Non end user devices*^	4
Furniture & Fixtures*^	5
Office Equipment^	5
Motor Vehicles*^	4

* For these class of assets, based on internal assessment and internal technical evaluation carried out by the management, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

^ For these class of assets, based on internal assessment carried out by the management, the residual value is considered to be nil.

Leasehold improvements are amortised over the lock in period of the leased premises subject to a maximum of five years.

Intangible assets

Intangible assets are stated at cost of acquisition,

Notes Forming Part of the Financial Statements

including any cost attributable for bringing the same to its working condition for its intended use, less accumulated amortisation and impairment if any. These are amortised over the useful life of the asset subject to maximum of four years.

Any expenditure for support & maintenance of the intangible asset is charged to the Statement of Profit & Loss Account.

Capital work in progress/Intangible assets under development

Cost of assets as at the Balance Sheet date not ready for its intended use as at such date are disclosed as capital work in progress/Intangible assets under development.

2.6 Impairment of assets

The Company's management periodically assesses, using internal and external sources, whether there is any indication that an asset may be impaired. If any such indication of impairment exists, the recoverable amount of such asset is estimated. An impairment loss is recognised in the Statement of Profit and Loss where the carrying value of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use. Value in use which is the present value of future cash flows expected to arise from the continuing use of the asset and its ultimate disposal. When there is an indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit & Loss Account.

2.7 Employee benefits

- a) Short term employee benefits:** All employee benefits payable within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries and bonuses, short term compensated absences and contribution towards Employee State Insurance Corporation Scheme and Employee Deposit Linked Insurance are recognised in the period in which the employee renders the related service. All short term employee benefits are accounted for on an undiscounted basis.

b) Post employment benefits

Defined contribution plan:

The Company's Provident Fund Scheme (Company contribution) and National Pension Scheme (Company contribution) is a defined contribution plan. The contributions paid/payable towards the fund are charged to the Statement of Profit & Loss Account during the year in which the employee renders the related service on an undiscounted basis.

Defined benefit plan:

The Company's Gratuity plan is an unfunded defined benefit plan. The gratuity benefit payable to the employees of the Company is recognised as per the provisions of 'The Payment of Gratuity Act, 1972. The present value of the obligation under such defined benefit plan is determined based on the actuarial valuation at the Balance Sheet date using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Provision for gratuity is accounted for taking into consideration the actuarial valuation of plan obligation as at the Balance Sheet date, in accordance with Accounting Standard (AS) 15 (Revised), 'Employee Benefits', issued by the Institute of Chartered Accountants of India (ICAI).

Actuarial gains / losses, if any, due to experience adjustments and the effects of changes in actuarial assumptions are recognised in the Statement of Profit & Loss Account, in the year in which they arise.

c) Other long term employee benefits

The obligation for long term employee benefits such as accumulated long term compensated absences, are accounted for based on actuarial valuation determined using the projected unit credit method.

Actuarial gains / losses, if any, due to experience adjustments and the effects of changes in actuarial assumptions are recognised in the Statement of Profit & Loss Account, in the year in which they arise.

2.8 Leases

Finance leases

Leases under which the Company assumes

Notes Forming Part of the Financial Statements

substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower.

Operating leases

Leases, where lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Rental payments under operating leases including committed increase in rentals are recognised as an expense, on a straight line basis, over the non cancellable lease period.

2.9 Taxation

a) Direct tax

i) Provision for current tax

Provision for income tax is made in accordance with the provisions of the Income Tax Act, 1961 as applicable to a company carrying on pension business. Where Company has provided for tax liability based on Minimum alternate tax (MAT) provisions, MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period.

ii) Deferred tax

In accordance with the requirements of Accounting Standard (AS) - 22, "Accounting for Taxes on Income", issued by the Institute of Chartered Accountants of India (ICAI), deferred tax asset is recognised only to the extent that there is reasonable certainty that sufficient taxable income will be available against which such deferred tax asset can be realised. With respect to carry forward of losses/unabsorbed depreciation under the Income Tax Act, 1961, deferred tax asset is recognised only to the extent that there is a virtual certainty supported by convincing evidence that future taxable income will be available against which the deferred tax asset can be realised.

b) Indirect tax

The Company claims credit of Goods and Services Tax ('GST') on input services, which is set off against GST on output services. As a matter of prudence, unutilised credits towards GST on input services are carried forward under the head "Long-term loans and advances" in the Balance Sheet, wherever there is reasonable certainty of utilisation.

2.10 Provisions, contingent liabilities and contingent assets

Provisions are recognised in respect of present obligations that arise as a result of past events where it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are determined on the basis of best estimate of the outflow of economic benefits required to settle the obligation at the Balance Sheet date. Where no reliable estimate can be made, a disclosure is made as contingent liability.

Contingent liabilities are disclosed in respect of:

- a) possible obligations that arise from past events, the existence or otherwise of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company or
- b) present obligation that arises from past events, but is not recognised because there is remote probability that an outflow of resources embodying economic benefits will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither accounted nor disclosed.

2.11 Earnings per equity share

In accordance with the requirement of Accounting Standard (AS) 20, "Earnings Per Share", issued by the Institute of Chartered Accountants of India (ICAI), basic

Notes Forming Part of the Financial Statements

earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Potential equity shares are treated as dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

2.12 Cash flow statement

Cash flows are reported using the indirect method as explained in Accounting Standard (AS) - 3, "Cash Flow Statements", issued by the Institute

of Chartered Accountants of India (ICAI), whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are separately presented.

2.13 Cash and cash equivalents

Cash comprises cash, cheques in hand and bank balances. Cash equivalents comprise money market instruments including highly liquid mutual funds and highly liquid investments that are readily convertible into measurable amounts of cash and which are subject to insignificant risk of change in value.

Notes Forming Part of the Financial Statements

3 Share capital

The Company is a wholly owned subsidiary of HDFC Life Insurance Company Limited

Details of outstanding share capital are as given below:

Particulars	(₹ '000)	
	As at March 31, 2023	As at March 31, 2022
Authorised capital		
60,000,000 Equity shares of ₹ 10 each	600,000	600,000
(Previous year: 60,000,000 Equity shares of ₹ 10 Each)		
	600,000	600,000
Issued, subscribed and fully paid-up capital		
54,000,000 Equity shares of ₹ 10 each	540,000	540,000
(Previous year: 54,000,000 Equity shares of ₹ 10 Each)		
	540,000	540,000

The Company has only one class of shares referred to as equity shares having face value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share.

The holders of equity shares are entitled to dividend, if any, proposed by the Board of Directors and approved by shareholders in the Annual General Meeting.

Reconciliation of number of shares outstanding at the beginning and at the end of the year, is as given below:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares held	(₹ '000)	Number of shares held	(₹ '000)
Equity shares outstanding as at the beginning of the year	54,000,000	540,000	28,000,000	280,000
Equity shares issued during the year	-	-	26,000,000	260,000
Equity shares outstanding as at the end of year	54,000,000	540,000	54,000,000	540,000

Details of each shareholder, holding more than 5 percent shares in the Company are as given below:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of Shares held	Percentage of holding	Number of Shares held	Percentage of holding
HDFC Life Insurance Company Ltd along with it's nominees	54,000,000	100%	54,000,000	100%

Shareholding of promoters

Shares held by promoters as at 31st March, 2023		No of Shares	% of total shares	% Change during the year
Sr. No	Promoter name			
1	HDFC Life Insurance Company Ltd along with it's nominees	54,000,000	100%	0%

Shareholding of promoters

Shares held by promoters as at 31st March, 2022		No of Shares	% of total shares	% Change during the year
Sr. No	Promoter name			
1	HDFC Life Insurance Company Ltd along with it's nominees	54,000,000	100%	0%

Notes Forming Part of the Financial Statements

4 Reserves and surplus

(₹ '000)		
Particulars	As at March 31, 2023	As at March 31, 2022
Profit & Loss account		
Opening balance	15,196	(20,234)
Add:- Net Profit during the year as per the Statement of Profit & Loss Account	49,040	35,430
Closing balance	64,236	15,196

5 Trade payables

(₹ '000)		
Particulars	As at March 31, 2023	As at March 31, 2022
(a) Total outstanding dues of micro enterprises and small enterprises	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
Total	-	-

6 Other current liabilities

(₹ '000)		
Particulars	As at March 31, 2023	As at March 31, 2022
Payable for statutory dues	9,716	5,712
Payable to others	1,424	512
Payable to NPS Trust	134,484	124,644
Total	145,624	130,868

7 Short-term provisions

(₹ '000)		
Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits	31,988	28,685
Provision for expenses	38,490	27,022
Total	70,478	55,707

Notes Forming Part of the Financial Statements

8 Tangible assets

Particulars	Cost / Gross Block			Depreciation			Net Block	
	As at April 01, 2022	Additions	Deductions	As at March 31, 2023	For the year ended March 31, 2023	On Sales / Adjustments	As at March 31, 2023	As at March 31, 2022
Land	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
Computer hardware - Non end user devices	2,500	-	-	2,500	-	-	2,500	-
Computer hardware - End user devices	259	782	-	1,041	210	-	469	572
Furniture and fixtures	1,046	-	-	1,046	187	-	360	686
Office equipment	144	-	-	144	-	-	144	-
Vehicles	4,241	-	-	4,241	1,060	-	2,399	1,842
Leasehold improvements	26	-	-	26	-	-	26	-
Grand Total	8,216	782	-	8,998	1,457	-	5,898	3,775
Previous year	4,783	3,433	-	8,216	602	-	4,441	944

9 Intangible assets

Particulars	Cost / Gross Block			Depreciation			Net Block	
	As at April 01, 2022	Additions	Deductions	As at March 31, 2023	For the year ended March 31, 2023	On Sales / Adjustments	As at March 31, 2023	As at March 31, 2022
Intangibles (Computer software)	10,046	1,068	-	11,114	690	-	9,651	1,085
Grand Total	10,046	1,068	-	11,114	690	-	9,651	1,085
Previous year	9,794	252	-	10,046	561	-	8,961	1,394

Notes Forming Part of the Financial Statements

10 (i) Intangible assets under development

Particulars	Cost / Gross Block			Depreciation			Net Block		
	As at April 01, 2022	Additions	Deductions	As at March 31, 2023	As at April 01, 2022	For the year ended March 31, 2023	On Sales / Adjustments	As at March 31, 2023	As at March 31, 2022
Intangibles (Computer software)	1,068	-	1,068	-	-	-	-	-	1,068
Capital work in progress	-	-	-	-	-	-	-	-	-
Grand Total	1,068	-	1,068	-	-	-	-	-	1,068
Previous year	588	480	-	1,068	-	-	-	1,068	588

10 (ii) Intangible assets under development ageing schedule

Intangible assets under development	Amount in Intangible assets under development for the year ended March 31, 2023				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Point of Presence system development in process	-	-	-	-	-
Grand Total	-	-	-	-	-

10 (iii) Intangible assets under development completion schedule

Intangible assets under development	Amount in Intangible assets under development for the year ended March 31, 2023				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Point of Presence system development in process	-	-	-	-	-
Grand Total	-	-	-	-	-

10 (iv) Intangible assets under development ageing schedule

Intangible assets under development	Amount in Intangible assets under development for the year ended March 31, 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Point of Presence system development in process	480	588	-	-	1,068
Grand Total	480	588	-	-	1,068

10 (v) Intangible assets under development completion schedule

Intangible assets under development	Amount in Intangible assets under development for the year ended March 31, 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Point of Presence system development in process	1,068	-	-	-	1,068
Grand Total	-	-	-	-	-

Notes Forming Part of the Financial Statements

11 Non-current investments

(₹'000)		
Particulars	As at March 31, 2023	As at March 31, 2022
Investments in Government Securities		
- 8.32% GOI, August 02, 2032 - 500,000 units of face value ₹ 100 each (Previous year 500,000 units of face value of ₹ 100 each)	48,652	48,508
- 9.20% GOI, September 30, 2030 - 500,000 units of face value ₹ 100 each (Previous year 500,000 units of face value of ₹ 100 each)	50,517	50,586
- 6.64% GOI, June 16, 2035 - 500,000 units of face value ₹ 100 each (Previous year : 500,000 units of face value ₹ 100 each)	49,443	49,398
Investments in Gsec C-STRIPS		
- June 15, 2028 - 5,00,000 Units of face value ₹ 100 each (Previous year: 5,00,000 Units of face value ₹ 100 each)	36,467	33,869
- August 22, 2028 - 5,00,000 Units of face value ₹ 100 each (Previous year: 5,00,000 Units of face value ₹ 100 each)	35,977	33,378
Investment in state government securities - 6.75% Gujarat SDL, October 13, 2029 - 500,000 units of face value ₹ 100 each (Previous year: 500,000 units of face value ₹ 100 each)	50,133	50,154
Investments in Non convertible debentures (NCD) - Private Corporate Bonds	50,164	50,243
- 7.70% L&T, April 28, 2025 - 50 units of face value ₹ 1,000,000 each (Previous year 50 units of face value ₹ 1,000,000 each)		
- 7.60% LIC Housing Finance Co. Ltd., November 22, 2022- (Previous year 40 units of face value of ₹ 1,000,000 each)	-	40,008
- 8.15% Power Grid, March 09, 2030 - 50 units of face value ₹ 1,000,000 each (Previous year: 50 units of face value ₹ 1,000,000 each)	53,843	54,397
- 8.27% National Highways Authority of India, March 28, 2029 - 100 units of face value ₹ 1,000,000 each (Previous year: 100 units of face value ₹ 1,000,000 each)	107,371	108,601
- 7.54% SIDBI 2026-Series VIII, January 12, 2026 - 50 units of face value ₹ 1,000,000 each (Previous year: Nil)	49,615	-
- 8.94% Bajaj Finance Ltd NCD, November 07, 2025- 50 units of face value ₹ 1,000,000 each (Previous year: Nil)	51,207	-
Total	583,389	519,142
Aggregate value of quoted investments	583,389	519,142
Market value of quoted investments	577,904	528,228

12 Long-term loans and advances

(₹'000)		
Particulars	As at March 31, 2023	As at March 31, 2022
Loans	-	-
Others		
Unutilised goods and services tax input credit	2,113	774
Advance tax paid - Tax deducted at source (net of provision for tax)	9,029	7,183
Total	11,142	7,957

13 Other non-current assets

(₹'000)		
Particulars	As at March 31, 2023	As at March 31, 2022
Bank Deposits with maturity of more than 12 months (Refer note no.32)	2,000	2,138
Interest accrued on Fixed deposit	608	450
Total	2,608	2,588

Notes Forming Part of the Financial Statements

14 Current investments

(₹'000)		
Particulars	As at March 31, 2023	As at March 31, 2022
Investment in Mutual Funds - valued at lower of cost or market value		
(a) Quoted	-	-
(b) Unquoted - ICICI Prudential Liquid - Direct Plan - Growth 132307.533 units of ₹ 331.9297 each (Previous year 169680.523 units of ₹ 313.9311 each)	43,917	53,268
Total	43,917	53,268
Aggregate value of unquoted investments	43,917	53,268
Market value of unquoted investments*	44,054	53,478

* Market value of ICICI Prudential Liquid Mutual Fund is the net asset value as declared by ICICI Prudential Mutual Fund

15 (i) Trade receivables

(₹'000)		
Particulars	As at March 31, 2023	As at March 31, 2022
Trade Receivables - Unsecured	22,433	14,690
Total	22,433	14,690

(ii) Trade receivables ageing as at March 31, 2023

Particulars	Outstanding for following periods from due date of payments					
	Less than 6 Months	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Undisputed trade receivables						
- Considered good	22,433	-	-	-	-	22,433
- Considered doubtful	-	-	-	-	-	-
Total	22,433	-	-	-	-	22,433

(iii) Trade receivables ageing as at March 31, 2022

Particulars	Outstanding for following periods from due date of payments					
	Less than 6 Months	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Undisputed trade receivables						
- Considered good	14,690	-	-	-	-	14,690
- Considered doubtful	-	-	-	-	-	-
Total	14,690	-	-	-	-	14,690

16 Cash and cash equivalents

(₹'000)		
Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	-	-
Balances with banks:		
-In current accounts	136,042	125,687
Other bank balances		
-Deposits with maturity of more than 12 months	2,000	2,138
Sub-Total	138,042	127,825
Amount disclosed under other non-current assets (Refer note no.13)	(2,000)	(2,138)
Total	136,042	125,687

Notes Forming Part of the Financial Statements

17 Short-term loans and advances

(₹ '000)		
Particulars	As at March 31, 2023	As at March 31, 2022
Loans	-	-
Others		
Prepaid expenses	1,014	1,145
Others	342	194
Total	1,356	1,339

18 Other current assets

(₹ '000)		
Particulars	As at March 31, 2023	As at March 31, 2022
Bank Deposits with maturity of less than 12 months (Refer note no.31)	138	-
Interest accrued on investments	10,151	8,234
Receivable from pension schemes (GST)	4,487	2,938
Receivable from NPS Trust	112	-
Total	14,888	11,172

19 Investment management fees (IMF)

Slab wise Investment Management Fees structure is as below:

Asset Under Management (₹ crore)	Investment Management Fees
Less than 10000	0.09%
Above 10000 up to 50000	0.06%
Above 50000 up to 150000	0.05%
Above 150000	0.03%

Investment management fee (IMF) is charged and accounted as income as per the above structure in accordance with the terms of the 'Investment Management Agreement (IMA)' entered into with the National Pension System (NPS) Trust amounting to ₹ 244,002 thousands (Previous Year ₹ 161,179 thousands).

20 Other income

(₹ '000)		
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Investment income on current investments		
Interest income	-	-
Profit on sale of investments	2,615	11,482
Investment income on long-term investments		
Interest income	35,772	27,637
Amortisation of discount/(premium) on investments	3,294	1,711
Profit on sale of fixed assets	-	-
Interest on income tax refund	282	-
Total	41,962	40,830

Notes Forming Part of the Financial Statements

21 Employee benefit expenses

(₹'000)		
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and bonuses	145,201	107,731
Contributions to Provident fund and National Pension Scheme	6,627	3,253
Total	151,828	110,984

22 Establishment expenses

(₹'000)		
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Shared Service Expenses	4,593	3,493
PFRDA licence fees	50,085	30,708
Other expenses	8	2,898
Total	54,686	37,099

23 Other expenses

(₹'000)		
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Brokerage expenses	2,228	1,325
Payment to auditors :		
- as auditor	150	150
- others	1	2
Directors sitting fees	2,050	490
Legal & professional charges	5,820	3,146
Information technology support expenses	4,446	2,420
Sales incentives and marketing expenses	41,683	25,882
Travel expenses	1,952	579
Membership & subscription	4,528	1,948
General office expenses	195	416
Miscellaneous expenses	530	154
Total	63,583	36,512

24 Depreciation and amortisation

(₹'000)		
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation on tangible assets	1,457	602
Amortisation of intangible assets	690	561
Total	2,147	1,163

Notes Forming Part of the Financial Statements

25 Earnings per share

Particulars	(₹'000)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Net Profit/(Loss) as per Statement of Profit & Loss (₹'000)	49,040	35,430
Weighted average number of equity shares for Basic earnings per share	54,000,000	42,246,575
Basic earnings per share (₹)	0.91	0.84
Weighted average number of equity shares for Diluted earnings per share	54,000,000	42,246,575
Diluted earnings per share (₹)	0.91	0.84
Nominal value of share (₹)	10.00	10.00

26 Financial Ratios

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022	Explanation for change in ratios
Current Ratio (Current Assets/Current Liabilities)	1.0	1.1	NA
Return on Equity Ratio (Profit after tax/Average Equity)	8.5%	8.7%	Higher base of average equity
Trade Receivables turnover ratio ((Investment management fees/Average trade receivables)	13.1	17.8	Higher base of average receivables and earlier recovery
Net capital turnover ratio (Income from operation/Average working capital)	26.8	12.3	Better management of capital
Net profit ratio (Profit after tax/Total Income)	14.5%	15.3%	Higher base of total income
Return on Capital employed (Profit after tax/Average capital employed)	8.5%	8.7%	Higher base of average capital employed
Return on investment (Profit after tax/Average investment)	8.2%	8.6%	Higher base of average investments

27 Tax provision

a) Direct tax

i) Provision for current tax

The Company has made a provision for income tax of ₹16,495 thousands in the Statement of Profit & loss Account for the year ended March 31, 2023, in accordance with the provisions of the Income Tax Act, 1961 as applicable to a company carrying on pension business.

ii) Deferred tax

With reference to the carry forward of losses /unabsorbed depreciation, in view of lack of virtual certainty supported by convincing evidence in the business, that future taxable income will be available against which the deferred tax asset can be realised, the Company has concluded that it would not be prudent to recognise deferred tax asset during the year.

28 Leases

In accordance with the Accounting Standard (AS) - 19, "Leases", issued by the Institute of Chartered Accountants of India (ICAI), the Company has no operating lease. In respect of the operating leases, the lease rentals debited to the Statement of Profit & Loss Account are ₹ NIL (Previous Year ₹ NIL).

29 Related party & other group company disclosures

During the year ended March 31, 2023, the Company had transactions with related parties, which have been identified by the management as per the requirements of the Accounting Standard (AS) 18, "Related Party Disclosures", issued by the Institute of Chartered Accountants of India (ICAI). Details of these related parties, nature of the relationship, transactions entered into with them and the balances in related party accounts at year end, are as mentioned below:

Notes Forming Part of the Financial Statements

A) Related party disclosures as per Accounting Standard 18

Related parties and nature of relationship

Nature of the relationship	Name of Related Party
Ultimate holding company (Upto 13 th Nov 2020)/ Promoter of Holding company (w.e.f 14 th Nov 2020)	Housing Development Finance Corporation Limited (HDFC Ltd.)
Holding company	HDFC Life Insurance Co. Ltd.
Fellow subsidiaries	HDFC International Life and Re Company Limited
Fellow subsidiaries of holding company (Upto 13 th Nov 2020)/ Other Group companies (w.e.f. 14 th Nov 2020)	HDFC Asset Management Company Limited
	HDFC Holdings Limited
	HDFC Trustee Company Limited
	HDFC Investments Limited
	HDFC ERGO General Insurance Company Limited
	HDFC Capital Advisors Limited
	HDFC Sales Private Limited
	HDFC Venture Capital Limited
	HDFC Ventures Trustee Company Limited
	HDFC Property Ventures Limited
	HDFC Credila Financial Services Limited
	HDFC Education and Development Services Private Limited
	Griha Investments (Subsidiary of HDFC Holdings Ltd.)
	Griha Pte Ltd., Singapore (Subsidiary of HDFC Investments Ltd.)
Entities over which control is exercised (Upto November 13, 2020)/Other Group companies (w.e.f. November 14, 2020)	HDFC Investment Trust
	HDFC Investment Trust II
Key management personnel	Mr. Sriram Iyer Mr. Sumit Shukla (upto April 27, 2022)

The following are the transactions between the Company and its related parties:

(₹ '000)					
Particulars	Description	Total value of transactions for the year ended March 31, 2023	Receivable/ (payable) at March 31, 2023	Total value of transactions for the year ended March 31, 2022	Receivable/ (payable) at March 31, 2022
HDFC Life Insurance Company Limited	Cost of resource utilisation	24,327	-	40,339	-
	Capital infusion	-	-	(260,000)	-
	Transfer of laptops	712	-	-	-
	Depreciation on laptops	132	-	-	-
Key Managerial Person	Managerial remuneration	21,061	-	19,556	-

Notes Forming Part of the Financial Statements

30 Employee benefit obligations:

a) Defined contribution plans

During the year, the Company has recognised the following amounts in the Statement of Profit & Loss Account under defined contribution plans:

(₹ '000)		
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Contribution to Employees Provident Fund	5,193	2,265
Contribution to National Pension Scheme	1,434	988
Total	6,627	3,253

b) Defined benefit plans

i) Gratuity:

a) General description of defined plan

Gratuity: This is an unfunded defined benefit plan. The plan provides for lumpsum payment to vested employees either at retirement, or on death while in employment or on termination of employment. The benefit vests after five years of continuous service.

b) The following tables set out the status of the Gratuity plan as at March 31, 2023:

The Company has recognised following amounts in the Balance Sheet:

(₹ '000)		
Particulars	As at March 31, 2023	As at March 31, 2022
Present value of defined benefit obligations at the end of the year	8,490	7,021
Fair value of plan assets at the end of the year	-	-
Liability recognised in Balance Sheet	8,490	7,021

The Company has recognised following amounts in the Statement of Profit & Loss Account for the year:

(₹ '000)		
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	1,548	1,001
Interest cost	604	244
Expected return on plan assets	-	-
Actuarial (gains)/losses	(1,085)	812
Total of above included in "Employee benefit expenses" in the Statement of Profit & Loss Account	1,067	2,057

Reconciliation of opening and closing balances of present value of the defined benefit obligations:

(₹ '000)		
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Present value of defined benefit obligations at the beginning of the year	7,021	2,273
Unfunded liability transferred from Group Company	3,487	2,691
Current service cost	1,548	1,001
Interest cost	604	244
Actuarial (gains)/losses	(1,085)	812
Benefits paid	(3,085)	-
Present value of defined benefit obligations at the end of the year	8,490	7,021

Notes Forming Part of the Financial Statements

The amounts of the present value of the defined benefit obligation and experience adjustments arising on plan liabilities for the current year and comparative previous years are as given below:

	(₹ '000)				
Gratuity (Unfunded Plan)	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19
Present value of the defined benefit obligation at the end of the year	8,490	7,021	2,273	1,943	1,324
Fair value of the plan assets at the end of the year	NA	NA	NA	NA	NA
Unfunded liability transferred from Group Company	3,487	2,691	NA	NA	NA
(Surplus) / Deficit in the plan	NA	NA	NA	NA	NA
Experience adjustments on plan commitments - (Gain) / Loss	(573)	888	(112)	77	58
Experience adjustments on plan assets - Gain / (Loss)	NA	NA	NA	NA	NA

c) Principal assumptions for actuarial valuation of defined benefit obligation of gratuity plan as at the Balance Sheet date:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Discount rate	7.50%	6.90%
Salary growth	8.00% for the first year and 7.50% for future years	8.00% for the first year and 7.50% for future years
Attrition rate	3.50%	3.50%
Mortality table	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

ii) Other long term employee benefits:

Long term compensated absences: This is an unfunded employee benefit. The liability for accumulated long term absences is determined by actuarial valuation using projected unit credit method. The assumptions used for valuation are as given below:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Discount rate	7.50%	6.90%
Salary growth	8.00% for the first year and 7.50% for future years	8.00% for the first year and 7.50% for future years
Attrition rate	3.50%	3.50%
Mortality table	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

31 Segment Reporting

As per Accounting Standard (AS) 17 on "Segment Reporting", issued by the Institute of Chartered Accountants of India (ICAI), the company has two business segments - 'Pension fund business' and 'Point of Presence'. Since the business operates in India only, there are no geographical segments.

	(₹ '000)			
	Year ended March 31, 2023 (Audited)			
	Pension Fund Management	Point of Presence	Unallocated corporate overheads	Total
Segment revenue	244,002	51,815	41,962	337,779
Segment results	72,309	(6,773)	(16,495)	49,040
Depreciation/Amortisation	556	134	1,457	2,147
Segment assets	27,654	138,309	654,376	820,339
Segment liabilities	(12,169)	(143,016)	(60,918)	(216,103)
Significant non-cash expenses	-	-	-	-

Notes Forming Part of the Financial Statements

	(₹ '000)			
	Year ended March 31, 2022 (Audited)			
	Pension Fund Management	Point of Presence	Unallocated corporate overheads	Total
Segment revenue	161,179	28,900	40,830	230,909
Segment results	54,256	(9,105)	(9,721)	35,430
Depreciation/Amortisation	561	-	602	1,163
Segment assets	18,922	128,493	594,356	741,771
Segment liabilities	(1,625)	(136,644)	(48,306)	(186,575)
Significant non-cash expenses	-	-	-	-

32 Encumbrances on assets: The assets of the Company are free from all encumbrances as at March 31, 2023, except for Bank Fixed Deposit of ₹ 2000 thousands (Previous year ₹ 2,000 thousands) with lien in favour of PFRDA and of ₹ 138 thousands (Previous year ₹ 138 thousands) as a security towards guarantee issued by the bank on behalf of the Company in favour of the Steel Authority of India Ltd (SAIL) (Refer Note 33 on contingent liabilities below).

33 Contingent liabilities

Particulars	(₹ '000)	
	As at March 31, 2023	As at March 31, 2022
Bank Fixed Deposit with lien in favour of PFRDA	2,000	2,000
Bank guarantee given on behalf of Company issued in favour of the SAIL	138	138
Total	2,138	2,138

34 There are no dues payable to vendors covered by the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2023 (Previous year ₹ NIL).

35 Previous year comparatives

Previous year amounts have been regrouped and reclassified wherever necessary to conform to current year's presentation.



GRIHA PTE. LIMITED

A Wholly Owned Subsidiary of HDFC Investments Limited

Eleventh Annual Report 2022-2023

Board of Directors	
	Date of appointment
Arnold Tan Kheng Lee	3 July 2014
Keki Minoo Mistry	22 September 2014
Chetan Doshi	21 November 2018
Bankers	
Standard Chartered Bank (Singapore) Marina Bay Financial Centre (Tower 1) 8 Marina Boulevard Level 23 Singapore 018981	
Auditors	
PricewaterhouseCoopers LLP 7 Straits View, Marina One, East Tower, Level 12, Singapore 018936	
Registered office:	
8 Marina View, #42-01 Asia Square Tower 1, Singapore 018960 Tel.: +65 6407 1114	

Directors' Statement for the financial year ended 31 March 2023

The directors present their statement to the member of Griha Pte. Limited (the "Company") together with the audited financial statements for the financial year ended 31 March 2023.

In the opinion of the directors,

- (a) the financial statements as set out on pages 452 to 470 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors in office at the date of this statement are as follows:

Arnold Tan Kheng Lee

Keki Minoo Mistry

Chetan Doshi

Arrangements to enable directors to acquire shares and debentures

Neither at the end nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of

the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

Name of director and corporations in which interests are held	Description of interests	Holdings registered in name of director or nominee	
		At 31.3.2023	At 31.3.2022
Keki Minoo Mistry			
Ultimate Holding Company			
HDFC Limited	Ordinary shares	1,073,314	815,750
Immediate Holding Company			
HDFC Investments Ltd.	Ordinary shares	—	—
Related Corporation			
HDFC Life Insurance Co. Ltd.	Ordinary shares	868,000	1,128,000
HDFC Asset Management Co. Ltd.	Ordinary shares	168,320	168,320
HDFC Bank Ltd.	Ordinary shares	789	495,231

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, Pricewaterhouse Coopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Chetan Doshi
Director

17 April 2023

Arnold Tan Kheng Lee
Director

Independent Auditors' Report

TO THE MEMBER OF GRIHA PTE. LIMITED

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of **Griha Pte. Limited** (the "Company") are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the statement of comprehensive income for the year ended 31 March 2023;
- the balance sheet as at 31 March 2023;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code")

together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to

Independent Auditors' Report (Continued)

continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Pricewaterhouse Coopers LLP

Singapore,
17 April 2023

Public Accountants and
Chartered Accountants

Balance Sheet

As at 31 March, 2023

	Note	2023 S\$	2022 S\$
ASSETS			
Current assets			
Cash and bank deposits	10	12,485,570	12,975,543
Other current assets	11	34,300	26,697
Trade and other receivable	12	713,570	11,517
		<u>13,233,440</u>	<u>13,013,757</u>
Non-current assets			
Financial assets, at fair value through profit or loss	13	250	250
Property and equipment	14	123,063	26,983
		<u>123,313</u>	<u>27,233</u>
Total assets		<u>13,356,753</u>	<u>13,040,990</u>
LIABILITIES			
Current liabilities			
Trade and other payables	17	145,551	130,358
Lease liabilities	15	86,104	26,060
Current income tax liabilities	9	85,157	167,340
		<u>316,812</u>	<u>323,758</u>
Non-current liabilities			
Lease liabilities	15	36,956	—
		<u>36,956</u>	<u>—</u>
Total liabilities		<u>353,768</u>	<u>323,758</u>
NET ASSETS		<u>13,002,985</u>	<u>12,717,232</u>
EQUITY			
Share capital	16	1,120,000	1,120,000
Retained earnings		<u>11,882,985</u>	<u>11,597,232</u>
Total equity		<u>13,002,985</u>	<u>12,717,232</u>

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income

For the financial year ended 31 March, 2023

	Note	2023 S\$	2022 S\$
Revenue			
Management fee revenue		1,523,532	2,363,032
Carried interest revenue		292,226	—
Other income	4	199,438	31,010
		<u>2,015,196</u>	<u>2,394,042</u>
Other gains/(losses)	5	(230,316)	76,066
Expenses			
Employee compensation	6	(368,804)	(317,353)
Depreciation	14	(76,395)	(61,541)
Finance expense	8	(3,371)	(2,485)
Advisory fee to related party		(806,397)	(800,000)
Other expenses	7	(158,663)	(141,829)
Total expenses		<u>(1,413,630)</u>	<u>(1,323,208)</u>
Profit before income tax		371,250	1,146,900
Income tax expense	9	(85,497)	(167,196)
Profit after tax		<u>285,753</u>	<u>979,704</u>
Total comprehensive income		<u>285,753</u>	<u>979,704</u>

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

For the financial year ended 31 March, 2023

	Note	2023 S\$	2022 S\$
Cash flows from operating activities			
Profit after tax		285,753	979,704
Adjustments for:			
- Income tax expense	9	85,497	167,196
- Depreciation	14	76,395	61,541
- Unrealised losses on foreign currency translation		3,452	1,372
- Interest expense on lease liabilities	8	3,371	2,485
- Interest income	4	(199,438)	(31,010)
Operating cash flows before change in working capital		255,030	1,181,288
Changes in working capital:			
- Trade and other receivables	12	(610,528)	—
- Other current assets	11	(7,603)	(1,042)
- Trade and other payables	17	15,193	(7,900)
Cash generated by operations		(347,908)	1,172,346
Income tax paid		(167,680)	(422,574)
Net cash generated by operating activities		(515,588)	749,772
Cash flows from financing activities			
Lease interest paid	8	(3,371)	(2,485)
Principal repayment of lease liability		(75,247)	(60,718)
Net cash used in financing activities		(78,618)	(63,203)
Cash flows from investing activities			
Purchase of property and equipment	14	(228)	—
Interest received		107,913	24,156
Net cash generated by investing activities		107,685	24,156
Net increase in cash and cash equivalents		(486,521)	710,725
Effects of currency translation on cash and cash equivalents		(3,452)	(1,372)
Cash and cash equivalents at beginning of financial year		12,975,543	12,266,190
Cash and cash equivalents at the end of financial year	10	12,485,570	12,975,543

Reconciliation of liabilities arising from financing activities

Notes	1 April S\$	Principal and interest payments S\$	Non-cash changes\$		31 March S\$
		15(d)	Modification of lease S\$	Interest expense S\$	
			15(e)	15(c)	
2023					
Lease liabilities	26,060	(78,618)	172,247	3,371	123,060
2022					
Lease liabilities	86,778	(63,203)	—	2,485	26,060

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

For the financial year ended 31 March, 2023

	Share capital S\$	Retained earnings S\$	Total equity S\$
2023			
Beginning of financial year	1,120,000	11,597,232	12,717,232
Total comprehensive income	—	285,753	285,753
End of financial year	<u>1,120,000</u>	<u>11,882,985</u>	<u>13,002,985</u>
2022			
Beginning of financial year	1,120,000	10,617,528	11,737,528
Total comprehensive income	—	979,704	979,704
End of financial year	<u>1,120,000</u>	<u>11,597,232</u>	<u>12,717,232</u>

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 March, 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Griha Pte. Limited (the “Company”) is a private limited liability company incorporated and domiciled in Singapore. The address of its registered office is 8 Marina View, #42-01, Asia Square Tower 1, Singapore 018960.

The principal activity of the Company is to act as an investment manager (the “Investment Manager”) to Singapore domiciled funds and its SPVs. Prior to 1 April 2016, the Company operated as a Registered Fund Management Company with Monetary Authority of Singapore (the “MAS”). With effect from 1 April 2016, the Company was granted a capital market services (“CMS”) license for fund management by the MAS. It is subject to the Securities and Futures Act 2001 and the related regulations.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore (“FRS”). The financial statements have been prepared under the historical cost convention.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

Standards and amendments to existing standards effective on 1 April 2022

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 April 2022 that have a material effect on the financial statements of the Company.

New standards, amendments and interpretations effective after 1 April 2022 and have not been early adopted

Certain new accounting standards and interpretations which have been published are not mandatory for 31 March 2023 reporting periods, and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Company’s activities.

Revenue is recognised as follows:

(i) *Management fee income*

Revenue from the provision of investment management and advisory service is recognised over the period in which the services are rendered, due upon receipt of invoice. Total management fee income recognised during the year was S\$1,523,532 (2022: S\$2,363,032).

(ii) *Carried interest income*

The Company is entitled to receive carried interest upon the disposal of the last investment and distribution of all proceeds. Total carried interest income recognised during the year was S\$292,226 (2022: S\$ Nil).

Notes to the Financial Statements

For the financial year ended 31 March, 2023 (Continued)

(iii) Interest income

Interest income is recognised using the effective interest method.

Fees receivable or received in advance for services to be provided in the future are recorded as deferred revenue and are recognised as revenue over the relevant periods when the services are rendered.

2.3 Property and equipment

Property and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Computer equipment	4 years
Office equipment	4 years
Office renovation	Lease period

The residual values, estimated useful lives and depreciation method of equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.4 Impairment of non-financial assets

Property and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased only to the extent that this amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

2.5 Trades and other payables

Trade and other payables represent unpaid liabilities for goods and services provided to the Company prior to the end of financial year. They are classified as current liabilities if payment is due within one year or less.

Notes to the Financial Statements

For the financial year ended 31 March, 2023 (Continued)

Otherwise, they are presented as non-current liabilities. Trades and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2.6 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and short-term fixed deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.7 Foreign currency translation

The financial statements are presented in Singapore Dollar (“S\$” or “SGD”), which is the functional currency of the Company.

Transactions in a currency other than Singapore Dollar (“foreign currency”) are translated into Singapore Dollar using the exchange rates at the dates of the transactions.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Foreign exchange gains and losses impacting profit or loss are presented within ‘other gains/(losses)’.

2.8 Financial assets

The Company classifies its financial assets into the following measurement categories:

- Amortised cost; and
- Fair value through profit and loss (FVPL)

The classification of debt instruments depends on the Company’s business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

(i) At initial recognition

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) At subsequent measurement

1. Debt instrument

Debt instruments of the Company mainly comprise of cash and bank deposits, deposits and trade and other receivables.

There are three prescribed subsequent measurement categories, depending on the Company’s business model in managing the assets and the cash flow characteristic of the assets. The

Notes to the Financial Statements

For the financial year ended 31 March, 2023 (Continued)

Company managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For trade receivable, the Company applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2. Equity instruments

The Company subsequently measures all its equity instruments at their fair values. Equity instruments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in “other gain/(losses)”, except for those equity securities which are not held for trading.

Regular way purchases and sales of these financial assets are recognised on trade date - the date on which the Company commits to purchase or sell the asset.

On disposal, the differences between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income.

2.9 Leases

When the Company is the lessee

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

The Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented within “Property and equipment”.

Notes to the Financial Statements

For the financial year ended 31 March, 2023 (Continued)

- Lease liabilities

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Company's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short-term and low-value leases

The Company has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2.10 Income taxes

Current income tax is recognised at the amount expected to be paid to or recovered from the tax authorities.

Current income tax is measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date, and are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2.11 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, that it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.12 Employee compensation

(a) *Defined contribution plans*

The Company's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due.

(b) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Notes to the Financial Statements

For the financial year ended 31 March, 2023 (Continued)

2.14 Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.15 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: (a) restricted activities; (b) a narrow and well defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors; and (c) capital by way of issuance of Redeemable Preference Shares to investors that create concentrations of credit or other risks.

(i) *Interest in funds managed by the Company*

The Company has determined that the investment funds that it manages are structured entities, as a result of the power conveyed through their investment management agreement with the funds in their operating decisions. The Company's interests currently in these funds is the management fees that it earns from them. The Company does not have any economics rights in these funds and is entitled to only receive the paid up amount of capital upon winding up of the funds.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease assets and liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain estimates including its credit rating.

4. Other income

	2023 S\$	2022 S\$
Interest income from financial assets measured at amortised cost - bank deposits	<u>199,438</u>	<u>31,010</u>

5. Other (losses)/gains

	2023 S\$	2022 S\$
Net currency exchange (losses)/gains	<u>(230,316)</u>	<u>76,066</u>

Notes to the Financial Statements

For the financial year ended 31 March, 2023 (Continued)

6. Employee compensation

	2023 S\$	2022 S\$
Wages, salaries and bonuses	294,902	249,172
Contributions to defined contribution plans	67,673	52,151
Other benefits	6,229	16,030
	<u>368,804</u>	<u>317,353</u>

7. Other expenses

Other expenses comprise the following items

	2023 S\$	2022 S\$
Professional and legal fees	130,075	117,744
Bank charges	1,676	2,827
Other office cost	7,457	7,105
Telecommunication expenses	1,783	1,788
Regulatory expenses	4,688	4,736
Insurance	7,133	7,109
Entertainment expenses	936	520
Travelling expenses	4,915	-
	<u>158,663</u>	<u>141,829</u>

8. Finance expenses

	2023 S\$	2022 S\$
Interest expense		
– lease liabilities	3,371	2,485

9. Income tax

	2023 S\$	2022 S\$
Tax expense attributable to profit is made up of:		
– Current income tax	85,157	167,340
	<u>85,157</u>	<u>167,340</u>
Under/(Over) provision in prior financial years		
– Current income tax	340	(144)
	<u>85,497</u>	<u>167,196</u>

Notes to the Financial Statements

For the financial year ended 31 March, 2023 (Continued)

The tax on profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2023 S\$	2022 S\$
Profit before tax	<u>371,250</u>	<u>1,146,900</u>
Tax calculated at a tax rate of 17% (2022: 17%)	<u>63,112</u>	<u>194,973</u>
Effects of:		
– Expenses not deductible for tax purposes	39,470	2,816
– Income not subject to tax	—	(13,024)
– Statutory stepped income exemption	(17,425)	(17,425)
– Under / (Over) provision of tax	<u>340</u>	<u>(144)</u>
Tax charge	<u>85,497</u>	<u>167,196</u>

Movements in current income tax liabilities

	2023 S\$	2022 S\$
Beginning of the financial year	167,340	422,718
Income tax paid	(167,680)	(422,574)
Tax payable on profit for current financial year	85,157	167,340
Under / (Over) provision in preceding financial years	<u>340</u>	<u>(144)</u>
End of financial year	<u>85,157</u>	<u>167,340</u>

10. Cash and bank deposits

	2023 S\$	2022 S\$
Cash at bank	163,659	253,266
Short-term bank deposits	<u>12,321,911</u>	<u>12,722,277</u>
	<u>12,485,570</u>	<u>12,975,543</u>

The effective interest rate of the term deposits as at 31 March 2023 was 4.48% (2022: 0.67%) per annum. The term deposits have been placed with an internationally reputed bank with high ratings. Term deposits are not subject to restriction as the principal amount suffers no penalty upon early withdrawal, and is hence subject to an insignificant risk of change in value.

11. Other current assets

	2023 S\$	2022 S\$
Prepayment	19,362	16,163
Deposits	<u>14,938</u>	<u>10,534</u>
	<u>34,300</u>	<u>26,697</u>

Notes to the Financial Statements

For the financial year ended 31 March, 2023 (Continued)

12. Trade and other receivables

	2023 S\$	2022 S\$
Management fee receivable	320,865	—
Carried interest receivable	289,663	—
Interest receivable	103,042	11,517
	<u>713,570</u>	<u>11,517</u>

Trade and other receivables are unsecured, interest free and are repayable on demand.

13. Financial assets, at fair value through profit or loss (FVPL)

	2023 S\$	2022 S\$
HIREF International Fund II Pte. Ltd.	125	125
HIF International Fund Pte. Ltd.	125	125
	<u>250</u>	<u>250</u>

The Company holds 100 ordinary share of HIREF International Fund II Pte. Ltd. and HIF International Fund Pte. Ltd. (the “Funds”), respectively, which were acquired on 30 June 2014 at terms agreed between the parties. These ordinary shares neither earn any dividend nor have any economic rights and are held solely for management of the Funds. The Funds’ share capital comprises of redeemable shares and ordinary shares.

14. Property and equipment

	Computers S\$	Office equipment S\$	Office renovation S\$	Right-of-use asset – Office building S\$	Total S\$
2023					
<i>Cost</i>					
Beginning of financial year	7,882	13,768	35,616	121,463	178,729
Additions	228	—	—	—	228
Modification of lease	—	—	—	172,247	172,247
End of financial year	<u>8,110</u>	<u>13,768</u>	<u>35,616</u>	<u>293,710</u>	<u>351,204</u>
<i>Accumulated depreciation</i>					
Beginning of financial year	6,344	13,628	35,616	96,158	151,746
Depreciation for the year	762	90	—	75,543	76,395
End of financial year	<u>7,106</u>	<u>13,718</u>	<u>35,616</u>	<u>171,701</u>	<u>228,141</u>
Net book value					
End of financial year	<u>1,004</u>	<u>50</u>	<u>—</u>	<u>122,009</u>	<u>123,063</u>
2022					
<i>Cost</i>					
Beginning of financial year	7,882	13,768	35,616	121,463	178,729
Additions	—	—	—	—	—
End of financial year	<u>7,882</u>	<u>13,768</u>	<u>35,616</u>	<u>121,463</u>	<u>178,729</u>
<i>Accumulated depreciation</i>					
Beginning of financial year	5,625	13,538	35,616	35,426	90,205
Depreciation for the year	719	90	—	60,732	61,541
End of financial year	<u>6,344</u>	<u>13,628</u>	<u>35,616</u>	<u>96,158</u>	<u>151,746</u>
Net book value					
End of financial year	<u>1,538</u>	<u>140</u>	<u>—</u>	<u>25,305</u>	<u>26,983</u>

Notes to the Financial Statements

For the financial year ended 31 March, 2023 (Continued)

15. Leases

Nature of the Company's leasing activities

Property

The Company leases office building for the purpose of office operations. On 5 July 2022, the Company has renewed the lease for the period from 1 September 2022 to 31 August 2024.

There are no externally imposed covenants on these lease arrangements.

a) Carrying amounts (see note 14)

	2023 S\$	2022 S\$
Office building	<u>122,009</u>	<u>25,305</u>

b) Depreciation charge during the year (see note 14)

	2023 S\$	2022 S\$
Office building	<u>75,543</u>	<u>60,732</u>

c) Interest expense

	2023 S\$	2022 S\$
Interest expense on lease liabilities	<u>3,371</u>	<u>2,485</u>

d) Total cash outflow for all leases during the year was S\$78,618 (2022: S\$63,203).

e) Addition of right-of-use assets due to modification of lease during the financial year 2023 was S\$172,247 (2022: S\$Nil). Short term lease accounted for using short-term exemption, which was not capitalised in lease liabilities was S\$Nil (2022: S\$Nil).

f) Further cash outflow which are not capitalised in lease liability

Extension option

The leases for contain extension periods for which the related lease payments had not been included in lease liabilities as the Company is not reasonably certain to exercise the extension option. The Company negotiates extension options to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of the extension options are exercisable by the Company and not by the lessor.

Notes to the Financial Statements

For the financial year ended 31 March, 2023 (Continued)

16. Share capital

	Number of ordinary shares	Share capital S\$
2023		
Beginning of financial year	<u>1,120,000</u>	<u>1,120,000</u>
End of financial year	<u>1,120,000</u>	<u>1,120,000</u>
2022		
Beginning of financial year	<u>1,120,000</u>	<u>1,120,000</u>
End of financial year	<u>1,120,000</u>	<u>1,120,000</u>

The Company's share capital comprises fully paid-up 1,120,000 (2022: 1,120,000) ordinary shares with no par value, amounting to a total of S\$1,120,000 (2022: S\$1,120,000).

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and have no par value.

HDFC Investments Ltd.'s liability arising from its interests in the Company is limited to the issued ordinary share capital of the Company.

17. Trade and other payables

	2023 S\$	2022 S\$
GST payables	21,991	27,741
Other accruals for operating expenses	<u>123,560</u>	<u>102,617</u>
	<u>145,551</u>	<u>130,358</u>

18. Related party transactions and balances

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

	2023 S\$	2022 S\$
<u>Related party transactions</u>		
Management fees from the Funds	1,523,532	2,363,032
Carried interest from the Funds	292,226	—
Insurance expense paid on behalf of the Funds	100,911	123,092
Advisory fees to HDFC Property Ventures Limited	(806,397)	(800,000)
Directors' fees	<u>(15,000)</u>	<u>(15,000)</u>
<u>Key management compensation</u>		
Directors' compensation	<u>238,420</u>	<u>196,480</u>

Notes to the Financial Statements

For the financial year ended 31 March, 2023 (Continued)

19. Interest in structured entities

The Company has interests in structured entities as a result of contractual arrangements arising from its principal activity, the management of assets on behalf of its clients.

The structured entities are financed by issuing Redeemable Preference Shares (RPS) to its investors committing capital investments which are subsequently drawn down by such entities to fund its investments and meet expenses. The Company earns a management fee from such structured entities, which is typically based on a percentage of the committed or invested capital. The objective of the structured entities is to generate capital appreciation and/or investment income for its RPS shareholders.

The Company's maximum exposure to losses related to the Funds is represented by the total interests in the form of financial assets at FVPL (Note 13), and management fees receivables and carried interest receivables if any as at financial year end.

20. Financial risk management

The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's performance.

Financial risk management is carried out under policies agreed by the Board of Directors. The Board of Directors provides guidelines for overall risk management, as well as policies covering specific areas.

(a) Market risk

(i) Currency risk

The Company's business is exposed to the United States Dollar ('USD') as significant transactions are dominated in USD.

	2023 S\$	2022 S\$
Financial assets		
Cash and bank deposits	12,323,789	12,844,536
Trade and other receivables	713,570	11,517
Financial assets, FVPL	250	250
	<u>13,037,609</u>	<u>12,856,303</u>
Financial liabilities		
Trade and other payables	9,970	5,078
	<u>9,970</u>	<u>5,078</u>
Net financial assets	<u>13,027,639</u>	<u>12,851,225</u>

At 31 March 2023, if the USD had weakened/strengthened by 1.82% (2022: 0.63%) against the SGD with all other variables including tax rate being held constant, the Company's profit after tax for the financial year would have been S\$196,796 (2022: S\$67,199) lower/higher as a result of currency translation gains/losses on the USD denominated financial instruments.

(ii) Interest rate risk

The Company has insignificant financial assets or liabilities that are exposed to interest rate risks.

Notes to the Financial Statements

For the financial year ended 31 March, 2023 (Continued)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligation, resulting in financial loss to the Company.

(i) *Risk management*

The Company adopts the policy of dealing only financial institutions and other counterparties with high credit ratings. The cash deposit of the Company are held with Standard Chartered Bank, which has credit ratings of A1 (2022: A1) by Moody's.

(ii) *Impairment of financial assets*

The Company measures credit risk and expected credit losses using the probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 31 March 2023 and 31 March 2022, cash at bank are held with counterparties with a high credit rating. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near future. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Company.

As at 31 March 2023 and 31 March 2022, the financial assets of the Company are neither past due nor impaired.

(c) Liquidity risk

The Company manages its liquidity risk by maintaining sufficient cash and bank balances to enable it to meet its normal operating requirement. As at 31 March 2023 and 31 March 2022, the Company's financial liabilities are repayable within one year. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year S\$	Between 1 and 2 years S\$
At 31 March 2023		
Financial liabilities		
Trade and other payables	145,551	—
Lease liabilities	89,628	37,345
	<u>235,179</u>	<u>37,345</u>
	Less than 1 year S\$	Between 1 and 2 years S\$
At 31 March 2022		
Financial liabilities		
Trade and other payables	130,358	—
Lease liabilities	26,335	—
	<u>156,693</u>	<u>—</u>

Notes to the Financial Statements

For the financial year ended 31 March, 2023 (Continued)

(d) Capital risk

The Company's objectives when managing capital are to ensure that the Company is adequately capitalised and to maintain an optimal structure by issuing or redeeming additional equity when necessary. Total capital is calculated as equity as shown in the balance sheet, which is equivalent to the total assets less the total liabilities.

The Company is required to comply with the continuing financial requirements as required by Singapore's Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licenses) Regulations.

The Company is in compliance with all externally imposed capital requirements for the financial years ended 31 March 2023 and 31 March 2022.

The capital structure of the Company includes equity attributable to the shareholder of the Company, comprising issued capital as disclosed in Note 16.

(e) Fair value measurements

The significant financial assets held by the Company are cash and cash equivalents and trade and other receivables. These financial assets are carried at amortised cost.

The carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximate their fair values.

Except for cash and cash equivalents which are classified as Level 1, the Company's assets and liabilities not measured at fair value at 31 March 2023 and 31 March 2022 have been classified as Level 2, which include trade and other receivables, other current assets, trade and other payables.

The Company's financial assets at fair value through profit or loss are classified within Level 3. These comprise management shares held in the Funds which are not traded in an active market. The management shares are only entitled to the return of the par value paid on such management shares and do not have the right of redemption except at the election of the Funds. Consequently, the Company values these shares at par value.

For financial assets at fair value through profit and loss, fair value gains and losses will be recognised in profit or loss and accumulated in retained profits.

The Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There have been no transfers between levels of the fair value hierarchy during the financial years 31 March 2023 and 31 March 2022.

(f) Financial instruments by category

The carrying amounts of financial assets measured at fair value (financial assets, at fair value through profit and loss) are disclosed on the face of the balance sheet and in Note 13 to the financial statements.

The aggregate carrying amounts of financial assets and financial liabilities at amortised cost are as follows:

	2023 S\$	2022 S\$
Financial assets, at amortised cost	13,214,078	12,997,594
Financial liabilities, at amortised cost	<u>268,611</u>	<u>156,418</u>

Notes to the Financial Statements

For the financial year ended 31 March, 2023 (Continued)

21. Immediate and ultimate holding corporation

The Company's immediate holding company is HDFC Investments Limited, incorporated in India and the ultimate holding corporation is HDFC Limited, a company incorporated in India.

On 4 April, 2022, the Board of Directors of the Company's Ultimate holding company, Housing Development Finance Corporation Limited ("HDFC Limited"), passed a resolution to approve a composite scheme of amalgamation ("Scheme") for the amalgamation of:

- (i) HDFC Investments Limited and HDFC Holdings Limited, wholly-owned subsidiaries of HDFC Limited, with and into HDFC Limited; and
- (ii) HDFC Limited with HDFC Bank Limited.

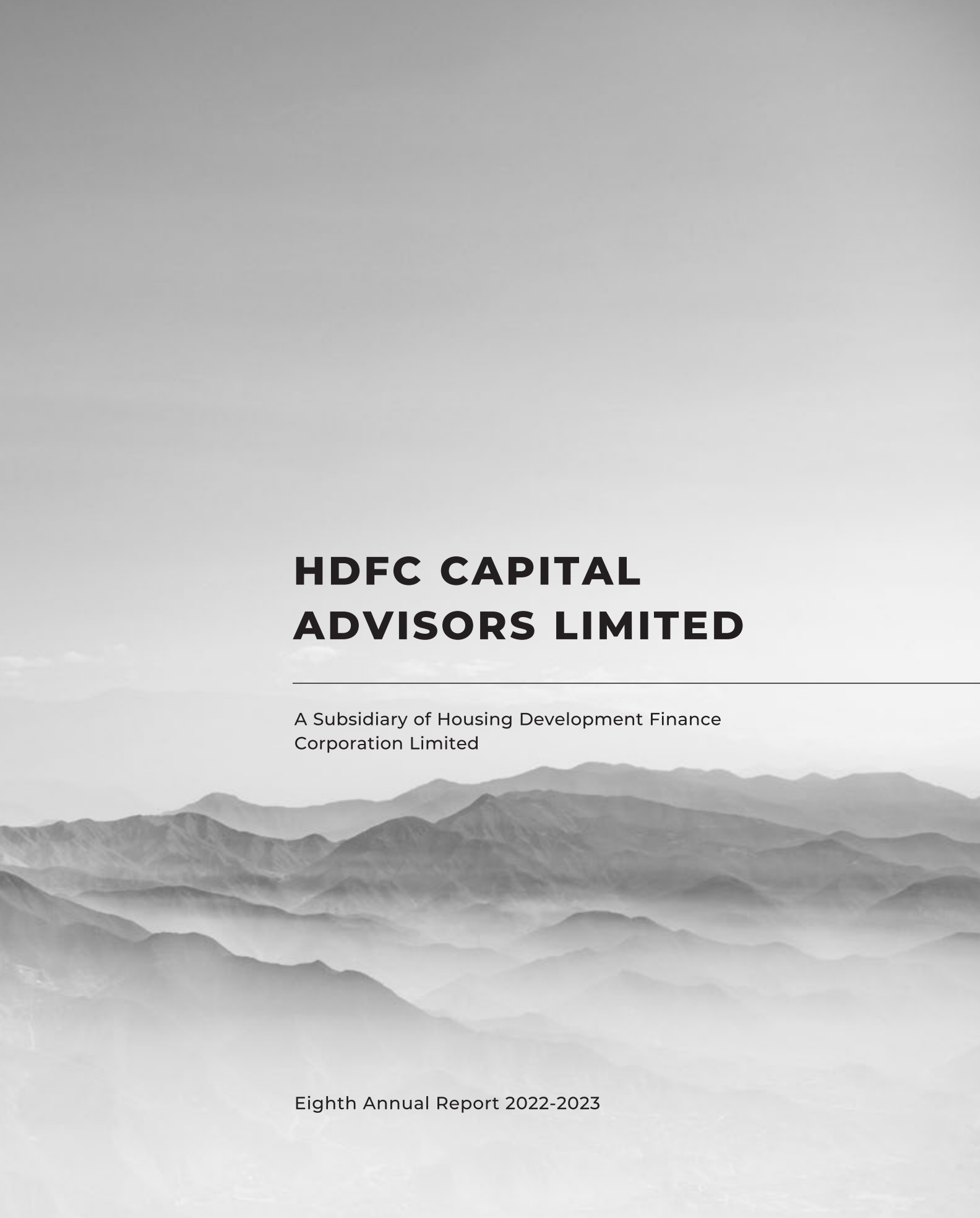
The amalgamation is expected to be finalised in late 2023. The immediate holding company and ultimate holding corporation after the amalgamation will be HDFC Bank Limited.

22. Events occurring after balance sheet date

The Company evaluated subsequent events through 17 April 2023, the date the financial statements were available for issuance, and determined that there were no material subsequent events requiring disclosure.

23. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Griha Pte. Limited on 17 April 2023.



HDFC CAPITAL ADVISORS LIMITED

A Subsidiary of Housing Development Finance
Corporation Limited

Eighth Annual Report 2022-2023

Board of Directors

Mr. Mathew Joseph
(DIN: 01033802)

Ms. Madhumita Ganguli*
(DIN: 00676830)

Mr. Ajay Agarwal
(DIN: 08626284)

Mr. Vinayak Mavinkurve
(DIN: 02129859)

Mr. Abhijit Singh
(DIN: 08102179)

** resigned w.e.f. April 18, 2022*

Statutory Auditors

Deloitte Haskins & Sells LLP
Chartered Accountants

Banker

HDFC Bank Limited

Registered Office

Ramon House,
H. T. Parekh Marg,
169, Backbay Reclamation,
Churchgate,
Mumbai 400 020
Tel. No.: +91 22 6141 3951
CIN: U74999MH2015PLC264030

Directors' Report

TO THE MEMBERS

Your directors are pleased to present the eighth annual report of your Company with the audited accounts for the year ended March 31, 2023.

Financial Results

	For the year ended March 31, 2023 (₹ in lakhs)	For the year ended March 31, 2022 (₹ in lakhs)
Profit before Tax	7,821.92	2,781.50
Provision for Tax	(1,982.20)	(715.94)
Profit after Tax	5,839.72	2,065.56
Other comprehensive income	(8.33)	(14.71)
Total comprehensive income for the year	5,831.39	2,050.85
Profit after Appropriation	5,831.39	2,050.85
Profit brought forward from previous year	9,995.28	7,944.43
Profit carried forward to Balance Sheet	15,826.67	9,995.28

Dividend

Your directors do not recommend any dividend for the year ended March 31, 2023.

Review of Operations

Your Company is a subsidiary of Housing Development Finance Corporation Limited (HDFC) as on March 31, 2023. The Company has reported a profit after tax of ₹ 5,839.72 lakhs during the year as against ₹ 2,065.56 lakhs in the previous year.

Your Company acts as an Investment Manager for HDFC Capital Affordable Real Estate Fund – 1 (HCARE-1), HDFC Capital Affordable Real Estate Fund – 2 (HCARE-2), HDFC Capital Affordable Real Estate Fund – 3 (HCARE-3) and HDFC Capital AIF-3- Scheme 2 (launched during the year).

During the year, your Company has received –

- approval for registration as Portfolio Manager (for co-investment services only) in terms of Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 read with Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020; and
- approval from the GIFT SEZ for setting up an IFSC financial services unit in Gift Multi-services- SEZ for providing investment management services;

As a part of H@ART program, your Company continues to engage with entities providing innovative products and solutions for the real estate sector. Your Company has outstanding investments of ₹ 2,373.39 lakhs in technology solution providing entities, as at March 31, 2023. Your company also organised the HDFC Real Estate Tech Innovators 2022 initiative in partnership with Invest India, corporates and PE funds to recognize and showcase innovations in the Real Estate Technology space that will drive efficiencies within the affordable housing ecosystem.

In May 2022, HDFC sold 10% of the paid-up equity share capital (on fully diluted basis) of the Company, to Platinum Light C 2013 RSC Limited (Acting in its capacity as the trustee of the Platinum Light A 2014 Trust) (Platinum Light), a wholly-owned subsidiary of Abu Dhabi Investment Authority (ADIA). Post completion of the sale, your Company ceased to be a wholly-owned subsidiary of HDFC.

Material Developments: Ongoing Scheme of Amalgamation

The Board of Directors of the Company at its meeting held on August 25, 2022 had approved the Scheme of amalgamation (Scheme), for the amalgamation of HDFC Property Ventures Limited (HPVL) and HDFC Venture Capital Limited (HVCL), wholly-owned subsidiaries of HDFC with and into the Company and matters related thereto, subject to receipt of requisite approvals from statutory and regulatory authorities as required under applicable laws.

During the year, the Company received no-objections/ approvals from various regulatory/statutory authorities and the Hon'ble National Company Law Tribunal, Mumbai (NCLT) has also, vide its order dated March 3, 2023, sanctioned the said scheme. However, considering certain recent events/developments, the management is exploring alternative options to achieve commercial objectives, and therefore, in the meantime, the Company, HPVL and HVCL jointly filed an interlocutory application on March 24, 2023 with the NCLT for seeking an extension of time for filing the above order with the Registrar of Companies, Mumbai and the same is reserved for order. As on the date of this Report, the said scheme has not been made effective.

There are no material changes and commitments affecting the financial position of the Company which have occurred after March 31, 2023 till the date of this Report.

Amalgamation of holding company

The Board of Directors of HDFC in its meeting held on April 4, 2022, approved a composite scheme of amalgamation for the amalgamation of: (a) HDFC Holdings Limited and HDFC Investments Limited with and into HDFC; and (b) HDFC with and into HDFC Bank Limited (HDFC Bank), subject to necessary approvals, consents, permissions and sanctions.

Upon the scheme being effective, HDFC would stand dissolved without being wound up. In view of the same, the control of the Company would change from HDFC to HDFC Bank. The amalgamation is likely to take effect in June/July 2023.

Memorandum of Association

During the year, the company amended the objects clause of its Memorandum of Association to authorise the company to act as a settlor to various funds viz. alternative investment funds, venture capital funds etc., pursuant to the approval of the shareholders of the company at the Annual General Meeting (AGM) held on June 24, 2022.

Articles of Association

Pursuant to the shareholders agreement dated April 19, 2022 entered between the Company, HDFC and Platinum Light, the Company was required to adopt new set of Articles of Association.

Accordingly, during the year, the Shareholders of the Company at the Extra-Ordinary General Meeting held on May 25, 2022 adopted the amended Articles of Association.

Employee Stock Option Plan – 2021 (ESOP-2021)

The Shareholders of the Company at the Extra-ordinary General Meeting held on December 22, 2021 approved issuance of 3,52,528 equity shares of ₹ 10 each of the Company under ESOP-2021 to eligible employees as defined thereunder.

Out of the total options approved under ESOP-2021, the Board of Directors of the Company at its meeting held on December 23, 2021 granted 2,82,020 stock options to eligible employees and reserved the remaining for future employees of the Company. There is no other stock option plan formulated by the Company.

The Board of Directors at its meeting held on December 15, 2022 approved certain amendments to the ESOP-2021 to *inter alia* amend the definition of holding company in view of the ongoing amalgamation of HDFC with and into

HDFC Bank, the vesting schedule/conditions and annual purchase obligation of the holding company to align the same with the revised vesting schedule/ conditions, subject to the approval of the Shareholders of the Company. The remaining terms and conditions including procedure of grant, appraisal process, exercise price, exercise period etc. remained the same. The Shareholders of the Company at the Extra-Ordinary General Meeting held on December 19, 2022 approved the aforesaid amendments to the ESOP-2021.

The exercise price for stock options granted during FY22 was determined on fair value of shares arrived at by an independent valuer appointed by the Board of Directors, on the grant date i.e. ₹ 928.86 per option. Subject to fulfilling the conditions specified in ESOP-2021 and in terms of the revised vesting schedule 50% of the options granted shall vest on the completion of 1 (one) year from the grant date, 25% of the options granted shall vest on the completion of 2 (two) years from the grant date and remaining 25% of the options granted shall vest on the completion of 3 (three) years.

During the year, 1,38,664 options were vested and all these mentioned options were exercised by eligible employees. Pursuant to exercise of 1,38,664 options, the Board of Directors of the Company at its meeting held on January 10, 2023 issued and allotted 1,38,664 equity shares to eligible employees at an exercise price of ₹ 928.86 per option aggregating to ₹ 12.88 crore. Due to resignation of 1 (one) employee, 2,348 options granted to him has lapsed during the FY 23.

Loans, Guarantees or Investments

During the year, your Company has not given any loan or provided any guarantee or security.

The details of investments made by your Company are provided in the notes forming part of the financial statements of the Company for the year ended March 31, 2023.

Particulars of Contracts or Arrangements with Related Parties

During the year, your Company adopted a Policy on Related Party Transactions.

Your Company has not entered into any contracts or arrangements with related parties requiring disclosure in Form No. AOC-2, as prescribed under Rule 8(2) of the Companies (Accounts) Rules, 2014.

Details of other related party transactions are provided in the notes to the financial statements.

Deposits

Your Company has not accepted any deposit and as such, no amount of principal or interest was outstanding as at March 31, 2023.

Subsidiary/Associate Companies

Your Company does not have any subsidiary or associate company.

Particulars of Employees

Your Company had 24 employees as at March 31, 2023.

Prevention of Sexual Harassment at Workplace

Your Company has in place, a policy on prevention, prohibition and redressal of sexual harassment at workplace in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (Act) and the rules made thereunder. Members of the Internal Complaints Committee (ICC) constituted by the Company are responsible for reporting and conducting inquiries pertaining to such complaints.

During the year, ICC met once. The external member of ICC also conducted a session to educate employees on applicability of the said Act and the rules made thereunder.

During the year, no sexual harassment complaints were received by ICC.

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The operations of your Company are not energy intensive. However, adequate measures have been taken for conservation of energy wherever possible.

During the year, your Company has neither incurred any expenditure in foreign currency nor has received any amount as foreign exchange earnings.

Directors

During the year, Ms. Madhumita Ganguli resigned from the board of the Company with effect from April 18, 2022 on account of personal commitments.

There was no other reason for her resignation, apart from the said reason. The Board of Directors extended its appreciation towards her contribution and guidance towards the Company during her tenure.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Mathew Joseph is liable to retire by rotation at the ensuing Annual General Meeting (AGM). He is eligible for re-appointment.

The necessary resolution for re-appointment of Mr. Mathew Joseph and the details as required under secretarial standard have been included in the notice convening the ensuing AGM.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors, in terms of Section 164(2) of the Companies Act, 2013.

None of the directors of your Company have been debarred from holding the office of director by virtue of any order from Securities and Exchange Board of India (SEBI) or any other such authority.

Board Meetings

During the year, the board met thirteen times. The meetings were held on April 20, 2022, April 29, 2022, May 25, 2022, July 20, 2022, August 18, 2022, August 25, 2022, September 15, 2022, October 17, 2022, December 15, 2022, January 10, 2023, January 13, 2023, January 24, 2023 and March 23, 2023.

The attendance of the directors at the above-mentioned board meetings is listed below:

Directors	Number of Meetings attended
Mr. Mathew Joseph	12
Mr. Ajay Agarwal	13
Mr. Abhijit Singh	13
Mr. Vinayak Mavinkurve	12

Leave of absence was granted to Mr. Vinayak Mavinkurve and Mr. Mathew Joseph who could not attend the meetings held on September 15, 2022 and December 15, 2022 respectively.

Corporate Social Responsibility Committee

During the year, the Corporate Social Responsibility (CSR) Committee of Directors was re-constituted to comprise Mr. Mathew Joseph, Mr. Ajay Agarwal and Mr. Abhijit Singh. The quorum for the CSR Committee Meeting is two members.

The terms of reference of the committee *inter alia* are to indicate activities/projects/programs to be undertaken by the Company towards CSR, approve the areas where CSR activities can be adopted and update the Board of Directors on the amount of expenditure incurred by the Company towards CSR.

During the year, the committee met once. The meeting was held on April 29, 2022.

The attendance of the members of the committee at the above-mentioned meeting is listed below:

Members	Number of Meeting attended
Mr. Mathew Joseph	1
Mr. Ajay Agarwal	1
Mr. Abhijit Singh [#]	—

[#] Mr. Abhijit Singh was appointed as a member of the committee w.e.f. September 15, 2022 and as such was not entitled to attend the committee meeting held during the year.

Further details as required under Section 135 of the Companies Act, 2013 and Rules made thereunder, are provided in the Annual Report on CSR activities annexed to this Report.

Auditors

At the Seventh AGM of the Company held on June 24, 2022, the Members had re-appointed Messrs Deloitte Haskins & Sells LLP, Chartered Accountants having Firm Registration Number 117366W/W-100018 as the statutory auditors of the Company, for a period of 5 years, to hold office as such until the conclusion of the Twelfth AGM.

The Company has received a confirmation from Messrs Deloitte Haskins & Sells LLP, to the effect that they satisfy the eligibility criteria prescribed under Section 141 of the Companies Act, 2013 and rules made thereunder.

The Auditors' Report annexed to the financial statements for the year under review does not contain any qualification.

Risk Management

Your directors are of the opinion that the Company is managing its risks through well-defined internal financial controls and that there are no significant risks that may threaten the existence of the Company.

Significant and Material Orders passed by Regulators or Courts or Tribunal

During the year, no significant or material orders were passed by any regulator or courts or tribunals against the Company impacting the going concern status and the Company's operations in future.

Secretarial Standards

The Company has complied with the applicable provisions of Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

Directors' Responsibility Statement

In accordance with the provisions of Section 134(3)(c) of

the Companies Act, 2013 and based on the information provided by the management, your directors state that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed;
- Accounting policies selected have been applied consistently. Reasonable and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profit of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- The annual accounts of the Company have been prepared on a going concern basis; and
- Systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

Annual Return – Form No. MGT-7

The annual return in Form No. MGT- 7 for the financial year 2022-23 is available at www.hdfccapital.com.

Acknowledgements

Your directors would like to express their sincere appreciation to all the stakeholders of the Company for their support and continued patronage.

Your directors appreciate the guidance received from various statutory/regulatory authorities including the SEBI, Ministry of Corporate Affairs – Government of India, the Registrar of Companies, Mumbai, the depositories and the National Company Law Tribunal, Mumbai Bench.

Your directors recognise and appreciate the sincere hard work, loyalty and efforts of the employees of the Company in ensuring that the Company performs well.

On behalf of the Board of Directors

Vinayak Mavinkurve
Ajay Agarwal
Directors

Mumbai
April 24, 2023

Annex to Directors' Report - I

THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline on CSR Policy of the Company

The Company believes in conducting its business responsibly, fairly and in a most transparent manner. It continuously seeks ways to bring about an overall positive impact on the community and environment in which it operates.

The main objective of the CSR Policy of the Company is to lay down guidelines to make CSR a key business process for the sustainable development of the society and the environment. The Company's CSR policy is a guiding document which provides the approach and direction given by the board of the Company, after considering the recommendations of its CSR committee. It also includes, amongst others, guiding principles for selection, implementation and monitoring of CSR activities.

During the year, the Company as part of its CSR activities provided grants to a new partner towards livelihood enhancement project (Labourers Empowerment Aid Programme), providing social security benefits to workers.

The CSR Committee is the governing body that articulates the scope of CSR activities and ensures compliance with the CSR policy including monitoring implementation progress of the CSR projects undertaken by the Company.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Mathew Joseph	Director	1	1
2.	Mr. Ajay Agarwal	Director	1	1
3.	Mr. Abhijit Singh*	Director	—	—

*Appointed as a member of the committee w.e.f. September 15, 2022 and as such was not entitled to attend the committee meeting held on April 29, 2022.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company – www.hdfccapital.com
4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable. – **Not Applicable**
5. (a) Average net profit of the company as per section 135(5) – ₹ 3,241.86 lakhs
 (b) Two percent of average net profit of the company as per section 135(5) – ₹ 65.00 lakhs
 (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years – Nil
 (d) Amount required to be set off for the financial year, if any – Nil
 (e) Total CSR obligation for the financial year (5b+5c-5d) – ₹ 65.00 lakhs
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)–
 (b) Amount spent in Administrative Overheads – Nil
 (c) Amount spent on Impact Assessment, if applicable. – **Not Applicable**
 (d) Total amount spent for the Financial Year [(a)+(b)+(c)] – ₹ 65.02 lakhs
 (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹ lakhs)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
65.02	—	—	—	—	—

(f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in ₹ lakhs)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	65.00
(ii)	Total amount spent for the Financial Year	65.02
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.02
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	—
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.02

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years: **NIL**

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
	—	—	—	—	—	—	—	—
	TOTAL	—	—	—	—	—	—	—

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **No**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **Not Applicable**

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
—	—	—	—	—	—	—	—

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135 – **Not Applicable**

For **HDFC Capital Advisors Limited**

Mumbai
April 24, 2023

Mathew Joseph
Chairman – CSR Committee

Vipul Roongta
Chief Executive Officer

Independent Auditors' Report

To The Members of HDFC Capital Advisors Limited Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HDFC Capital Advisors Limited** (the "Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the financial statements and our auditor's report thereon. The Board report is expected to be made available to us after the date of this auditors' report.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720. 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from

Independent Auditors' Report (Continued)

material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

Independent Auditors' Report (Continued)

- e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, no remuneration has been paid by the Company to its directors other than by way of sitting fee for attending board meetings, in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations as at the year-end which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts as at the year-end for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (Refer Note 38 (j) of the financial statements)
 - (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (Refer Note 38 (j) of the financial statements)
 - (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

Independent Auditors' Report (Continued)

- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. As required by the Companies (Auditors' Report) Order, 2020 ("the Order") issued by the

Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

G. K. Subramaniam
Partner
(Membership No. 109839)
UDIN: 23109839BGXPXB9592

Place: Mumbai,
Date: April 24, 2023

Annexure “A” to the Independent Auditors’ Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the “Act”)

We have audited the internal financial controls with reference to financial statements of HDFC Capital Advisors Limited (the “Company”) as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the SAs, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their

operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A Company’s internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control

Annexure “A” to the Independent Auditors’ Report (Continued)

with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference

to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note.

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm’s Registration No.117366W/W-100018)

G. K. Subramaniam

Partner

(Membership No. 109839)

UDIN: 23109839BGXPXB9592

Place: Mumbai,
Date: April 24, 2023

Annexure “B” to the Independent Auditors’ Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) According to the information and explanations given to us, in respect of Property, Plant and Equipment & Intangible Assets,
 - (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
 - B. The Company has maintained proper records showing full particulars of intangible assets.
 - (b) The Property, Plant and Equipment, were physically verified during the year by the Management which, in our opinion, provides for physical verification at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The Company does not have any immovable properties and hence reporting under clause (i) (c) of the Order is not applicable.
 - (d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.
 - (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The Company does not have any inventory and hence reporting under clause (ii)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause (ii)(b) of the Order is not applicable.
- (iii) (a) During the year, the Company has made investments in companies (Refer Note 4 of the financial statements). The Company has not provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year.
- (b) The investments made during the year are, in our opinion, prima facie, not prejudicial to the Company’s interest.
- (c) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans and advances during the year and hence reporting under clause (iii)(c) of the Order is not applicable.
- (d) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans and advances during the year and hence reporting under clause (iii)(d) of the Order is not applicable.
- (e) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans and advances during the year and hence reporting under clause (iii)(e) of the Order is not applicable.
- (f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.
- (iv) According to information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees or securities under the provisions of sections 185 or 186 of the Act, and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits during the year and no order in this respect has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals in regard to the Company. Hence, reporting under clause (v) of the Order is not applicable.

Annexure “B” to the Independent Auditors’ Report (Continued)

- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company. Hence, reporting under clause (vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees’ State Insurance, Income-tax, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities in all cases during the year.
 - (b) There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees’ State Insurance, Income-tax cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
 - (c) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2023.
- (viii) According to the information and explanations given to us, no transactions relating to previously unrecorded income were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during the year.
- (ix) According to the information and explanations given to us, in respect of borrowings:
 - (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause (ix)(a) of the Order is not applicable to the Company.
 - (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
 - (c) In our opinion, the Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.
 - (d) In our opinion, Company has not availed any short-term fund hence reporting under clause 3(ix)(d) of the Order is not applicable.
- (e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.
- (f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.
- (x) (a) According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under section 143 (12) of the Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) According to information and explanation given to us, Section 138 of the Act is not applicable to the Company and hence reporting under clause (xiv)(a) and (b) of the Order is not applicable.
- (xv) According to the information and explanations given to us, during the year, the Company has not

Annexure “B” to the Independent Auditors’ Report (Continued)

entered into any non-cash transactions with any of its directors or directors of its holding company, subsidiary company, associate company or persons connected with such directors and hence provisions of section 192 of the Act are not applicable to the Company.

- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

- (xviii) There has been no resignation of the statutory auditors of the Company. Hence, reporting under clause (xviii) of the Order is not applicable.

- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, Asset Liability Maturity (ALM) pattern, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material

uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Act or special account in compliance with the provision of section 135 (6) of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No.117366W/W-100018)

G. K. Subramaniam

Partner

(Membership No. 109839)

UDIN: 23109839BGXPXB9592

Place: Mumbai,
Date: April 24, 2023

Balance Sheet as at 31 March 2023

Particulars	Note no.	(Amount in lakhs)	
		As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3	384.41	194.43
Other intangible assets	3	1,048.51	212.19
Financial assets			
– Investments	4	2,373.39	813.99
– Other financial assets	5	38.25	20.14
Deferred tax assets (Net)	6	—	8.14
Other non-current assets	7	9.06	2.66
Current assets			
Financial assets			
– Investments	8	14,609.92	8,457.13
– Trade and other receivables	9	2,118.05	990.49
– Cash and cash equivalents	10	114.66	1,431.21
– Bank balances other than cash and cash equivalents	11	853.41	52.90
– Other financial assets	12	33.20	22.03
Current tax assets (Net)	13	174.68	435.64
Other current assets	14	182.10	174.01
TOTAL ASSETS		21,939.64	12,814.96
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	15	213.63	199.77
Other equity	16	17,536.44	10,090.08
TOTAL EQUITY		17,750.07	10,289.85
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	17	848.23	144.73
Provisions	18	71.98	71.91
Deferred tax liabilities (Net)	6	67.00	—
Current liabilities			
Financial liabilities			
Trade and other payables	19	—	—
– Total outstanding dues of Micro enterprises and small enterprises		—	—
– Total outstanding dues of creditors other than Micro enterprises and small enterprises		2,364.17	2,046.96
Lease liabilities	20	211.62	92.06
Other current liabilities	21	569.21	122.13
Provisions	22	57.36	47.32
TOTAL LIABILITIES		4,189.57	2,525.11
TOTAL EQUITY AND LIABILITIES		21,939.64	12,814.96

See accompanying notes to the financial statements

1-43

As per our report of even date attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

G. K. Subramaniam
Partner

Vinayak Mavinkurve
Director
DIN: 02129859

Ajay Agarwal
Director
DIN: 08626284

Place: Jaipur
Date: 24 April 2023

Place: Mumbai
Date: 24 April 2023

Place: Mumbai
Date: 24 April 2023

Statement of Profit and Loss for the year ended 31 March 2023

Particulars	Note no.	(Amount in lakhs)	
		For the year ended 31 March 2023	For the year ended 31 March 2022
INCOME			
Revenue from operations	23	12,861.69	7,427.03
Other income	24	867.59	1,268.95
Total Income		13,729.28	8,695.98
EXPENSES			
Employee benefit expenses	25	4,303.24	5,089.81
Finance cost	26	37.20	16.40
Depreciation and amortisation expense	3	176.16	145.37
Other expenses	27	1,390.76	662.90
Total Expenses		5,907.36	5,914.48
Profit before tax		7,821.92	2,781.50
Tax expense			
Current tax		1,941.80	722.95
Deferred tax		75.14	(7.01)
Taxes of Earlier years		(34.74)	—
Total tax expense	28	1,982.20	715.94
Profit for the year		5,839.72	2,065.56
Other comprehensive income			
- Items that will not be reclassified to profit or loss		(11.13)	(19.66)
- Income tax relating to items that will not be reclassified to profit or loss		2.80	4.95
Other comprehensive income for the year		(8.33)	(14.71)
Total comprehensive income for the year		5,831.39	2,050.85
Earnings per equity share (Face Value of ₹ 10 each)	29		
Basic		287.89	103.40
Diluted		287.89	103.40
See accompanying notes to the financial statements	1-43		

As per our report of even date attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

G. K. Subramaniam
Partner

Place: Jaipur
Date: 24 April 2023

Vinayak Mavinkurve
Director
DIN: 02129859

Place: Mumbai
Date: 24 April 2023

Ajay Agarwal
Director
DIN: 08626284

Place: Mumbai
Date: 24 April 2023

Statement of changes in equity for the year ended 31 March 2023

Equity share capital		(Amount in lakhs)
Particulars		Total
Balance as at 31 March 2021		199.77
Changes in Equity share capital during the year		—
Balance as at 31 March 2022		199.77
Changes in Equity share capital during the year		13.86
Balance as at 31 March 2023		213.63

Other Equity						(Amount in lakhs)
Particulars	Reserves and Surplus (Retained Earnings)	Other Comprehensive Income	Securities Premium Reserve	Employee Stock Option Reserve		Total
Balance as at 31 March 2021	8,008.64	(64.21)	—	—		7,944.43
Profit for the year	2,065.56	—	—	—		2,065.56
Addition/Transferred during the year	—	—	—	94.81		94.81
Other comprehensive income	—	(14.71)	—	—		(14.71)
Total comprehensive income for the year	2,065.56	(14.71)	—	94.81		2,145.66
Balance as at 31 March 2022	10,074.20	(78.92)	—	94.81		10,090.09
Profit for the year	5,839.72	—	—	—		5,839.72
Addition during the year	—	—	1,274.13	340.83		1,614.96
Transferred during the year	—	—	250.76	(250.76)		—
Other comprehensive income	—	(8.33)	—	—		(8.33)
Total comprehensive income for the year	5,839.72	(8.33)	1,524.89	90.07		7,446.35
Balance as at 31 March 2023	15,913.92	(87.25)	1,524.89	184.88		17,536.44

The above Statement of changes in equity should be read in conjunction with the accompanying notes.

As per our report of even date attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

G. K. Subramaniam
Partner

Place: Jaipur
Date: 24 April 2023

Vinayak Mavinkurve
Director
DIN: 02129859

Place: Mumbai
Date: 24 April 2023

Ajay Agarwal
Director
DIN: 08626284

Place: Mumbai
Date: 24 April 2023

Statement of Cash Flows for the year ended 31 March 2023

	Note No.	For the year ended 31 March 2023	(Amount in lakhs) For the year ended 31 March 2022
Cash flow from operating activities			
Profit before tax		7,821.92	2,781.50
Adjustment for:			
Depreciation and amortisation	3	176.16	145.37
Profit on sale of current investments	24	(216.64)	(59.00)
Profit on sale of Non-current investments	24	—	(408.52)
(Gain)/ Loss on fair value of current investments	24	(244.15)	(146.40)
(Gain)/ Loss on fair value of non-current investments	24	(230.71)	39.09
Interest income on fixed deposit	24	(147.42)	(140.81)
Provision for Trade Receivables	27	285.00	—
Provision for Employee benefit obligation (Net)		10.11	28.22
Provision for Employee Stock Option Reserve in Statement of Profit & Loss		340.84	94.81
Lease Payments		(147.18)	(101.62)
Interest on lease		35.29	15.87
Income on change lease agreement		(25.26)	(8.61)
Changes in assets and liabilities			
(Increase)/ Decrease in current and non-current assets		(1,456.36)	(611.23)
Increase/ (Decrease) in current and non-current liabilities		764.31	1,478.46
Cash generated from operations		6,965.91	3,107.12
Income taxes paid (net of refund)		(1,654.44)	(1,049.30)
Net cash flow from operating activities		5,311.47	2,057.82
Cash flow from investing activities			
Profit on sale of current investments	24	216.64	59.00
Profit on sale of Non-current investments	24	—	408.52
Purchase of current investments		(11,730.00)	(11,548.95)
Purchase of non-current investments		(1,328.68)	(634.54)
Sale of current investments		8,911.36	5,883.00
Sale of Non-current investments		—	340.62
(Investment)/Maturity of Fixed Deposit (Net)		(3,900.00)	3,744.00
Interest received on Fixed Deposit		156.40	291.74
Sale of Property, plant and equipment		0.56	0.02
Purchase of Property, plant and equipment	3	(242.29)	(148.85)
Net cash flow used in investing activities		(7,916.01)	(1,605.45)
Cash flow from financing activities			
Proceeds received from issue of Equity Shares		1,287.99	—
Net cash flow from financing activities		1,287.99	—
Net increase in cash and cash equivalents		(1,316.55)	452.37
Cash and cash equivalents at the beginning of the year		1,431.21	978.83
Cash and cash equivalents at the end of the year		114.66	1,431.21
Cash on hand		0.28	0.19
Balances with banks - current account		114.38	431.02
Fixed Deposit with original maturity less than 3 months (Principal)		—	1,000.00
Cash and cash equivalents at the end of the year	10	114.66	1,431.21

As per our report of even date attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants
G. K. Subramaniam
Partner

Place: Jaipur
Date: 24 April 2023

Vinayak Mavinkurve
Director
DIN: 02129859
Place: Mumbai
Date: 24 April 2023

Ajay Agarwal
Director
DIN: 08626284
Place: Mumbai
Date: 24 April 2023

Notes forming part of the financial statements

1. GENERAL INFORMATION

HDFC Capital Advisors Limited (“the Company”) is a Public Limited Company incorporated and domiciled in India having its registered office at Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai- 400 020.

The Company was incorporated as a Public Limited Company on 05 May 2015 under the provisions of Companies Act, 2013. The Company is acting as an Investment Manager for Category II Alternative Investment Funds (AIF) registered with Securities and Exchange Board of India vide registration no. IN/AIF2/15-16/0160; IN/AIF2/17-18/0499 and IN/AIF2/21-22/0909. During the year, Company has obtained registration under SEBI (Portfolio Managers) Regulations for Co-Investment Portfolio Management Services.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements are prepared and presented in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2018 notified under section 133 of the Companies Act, 2013 (the “Act”), the relevant provisions of the Act as applicable.

2.2 Basis of preparation

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash Flows”.

2.4 Functional and presentation currency

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates. The values are rounded off to the nearest lakh with two decimal except where stated otherwise.

2.5 Classification of assets and liabilities as current and non-current

All assets and liabilities are classified as current or non-current as per the Company’s normal operating cycle. Based on the nature of the activities, 12 months period has been considered by the Company as its normal operating cycle.

2.6 Property, plant and equipment (PPE)

Property, plant and equipment are stated at acquisition or construction cost less accumulated depreciation and impairment loss. Cost comprises the purchase price and any attributable cost of bringing the asset to its location and working condition for its intended use. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred. Subsequent expenditures related to an item of Property Plant & Equipment are added to its carrying value only when it is probable that the future economic benefits from the asset will flow to the Company and cost can be reliably measured.

Gains or losses arising from the retirement of, and gains or losses arising from disposal of Property, Plant and Equipment are recognised in the Statement of Profit and Loss.

Depreciation

Depreciation is provided on a pro-rata basis over the useful lives of the assets specified in Schedule II of the Act which are as follows:

Notes forming part of the financial statements

- A. Major assets class where useful life considered as provided in Schedule II:

Asset Class	Useful life
Leasehold Improvements	Period of lease
Office Equipment	5 years
Furniture and Fittings	10 years
Vehicles	8 years

- B. Assets where useful life differs from Schedule II:

Depreciation on Video Conferencing Equipments and Air Conditioners has been included under the head Office Equipment but useful life for the same has been considered as 10 years instead of 5 years. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Act except in respect of the following categories of assets in whose case the life of the assets has been assessed based on technical advice taking into account the nature of asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Asset Class	Useful life
Computer Hardware	4 years
Video Conferencing Equipments	10 years
Air Conditioners	10 years

2.7 Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised as income or expense in the Statement of Profit and Loss.

Intangible assets and their useful lives are as under:

Asset Class	Useful life
Computer Software	4 years

2.8 Fair value measurement

The Company measures financial instruments at fair values at each Balance Sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

Notes forming part of the financial statements

2.9 Investments

Investments are classified as long term or current investments. Long Term Investments are intended to be held for more than one year and other investments being temporary surplus funds are classified as current investments. Investments are recorded at cost plus expenses directly incidental to the agreements between the parties.

Long-term Investments

Unquoted

The Company owns long term investments in debt, preference and equity securities of Investee companies. Long term investments are carried at fair value through profit or loss. For determination of fair value, the Company has appointed an independent valuer. Recent investments (holding period up to six months) are carried at cost.

Current Investments

Current investments are valued at fair value through profit or loss.

2.10 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Classification

On initial recognition, the Company classifies financial assets as measured at amortised cost or Fair Value through Profit or Loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI).

Business model assessment

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Company were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

Initial measurement

Financial assets at FVTPL are initially recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

Financial assets at FVTPL are initially recognised at transaction price (i.e. the fair value of consideration given) with transaction cost recognized in Statement of Profit and Loss.

Subsequent to initial recognition, all financial assets at FVTPL are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets at FVTPL category are presented in Statement of Profit and Loss.

Impairment of financial assets

A financial asset not classified at FVTPL is assessed at each reporting date to determine whether there is objective

Notes forming part of the financial statements

evidence of impairment. A financial asset or a group of financial assets is 'impaired' if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets and that loss events had an impact on the estimated future cash flows of that assets that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the fair value. Losses are recognised in profit or loss. Interest on the impaired asset continues to be recognised. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through Statement of Profit and Loss.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises an associated liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in Statement of Profit and Loss.

Trade and other receivables

Trade receivables are measured at the transaction price.

Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand. It also includes short-term deposits with banks (with an original maturity of three months or less from the date of placement).

Financial liabilities and equity instruments

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities at initial recognition are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

All financial liabilities are recognised initially at fair value and in the case of payables, they are recognised net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Notes forming part of the financial statements

Derecognition of financial liabilities

The Company de-recognises financial liabilities when and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

2.11 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

- (a) Income from services is recognised (net of applicable taxes) as they are rendered, based on agreement/arrangement.
- (b) Dividend income is accounted for when the right to receive the income is established. Dividends from units of mutual funds, where received, are accounted on receipt of such amounts.
- (c) Interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.
- (d) The realized gain/(loss) from financial assets at FVTPL represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its settlement price.
- (e) The unrealised fair value changes represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

2.12 Employee benefits

Short-term obligations

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Other long-term employee benefit obligations

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date, based on actuarial valuation.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Defined contribution plans

The Company's contribution to provident fund is considered as defined contribution plan and are charged as an expense based on the amount of contribution made on a monthly basis.

Defined benefit plans

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Notes forming part of the financial statements

Remeasurement gains and losses arising from experience adjustments, changes in actuarial assumptions and return on plan assets (excluding interest income) are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in Statement of Profit and Loss as past service cost.

Share-based Payment Arrangements

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Company measures the cost of equity-settled transactions with Option holders using Black-Scholes-Merton formula which is one of Option-Pricing Models as recommended under Indian Accounting Standard 102 (Ind AS 102) to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected term of the share option, volatility, dividend yield and discount rate.

The fair value of the options determined at grant date is accounted as employee compensation cost over the vesting period, based on the plan. On cancellation or lapse of option granted to employees, the compensation cost charged to statement of profit & loss is credited with corresponding decrease in equity.

2.13 Foreign currency transactions

In preparing the financial statements of the Company, transactions in foreign currencies, other than the Company's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which these arise.

2.14 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset. The company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Company assess whether (i) the contract involves the use of an identified assets ; (ii) the Company has substantially all the economic benefits from use of the assets through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use assets (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the lease term of right-of-use assets.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

Notes forming part of the financial statements

2.15 Goods and service tax (GST) input credit

GST input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilizing the credits

2.16 Provision for current and deferred tax

Current tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961, and the rules framed thereunder.

Deferred tax is recognised using the Balance Sheet approach on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable.

Current and deferred tax are recognised in the Statement of Profit and Loss, except when the same relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax relating to such items are also recognised in other comprehensive income or directly in equity respectively

2.17 Cash flow statement

Cash Flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.18 Provisions, Contingent liabilities & Contingent assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provision (excluding employee benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet and adjusted to reflect the current best estimates. Contingent liabilities, if any are disclosed in the Notes. Contingent assets are neither recognised nor disclosed in the financial statements.

2.19 Earnings per share (EPS)

The basic EPS is computed by dividing the profit after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year

2.20 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires judgements, estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the disclosures thereof as of the date of the financial statements. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation which are uncertain at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of asset and

Notes forming part of the financial statements

liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Useful lives of Property, plant and equipment

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by the management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

b) Measurement of Defined benefit obligation

The cost of the defined benefit plan and other long term employee benefits (Compensated Absences) and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Notes forming part of the financial statements

Previous Year Figures are in (brackets)

Note-3

(Amount in lakhs)

Property, plant and equipment	Gross Block				Depreciation				Net Block	
	As at 01 April 2022	Additions	Deductions	As at 31 March 2023	As at 01 April 2022	For the year	Deductions	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Tangible assets										
Computer hardware	81.37	23.25	7.26	97.36	45.41	15.78	7.26	53.93	43.43	35.96
	(50.60)	(30.77)	—	(81.37)	(33.83)	(11.58)	—	(45.41)	(35.96)	(16.77)
Furniture and fittings	7.11	4.02	—	11.13	3.70	0.80	—	4.50	6.63	3.41
	(7.11)	—	—	(7.11)	(2.99)	(0.71)	—	(3.70)	(3.41)	(4.12)
Leasehold improvements	60.49	71.30	18.93	112.86	60.49	1.47	18.93	43.03	69.83	—
	(60.49)	—	—	(60.49)	(56.74)	(3.75)	—	(60.49)	—	(3.75)
Office equipments	49.57	15.79	—	65.36	20.42	8.13	—	28.55	36.81	29.15
	(27.23)	(22.61)	(0.27)	(49.57)	(14.19)	(6.41)	(0.18)	(20.42)	(29.15)	(13.04)
Vehicles	148.63	127.93	—	276.56	22.72	26.13	—	48.85	227.71	125.91
	(53.16)	(95.47)	—	(148.63)	(12.98)	(9.74)	—	(22.72)	(125.91)	(40.18)
Total	347.17	242.29	26.19	563.27	152.74	52.31	26.19	178.86	384.41	194.43
Previous Year	(198.59)	(148.84)	(0.27)	(347.17)	(120.73)	(32.19)	(0.18)	(152.74)	(194.43)	(77.86)
Intangible assets										
Computer software	3.94	—	—	3.94	2.85	0.85	—	3.70	0.24	1.09
	(3.94)	—	—	(3.94)	(1.86)	(0.99)	—	(2.85)	(1.09)	(2.08)
Right To Use (Refer Note 33)	548.62	1,103.42	271.41	1,380.63	337.52	123.00	128.16	332.36	1,048.27	211.10
	(251.15)	(297.47)	—	(548.62)	(225.33)	(112.19)	—	(337.52)	(211.10)	(25.82)
Total	552.56	1,103.42	271.41	1,384.57	340.37	123.85	128.16	336.06	1,048.51	212.19
Previous Year	(255.09)	(297.47)	—	(552.56)	(227.19)	(113.18)	—	(340.37)	(212.19)	(27.90)
Grand Total	899.73	1,345.71	297.60	1,947.83	493.11	176.16	154.35	514.92	1,432.92	406.62
Previous Year	(453.68)	(446.32)	(0.27)	(899.73)	(347.92)	(145.37)	(0.18)	(493.11)	(406.62)	(105.76)

Notes forming part of the financial statements

4. Non-current Investments	(Amount in lakhs)	
	As at 31 March 2023	As at 31 March 2022
Designated at FVTPL		
1,00,000 (2022: 1,00,000) Compulsory Convertible Debentures of Archer Technologies Private Limited of ₹ 100 each fully paid-up #	0.00	0.00
2,526 (2022: 2,526) Non-Cumulative Convertible Preference Shares of WeGoT Utility Solutions Private Limited of ₹ 10 each fully paid-up	304.67	254.37
1,442 (2022: 1,442) Cumulative Convertible Preference Shares of Entitled Solutions Private Limited of ₹ 10 each fully paid-up	101.89	99.28
10 (2022: 10) Equity Shares of Entitled Solutions Private Limited of ₹ 10 each fully paid-up	0.71	0.69
1 (2022: Nil) Convertible Note of Entitled Solutions Private Limited fully paid-up	30.00	—
685 (2022: 685) Cumulative Convertible Preference Shares of Monsoon Credittech Private Limited of ₹ 1,000 each fully paid-up	316.14	311.95
92 (2022: 92) Equity Shares of Monsoon Credittech Private Limited of ₹ 10 each fully paid-up	37.73	37.71
390,666 (2022: 390,666) Equity Shares of Loyalie IT-Solutions Private Limited of ₹ 10 each fully paid-up	236.51	110.00
317 (2022: 317) Cumulative Convertible Preference Shares of Pluckwalk Technologies Private Limited of ₹ 1,00 each fully paid-up	527.92	—
10 (2022: Nil) Equity Shares of Pluckwalk Technologies Private Limited of ₹ 10 each fully paid-up	16.65	—
23,07,682 (2022: Nil) Cumulative Convertible Preference Shares of HomExchange Private Limited of ₹ 1,00 each fully paid-up	302.08	—
10 (2022: Nil) Equity Shares of HomExchange Private Limited of ₹ 10 each fully paid-up#	0.00	—
370 (2022: Nil) Cumulative Convertible Preference Shares of Satsure Analytics Private Limited of ₹ 10 each fully paid-up	485.96	—
10 (2022: Nil) Equity Shares of Satsure Analytics Private Limited of ₹ 10 each fully paid-up	13.13	—
	2,373.39	813.99

Amount below rounding off norm adopted by the Company

5. Other non-current financial assets	(Amount in lakhs)	
	As at 31 March 2023	As at 31 March 2022
Security deposits	38.25	20.14
	38.25	20.14

Notes forming part of the financial statements

		(Amount in lakhs)	
		As at 31 March 2023	As at 31 March 2022
6. Deferred tax (net)			
Deferred tax liability			
Fair Value of Units of Mutual Funds measured at FVTPL		101.85	40.42
Fair Value of Non-Current Investments measured at FVTPL		62.27	4.20
Right to use		263.83	53.13
Others		0.03	—
Total		427.98	97.75
Deferred tax asset			
Provision for employee benefit expenses		17.83	38.65
Depreciation		4.40	7.61
Lease liability		266.75	59.59
Others		72.00	0.04
Total		360.98	105.89
Deferred tax asset (Net)		—	8.14
Deferred tax liabilities (Net)		67.00	—
		67.00	8.14
		(Amount in lakhs)	
		As at 31 March 2023	As at 31 March 2022
7. Other non-current asset			
Deferred lease rentals		9.06	2.66
		9.06	2.66

Notes forming part of the financial statements

8. Current Investments	(Amount in lakhs)	
	As at 31 March 2023	As at 31 March 2022
Designated at FVTPL		
Unquoted		
Mutual Funds		
60,630.808 (2022 : 56,140.070) units of ₹ 1,000 each HDFC Liquid Fund-Direct Plan-Growth	2,681.82	2,349.52
85,31,152.101 (2022: 1,33,24,339.859) units of ₹ 10 each HDFC Ultra Short Term Fund-Direct Growth	1,118.08	1,653.88
26,964.556 (2022: 26,964.556) units of ₹ 1,000 each HDFC Money Market Fund-Direct Growth	1,327.12	1,255.06
30,73,100.718 (2022: 30,73,100.718) units of ₹ 10 each HDFC Floating Rate Debt Fund-Direct Growth	1,302.08	1,232.11
29,99,850.007 (2022: 29,99,850.007) units of ₹ 10 each HDFC Multicap Fund-Direct Growth	329.44	298.35
19,99,900.005 (2022: 19,99,900.005) units of ₹ 10 each HDFC Nifty 100 Equal Weight Index Fund-Direct Growth	193.34	202.26
34,535.244 (2022: Nil) units of ₹ 10 each HDFC Nifty G Sec Dec 2026 Index Fund-Direct Growth	1,305.03	—
1,26,72,565.851 (2022: Nil) units of ₹ 10 each HDFC FlexiCap Fund-Direct Growth	417.12	—
22,21,242.364 (2022: Nil) units of ₹ 10 each DSP Low Duration Fund-Direct Growth	384.60	—
4,55,005.31 (2022: Nil) units of ₹ 10 each DSP Low Duration Fund-Regular Growth	76.83	—
11,254.9832 (2022: Nil) units of ₹ 1000 each Tata Treasury Advantage Fund -Direct Growth	384.47	—
2,293.782 (2022: Nil) units of ₹ 1000 each Tata Treasury Advantage Fund-Regular Growth	76.79	—
7,387.145 (2022: Nil) units of ₹ 1000 each SBI Magnum Ultra Short-Direct Growth	381.06	—
1,495.182 (2022: Nil) units of ₹ 1000 each SBI Magnum Ultra Short-Regular Growth	76.17	—
At Amortised Cost		
Deposit (Refer Note 31)		
Fixed Deposit with Housing Development Finance Corporation Limited	4,555.97	1,465.98
	14,609.92	8,457.13

Notes forming part of the financial statements

	(Amount in lakhs)	
	As at 31 March 2023	As at 31 March 2022
9. Trade and other receivables		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	40.15	—
Others	2,077.90	990.49
Unsecured, considered doubtful	285.00	—
Less: Provision for Trade Receivables	(285.00)	—
(Refer Note 41)		
	2,118.05	990.49
		(Amount in lakhs)
	As at	As at
	31 March 2023	31 March 2022
10. Cash and cash equivalents		
Balances with Banks- Current Account	114.38	431.02
Cash on hand	0.28	0.19
Fixed Deposit with HDFC Bank Limited (Refer Note 31)	—	1,000.00
	114.66	1,431.21
		(Amount in lakhs)
	As at	As at
	31 March 2023	31 March 2022
11. Bank balances other than cash and cash equivalents		
Deposit with original maturity of more than 3 months		
Fixed Deposit with HDFC Bank Limited (Refer Note 31)	853.41	52.90
	853.41	52.90
		(Amount in lakhs)
	As at	As at
	31 March 2023	31 March 2022
12. Current financial assets - Others		
Security deposit	33.20	22.03
	33.20	22.03
		(Amount in lakhs)
	As at	As at
	31 March 2023	31 March 2022
13. Current tax assets (Net)		
Advance tax paid (net of provisions)	174.68	435.64
	174.68	435.64

Notes forming part of the financial statements

	(Amount in lakhs)	
	As at 31 March 2023	As at 31 March 2022
14. Other current assets		
Advance to Creditors	50.43	75.05
Deferred lease rentals	2.42	—
GST credit receivable	92.70	70.66
Prepaid expenses	36.55	28.30
	182.10	174.01

	(Amount in lakhs)	
	As at 31 March 2023	As at 31 March 2022
15. Equity share capital		
Authorised share capital		
50,00,000 (50,00,000) Equity Shares of ₹ 10 each	500.00	500.00
	500.00	500.00
Issued, subscribed & paid-up capital		
21,36,324 (19,97,660) Equity Shares of ₹ 10 each fully paid-up	213.63	199.77
	213.63	199.77

15.1 The Company has only one class of shares referred to as equity shares having Face value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. The final dividend, if any, proposed by the Board of Directors will be subject to the approval of the shareholders in the ensuing Annual General Meeting.

15.2 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

15.3 Shares held by Holding Company (Amount in lakhs)

Name of the Shareholder	As at 31 March 2023		As at 31 March 2022	
	No. of Shares	Amount	No. of Shares	Amount
Housing Development Finance Corporation Limited, the Holding Company	19,01,245	190.12	19,97,600	199.76
Platinum Light A 2014 Trust	2,35,019	23.50	—	—
Other Individuals*	60	0.01	60	0.01

* Housing Development Finance Corporation Limited is also the beneficial owner of 60 shares held by non promoter individuals

15.4 The details of shareholder holding more than 5% shares is set out below:

Name of the Shareholder	As at 31 March 2023		As at 31 March 2022	
	No. of Shares	% held	No. of Shares	% held
Housing Development Finance Corporation Limited, the Holding Company and its nominees	19,01,305	89.00%	19,97,660	100%
Platinum Light A 2014 Trust	2,35,019	11.00%	—	—

Notes forming part of the financial statements

15.5 Reconciliation of the number of shares is set out below:

Particulars	As at 31 March 2023	As at 31 March 2022
Number of shares at the beginning of the year	19,97,660	19,97,660
Number of shares allotted by fresh issue	1,38,664	—
Number of shares at the end of the year	21,36,324	19,97,660

(Amount in lakhs)

16. Other equity	As at 31 March 2023	As at 31 March 2022
Retained earnings	15,913.92	10,074.20
Other comprehensive income	(87.25)	(78.93)
Securities Premium Reserve	1,524.89	—
Employee Stock Option Reserve (Refer Note 39)	184.88	94.81
	<u>17,536.44</u>	<u>10,090.08</u>

16.1 Nature and purpose of reserves

a. Retained earnings

Retained earnings are the profits that a Company has earned to date, less any dividends or other distributions paid to the Shareholders, net of utilisation as permitted under applicable regulations.

b. Securities Premium

Securities Premium is used to record the premium (amount received in excess of face value of equity shares) on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013. The securities premium also includes amount transferred from Employee Stock Option Reserve upon exercise of options by employees and subsequent allotment of shares to them.

c. Employee Stock Option Reserve

The Company has Employee stock option schemes under which the eligible employees and key management personnel are granted stock options. Stock options granted are measured at fair value on the grant date using Black-Scholes-Merton model and amortised over the vesting period as share based payment with corresponding credit in Employee Stock Option Reserve.

d. Other comprehensive income

The Company has recognised remeasurement of the net defined benefit liabilities in other comprehensive income. Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any.

(Amount in lakhs)

17. Lease Liabilities (Non-Current)	As at 31 March 2023	As at 31 March 2022
Lease Liabilities (Refer Note 33)	848.23	144.73
	<u>848.23</u>	<u>144.73</u>

Notes forming part of the financial statements

	(Amount in lakhs)	
	As at 31 March 2023	As at 31 March 2022
18. Non-Current Liabilities - Provisions		
Employee benefit obligation (Refer Note 32)		
- Gratuity	6.11	17.11
- Compensated absences	65.87	54.80
	<u>71.98</u>	<u>71.91</u>

	(Amount in lakhs)	
	As at 31 March 2023	As at 31 March 2022
19. Trade and other payables		
Total outstanding dues of Micro enterprises and small enterprises	—	—
Total outstanding dues of creditors other than Micro enterprises and small enterprises	2,364.17	2,046.96
Other payables (Refer Note 41)	—	—
	<u>2,364.17</u>	<u>2,046.96</u>

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of Information available with the Company. The amount of principal and interest outstanding during the year is given below:

	(Amount in lakhs)	
Particulars	As at 31 March 2023	As at 31 March 2022
a) Amount outstanding but not due as at year end	—	—
b) Amount due but unpaid as at the year end	—	—
c) Amounts paid after appointed date during the year	—	—
d) Amount of interest accrued and unpaid as at year end	—	—
e) The amount of further interest due and payable even in the succeeding year	—	—
	<u>—</u>	<u>—</u>

The information has been provided by the Company and relied upon by the Auditors

	(Amount in lakhs)	
	As at 31 March 2023	As at 31 March 2022
20. Lease Liabilities (Current)		
Lease Liabilities (Refer Note 33)	211.62	92.06
	<u>211.62</u>	<u>92.06</u>

	(Amount in lakhs)	
	As at 31 March 2023	As at 31 March 2022
21. Other current liabilities		
GST payable	541.10	33.23
Statutory remittances	28.11	88.90
	<u>569.21</u>	<u>122.13</u>

Notes forming part of the financial statements

	(Amount in lakhs)	
	As at 31 March 2023	As at 31 March 2022
22. Current Liabilities - Provisions		
Employee benefit obligation (Refer Note 32)		
- Gratuity	52.40	43.37
- Compensated absences	4.96	3.95
	<u>57.36</u>	<u>47.32</u>
	(Amount in lakhs)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
23. Revenue from operations		
Management fees	12,861.69	7,427.03
	<u>12,861.69</u>	<u>7,427.03</u>
	(Amount in lakhs)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
24. Other income		
Net Gain/ (Loss) on fair value of current investments	244.15	146.40
Net Gain/ (Loss) on fair value of Non- Current investments	230.71	(39.09)
Profit on redemption on units of mutual fund	216.64	59.00
Profit on sale of Non-Current investment	—	408.52
Interest income on fixed deposits (Refer Note 31)	147.42	140.81
Advisory Fees	—	542.50
Other Income	28.67	10.80
	<u>867.59</u>	<u>1,268.95</u>
	(Amount in lakhs)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
25. Employee benefit expenses		
Salaries and bonus (Refer Note 32)	4,223.52	5,017.62
Contribution to provident and other funds	78.20	63.98
Staff welfare expenses	1.52	8.21
	<u>4,303.24</u>	<u>5,089.81</u>
	(Amount in lakhs)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
26. Finance cost		
Interest and penalty on taxes	1.91	0.53
Interest expense on lease liability	35.29	15.87
	<u>37.20</u>	<u>16.40</u>

Notes forming part of the financial statements

	(Amount in lakhs)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
27. Other expenses		
Rent	28.18	2.42
Electricity charges	6.68	2.14
Security charges	3.62	3.61
Maintenance expenses	11.26	6.00
Housekeeping expenses	30.00	24.76
Repairs to others	12.71	17.31
Insurance charges	4.57	2.07
Professional fees (Refer Note 31)	494.62	287.59
Travelling expenses	142.28	68.25
Office expense	25.28	13.01
Director's sitting fees (Refer Note 31)	37.50	26.75
Corporate Social Responsibility expenses (Refer Note 34)	65.02	63.00
Loss of Sale of Asset	—	0.08
Provision for Doubtful Debtors	285.00	—
Telephone expenses	3.26	2.50
Auditors' remuneration (Refer Note 27.1)	15.00	7.50
Printing and stationery	12.17	4.16
Software expenses	36.84	22.01
Business development expenses	74.65	62.78
Membership, subscription and seminar expenses	22.21	17.17
GST Expense	55.34	14.93
Registration Fees	15.21	—
Miscellaneous expenses	9.36	14.86
	<u>1,390.76</u>	<u>662.90</u>
27.1 Auditors' remuneration		
Audit fees	6.00	3.00
Tax audit fees	1.50	1.00
Limited reviews	5.00	3.50
Other Certificates	2.50	—
	<u>15.00</u>	<u>7.50</u>

Notes forming part of the financial statements

28. Income taxes relating to continuing operations

a. Income tax recognised in Statement of Profit and Loss

		(Amount in lakhs)	
Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	
Current tax			
In respect of the current year	1,941.80	722.95	
In respect of the earlier years	(34.74)		
Deferred tax			
In respect of the current year	75.14	(7.01)	
Total income tax expense recognised in the current year relating to continuing operations	1,982.20	715.94	

b. Reconciliation of income tax expense of the year can be reconciled to the accounting profit as follows:

		(Amount in lakhs)	
Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	
Profit before tax	7,821.92	2,781.50	
Income tax expense calculated at 25.168% (Previous Year 25.168%)	1,968.62	700.05	
Net Effect of expenses / (income) that are not deductible in determining taxable profit	(34.30)	22.90	
Reversal of Tax provision for earlier years	(34.74)	—	
Others	82.62	(7.01)	
Income tax expense recognised in Statement of Profit and Loss	1,982.20	715.94	

29. Earnings per share

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit for the year (Amount in lakhs)	5,839.72	2,065.56
Weighted average number of equity shares (Nos.)	2,028,432	1,997,660
Par value per share (Amount in ₹)	10.00	10.00
Earnings per share(Amount in ₹)		
Basic	287.89	103.40
Diluted	287.89	103.40

30. Scheme of Amalgamation

The Board of Directors of the Company at its meeting held on August 25, 2022, approved the scheme of amalgamation ("Scheme") for the amalgamation of HDFC Property Ventures Limited ("HPVL") and HDFC Venture Capital Limited ("HVCL"), wholly-owned subsidiaries of HDFC with and into the Company and matters related thereto ("Proposed Amalgamation"), subject to receipt of requisite approvals from statutory and regulatory authorities as required under applicable laws.

Notes forming part of the financial statements

The Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT"), Mumbai bench, Mumbai vide its order dated March 3, 2023 approved the Scheme and directed to file a copy of the NCLT order along with a copy of the Scheme with Registrar of Companies ("RoC") within 30 days from the receipt of the certified copy of the order, with a liberty to apply to NCLT for any directions that may be necessary, including for an extension of the above period. The Company have filed an application seeking extension of 60 days for filing of the order with RoC. Consequently there is no impact on the financial statements of the Company as on March 31, 2023.

31. Related party transactions

Names of related parties, related party relationship and disclosure of related party transactions

(Amount in lakhs)

Particulars	Relationship	March 31, 2023	March 31, 2022
INCOME			
Interest Income			
Housing Development Finance Corporation Limited	Holding Company	111.00	137.06
HDFC Bank Limited	Associate of Holding Company	36.42	3.76
EXPENSES			
Contribution			
HDFC Capital Advisors Limited-Gratuity Fund	Post Employment Benefit Plan	60.47	54.93
Bank & other charges			
HDFC Bank Limited	Associate of Holding Company	1.15	0.97
Shared Service and Establishment Expenses#			
Housing Development Finance Corporation Limited	Holding Company	32.67	4.79
Professional Fees			
Mr. Deepak Parekh	Key Management Personnel of Holding Company	42.50	17.50
Mr. Keki M. Mistry	Key Management Personnel of Holding Company	42.50	17.50
Mr. V. Srinivasa Rangan	Key Management Personnel of Holding Company	42.50	17.50
Ms. Renu Sud Karnad	Key Management Personnel of Holding Company	42.50	17.50
Other expenses/ payments			
HDFC Life Insurance Company Limited	Fellow Subsidiary	4.45	2.89
Director Sitting fees			
Sunil Shaligram (resigned w.e.f December 03, 2021)	Key Managerial Personnel	—	1.15
Madhumita Ganguli	Key Managerial Personnel	—	5.65
Mathew Joseph	Key Managerial Personnel	9.00	5.65
S N Nagendra (resigned w.e.f December 03, 2021)	Key Managerial Personnel	—	1.15
Ajay Agarwal	Key Managerial Personnel	9.75	5.65

Notes forming part of the financial statements

Particulars	Relationship	March 31, 2023	March 31, 2022
Abhijit Singh (appointed w.e.f December 07, 2021)	Key Managerial Personnel	9.75	3.75
Vinayak Mavinkurve (appointed w.e.f December 07, 2021)	Key Managerial Personnel	9.00	3.75
ASSETS			
Fixed Deposits (including accrued interest)			
Housing Development Finance Corporation Limited	Holding Company	4,555.97	1,465.98
HDFC Bank Limited	Associate of Holding Company	853.41	1,052.90
Other advances/prepaid			
HDFC Life Insurance Company Limited	Fellow Subsidiary	3.44	6.07
Bank Balances			
HDFC Bank Limited	Associate of Holding Company	114.38	431.02
LIABILITIES			
Shared Service payable			
Housing Development Finance Corporation Limited	Holding Company	40.05	2.94

does not include GST charge expenses in use of logo

32. Employee Benefits

The Company has determined the liability for employee benefits in accordance with IND AS 19 – Employee Benefits.

Defined benefit plans - Gratuity

The following table sets out the status as required by IND AS 19 – Employee Benefits.

(Amount in lakhs)

Particulars	31 March 2023	31 March 2022
Change in the Benefit Obligations:		
Liability at the beginning of the year	237.51	175.89
Current service cost	43.16	37.28
Interest cost	16.58	11.33
Benefits paid	—	(2.40)
Actuarial (gains)/loss - Due to Change in Demographic Assumptions	—	0.12
Actuarial (gains)/loss - Due to change in financials assumptions	(11.15)	(10.91)
Actuarial (gains)/loss - Due to experience	18.96	26.22
Liability at the end of the year	305.06	237.51
The Liability at the end of the year in respect of an un-funded plan.	—	—
Fair value of plan assets:		
Fair value of plan assets at the beginning of the year	177.04	120.95
Expected return on plan assets	12.35	7.79
Contributions	60.47	54.93
Benefit Paid from the Fund	—	(2.40)

Notes forming part of the financial statements

(Amount in lakhs)

Particulars	31 March 2023	31 March 2022
Actuarial gain / (loss) on plan assets	(3.32)	(4.23)
Fair value of plan assets at the end of the year	246.54	177.04
Total actuarial Surplus/(Deficit) to be recognised	58.52	60.47
Actual Return on plan assets:		
Expected return on plan assets	12.35	7.79
Actuarial loss on plan assets	(3.32)	(4.23)
Actual Return on plan assets	9.03	3.56
Reconciliation of the liability recognised in the Balance Sheet:		
Opening net liability	60.47	54.93
Expense recognised in Statement of Profit and Loss	47.39	40.81
Expense recognised in Other comprehensive income	11.13	19.66
Contribution by the Company	(60.47)	(54.93)
Amount recognised in the Balance Sheet	58.52	60.47

(Amount in lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Expense recognised in the Statement of Profit and Loss:		
Current service cost	43.16	37.28
Interest cost	4.23	3.53
Expense recognised in the Statement of Profit and Loss	47.39	40.81

(Amount in lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Expense recognised in the Statement of Other comprehensive income:		
Actuarial (gains)/losses on obligation for the year	7.81	15.43
Return on plan assets, excluding interest income	3.32	4.23
Net (income)/expense for the period recognized in Other comprehensive income	11.13	19.66

Amount recognised in the Balance Sheet:

(Amount in lakhs)

Particulars	2022-23	2021-22	2020-21	2019-20	2018-19
Liability at the end of the year	305.06	237.51	175.88	36.03	17.48
Fair value of plan assets at the end of the year	246.54	177.04	120.95	17.93	—
Amount recognised in the Balance Sheet under "Provisions"	58.52	60.47	54.93	18.10	17.48
Experience Adjustment:					
On plan liabilities	18.96	26.22	9.24	8.12	0.76
On plan assets	—	—	—	—	—
Estimated contribution for next year	52.40	43.37	36.07	34.19	22.81

Notes forming part of the financial statements

Investment Pattern:

(% Invested)

Particulars	As at 31 March 2023	As at 31 March 2022
Insurance funds	100%	100%
Total	100%	100%

Compensated absences

(Amount in lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
The actuarial liability of compensated absences of privilege leave of the employees of the Company	70.83	58.75

Principal Assumptions:

Particulars	As at 31 March 2023	As at 31 March 2022
Discount rate	7.44%	6.98%
Return on plan assets	7.44%	6.98%
Employee Turnover rate	8.00%	7.00%
Salary escalation	7.00%	8.00%

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

Sensitivity Analysis

(Amount in lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Projected benefit obligation on current assumptions	305.07	175.88
Delta effect of +1% change in rate of discounting	(22.15)	(18.31)
Delta effect of -1% change in rate of discounting	25.09	20.84
Delta effect of +1% change in rate of salary increase	24.71	20.43
Delta effect of -1% change in rate of salary increase	(22.24)	(18.31)
Delta effect of +1% change in rate of employee turnover	(1.23)	(1.84)
Delta effect of -1% change in rate of employee turnover	1.33	2.00

Projected benefits payable in future years from the date of reporting	As at 31 March 2023	As at 31 March 2022
1st Following year	20.50	13.49
2nd Following year	21.01	15.75
3rd Following year	21.12	16.10
4th Following year	22.13	16.35
5th Following year	21.98	16.57
Sum of years 6 to 10	132.57	102.08
Sum of years 11 and above	371.42	289.90

Notes forming part of the financial statements

33. Operating lease

In accordance with the IND AS 116 on 'Leases' the following disclosure in respect of Operating Leases are made:
The changes in the carrying value of Right To Use assets for the year ended 31 March 2023 are as follows:

(Amount in lakhs)	
Gross carrying value	31 March 2023
Balance as at 1 April 2022	548.62
Additions	1,103.43
Terminations	271.40
Balance as at 31 March 2023	1,380.65
Accumulated depreciation	
Balance as at 1 April 2022	337.52
Depreciation	123.00
Terminations	128.14
Balance as at 31 March 2023	332.38
Net carrying value as at 31 March 2023	1,048.27

The weighted average incremental borrowing rate applied to lease liabilities was ~8.20%.

The following is the movement in lease liabilities during the year ended 31 March 2023.

(Amount in lakhs)	
Lease liabilities	31 March 2023
Balance as at 1 April 2022	236.79
Additions	1,103.42
Terminations	(168.46)
Finance expense	35.29
Payment of lease liabilities	(147.18)
Balance as at 31 March 2023	1,059.85

(Amount in lakhs)		
Particulars	31 March 2023	31 March 2022
Not later than one year	211.62	92.06
Later than one year but not later than five years	848.23	144.73
Later than five years	Nil	Nil

34. Corporate Social Responsibility

The detail of CSR expenditure spent during the year ended 31 March 2023 is as below:

- Gross amount required to be spent by the company during the year is ₹ 65,01,800/-
- Amount spent during the year on :-

(Amount in lakhs)			
Particulars	In cash	Yet to be paid in cash	Total
(i) Construction / acquisition of asset	—	—	—
(ii) On purpose other than (i) above	65.02	—	65.02

Notes forming part of the financial statements

35. Dividend

During the year company has not paid any dividend and does not propose any dividend for the year ended 31 March 2023 (March 2022: Nil).

36. Contingent liability and capital commitments

There is no contingent liability. Capital Commitments outstanding as at 31 March 2023 - ₹ 11.89 lakhs (March 2022: Nil)

37. Segment reporting

The Company is primarily engaged in the Investment Management services in India. As such, there are no separate reportable segments, as per Ind AS 108 on "Operating Segments".

38. Additional Disclosures Under Schedule III

- a. The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- b. The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender.
- c. The Company does not have any transactions during the financial year with companies struck off under section 248 of the Companies Act 2013 or under section 560 of the Companies Act, 1956.
- d. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- e. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- f. The Company does not have any such transaction, which is not recorded in the books of accounts, but that has been surrendered or disclosed as income during the year in the tax assessments. (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)
- g. The Company has not borrowed from banks and financial institutions on the basis of security of current assets.
- h. The Company has complied with the number of layers prescribed under section 186(1) and clause 87 of section 2 of the Companies Act, 2013.
- i. The Company has not entered into any scheme of arrangement other than as disclosed under note 30 which has an accounting impact on current or previous financial year.
- j. No funds have been advanced or loaned or invested by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).

The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Notes forming part of the financial statements

39 Share based payment

39.1 The details of the various stock options granted to employees pursuant to the Company's Stock Options Schemes and outstanding as on date are as under:

Particulars	ESOS-21
Plan period	8.65 years
Quantum of Options	282,020
Method of Accounting	Fair value accounting
Vesting period	3 - 7 years
Vesting condition(s)	service
Exercise period	4 years
Grant date	December 23, 2021
Grant price (₹ per share)	INR 928.86
Value of Equity Shares as on date of Grant of Original Option (₹ per share)	INR 928.86

39.2 Movement during the year

Particulars	ESOS-21
Outstanding at the beginning of the year	282,020
Granted during the year	—
Exercised during the year	138,664
Lapsed during the year	2,348
Outstanding at the end of the year	141,008
Unvested at the end of the year	141,008
Exercisable at the end of the year	—
Weighted average price per option	INR 928.86
Weighted average remaining contractual life	7.02 years

39.2 Fair Value Methodology

Particulars	ESOS-21
Risk-free interest rate (p.a.)	5.47% to 6.62%
Expected life	3 - 7 years
Expected volatility of share price	16%
Expected growth in dividend (p.a.)	0%
The weighted average fair value, as on the date of grant (per Stock Option)	INR 234.91

The share based payment expense determined under fair value based method and charged to the statement of profit and loss is ₹ 340.84 lakhs (Previous Year: ₹ 94.81 lakhs).

Notes forming part of the financial statements

40. Financial Instruments-Accounting classifications and fair value measurements (Ind AS 107)

A. Classification of financial assets and liabilities:

(Amount in lakhs)

Particulars	31 March 2023		31 March 2022	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
Investments				
- Mutual funds	10,053.95	—	6,991.16	—
- Fixed Deposits	—	4,555.97	—	1,465.97
- Equity linked Instruments	2,373.39	—	813.99	—
Trade receivables	—	2,118.05	—	990.49
Cash and cash equivalents	—	114.66	—	1,431.21
Bank balances other than cash and cash equivalents	—	853.41	—	52.90
Other financial assets (Current and Non-Current)	37.95	33.50	19.94	22.24
Total financial assets	12,465.29	7,675.59	7,825.09	3,962.80
Financial liabilities				
Trade and other payables	—	2,364.17	—	2,046.97
Lease liability	—	1,059.85	—	236.79
Total financial liabilities	—	3,424.02	—	2,283.76

B. Fair value measurements:

The fair values of the Financial assets and liabilities are included at the amount, at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments based on the input that is significant to the fair value measurement as a whole:

Level 1: This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of all Equity Shares which are traded on the stock exchanges, is valued using the closing price at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates. The mutual fund units are valued using the closing Net Asset Value.

If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Particulars	31 March 2023	31 March 2022
Financial assets at Fair value through Profit and loss		
Investment in Equity linked Instruments (Level 3)	2,373.39	813.99
Investment in Mutual Funds (Level 2)	10,053.95	6,991.16

The management assessed that cash and bank balances, trade receivables, loans, trade payables, borrowings and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Notes forming part of the financial statements

Key Inputs for Level 3 Fair valuation Technique

The fair value of debt investments/preference investment has be measured using valuation techniques including The Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. These investments are not held for trading. Instead, they are held for medium or long term strategic purpose.

Key Inputs for Level 2 Fair valuation Technique

Mutual Funds: Based on Net Asset Value of the Scheme (Level 2)

C. Financial Risk Management Objectives and Policies:

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the company's operations and to support its operations. The company's principal financial assets include trade receivables, cash and cash equivalents and other bank balances that derive directly from its operations.

The below note presents information about the Company's exposure to each of the mentioned risks, the Company's objectives, policies and process for measuring and managing risks.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include deposits, FVTPL investments and other financial assets.

Interest Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the company's investment in mutual fund. However, as the Company's Investment in mutual fund is short term and hence there is no significant risk on account of change in interest rate.

Foreign currency risk

The company's entire business is domestic. There is no exposure to foreign currency and hence no hedging contracts.

Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company has no outstanding and bank borrowings. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows on regular basis.

Credit Risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations, or commitment that it has entered into with the Company resulting in a financial loss to the Company. As the Company is an Investment Management Company for Alternate Investment Funds, its trade receivables are mainly from the said Funds. In addition, cash and cash equivalents are with with institutions with reputable financial instituions.

Notes forming part of the financial statements

The Company focuses on conservative risk management approach involving moderate assumptions and transaction structuring for non current investments. The Company has a post investment monitoring strategy. The Company seeks to invest in Investee Companies with a defined exit strategy.

Maturities of financial assets and financial liabilities

The table below provides details regarding the contractual maturities of significant financial assets and liabilities as of 31 March 2023

(Amount in lakhs)

	Less than 1 year	More than 1 year	Total
Investments	14,609.92	2,373.39	16,983.31
Trade receivables	2,118.05	—	2,118.05
Cash and cash equivalent	114.66	—	114.66
Other bank balances	853.41	—	853.41
Other financial assets	33.20	38.25	71.45
Trade Payables	2,364.17	—	2,364.17
Lease Liabilities	211.62	848.23	1,059.85

The table below provides details regarding the contractual maturities of significant financial assets and liabilities as of 31 March 2022

(Amount in lakhs)

	Less than 1 year	More than 1 year	Total
Investments	8,457.13	813.99	9,271.12
Trade receivables	990.49	—	990.49
Cash and cash equivalent	1,431.21	—	1,431.21
Other bank balances	52.90	—	52.90
Other financial assets	22.03	20.14	42.16
Trade Payables	2,046.96	—	2,046.96
Lease Liabilities	92.06	144.73	236.79

D. Capital Management:

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders. The primary objective of the company's capital management is to maximise the shareholder value. The company has no borrowings as of 31 March 2023 and 31 March 2022. The Company believes that the working capital is sufficient to meet its current requirements as the current liabilities of the Company is less than the current assets.

Notes forming part of the financial statements

41. Ageing Schedule

A. Trade Receivables ageing schedule

As at 31 March 2023

(Amount in lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Undisputed Trade receivables – considered good	2,077.90	40.15	—	—	—	2,118.05

As at 31 March 2022

(Amount in lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Undisputed Trade receivables – considered good	990.49	—	—	—	—	990.49

B. Trade Payables ageing schedule

As at 31 March 2023

(Amount in lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
MSME	—	—	—	—	—	—
Others	2,364.17	—	—	—	—	2,364.17

As at 31 March 2022

(Amount in lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
MSME	—	—	—	—	—	—
Others	2,046.96	—	—	—	—	2,046.96

Notes forming part of the financial statements

42 Analytical Ratios

Ratio	Numerator	Denominator	As at 31 March 2023	As at 31 March 2022	% Variance	Reason
Current Ratio	Current Assets	Current Liabilities	5.65	5.01	13%	Increase in working capital during FY 2022-23
Return on Equity Ratio	Net Profits after taxes	Shareholder's Equity	0.42	0.22	86%	Increase in Net Profits after taxes during FY 2022-23
Trade Receivables Turnover Ratio	Total Revenue	Average Receivable Balance	8.83	12.53	-30%	Increase in turnover during FY 2022-23
Trade Payables Turnover Ratio	Total Expenses (Less Depreciation)	Average Trade Payables	2.60	4.46	-42%	Increase in turnover during FY 2022-23
Net Capital turnover ratio	Total Revenue	Working Capital	0.92	0.94	-2%	Increase in turnover during FY 2022-23
Net Profit Ratio	Net Profits after taxes	Total Revenue	0.43	0.24	79%	Increase in Net Profits after taxes during FY 2022-23
Return on Capital Employed	Profit before tax	Total Equity	0.56	0.30	85%	Increase in Profit before tax during FY 2022-23

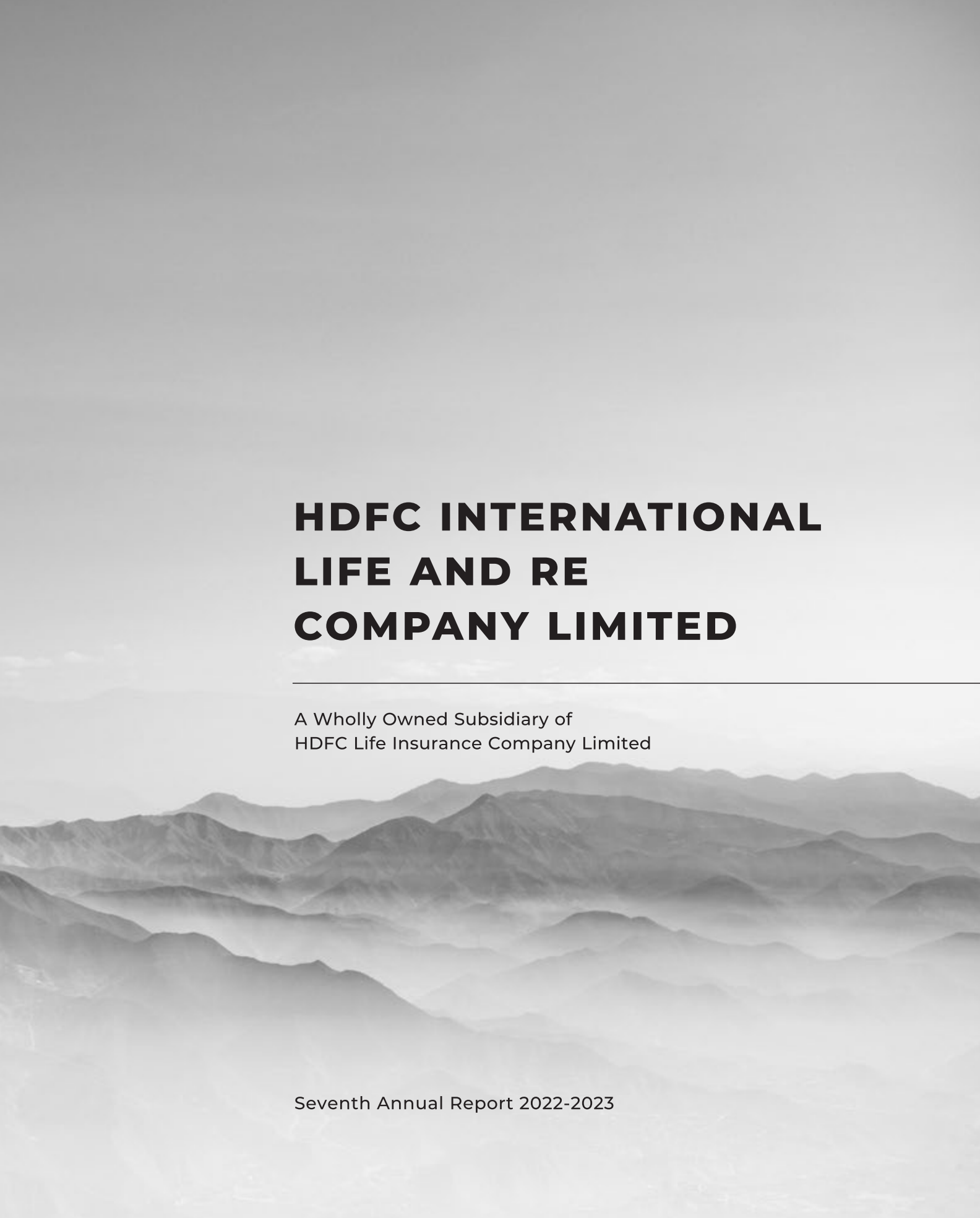
43 Previous year figures have been regrouped/reclassified wherever necessary, in order to make them comparable.

Vinayak Mavinkurve
Director
DIN: 02129859

Place: Mumbai
Date: 24 April 2023

Ajay Agarwal
Director
DIN: 08626284

Place: Mumbai
Date: 24 April 2023



HDFC INTERNATIONAL LIFE AND RE COMPANY LIMITED

A Wholly Owned Subsidiary of
HDFC Life Insurance Company Limited

Seventh Annual Report 2022-2023

Corporate information

Board of Directors

Vibha Padalkar

Non-Executive Director (Chairperson of the Board)

Yuvraj Narayan

Independent Director

Davinder Rajpal

Independent Director

Suresh Badami

Non-Executive Director

Chief Executive Officer

Sameer Yogishwar

Management Committee

Sameer Yogishwar

Chief Executive Officer

Rahul Prasad

Deputy Chief Executive Officer

Nancy Gupta

Appointed Actuary

Manoj Raman

Head - Customer Relations & Business Systems

Ankit Singhal

Head – Legal & Company Secretary

Abhishek Nayak

Head – Risk & Compliance and MLRO

Harpreet Singh Kalra

Head - Finance & Accounts

Company Secretary

Ankit Singhal

Auditor

Ernst & Young Middle East
(Dubai Branch)

Internal Auditor

RSM, UAE

Bankers

Citibank, N.A.

HDFC Bank Ltd. (Bahrain Branch)

First Abu Dhabi Bank (PJSC)

Abu Dhabi Commercial Bank (PJSC)

Dubai Islamic Bank (PJSC)

Bank of Singapore

Registered Office

HDFC International Life & Re Company Limited
(Regulated by the Dubai Financial Services Authority)
Unit OT 17-30, Level 17, Central Park Towers,
Dubai International Financial Centre, Dubai,
PO Box 114603, United Arab Emirates
Telephone: +971 4 354 6969,
Email: info@hdfclifere.com,
Website: www.hdfclifere.com,
License Number: CL2067

Directors' Report

TO

THE MEMBER OF HDFC INTERNATIONAL LIFE & RE COMPANY LIMITED

The Board of Directors are pleased to present the 7th Annual Report on the business and performance of HDFC International Life & Re Company Limited (the "Company"), together with the Audited Financial Statements for the Financial Year ended March 31, 2023.

Financial Performance

The Financial performance for the FY 2022-23 is summarized as under:

Particulars	FY 2022-23 (USD)	FY 2021-22 (USD)	FY 2020-21 (USD)
Gross Income	18,147,276	16,437,837	14,151,047
Total Expenses	17,736,880	(20,415,929)	(14,110,627)
Prot/(Loss)	410,396	(3,978,092)	40,420

Share Capital

The authorized share capital of the Company is USD 30,000,000. There was no change in the Company's paid-up capital during the year. The registered paid-up capital of the Company as on March 31, 2023 is twenty-nine million five hundred thousand US Dollars (USD 29,500,000) represented by twenty-nine million five hundred thousand (29,500,000) Ordinary shares, with nominal value of USD 1.00 each. The entire paid-up capital of the Company is held by HDFC Life Insurance Company Limited.

Business Review and Outlook

HDFC International Life & Re has successfully completed seven (7) financial years of operations and is steadily building experience in the GCC and MENA Life Reinsurance markets.

During FY 2022-23, HDFC International Life & Re generated Gross Written Premiums (GWP) of USD 17.22 million, registering a 10 % y-o-y growth, while General and administrations expenses stood at USD 1.5 million. For the period under review, HDFC International Life & Re reported a Net Profit of USD 0.41 Mn.

The Company has been working with insurers to provide reinsurance support for individual life and group life businesses, on both, treaty and facultative basis. Working closely with clients is the central focus of the strategy and we look to establish meaningful and long-term 'win-win' business associations. The Company has been working with insurers to provide reinsurance support for individual life and group life businesses, on both, treaty and facultative basis.

As we get into the eighth year of operation, our aim is to continue on the path of building compelling reinsurance propositions which enable clients to break into new segments, expand their market share and offer unique customer benefits. We continue to build technology enabled models which allow for differentiation from existing processes and propositions and deliver capital efficiencies by means of bespoke reinsurance and risk solutions. Our aim is to thus help our partners realize their potential through solutions that are innovative and optimized as per needs of their market segments.

'Partnering', rather than pure risk participation is the mantra for our approach in the GCC & MENA regions. We are optimistic about opportunities that lie ahead and excited about the journey that we have embarked upon.

HDFC International Life & Re continued to maintain its long-term insurer public financial strength rating of 'BBB', for fifth consecutive year. During FY 2022-23, S&P Global Ratings affirmed 'BBB' ratings while revising the outlook to 'Negative'.

Key Regulatory Framework

The independent legislative framework of both, the DIFC and the DFSA, are based on international standards and principles of common law. Both, the DIFC and the DFSA, have administered and enacted various laws and rules which the Company is bound by. Apart from these, the Company is subject to relevant Federal Laws as well. The key laws, rules and regulations issued by the DIFC, the DFSA and Federal Authorities, as applicable to the Company during the year under review, including amendments, are:

i. The DIFC Laws

- Companies Law & Regulations – Set out provisions in respect of formation and incorporation of companies, classification of companies, shares, capital, directors and their duties, auditors and their duties, meetings, accounts, winding up etc. Companies are classified as Public Companies and Private Companies. Reporting requirements depend on the classification of companies. The Legal Status of the Company is "Private Company".
- Contract Law – Sets out the provisions governing contracts such as formation of contracts, validity of contracts, interpretation of contracts, performance and non-performance

of contracts, damages in case of breach and agency contracts.

- **Data Protection Law & Regulations** – The Data Protection Law has undergone changes during the year and a new law was introduced repealing and replacing the previous law. The new Data Protection Law came into force on July 1, 2020. The new law provides standards and controls for the Processing and free movement of Personal Data by a Controller or Processor; and protects the fundamental rights of Data Subjects, including how such rights apply to the protection of Personal Data in emerging technologies. The law also prescribes rules and regulations regarding the collection, handling, disclosure and use of personal data in the DIFC, and offers protection to the rights of individuals on their personal data. The new law embodies international best practice standards and is consistent with EU Regulations and OECD guidelines. The law is designed to balance legitimate needs of businesses and organizations to process personal information while upholding an individual right to privacy

As prescribed by the law, the Company has formulated Data Protection Policies and Framework, including the Data Protection Privacy Policy Notice explaining data processing practices about how the Company collects, processes, and shares personal data.

- **Arbitration Law** – Sets out provisions governing an arbitration agreement, arbitration proceedings and arbitral awards; regarding the composition of the Arbitral Tribunal.
- **Employment Law** – Provides minimum employment standards to employees based within, or who ordinarily work within or from the DIFC; promotes the fair treatment of employees and employers; fosters employment practices that will contribute to the prosperity of the DIFC.

DIFC Employee Workplace Savings Plan (“DEWS Plan”) replaced the previously existing system of End of Service Benefit payment regime with a funded defined contribution regime where the employer needs to make monthly contributions to DEWS for the benefit of employees effective from February 01, 2020. Enrolment with a

qualifying plan is a mandatory requirement and all employers in the DIFC were required to enrol with the DEWS Plan prior to the plan commencement date. The Company had enrolled with the DEWS Plan in April 2020 and continues to maintain the same for its employees who are on its payroll.

ii. **The DFSA Rules**

Anti-Money Laundering, Counter - Terrorist Financing and Sanctions Module (“AML”) – Provides a single reference point for all persons and entities who are supervised by the DFSA for Anti-Money Laundering, Counter- Terrorist Financing and sanctions compliance under the Federal regime and the DIFC regime.

Pursuant to Federal Law on combating terrorist offences, the UAE Government maintains a list of designated terrorist organizations and groups. The UAE Government regularly updates this list and issues notifications to the effect. These notifications are adopted by the DFSA following which the DFSA issues SEO letters to all DIFC firms on the said notifications, laying down the procedures to be followed and reports to be submitted by the firms in order to comply with the UAE Government notifications. Additionally, the DFSA, pursuant to relevant provisions of the Regulatory Law 2004 (as amended) on ‘Anti- Money Laundering Compliance’, issues regular notifications on the announcements made by the United Nations (UN) Security Council Sanctions Committee.

The requirement and obligations contained in the AML Module include Governing Body & senior management’s responsibilities, anti-money laundering policies and procedures, rules regarding Money Laundering Reporting Officer (“MLRO”), risk-based assessment and customer due diligence, suspicious activity reports, AML training and awareness, sanctions and other international obligations.

- **Conduct of Business Module (“COB”)** – Regulates the conduct of business including the conduct of insurance and reinsurance business in or from the DIFC.
- **General Module (“GEN”)** – Prescribes the financial services which may be carried on by

the Authorised Firms or regulated entities in the DIFC; sets out the fundamental regulatory obligations of the Authorised Firms while carrying out the financial services activities in the DIFC.

- Prudential – Insurance Business Module (“PIN”) – Sets out the prudential requirements applicable to insurers providing financial services in or from the DIFC and all insurers/reinsurers in the DIFC are governed by the PIN Module.
- Sourcebook Modules – Provide all appropriate forms and notices which must be submitted to the DFSA and consist of a Code of Market Conduct, Prudential Returns Module and Regulatory Policies and Process Sourcebook.

iii. Federal Laws/Regulations:

- Economic Substance Regulations (ESR) – The UAE introduced ESR as applicable in onshore as well as in free zones. The purpose of ESR is to ensure that UAE entities undertaking certain activities report actual profits that are commensurate with the economic activities undertaken within the UAE. Pursuant to the enactment of the UAE Economic Substance Regulations (ESR), the DIFC Registrar of Companies is the Regulatory Authority designated in the DIFC.

During the reporting year, the Company complied with its obligations towards notifying and reporting under the ESR within the prescribed timelines as set out by the UAE Ministry of Finance.

Capital Adequacy

As on March 31, 2023, the adjusted capital resources of the Company calculated as per App3 of the DFSA Rulebook, Prudential Insurance Business Module (“PIN Module”) were USD 24,853,307.

This is higher than the minimum capital requirement of USD 11,162,139 calculated as per App4 of the PIN Module.

As on March 31, 2023, the Company was in compliance with the minimum capital adequacy requirements of the PIN Module.

Net worth

As on March 31, 2023, the Company’s net worth was USD 25,372,005.

Board of Directors

The Board of Directors of the Company oversees the business and operations of the Company. As on the date of this Report, the Company’s Board of Directors comprised of four Directors represented by two members from shareholder’s/controllers’ organization and two Independent Directors. During the year, there was no change in the composition of the Board of Directors.

Following were the members of the Board of Director’s during FY 2022-23:

Ms. Vibha Padalkar	Non-Executive Director (Chairperson of the Board)
Mr. Yuvraj Narayan	Independent Director
Mr. Davinder Rajpal	Independent Director
Mr. Suresh Badami	Non-Executive Director

The Board has by way of resolution by circulation dated April 26, 2023 considered and approved the appointment of Mr. Sameer Yogishwar as an Additional Director of the Company with effect from April 26, 2023 subject to the approval of Members at the 7th AGM of the Company, by way of Ordinary Resolution. The necessary resolution for appointment of Mr. Sameer Yogishwar as Director of the Company has been included in the notice of the 7th AGM, for approval of the Members.

Senior Management, Persons Undertaking Key Control Functions and any Major Risk-Taking Employees

Chief Executive Officer (CEO) represents the senior management team. Head – Finance & Accounts (Finance Officer) and Head - Risk & Compliance and MLRO (Compliance Officer, Risk Officer and MLRO) of the Company are designated as “Persons Undertaking Key Control Functions”, as per the relevant DFSA Rulebooks.

Related Party Transactions

There were no materially significant related party transactions with the Directors, the Management, subsidiaries or relatives of the Directors that have a potential conflict with the interests of the Company at large.

Related Party Transactions

Amounts in (USD)

Particulars	Description	Total Value of Transactions for FYE March 31, 2023	Total Value of Transactions for FYE March 31, 2022	Total Value of Transactions for FYE March 31, 2021
HDFC Life Insurance Co. Ltd	Share Capital	29,500,000	29,500,000	29,500,000
HDFC Life Insurance Co. Ltd.	RI business written with Holding Company	592,019	1,118,461	3,539,359
HDFC Life Insurance Co. Ltd.	Claims on RI business written with Holding Company	(1,936,524)	(3,663,416)	(5,110,408)
HDFC Life Insurance Co. Ltd.	Due from Holding Company for Reimbursements	—	—	21,890

Remuneration / Compensation of Directors, Senior Management, Persons Undertaking Key Control Functions and Major Risk-Taking Employees for the Period Under Review

Sr. No.	Particulars	Amount (USD)
1.	Independent Directors' Sitting Fees	12,500
2.	Remuneration of Senior Management, Persons Undertaking Key Control Functions and Major Risk-taking Employees	95,726

Auditors

During the year under review, Ernst & Young Middle East (Dubai Branch) was reappointed as the Auditor of the Company for the financial year 2022-23 at the 6th Annual General Meeting (AGM), to hold office until the conclusion of the forthcoming "AGM".

The Board of Directors at their Meeting held on April 18, 2023, after taking into consideration the recommendation of the Audit Committee, have approved the appointment of Ernst & Young Middle East (Dubai Branch) as Auditor of the Company from the conclusion of the 7th AGM until the conclusion of the 8th AGM of the Company.

The Board has recommended the same to the Members for their consideration and approval.

Risk Management

The Company recognizes Risk Management as an integral building block to manage risks and maximize opportunities related to achievement of strategic objectives. The Company's risk taking is steered by the Risk Appetite Framework, which consists of two (2) interlinked components: risk appetite and risk tolerance /limits. The quantitative and qualitative risk appetite boundaries facilitate risk and capital led decision making and risk tolerance/limits sets boundaries for measured risk taking. The Company continuously reviews and

updates its internal frameworks, models and parameters to reflect the experiences and changes in internal and external risk environment and current best practices. The Company's risk management system is agile and responsive to emerging risks and is able to effectively address changes in internal and external operating environment. The Company leverages on the risk management and controls framework that is developed to manage the uncertainties in achieving its strategic objectives. The Company has also put in place key policies that sets up clear channels of communication regarding risk management strategy, objectives and plans. In addition, the ERM Policy ("Policy"), including associated policies provides a base for the overall risk management framework of the Company. The Policy is reviewed by the Risk Management Committee and the Board of Directors on an annual basis.

The ERM framework operates with the following objectives:

- Ensuring protection of the interests of our ceding and retrocession partners, shareholder(s), employees, and all the relevant stakeholder(s), including adherence to internal values framework.
- Ensuring adherence to applicable DFSA rules and DIFC regulations and relevant federal directives by the statutory authorities, thereby maintaining an ethical and strong corporate governance culture.

- Ensuring the risk assessment (identification, analysis, and evaluation) and risk treatment process is effective with the core objective of minimising risk and maximising opportunities for the Company.
- Assuring in providing a systematic, structured, and strong mechanism to take smarter yet informed decisions whilst managing risk and uncertainty pragmatically including internal controls.
- Assuring ERM is tailor-made and not one-size-fits-all, considering human and cultural factors in building lean processes and promoting strong risk and internal controls culture in the Company.
- Approach: The 'Annual Internal Audit Plan' adopts the Risk based Internal Audit (RbIA) methodology for undertaking internal audits, approved by the Audit Committee.
- Objective: To test, objectively and independently, the design and operating effectiveness of the internal control framework and risk management practices.
- Assurance: To provide independent and reasonable assurance about the adequacy and effectiveness of the internal controls to the Audit Committee and the Board of Directors of the Company.
- Reporting & Monitoring: The Audit Committee of the Board periodically reviews audit findings. The Management of the Company closely monitors the internal control framework to ensure recommendations and observations are effectively implemented.

Internal Audit

As at the date of this report, the Company had utilized the services of RSM UAE (a DFSA registered auditor) for conduct of internal audit. The scope and mandate to the internal auditors were to ensure carrying out an independent review of the Company's internal control framework including testing the effectiveness and adequacy of the Company's policies, processes, practice and associated risk management framework. The Audit Committee of the Board has oversight responsibilities on internal audit including access to internal audit activities, reports, recommendations, observations and findings. The Board of Directors of the Company has adopted an "Internal Audit Charter" acknowledging that the internal auditors draw authority and powers from the Audit Committee and the Board of Directors of the Company. The Audit Committee of the Board reviews the "Annual Internal Audit Plan" and provides relevant inputs to the internal audit planning process, basis internal and external operating environment. During FY 2022-23, the Internal Audit Plan was structured in a manner to ensure comprehensive assessment including but not limited to review of critical business process controls.

The Internal Audit framework operates with the following objectives:

- Scope: The Internal Audit charter has defined the scope and authority of the internal audit activities, approved by the Audit Committee of the Board of Directors of the Company.
- The Financial Statements have been prepared in accordance with the provisions of International Financial Reporting Standards ("IFRS").
- Such standards have been selected and applied consistently, and judgments and estimates made that are reasonable and prudent, so as to give a true and fair view of the Company's statement of accounts for the period under review, and of the state of the

Human Resources and People Development

The Company believes that a talented and dedicated workforce is a key pillar for a strong foundation, growth and efficiency. The Company's HR Policies are in line with the DIFC Employment Laws and the Company has adopted the Talent Management strategies of its Parent Company, which are designed to achieve the twin objectives of personal development and organizational growth.

The Company's workforce comprises of individuals from different countries and cultures, who bring on board a stream of cross-border experiences. We will continue to welcome and encourage diversity in our workforce as per the Company's expansion plan.

Directors' Statement

In accordance with the applicable DFSA Rules and DIFC Laws, the Board of Directors state that:

- The Financial Statements have been prepared in accordance with the provisions of International Financial Reporting Standards ("IFRS").
- Such standards have been selected and applied consistently, and judgments and estimates made that are reasonable and prudent, so as to give a true and fair view of the Company's statement of accounts for the period under review, and of the state of the

Company’s financial position as at March 31, 2023.

- The Company has complied with those provisions of DIFC Companies Law and PIN Rules that are applicable to it, throughout the financial reporting period.
- The Directors are not aware of any relevant audit information of which the Company’s auditor is not aware, and the Directors have taken all reasonable steps to become aware of such relevant audit information.

Appreciation and Acknowledgement

The Directors thank all clients and business partners / associates for maintaining their trust in the Company. The Directors also thank the Company’s employees for their continued hard work, dedication and commitment; and the Management for its tireless effort in establishing the reinsurance business and the progress made.

The Directors further take this opportunity to thank HDFC Life, the sole Shareholder of the Company, and HDFC Limited for their invaluable and continued support and guidance. The Directors would also like to thank the DFSA, the DIFC Authority, Insurance Regulatory and Development Authority of India (IRDAI), Financial Regulatory Authority, Egypt and other Governmental and relevant regulatory authorities for the support, advice and direction provided from time to time.

On behalf of the Board of Directors of
HDFC International Life & Re Company Limited

Sd/-
Vibha Padalkar
Non-Executive Director
(Chairperson)

Sd/-
Suresh Badami
Non-Executive Director

CORPORATE GOVERNANCE FRAMEWORK

The Company's philosophy on Corporate Governance plays a vital role in protecting interest of all its stakeholders and it is based on the best practices related to Corporate Governance which includes Company's vision, values, policies, processes and goals. The Company is also committed to comply with the requirements of the regulator, Dubai Financial Services Authority (DFSA), with regard to Corporate Governance standards as set out in the relevant Rulebook and implement an effective framework in order to help the Board, Management and Employees to function towards the interest of Stakeholders. At the core of its Corporate Governance practice is the Board, which oversees how the management serves and protects the long-term interests of all the stakeholders of the Company. The Company believes that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance.

Governing Body (Board of Directors)

The Company's Governing Body encompasses the Board

of Directors. As at March 31, 2023, there are total four Directors represented by two members from shareholder's / controllers' organization(s) and two Independent Directors who carry significant and rich experience in reinsurance, insurance, banking and in the overall financial services sector. The Chairmen of the Board sub-committees i.e. the Risk Management Committee, Audit Committee and the Remuneration Committee are the Independent Directors. This clearly reflects the adoption of international best practices in corporate governance. The Board is responsible for setting the business objectives and to provide strategic direction as well as to provide overall supervision of the Company. The Board is also responsible for overseeing the business plan, strategy and management of the Company. The Board also has oversight on internal control systems which include all policies, processes and functioning of the management team.

The composition of the Board of Directors as at March 31, 2023 is as under:

Sr. No.	Name of Director	Status / Position	No. of Committees	
			As Member	As Chairman
1.	Ms. Vibha Padalkar	Non-Executive Director (Chairperson of the Board)	1	—
2.	Mr. Yuvraj Narayan	Independent Director	3	2
3.	Mr. Davinder Rajpal	Independent Director	3	1
4.	Mr. Suresh Badami	Non-Executive Director	3	—

Responsibilities of the Board

The Board of Directors upholds the interests of the Company's shareholder and all relevant stake holders including its clients and business partners. The Board provides the management with guidance, strategic direction and oversees the Company's overall business affairs/functioning.

The Board has an oversight on regulatory compliance and corporate governance matters and oversees the interests of various stakeholders.

The Directors attend and actively participate in Board Meetings, and meetings of the Committees in which they are members.

The Key Terms of Reference updated from time to time, assist the Board and management in clarifying responsibilities and ensuring effective communication

between the Board and management. The Key Terms setting out the roles and responsibilities of the Governing Body, and subsequent updates, if any, were adopted and approved by the Board.

Board of Directors' Meetings

During the year under review, the Board meetings were held 4 times (once a quarter) to review the Company's quarterly performance, financial results, review the business, consider business strategies and their implementation including review and discussion of systems and controls in place etc. The Meetings of the Board of Directors and the Board Committees were held in Dubai.

In case any matter required urgent attention, resolutions were circulated for approval of the Board. The Board was provided with requisite information and detailed agenda papers, together with necessary supporting papers, as

required. The Board papers, agenda and other explanatory notes are circulated to the Directors in advance, and include:

- i. Minutes of the previous Board and Committee meetings (including minutes of Management Committee Meetings)
- ii. Financial results/accounts
- iii. Capital adequacy review update
- iv. Business review, update and strategy overview
- v. Annual business plans, budgets, and updates on the same
- vi. Investment Strategy for the Company's capital and update on investment performance
- vii. Actuarial report/update
- viii. Compliance Monitoring & AML process Review Reports
- ix. Periodic AML Reports/Returns
- x. Regulatory update
- xi. Risk management update
- xii. Overall Business Objectives & Risk Strategy (Annual)
- xiii. Review and approval of Company Policies

Board Meetings held during FY 2022-23

The Board of Directors met four times during FY 2022-23 viz. April 21, 2022, July 14, 2022, October 17, 2022 and January 16, 2023.

Committees of the Board of Directors

During the year under review, the Audit and Risk Management Committee meetings were held on quarterly basis, and Remuneration Committee was held on annual basis.

Board Committee Meetings held during FY 2022-23

The Audit and Risk Management Committees met four times during FY 2022-23 viz. April 21, 2022, July 14, 2022, October 17, 2022 and January 16, 2023; and Remuneration Committee was held on April 21, 2022.

The functions of the Board Committees are governed by the Key Terms of References of the Board Committees which are approved by the Board from time to time. During Financial Year 2022-23, key financials, actuarial, compliance related matters were updated and approved by the Audit Committee and the Board of Directors. Further, Risk reports were placed before the Risk Management Committee on a quarterly basis. Key risk management related matters were updated and approved by the Risk Management Committee.

The minutes of the Audit and Risk Management Committee meetings were placed at the Board Meeting of the Company. The details of the various Board Committees, including their composition and Responsibilities as per their Key Terms of Reference as at March 31, 2023 are given below:

Board Committees

Committees	Responsibilities as per Key Terms of Reference	Members	No. of Meetings held during the Year
Audit Committee	- To monitor the integrity of financial statements and any announcement relating to actual and forecast of financial performance including management discussion and analysis - To review any unusual accounting reporting brought to its attention requiring the exercise of managerial jurisprudence potentially impacting the preparation of financial statements - To monitor the relationship with DFSA/DIFC as per the relevant regulatory requirement, including review of the scope, approach and result of accounting related reporting	- Yuvraj Narayan -Independent Director (Chairman) - Davinder Rajpal -Independent Director - Suresh Badami -Non-Executive Director	4

Committees	Responsibilities as per Key Terms of Reference	Members	No. of Meetings held during the Year
	• To review the accounting policies, controls and procedures established by executive management for compliance with regulatory and mandatory financial reporting requirements • To monitor any significant deficiencies and material weaknesses in the internal control structure as reported by risk management& internal control and external auditors • To review the internal control of financial management, compliance with local laws, statutes and regulations including safeguarding assets and intellectual property • Recommending the appointment and removal of Statutory Auditor/Internal Auditor, fixation of audit fee and also approval for payment for any other services, including review of their performance and oversight • Ensuring the compliance of the conditions for appointment and eligibility of Statutory Auditors of the Company as stipulated by the Regulatory Authority from time to time • Review of performance of the Statutory Auditors • Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible and financial statements are prepared in accordance with IFRS • Review of all regulatory returns and ensure that the returns are prepared and submitted in accordance with the requirements set out in DFSA PIN rules and regulations • Review of the accounts/financial statements and ensure that the accounts/financial statements of the Company comply with the applicable legislation in the DIFC		
Risk Management Committee	• ERM Policy: To review the implementation of policy and strategy while to review any unusual accounting reporting brought to its attention ensuring adequacy and effectiveness of risks and internal controls • ERM Strategy: To ensure ERM is aligned to the objectives and the framework attains maturity basis change in internal and external environment • ERM Profile: To review the Company risk profile relative to risk tolerance and limits and review outcomes on internal and external risk reviews	• Davinder Rajpal- Independent Director (Chairman) • Yuvraj Narayan -Independent Director • Suresh Badami Non-Executive Director	4

Committees	Responsibilities as per Key Terms of Reference	Members	No. of Meetings held during the Year
	- ERM Architecture: To review the risk assessment (identification, analysis and evaluation), risk treatment, risk monitoring & review nomenclature - Risk Appetite: To consider and set risk objectives and appetite basisthe strategic objectives and forward looking internal and external environment - Risk Portfolio: To consider and review the Company's portfolio of risks vis-a-vis internal and external environment including any other relevant factors which has a bearing on the Company's objectives - Risk Capital: To consider and review the Company's regulatory (DFSA) risk capital which is dove-tailed across the spectrum of material risks - Risk Assessments: To review outcomes of risk management reportsincluding scenario & stress testing explaining crystallization of material risks - Risk-Reward: Ensure the committee is taking appropriate measures to achieve a prudent balance between risk & reward (upside risk)		
Remuneration Committee	- Formulate and oversee the policies and procedures covering formal and transparent process for Company's remuneration structure and strategy - Regular review of Company's remuneration practices and procedures and its effectiveness and adequacy - Formulate an appropriate succession planning for key control functions - Assessment of performance of staff including key controlling functions - Undertake all activities in consideration of the best practices as laid down in the DFSA laws and regulations	- Yuvraj Narayan- Independent Director (Chairman) - Davinder Rajpal -Independent Director - Vibha Padalkar - Non-Executive Director - Suresh Badami - Non-Executive Director	1

Other Internal Committees

During the year under review, Management Committee meetings were held on a monthly basis and ALCO meetings were held on a quarterly basis.

The minutes of the Management Committee meetings were placed at the Board Meeting.

Management Committee

The Committee comprises of the Chief Executive Officer and six members representing each key function of the Company, and the Company Secretary acts as Secretary to the Committee.

As on March 31, 2023, the Management Committee comprised of the following members:

- Chief Executive Officer (CEO) - Chairman
- Deputy Chief Executive Officer
- Appointed Actuary
- Head – Customer Relations and Business Systems
- Head – Legal & Company Secretary
- Head – Risk & Compliance and MLRO
- Head - Finance & Accounts

The Quorum for the meeting is five members including the Chairman of the Committee.

Number of Meetings held

During FY 2022-23, the Management Committee met once in a month and as on March 31, 2023, twelve meetings were held in total.

Asset Liability Committee (ALCO)

The Committee comprises of the Chief Executive Officer and three members representing actuarial, finance and risk functions of the Company, and the Finance Officer acts as Secretary to the Committee.

As on March 31, 2023, ALCO comprised of the following members:

- Chief Executive Officer (CEO) - Chairman
- Appointed Actuary
- Head - Finance & Accounts
- Head – Risk & Compliance and MLRO

The Quorum for the meeting is three members including the Chairman of the Committee

Number of Meetings held

During FY 2022-23, the ALCO met quarterly and as on March 31, 2023, four meetings were held in total.

Key Management Persons Team

The leadership of the Company comprises of the CEO and his management team, who are experienced, qualified professionals in the life reinsurance, life

insurance, banking and the financial services space. They are entrusted with the responsibility for the effective functioning of the Company including execution of the Company's strategic objectives and ultimately working towards fulfilment of the long-term vision of the Company. Also, in line with the international best practices, the Company has independent functions with respect to managing underwriting, actuarial, compliance, risk and internal audit with clear responsibilities, reporting lines, segregation of duties and responsibilities with no conflict of interest, to enable decision making with reasonable prudence.

Compliance & Anti- Money Laundering (AML) Framework

The Company continues to take appropriate steps towards its commitment to ensure to comply with the applicable law of the DIFC and the rules and regulations of the DFSA. The Company also monitors relevant jurisdictions and applies prudent and enhanced processes to ensure to comply with relevant sanctions regimes and applicable regulations. During the year under review, the compliance and AML processes & procedures were strengthened further to ensure that the Company and its staff (staff includes employees, directors etc. as interpreted in the manuals) conduct business activities in compliance with the DFSA rules and regulations which they are subject to, and also as stated in the Compliance & AML Manuals.

During the year under review, the Compliance Officer performed regular review and monitoring activities as per the compliance monitoring plan adopted by the Company. The results were documented and review reports were placed before the Board on quarterly basis. Periodic updates were given to the parent, Audit Committee, Management Committee and the Board of Directors of the Company.

The Company has strengthened AML processes particularly client on boarding KYC processes and procedures including KYC renewal process, Enhanced Due Diligence Process, specifically in respect of relevant sanctions, during the year under review and has maintained the records throughout the year.

All employees were made conversant with the procedures contained in the Compliance Manual, AML Policies and Procedures (AML Manual) and periodic trainings and regular updates are provided to ensure that they are fully aware of regulatory changes that are applicable to the Company.

The Board of Directors approved the Compliance and AML Manuals and will review each year to ensure that it continues to reflect the procedures affecting and relating to the business.

During the year, no instances of breaches were reported and no reports were made on non-compliance with applicable legal or regulatory requirements.

HDFC Life's and HDFC Group's reputation is an important asset, which the Company protects, through a compliance, AML & Compliance Monitoring program approved by the Board and through a forward-looking risk assessment as part of our Enterprise Risk Management Framework approved by the Risk Management Committee.

Internal Audit

During the year under review, the Company has revised the Internal Audit Charter and enhanced the scope of the internal audit detailing the roles and responsibilities of Internal Audit function and the same was approved by the Audit Committee.

During the Financial Year, RSM UAE, a DIFC & DFSA registered firm was reappointed for performing Internal Audit function and internal audit was undertaken from April 1, 2022 to December 31, 2022.

Actuarial Review

Appointed Actuary undertakes periodic review of Capital adequacy and technical provisions. Appointed Actuary provides an Actuarial Report to DFSA on an annual basis.

Policies and Framework

During the year under review, the Company has further strengthened the systems and controls for effective management of the Company. The Company has documented policies, procedures and manuals as

appropriate to the nature of business and in line with the regulatory requirements.

Each of the policies and its revisions were approved by the Board of Directors/Board Committees, as may be applicable.

Regular and periodic reviews were performed and review results/ reports are periodically updated to the Board/ Committees/parent Company. The Policies were reviewed annually and amended when deemed necessary, to ensure proper alignment with the business operations and regulatory requirements.

Key policies, manuals, framework required under the applicable laws, rules and regulations are:

Accounting Policies and Procedures Manual

The Company being an Authorised Firm in the DFSA regulated regime, is committed to having effective policies and procedures. The Accounting Policies and Procedures Manual provides a general overview of Company's accounting policy in accordance with International Financial Reporting Standards.

Anti-Money Laundering (AML) Policies and Procedures Manual

In line with the requirements of the DFSA AML Rules, Company has put in place effective AML processes and procedures. The AML Manual sets out the parameters to be followed to ensure the effective implementation of AML guidelines issued by the DFSA from time to time, while conducting the business activities in the DIFC.

Asset-Liability Management ("ALM") Policy

The Company has put in place an ALM Policy to ensure strict compliance with applicable DFSA PIN Rule norms and other applicable rules and regulations as prescribed by the DFSA. The ALM Policy sets out the ALM framework of the Company.

Business Continuity Management ("BCM") Policy

As per DFSA rules and regulations, it is imperative to develop, implement and maintain sound and prudent business continuity strategy for the Company. In this

respect, the Company has established BCM Policy which encompasses the BCM philosophy, the BCM governance structure, the BCM planning process (methodology and testing), crisis management and disaster recovery.

Claims Policy

Claims policy of the Company provides a general overview of Company's internal claims policy including claims documentation requirements, claims assessment, claims underwriting and settlement processes etc.

Compliance Manual

As per the regulatory requirements, the Company has put in place an effective Compliance Manual while conducting business in the DIFC. The Compliance Manual outlines the compliance policies and procedures of the Company and it sets out the DFSA and DIFC regulatory obligations to which the Company and its Staff are subject to and describes the high-level controls and responsibilities existing within the Company.

Compliance Monitoring Programme

The Compliance Monitoring Programme sets out the process and procedures to ensure the compliance of rules and regulations when undertaking Regulated activities in or from the DIFC by performing periodic review of the process and procedures in place by way of compliance testing to ensure that any compliance breaches are identified and corrective action measures are taken promptly.

The Compliance Monitoring Programme shall monitor and test the Company's level of compliance to DIFC and DFSA laws, regulations and standards which the Company is subject to.

In particular, the programme carries out formal periodic reviews of the Company's compliance records, policies and procedures; by performing sufficient and comprehensive compliance testing.

The compliance monitoring program is driven by the principles of risk management, and consists of the following cycle:

1. Planning;
2. Assessment;

3. Implementation;
4. Monitoring; and
5. Reporting

Corporate Governance Policy

Corporate Governance is a framework of systems, policies, procedures and controls through which an entity:

1. promotes the sound and prudent management of its business;
2. protects the interests of its customers and stakeholders; and
3. places clear responsibility for achieving (1) and (2) on the Board and its members and the senior management of the Company.

The above Policy is normally reviewed annually and modified, when deemed necessary, to ensure proper alignment with best practices relating to Corporate Governance standards in accordance with the DIFC Companies Law and relevant DFSA Rulebook.

Data Protection Policies and Framework

Pursuant to the changes in Data Protection Laws, Data protection Law (DIFC Law No. 5 of 2020), the Company has put in place, Data Protection Policies and Framework ("Policy").

The Policy describes the detailed policies and procedures to be followed by the management and staff of the Company to ensure compliance with the DIFC Data Protection laws and regulations, as amended from time to time ("DPL"). The DIFC's data protection legislation and the DIFC Data Protection Regulations place responsibilities and limitations on businesses and organisations undertaking activities in the DIFC and protects personal information in relation to individuals gathered in the course of Company's business.

This Policy is designed to safeguard the rights of individuals in relation to the processing of personal data, by manual and automated means (in both paper and electronic format). The purpose of the policy is to set out the relevant legislation and to describe the steps the Company is taking to ensure that it complies with it. The policy also sets out

the process and the framework within which to collect, use and protect Personal and Sensitive Data.

The Policy also includes the Privacy Policy Notice as notified on the website as required by the Law. Data Protection Officer (“DPO”) was also appointed by the Board to fulfil the responsibility for oversight and compliance with respect to the duties and obligations as per the Data Protection Policy and Framework and under the DPL.

Enterprise Risk Management (“ERM”) Policy

A separate report on Enterprise Risk Management framework has been included in this document, describing the enterprise risk management architecture.

HR Policies & Processes

The Company has adopted HR Policies as per the DIFC Employment Laws. HR Policies and Processes lay down the guidelines that will govern all eligible employees of the Company.

Information Security Policies (Cybersecurity Risk Management Policy)

The Information Security Policies including the Cybersecurity Risk Management Policy comprise of the following:

1. IS Policy Statement – The Information Security Policy Statement establishes management directives to protect the information assets of the Company from all known threats, whether internal or external, deliberate or accidental. The implementation of this Policy is essential to maintain the confidentiality, integrity and availability of data processed by the Company for its business requirements.
2. Information Security Policy – This policy provides a standard while developing a security plan detailing management, technical and operation controls.
3. Acceptable Usage Policy – This policy outlines acceptable use of computing equipment, network and information assets of the Company. This policy is to ensure that the Company assets and information are appropriately protected.

4. User Access Management Policy – The purpose of this policy is to prevent unauthorised access to the Company information systems. The policy describes the registration, privilege management, accounting, de-registration process for all Company information systems and services.
5. Antivirus Policy – This policy defines rules for protecting the Company’s systems from viruses, worms, spams, malicious codes etc., using Antivirus solutions for the Company.

Investment Management Policy

The purpose of the Investment Management Policy is to provide a formal plan for investing ceding insurers’ premia and shareholders’ funds and is also set forth to:

1. Define and assign the responsibilities of all involved parties
2. Provide guidance to the Investment Management Function
3. Establish the relevant investment horizon for which the assets will be managed
4. Specify permissible investments, restrictions on investments and diversification requirements
5. Provide ongoing oversight of investments by the ALCO

Remuneration Policy

The Company’s remuneration structure and strategies are governed by Remuneration Policy. In line with the requirements of applicable provisions of DFSA Rules/guidance (General Module) relating to corporate governance and remuneration, the Company has put in place a Remuneration Policy setting out the broad guidelines on remuneration philosophy and compensation structure of employees of the Company. The Policy ensures the performance evaluation process, compensation structure, broad guidelines on annual increments/promotions and pay out process for remuneration of Company’s employees.

Treaty Execution Management Policy

The Treaty Execution Management Policy describes the detailed procedures to be followed by the Staff of the Company to ensure timely execution of Treaties in compliance with the laws, regulations and rules governing the conduct of business in the Dubai International Financial Centre (“DIFC”) and in accordance with best market conduct practices and professional service standards.

The purpose of this framework is to strengthen the Treaty execution process, effective coordination and timely

decision making between teams. It helps the Company to fulfil its Treaty execution requirements in a coordinated, consistent and timely manner.

Underwriting Policy

As per DFSA PIN regulations, it is imperative to implement an appropriate Underwriting Policy. In this respect, the Company has implemented an appropriate Underwriting Policy for its reinsurance operations. The broad contour of the Underwriting policy enunciates the core objectives of Underwriting risk assessment.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HDFC INTERNATIONAL LIFE AND RE COMPANY LIMITED

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of HDFC International Life and Re Company Limited (the "Company"), which comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the shareholders of the Company, for our audit work, for this report, or for the opinions we have formed. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Dubai International Financial Centre, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and the Board of Directors for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs and in compliance with the applicable provisions of the Dubai Financial Services Authority Prudential Rulebooks, and for such internal control as management determines is necessary to enable the preparation of financial statements that are

free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HDFC INTERNATIONAL LIFE AND RE COMPANY LIMITED

used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Digitally Signed by:

James Potter

Partner

19 April 2023

Dubai, United Arab Emirates

STATEMENT OF FINANCIAL POSITION As at 31 March 2023

	Notes	2023 USD	2022 USD
ASSETS			
Right-of-use asset	5	45,048	135,144
Property and equipment	6	16,491	12,438
Intangible asset	7	188,994	157,019
Held to maturity investments	8	26,421,952	26,083,113
Reinsurance contract assets	9	3,161,684	2,108,274
Reinsurance balance receivables	10	5,521,436	2,804,077
Retrocession balance receivables	11	513,797	817,449
Prepayments and other receivables	12	551,214	505,550
Deposit with banks	13	5,300,000	5,795,000
Bank balances and cash	14	2,199,211	1,918,048
TOTAL ASSETS		43,919,827	40,336,112
EQUITY AND LIABILITIES			
Share capital	15	29,500,000	29,500,000
Accumulated losses		(4,127,995)	(4,538,391)
TOTAL EQUITY		25,372,005	24,961,609
Lease Liabilities	5	49,189	146,118
Reinsurance contract liabilities	9	12,316,296	10,768,175
Employees' end of service benefits	16	82,519	98,474
Retrocession balance payables	17	1,501,419	5,290
Reinsurance balance payables	18	4,375,903	4,174,366
Accrued and other payables	19	222,496	182,080
TOTAL LIABILITIES		18,547,822	15,374,503
TOTAL EQUITY AND LIABILITIES		43,919,827	40,336,112

The financial statements were approved by the Board of Directors on 18th April 2023 and signed on its behalf by:

Sd/-
Suresh Badami
Director

Sd/-
Sameer Yogishwar
Chief Executive Officer

Sd/-
Harpreet Singh Kalra
Head-Finance & Accounts

The attached notes 1 to 27 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 March 2023

	Notes	2023 USD	2022 USD
Gross reinsurance premium		17,223,737	15,636,904
Reinsurance premium ceded		(2,963,713)	(2,088,948)
Net reinsurance premium written		14,260,024	13,547,956
Claims incurred		(13,867,183)	(18,393,276)
Reinsurance claims - retrocession share		1,542,475	3,066,360
Change in reinsurance contract liabilities (net of reinsurance assets)		(494,712)	(1,407,648)
Business Acquisition Expenses		(465,234)	(397,773)
Retrocession Commission		9,972	8
Net technical reserves and expenses		(13,274,682)	(17,132,329)
Other income		68,947	7,333
Net investment income	3	854,592	793,600
General and administration expenses	4	(1,498,485)	(1,194,652)
NET PROFIT/ (LOSS) FOR THE YEAR		410,396	(3,978,092)
Other comprehensive income		—	—
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		410,396	(3,978,092)

The attached notes 1 to 27 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY For the year ended 31 March 2023

	Share capital USD	Accumulated losses USD	Total USD
Balance as at 1 April 2021	29,500,000	(560,299)	28,939,701
Net comprehensive loss for the year	—	(3,978,092)	(3,978,092)
Balance as at 31 March 2022	29,500,000	(4,538,391)	24,961,609
Net comprehensive income for the year	—	410,396	410,396
Balance as at 31 March 2023	29,500,000	(4,127,995)	25,372,005

The attached notes 1 to 27 form part of these financial statements.

STATEMENTS OF CASH FLOWS For the year ended 31 March 2023

	Notes	2023 USD	2022 USD
OPERATING ACTIVITIES			
Net profit/(loss) for the year		410,396	(3,978,092)
Adjustments for:			
Depreciation and amortization charges	6,7	51,594	36,115
Depreciation on right-of-use asset	5	90,096	92,774
Net investment income		(854,592)	(793,600)
Provision for end of service benefits	16	51,328	50,500
Interest expense	5	1,855	2,344
		(249,323)	(4,589,959)
Working capital changes:			
Reinsurance contract assets		(1,053,410)	1,100,034
Reinsurance balance receivable		(2,717,359)	1,911,175
Retrocession balance receivable		303,652	(813,779)
Prepayment and other receivables		(157,246)	944
Reinsurance contract liabilities		1,548,121	307,614
Reinsurance balance payables		201,537	2,499,547
Retrocession balance payables		1,496,129	(723,058)
Accrued and other payables		40,416	18,508
Amount due from Holding company		—	21,890
Employees' end of service benefits paid	16	(67,283)	(49,246)
Net cash flows used in operating activities		(654,766)	(316,330)
INVESTING ACTIVITIES			
Purchase of intangible & fixed assets	6,7	(87,621)	(58,229)
Additions of held to maturity investment		(500,632)	(12,800,625)
Investment income received		1,127,966	852,640
Deposits with banks		495,000	6,700,000
Net cash flows generated from/ (used in) investing activities		1,034,713	(5,306,214)
FINANCING ACTIVITIES			
Interest expense	5	(1,855)	(2,344)
Payment of principal portion of lease liability	5	(96,929)	(73,655)
Cash flows used in financing activities		(98,784)	(75,999)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		281,163	(5,698,543)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,918,048	7,616,591
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	14	2,199,211	1,918,048

The attached notes 1 to 27 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS At 31 March 2023

1 ACTIVITIES

HDFC International Life and Re Company Limited' (the "Company") was incorporated in Dubai International Financial Centre ("DIFC") as a Company Limited by Shares under the previous Companies Law, DIFC Law No. 2 of 2009, on January 10, 2016, under registration number 2067. The Company has been designated as a Private Company under the Companies Law, DIFC Law no. 5 of 2018 as on the date of its enactment. The Company is regulated by the Dubai Financial Services Authority ("DFSA") and is licensed to undertake life and health reinsurance business. It provides risk-transfer solutions, prudent underwriting solutions and value-added services, among others, across individual life, group life, group credit life and group medical lines of business. The Company currently offers reinsurance solutions in the Gulf Cooperation Council ("GCC"), Middle East & North Africa ("MENA") regions and India. The registered address of the Company is Unit OT 17-30, Level 17, Central Park, Dubai International Financial Centre, PO Box 114603, Dubai, United Arab Emirates.

The Company is wholly owned by HDFC Life Insurance Company Limited ("HDFC Life" or "Holding Company"). The registered address of the Holding Company is 13th Floor, Lodha Excelus, Apollo Mills Compound, N.M. Joshi Road, Mumbai, India. Established in 2000, HDFC Life is one of India's leading life insurers, offering a range of individual and group insurance solutions that meet various customer needs such as Protection, Pension, Savings, Investment, Annuity and Health. HDFC Life Insurance Company Limited is a listed life insurance entity promoted by HDFC Ltd., India's leading housing finance institution and Standard Life Aberdeen (formerly known as Standard Life plc), a global investment company.

The Company has been granted the Certificate of Registration to set up HDFC International Life & Re, IFSC Branch (Overseas Branch) in GIFT City, IFSC (regulated by the IFSCA) for conduct of life and health insurance classes of business. Commencement of business will be during FY 2023-24.

In December 2018, S&P Global Ratings had assigned the Company a long-term insurer Financial Strength Rating (FSR) of "BBB" with a stable outlook. Subsequently in December 2019, December 2020 and October 2021, S&P Global Ratings confirmed the long-term insurer Financial Strength Rating (FSR) of the Company, while maintaining the outlook as "Stable". In October 2022, S&P Global Ratings confirmed the long-term insurer Financial Strength Rating (FSR) of the Company, while changing the outlook as "Negative".

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention. The financial statements have been presented in US Dollars (USD), which is also the functional currency of the Company. The company's financial statements have been prepared on a going concern basis.

Presentation of financial statements

The Company presents its statement of financial position broadly in order of liquidity, with a distinction based on expectations regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current), presented in the notes.

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International

Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the applicable requirements of the DFSA Prudential Rulebooks.

New standards and interpretations effective after 1 April 2022

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 April 2022, have been adopted, where ever applicable, in these financial statements. The application of these revised IFRSs have not had any material impact on the amounts reported for the current and prior years.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to 'Interest Rate Benchmark Reform - Phase 2, that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates.
- Amendments relating to IAS 16, IAS 37, IFRS 3 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16
- Amendment to IFRS 16 'Leases' to provide lessees with an exemption from assessing whether a COVID-19- related rent concession is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current. Effective for annual period beginning on or after 1 January 2023.
- Amendments to IAS 8: Definition of Accounting Estimates. Effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies. Effective for annual period beginning on or after 1 January 2023 with earlier application permitted.
- IFRS 17: Insurance Contracts. Effective for annual period beginning on or after 1 January 2023

IFRS 17: 'Insurance Contracts'

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Company is currently evaluating the expected impact. The company has also taken the temporary exemption to defer the adoption of IFRS 15 and IFRS 9 till the adoption of IFRS 17.

The Company is currently working on the following areas to ensure successful implementation of IFRS 17 and compliance with the regulatory requirements:

- finalization of transition balances as at financial year ended 31 March 2022
- testing on comparatives for the financial year 2022-23
- finalization of User Acceptance testing of the IFRS 17 engine.
- configuration of data reports as per the requirements of IFRS 17.
- continuation of the knowledge transfer and trainings of key stakeholders in the business, and
- implementation of future financial and data governance processes and accountabilities

The above areas are driven jointly by actuarial and finance function under the supervision of the management committee of Company.

Company's more than 90% business is short term in nature and less than 10% business is long term. On account of above, Company is not expecting significant impact.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are set out below:

Gross reinsurance premiums

Gross reinsurance written premiums comprise the total premiums receivable for the period of cover provided by contracts entered during the accounting period and are recognised on the date on which the cover commences. The premiums recognition is based on a combination of actual reinsurance premium reflected in the reinsurance premium statements (statement of account) received from the cedents and an estimation of reinsurance premium expected to be received for the risks that would be reinsured with the Company. The estimation is based on historical trends, and/or indications from cedents on the risks written/expected to be written.

Reinsurance premium ceded

Reinsurance premiums ceded comprise the total premiums payable for the whole cover provided by contracts entered during the accounting period and are recognised on the date on which the cover commences.

Policy acquisition costs

Commissions and other costs directly related to the acquisition and renewal of insurance contracts are charged to the statement of comprehensive income when incurred.

Functional Currency

The Company's financial statements are presented in USD, which is the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency average/spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in statement of profit and loss with the exception of monetary items that are designated as part of the hedge of the Company's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit and loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or statement of income are also recognized in other comprehensive income or statement of income, respectively).

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of income during the financial period in which they are incurred.

Freehold land and fixed assets not commissioned are not depreciated. The estimated useful life of fixed assets for the Company is as follows:

Items of property and equipment	Useful life in years
IT equipment - End user devices	3
IT equipment - Servers and networks	4
Furniture and Fixtures	5
Office equipment	5

Leasehold improvements are depreciated over the lock in period of leased premises subject to maximum period of five years. Assets are depreciated on a straight-line basis over their estimated useful lives as given above.

Property and equipment not commissioned are stated at cost. When commissioned, they are transferred to the appropriate property and equipment category and depreciated in accordance with the Company's policies. Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the statement of income as the expense is incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of income.

Intangible asset

Intangible asset comprising of computer software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition for its intended use, less accumulated amortisation and impairment, if any. These are amortized over the useful life of the software subject to a maximum of five years. Subsequent expenditure incurred on existing assets is expensed out except where such expenditure increases the future economic benefits from the existing assets, in which case the expenditure is amortized over the remaining useful life of the original asset. Gains or losses arising from derecognition of an intangible

asset are determined by comparing proceeds with the carrying amount. These are included in the statement of income.

Right of use lease asset:

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Financial assets

Initial recognition and measurement

Financial assets and liabilities are recognized in the statement of financial position when the Company becomes a party to contractual provisions of the instrument. From this date any gains and losses arising from changes in fair value of the assets or liabilities designated at fair value through statement of profit and loss or available-for-sale assets are recognized. Receivables are recognized on the day they are transferred to or acquired by the Company.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset. The Company's financial assets include reinsurance assets and receivables, bank balances and deposit and HTM investments.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the positive intention and ability to hold until maturity. After initial measurement, held to maturity financial assets are measured at amortized cost, using the EIR, less impairment. The EIR amortization is included in 'Investment income' in the statement of comprehensive income. Gains and losses are recognized in the statement of comprehensive income when the investments are derecognized or impaired, as well as through the amortization process.

For those investments deemed to be held to maturity, management ensures that the requirements of IAS 39 are met and that the Company has the intention and ability to hold these to maturity.

Subsequent measurement

A financial asset or a financial liability is recognized initially at its fair value plus, in the case of a financial asset or a financial liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent to initial recognition, all financial assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be measured reliably is stated at cost, including transaction costs, less impairment allowances.

All other financial assets and non-trading financial liabilities are measured at amortized cost less impairment allowances.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and short-term deposits with original maturity of three months or less.

Derecognition

The Company derecognizes financial assets when the contractual rights to the cash flows from the

asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of the ownership of the financial assets are transferred. Any interest in derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Investment income

Interest income is recognized in the statement of comprehensive income as it accrues and is calculated by using EIR method. Fees and commissions that are an integral part of the effective yield of the financial asset are recognized as an adjustment to the EIR of the instrument.

Investment income also includes dividends when the right to receive payment is established.

Reinsurance ancillary support (RAS) Income

Reinsurance ancillary support(RAS) income is getting generated through providing policy administration activities support for the ceding insurance companies. RAS income is recognized in the statement of compressive income on accrual basis.

Impairment of financial assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of income. Impairment is determined as follows:

- (a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of income;
- (b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and

- (c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Impairment of non-financial assets (excluding goodwill)

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using discount rates that reflect current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through income statement, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include reinsurance and accruals and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Reinsurance contract liabilities

Mathematical reserve

Reserve is created to cover all future liabilities based on the term and guarantee in the insurance contracts as determined by the Actuary. The main assumptions used relate to mortality, morbidity, longevity, expenses, lapse, surrender rates and discount rates. The Company bases the mortality and morbidity on the approved basis which reflect Industry/population experience, adjusted when appropriate to reflect the Company's unique risk exposure, product characteristics and own claim severity and frequency experiences.

Incurred but Not Reported (IBNR)

As significant time lags may exist between incurrence of claims and notification of the claims to the Company and then to the reinsurer, a reserve for incurred but not reported claims is held.

Claim volatility Reserve

An additional reserve for any volatility in claims on overall portfolio is Claims volatility Reserve. It acts as a cushion in case of emergence of adverse experience.

Premium deficiency reserve

Premium Deficiency reserves are required by the Company if the unearned premiums collected are insufficient to meet future claims.

Profit Sharing

Any profit-sharing arrangement as per the insurance contract has been allowed for in the reserves.

Lease Liability:

Lease Liability comprising the present value of lease payments for Company office for the remaining part of lease period. This Liability is adjusted with the finance charge on the balance lease liability and amortized with the monthly lease payments during the period of lease.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes in future payments resulting from a change in index or rate used to determine such lease payments) or a change in the assessment to purchase the underlying asset.

Accruals and other payables

Liabilities are recognized for amounts to be paid in the future for goods and services rendered, whether billed by the supplier or not.

Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Employees' end of service benefits

The Company provides end of service benefits to its employees employed in the Dubai International Financial Centre ("DIFC") in accordance with the DIFC Employment Law. As of 1 February 2020, all employers in the DIFC were required to pay end of service benefits contributions on behalf of its employees into a DIFC Employee Workplace Savings ("DEWS") plan based on key service providers finalized by the DIFC, whilst employees may (at their discretion) also make their own contributions into such scheme. The entitlement to these benefits is based upon the employees' final basic salary and length of service, subject to the completion of a minimum service period, calculated under the provisions of the DEWS law. Upon resignation or termination of the employee, the amount would be payable from the DEWS scheme and not directly from the Company and therefore the Company has no further obligations to amounts paid into DEWS. The expected costs of these benefits are paid over the period of employment. The amount of end of service benefits in relation to DEWS will also be charged to the statement of comprehensive income.

3. NET INVESTMENT INCOME

	2023 USD	2022 USD
Net interest income from held till maturity investments	633,475	554,352
Interest on bank deposits & Current Account	218,978	234,907
Interest on Reinsurance receivables	2,139	4,341
	854,592	793,600

4. GENERAL AND ADMINISTRATIVE EXPENSES

	2023 USD	2022 USD
Employee benefits expenses	924,216	730,132
Depreciation and finance charge on lease	91,951	95,118
Regulator fees and legal expense	179,294	107,854
Depreciation and amortisation charges (Notes 6 & 7)	51,594	36,115
Auditor's remuneration	38,278	48,000
Utility expenses	10,089	9,596
Other expenses	203,063	167,837
	1,498,485	1,194,652

5. RIGHT OF USE ASSET AND LEASE LIABILITIES**(i) Right of use assets**

	2023 USD	2022 USD
As at 1 April	135,144	32,710
Additions/modifications on lease	—	195,208
Depreciation expense	(90,096)	(92,774)
As at 31 March	45,048	135,144

(ii) Lease liabilities

	2023 USD	2022 USD
As at 1 April	146,118	24,565
Additions/modification in lease	—	195,208
Interest expense	1,855	2,344
Payments for lease liability	(98,784)	(75,999)
As at 31 March	49,189	146,118

6 PROPERTY AND EQUIPMENT

	Leasehold Improvements USD	IT equipment end user devices USD	IT equipment servers and networks USD	Furniture and fixture USD	Office equipment USD	Total USD
Cost:						
As at 1 April 2022	47,456	29,836	10,834	28,908	4,119	121,153
Addition during period	—	4,950	—	4,354	3,350	12,654
As at 31 March 2023	47,456	34,786	10,834	33,262	7,469	133,807
Depreciation:						
As at 1 April 2022	47,456	20,214	10,834	26,410	3,801	108,715
Charge for the year	—	6,554	—	1,411	636	8,601
As at 31 March 2023	47,456	26,768	10,834	27,821	4,437	117,316
Net carrying amount:						
As at 31 March 2023	—	8,018	—	5,441	3,032	16,491

	Leasehold Improvements USD	IT equipment end user devices USD	IT equipment servers and networks USD	Furniture and fixture USD	Office equipment USD	Total USD
Cost:						
As at 1 April 2021	47,456	21,275	10,834	28,908	3,738	112,211
Addition during period	—	8,561	—	—	381	8,942
As at 31 March 2022	47,456	29,836	10,834	28,908	4,119	121,153
Depreciation:						
As at 1 April 2021	47,456	16,405	10,834	25,605	3,738	104,038
Charge for the year	—	3,809	—	805	63	4,677
As at 31 March 2022	47,456	20,214	10,834	26,410	3,801	108,715
Net carrying amount:						
As at 31 March 2021	—	9,622	—	2,498	318	12,438

7 INTANGIBLE ASSETS

	2023 USD	2022 USD
Cost:		
As at 1 April	204,135	80,987
Additions during the year	6,759	8,672
Capital work in progress capitalization	—	114,476
Capital work in Progress	101,452	33,333
As at 31 March	312,436	237,468
Amortization:		
As at 1 April	(80,449)	(49,011)
Charge for the year	(42,993)	(31,438)
As at 31 March	(123,442)	(80,449)
Net carrying amount	188,994	157,019

8 HELD TO MATURITY INVESTMENTS

	2023 USD	2022 USD
Canadian Government Bonds	1,800,188	3,668,900
International Financial Corporation (IFC) Bonds	—	4,972,665
International Bank for Reconstruction & Development (IBRD) Bonds	1,813,661	—
Asian Development Bank (ADB) Bonds	1,413,550	—
Royal Bank of Canada (RBC) Bonds	602,981	—
NTPC Bonds	1,564,941	2,107,905
Indian Oil Corporation Bonds	1,617,628	1,669,987
Axis Bank Bonds	—	400,223
State Bank of India Bonds	1,890,696	1,604,985
Rural Electrification Corporation (REC) Limited Bonds	1,003,118	1,026,060
Abu Dhabi Government Bonds	2,815,095	2,366,430
Saudi Arabi Government Bonds	6,387,202	6,483,500
Power Finance Corporation (PFC) Bonds	2,033,381	1,782,458
Kuwait Govt Bond	1,922,094	—
Indian Railways Finance Corporation (IRFC) Bonds	1,264,689	—
Export Import Bank of India (EXIM) Bonds	292,728	—
	26,421,952	26,083,113

As on 31 March 2023 the fair value of company's held to maturity investments is USD 25,475,100 (2022 USD 25,455,762).

Held to maturity investment comprise Canadian government bonds carrying a coupon rate of 0.75 % maturing during May 2026, IBRD bonds carrying coupon rate of 3.13% and 1.88% maturing in November 2025 and October 2026, ADB bonds carrying coupon rate of 3.13% maturing in September 2028, RBC bonds carrying coupon rate of 2.60% maturing in March 2027, NTPC Bond carrying coupon rate of 4.37% maturing in November 2024, IOCL bond carrying a coupon rate of 5.75% maturing in August 2023, SBI Bank bond carrying a coupon rate of 1.80% and 2.49% maturing in July 2026 & January 2027, REC Limited bond carrying a coupon rate of 4.75% maturing in May 2023, Abu Dhabi Government bond carrying a coupon rate of 3.13% maturing in May 2026 & April 2030, Saudi Arabia Government bonds carrying a coupon rates of 2.90% and 3.25% maturing in October 2025 and October 2026, PFC bond carrying a coupon rate of 3.25% and 3.9% maturing in June 2024 & September 2029, Kuwait Govt bonds carrying a coupon rate of 3.50% maturing in March 2027, IRFC bonds carrying a coupon rate of 3.25% maturing in February 2030 and EXIM bonds carrying a coupon rate of 5.50% maturing in January 2033.

9. REINSURANCE CONTRACT ASSETS AND LIABILITIES**Reserves as of 31 March 2023**

	Gross USD	Reinsurers' share USD	Net USD
Mathematical reserve	8,012,358	2,204,030	5,808,328
Incurred but not reported reserve	3,703,938	957,654	2,746,284
Claim volatility reserve	600,000	—	600,000
	12,316,296	3,161,684	9,154,612

Reserves as of 31 March 2022

	Gross USD	Reinsurers' share USD	Net USD
Mathematical reserve	6,300,755	1,451,259	4,849,496
Incurred but not reported reserve	3,474,678	657,015	2,817,663
Claim volatility reserve	600,000	—	600,000
Premium deficiency reserve	392,742	—	392,742
	10,768,175	2,108,274	8,659,901

Material judgment is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market data and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are, as follows:

Life Insurance**Mortality and morbidity rates**

Assumptions are based on the expectations of mortality and morbidity experience, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. Being on the conservative side, no allowance is made for expected future improvements. Assumptions are differentiated by age, sex, underwriting class, geography and contract type. An increase in rates will lead to a larger number of claims, which will increase the claims payout and reduce profits for the Company.

Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate. An increase in the level of expenses would result in an increase in expenditure, thereby reducing profits for the Company.

Lapse and surrender rates

Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Industry/Company's experience and vary by product type, policy duration and sales trends.

Discount rate

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based

on the expected investment return on the assets backing the liabilities. The expected investment return is based on the investment return on the existing assets and the expected return on future investments. A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

10 REINSURANCE BALANCE RECEIVABLES

	2023 USD	2022 USD
Due from insurance companies	5,521,436	2,804,077

The Company's receivables were not impaired as at the reporting date. Receivables from the reinsurance contracts are monitored on an ongoing basis and Company's management is confident of settlement all receivables and has not made a provision against the same.

As at the year end, the ageing analysis of unimpaired reinsurance balance receivables is as follows:

	Total USD	Neither past due nor impaired USD	Past due but not impaired				
			<30 days USD	31-60 days USD	61-90 days USD	91-180 days USD	>180 days USD
As at 31 March 2023	5,521,436	4,474,304	423,890	—	467,496	155,746	—
As at 31 March 2022	2,804,077	1,850,608	470,728	—	305,057	177,684	—

Company's receivable includes, USD 713,641 as at 31 March 2023 (2022: USD 1,380,636) for which premium is estimated based on historical data and past trends.

See note 17 on credit risk of trade receivables, which explains how the Company manages and measures credit quality of receivables.

11 RETROCESSION BALANCE RECEIVABLES

	2023 USD	2022 USD
Due from Retrocession companies	513,797	817,449

12. PREPAYMENT AND OTHER RECEIVABLES

	2023 USD	2022 USD
Interest accrued	254,314	365,896
Prepaid expenses	150,648	101,305
Other receivables	146,252	38,349
	551,214	505,550

13 DEPOSITS WITH BANKS

	2023 USD	2022 USD
Deposits with banks	5,300,000	5,795,000
Less: Deposits with banks maturing within three months (note 14)	—	—
	5,300,000	5,795,000

Deposits with banks carry interest rate in the range of 3.79 % to 5.10% per annum (2022: 2.38% to 3.79% per annum).

14 BANK BALANCES AND CASH

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	2023 USD	2022 USD
Bank balances and cash	2,199,211	1,918,048
Deposits with banks maturing within three months (note 12)	—	—
Cash and Cash Equivalent	2,199,211	1,918,048

15 SHARE CAPITAL

	2023 USD	2022 USD
Authorized Share Capital 30,000,000 shares of USD 1 each (2023:30,000,000 Shares of USD 1 each)	30,000,000	30,000,000
Issued and paid up Capital Issued and fully paid 29,500,000 shares of USD 1 each (2022:29,500,000 Shares of USD 1 each)	29,500,000	29,500,000

16 EMPLOYEES' END OF SERVICE BENEFITS

The Company provides end of service benefits to its employees. As of 1 February 2020, all employers in the DIFC were required to pay end of service benefits contributions on behalf of its employees into a DIFC Employee Workplace Savings ("DEWS") plan based on key service providers finalized by the DIFC, whilst employees may (at their discretion) also make their own contributions into such scheme. The entitlement to these benefits is based

upon the employees' basic salary over the length of service, subject to the completion of a minimum service period, calculated under the provisions of the DEWS law. Upon resignation or termination of the employee, the amount would be payable from the DEWS scheme and not directly from the Company and consequently the Company has no further obligations for payments made into DEWS. The expected costs of these benefits are paid over the period of employment.

Movement in the provision recognised in the statement of financial position is as follows:

	2023 USD	2022 USD
As at 1 April	98,474	97,220
Charged during the year	51,328	50,500
Contribution paid under DEWS Scheme	(47,683)	(46,095)
Paid to employees exited during year	(19,600)	(3,151)
As at 31 March	82,519	98,474

17 RETROCESSION BALANCE PAYABLES

	2023 USD	2022 USD
Due to Retrocession companies	1,501,419	5,290

18. REINSURANCE BALANCE PAYABLES

	2023 USD	2022 USD
Due to Insurance companies	4,375,903	4,174,366

19 ACCRUED AND OTHER PAYABLES

	2023 USD	2022 USD
Accruals and other provisions	222,496	182,080

20 RELATED PARTY TRANSACTIONS

Related parties represent associated companies, Holding Company and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Name of related parties and the nature of relationship is given below:

Promoter Company

Housing Development Finance Corporation Limited

Holding company

HDFC Life Insurance Company Limited

Fellow Subsidiaries

HDFC Pension Management Company Ltd.

Associate Company of Promoter Company

HDFC Bank

Fellow Subsidiaries of Promoter Company

HDFC Asset Management Company Limited

HDFC Holdings Limited

HDFC Trustee Company Limited

HDFC Investments Limited

HDFC ERGO General Insurance Company Limited

HDFC Capital Advisors Limited

HDFC Sales Private Limited

HDFC Venture Capital Limited

HDFC Ventures Trustee Company Limited

HDFC Property Ventures Limited

HDFC Credila Financial Services Private Limited

HDFC Education and Development Services Private Limited

Griha Investments (Subsidiary of HDFC Holdings Ltd.)

Griha Pte Ltd., Singapore (Subsidiary of HDFC Investments Ltd.)

Entities over which control is exercised by Promoter Company

HDFC Investment Trust

HDFC Investment Trust II

Key management personnel**Directors:**

Ms. Vibha Padalkar

Mr.Yuvraj Narayan

Mr. Davinder Rajpal

Mr. Suresh Badami

Chief Executive Officer

Mr. Sameer Yogishwar

Transactions with holding company included in the statement of comprehensive income are as follow:

	2023 USD	2022 USD
Gross reinsurance premium	592,019	1,118,461
Claims	(1,932,449)	(3,663,416)

Balances with holding company included in the statement of financial position are as follows:

	2023 USD	2022 USD
Reinsurance balance payable	(848,773)	(1,911,791)

Transactions with HDFC Bank during the year as follows are as follow:

	2023 USD	2022 USD
Purchase of Term deposits	600,000	1,700,000
Maturity of Term deposits	500,000	7,200,000
Interest earned on term deposits	37,856	30,692

Balances with HDFC bank company included in the statement of financial position are as follows:

	2023 USD	2022 USD
Balance in Current Account	1,101,254	1,354,859
Accrued Interest on term deposit	19,304	—
Term deposit	1,000,000	—

Compensation of key management personnel

The remuneration of key management personnel during the period was as follows:

	2023 USD	2022 USD
Director's sitting fees	12,500	15,000
Short-term benefits	42,706	42,702
	55,206	57,702

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Company's risk management framework is the responsibility of the Risk Management Committee of the Board of Director's and has effective oversight by the Board of Directors.

The Board of Directors meets regularly to approve any commercial, regulatory and

organizational decisions. The Management under the authority delegated from the board of directors defines the Company's risk and its interpretation, limits structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

(b) Capital management framework

The primary objective of the Company's management is to ensure that it complies with externally imposed capital requirements and to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns to shareholders. The Company manages its capital structure and makes adjustments to it, in light of changes in business conditions.

The Company fully complied with the externally imposed capital requirements during the period ended 31 March 2023.

As at 31st March 2023, the adjusted capital resources of the company calculated as per App3 of 'The DFSA Rulebook, Prudential – Insurance Business Module' is USD 24,853,307 (As at March 31, 2022 – USD 24,530,618).

This is higher than the minimum capital requirement of USD 11,162,139 calculated as per App4 of 'The DFSA Rulebook, Prudential – Insurance Business Module'.

As at 31st March 2023, the Company was in compliance with the minimum capital adequacy requirements of the DFSA Rulebook, Prudential- Insurance Business Module.

(c) Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Company are also subject to regulatory requirements within the jurisdiction where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the reinsurance companies to meet unforeseen liabilities as these arise.

(d) Asset liability management (ALM) framework

The principal technique of the Company's ALM is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contract holders. The company ensures it maintains adequate assets to meet the liabilities on the reinsurance business written as well as meet the capital requirements. The asset and liability cash

flows are matched to the extent that sufficient liquid assets are available to meet outgoes due to claims and expenses. The duration of assets and liabilities are matched to the extent possible to avoid losses due to realization of assets at inappropriate times.

The Asset Liability Committee (ALCO) of the Holding Company actively monitors the ALM framework to ensure in each period sufficient cash flow is available to meet liabilities arising from reinsurance contracts.

Management regularly monitors the financial risks associated with the Company's other financial assets and liabilities not directly associated with reinsurance liabilities.

The risks faced by the Company and the way these risks are mitigated by management are summarized below:

21.1 Reinsurance risk

The principal risk the Company faces under reinsurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a number of reinsurance contracts. The variability of risks is also improved by careful selection of risk accepted with outward reinsurance arrangements.

In a common practice among global reinsurance companies, and in order to minimize the financial exposure arising from large reinsurance claims, the Company, in the normal course of business, enters into arrangements with counterparties for retrocession. Such retrocession arrangements provides for diversification of business, allows management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty and facultative arrangements.

To minimize its exposure to significant losses from the retrocessionaire(s) insolvencies, the Company evaluates the financial condition and financial strength ratings of its retrocession partners before placing risks.

21.2 Financial risk

The Company's principal financial instruments include financial assets and financial liabilities, which comprise receivables arising from reinsurance contracts, deposits with banks, held to maturity investments, cash and cash equivalents, other payables, and reinsurance balance payables.

The Company does not enter into any equity and derivative transactions.

The main risks arising from the Company's financial assets are credit risk, geographical risk, liquidity risk and foreign currency risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

Credit risk

Credit risk is the risk of default on a security or investment that may rise from an issuer failing to meet contractual obligations. However, credit risk is controlled and mitigated by buying instruments issued by entities of high credit investment grade as well as diversifying the exposures across different issuers

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate has less influence on credit risk.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

- The Company only enters into reinsurance contracts with recognized, credit worthy third parties (cedants and retrocessionaires). In addition, receivables from reinsurance contracts are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts.
- The Company's bank balances are maintained with a range of international banks in accordance with limits set by the management.

The Company's cash is held in bank's of acceptable credit rating.

The Company's receivables were not impaired as at 31 March 2023 and as at 31 March 2022. In addition, receivables from the reinsurance contracts are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts.

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit rating of counterparties.

At 31 March 2023

	Neither past due nor impaired			Past due and impaired USD	Total USD
	High grade USD	Standard grade USD	Sub-standard grade USD		
Reinsurance contract assets	—	3,161,684	—	—	3,161,684
Reinsurance balance receivables	—	5,521,436	—	—	5,521,436
Retrocession balance receivables	—	513,797	—	—	513,797
Held to maturity	26,421,952	—	—	—	26,421,952
Bank balances and deposits	7,499,211	—	—	—	7,499,211
	33,921,163	9,196,917	—	—	43,118,080

At 31 March 2022

	Neither past due nor impaired			Past due and impaired USD	Total USD
	High grade USD	Standard grade USD	Sub-standard grade USD		
Reinsurance contract assets	—	2,108,274	—	—	2,108,274
Reinsurance balance receivables	—	2,804,077	—	—	2,804,077
Retrocession balance receivables	—	817,449	—	—	817,449
Held to maturity	26,083,113	—	—	—	26,083,113
Bank balances and deposits	7,713,048	—	—	—	7,713,048
	33,796,161	5,729,800	—	—	39,525,961

For assets to be classified as ‘past due and impaired’ the contractual payments in arrears are more than 180 days and an impairment adjustment is recorded in the statement of income for this. When the credit exposure is adequately secured or when management is confident of settlement, arrears more than 180 days might still be classified as ‘past due but not impaired’, with no impairment adjustment recorded.

Geographical risk

The Company’s bank balances and investments are primarily with financial institutions. The insurance risk arising from reinsurance contracts is concentrated mainly in the Middle East North Africa (MENA) region and India.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates environment. The Company does not have any exposure to currency risk because most of the financial instruments are denominated in USD, United Arab Emirates Dirham, which is pegged against USD as at 31 March 2023

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will always have

sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation. At 31 March 2023, all financial liabilities were either repayable on demand or payable within a maximum period of three months. The contractual outflows associated with financial liabilities are not materially different from their carrying amount in the statement of financial position.

Market risk

Market risk is largely associated to the performance of the financial markets including condition of the economic environment thereby playing a critical factor in assessing the yield on investment portfolios. As a planned mitigation measure, market risk is controlled and managed by maintaining adequate level of liquidity, thereby limiting the necessity of selling the financial instruments at an inopportune time. The Company as a matter of prudence does not enters into transactions in derivative instruments or complex structured products as a conservative measure.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in interest rates prevailing in market or due to a change in the absolute level of interest rates, in the shape of a yield curve or in any other interest rate relationship. Interest bearing financial assets and interest-bearing financial liabilities are all held for

maturity and hence there is no interest rate risk as a result, the Company is not subject to exposure to fair value interest rate risk due to fixed rate of interest on its financial instruments.

21.3 Operational risk

The “Company” envisages operational risks to emanate typically from inadequate or failed internal processes, people (key control person), systems (technology), services or external events including reputation risks, strategic risks, legal (non-compliance risk and AML risks) risks and specialized risks viz. fraud & fiduciary risks, outsourcing risks, business continuity planning risk and information security or data risk. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but through a prudent control framework and by monitoring and responding to potential risks, the Company is able to manage the risks effectively. The Company has a control effectiveness framework that includes effective segregation of duties, policies and processes access, authorization and reconciliation procedures and assessment processes.

21.4 Catastrophic risk

It is a hypothetical future event which could damage human well-being on a global scale, even endangering or destroying modern civilization. An event that could cause human extinction or permanently and drastically curtail humanity’s potential is known as an existential risk. Potential catastrophic risks include anthropogenic risks, caused by humans and non-anthropogenic or external risks.

21.5 Emerging risk

Risks that are evolving in areas and ways where the body of available knowledge is weak. Emerging risks have characteristics that differentiate them from ‘business as usual’ risks. Emerging risks may arise and evolve quickly, unexpectedly, or both. The emerging risk may never crystallize at all. Emerging risks may have a massive economic loss potential at a macro level and subsequently may impact at a micro level directly or indirectly. Further

characteristics of emerging risks are ‘Ambiguous’, ‘Chaotic’, ‘Complex’, ‘Time-horizon can change’, ‘Uncertain’, ‘Uncontrollable’ and ‘Volatile’.

22 CONTINGENT LIABILITIES

Contingent Liability

As on 31 March 2023 the Company has deposited an amount of USD 12,944 (2022: USD 11,582) to the Government of UAE as security of visa of its employees and in case any visa related rules are not abided by the employees the same can be forfeited by the Government.

In addition to the above, the Company has a contingent liability (net claims under ceded policies, not acknowledged as liability) of USD 178,203 (2022: USD 263,408) on account of declined claims by a cedent which are pending for redressal at cedent’s end, due to objections raised by the policy holder.

23 SEGMENTAL INFORMATION

Company’s revenue shown in the Statement of Comprehensive Income is having following geographical breakup split based on the Insurance Industry And Country Risk Assessments (IICRA).

	2023 USD	2022 USD
Saudi Arabia	6,498,480	5,088,311
Hongkong	1,148,900	3,177,347
United Arab Emirates	4,796,104	2,474,503
Qatar	2,011,308	1,536,840
Oman	988,271	1,333,826
India	795,731	1,137,226
Jordon	880,252	668,979
Egypt	20,159	100,395
Bahrain	84,532	119,477
	17,223,737	15,636,904

24. MOVEMENT OF OUTSTANDING CLAIMS

	2023 USD	2022 USD
As at 1 April	4,174,366	1,674,819
Claims incurred during year	13,867,183	18,393,276
Claims settled During year	(13,665,646)	(15,893,729)
As at 31 March	4,375,903	4,174,366

25 FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of assets by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit and maturity. For other variable rate instruments an adjustment is also made to reflect the change in required credit spread since the instrument was first recognised.

26 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgment which has the most significant effect on the amounts recognised in the financial statements:

Classification of investments

Management decides on acquisition of an investment

whether it should be classified as held to maturity, held for trading, fair value through profit and loss income or available-for-sale. For those investments deemed to be held to maturity, management ensures that the requirements of IAS 39 are met and, in particular, that the Company has the intention and ability to hold these to maturity.

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure Lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using the observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Going concern

The Company's management has made an assessment of the Company's ability to continue as

a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Estimates and assumptions

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company.

Such changes are reflected in the assumptions when they occur. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Technical reserves

In calculating the technical reserves, reserve for incurred but not reported claims and reserve for allocated loss adjustment expenses, the company makes estimates of the future claims and expenses experience. These estimates are based on the expected experience in relation to the reinsurance contracts written and is based on historical data, adjusted for the company's views of the future experience. Any adverse deviation from the expected experience could result in an increase in the reserve requirements.

Impairment of accounts receivable

An estimate of the collectible amount of reinsurance balance receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due.

At the reporting date, reinsurance balance receivables were USD 5,521,436 (2022: USD

2,804,077) and retrocession balance receivables were USD 513,797(2022: USD 817,449) on which the Company has not identified any indications of impairment on the receivables. Hence no provision for impairment losses was reported. Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in the statement of comprehensive income.

Estimated premium income

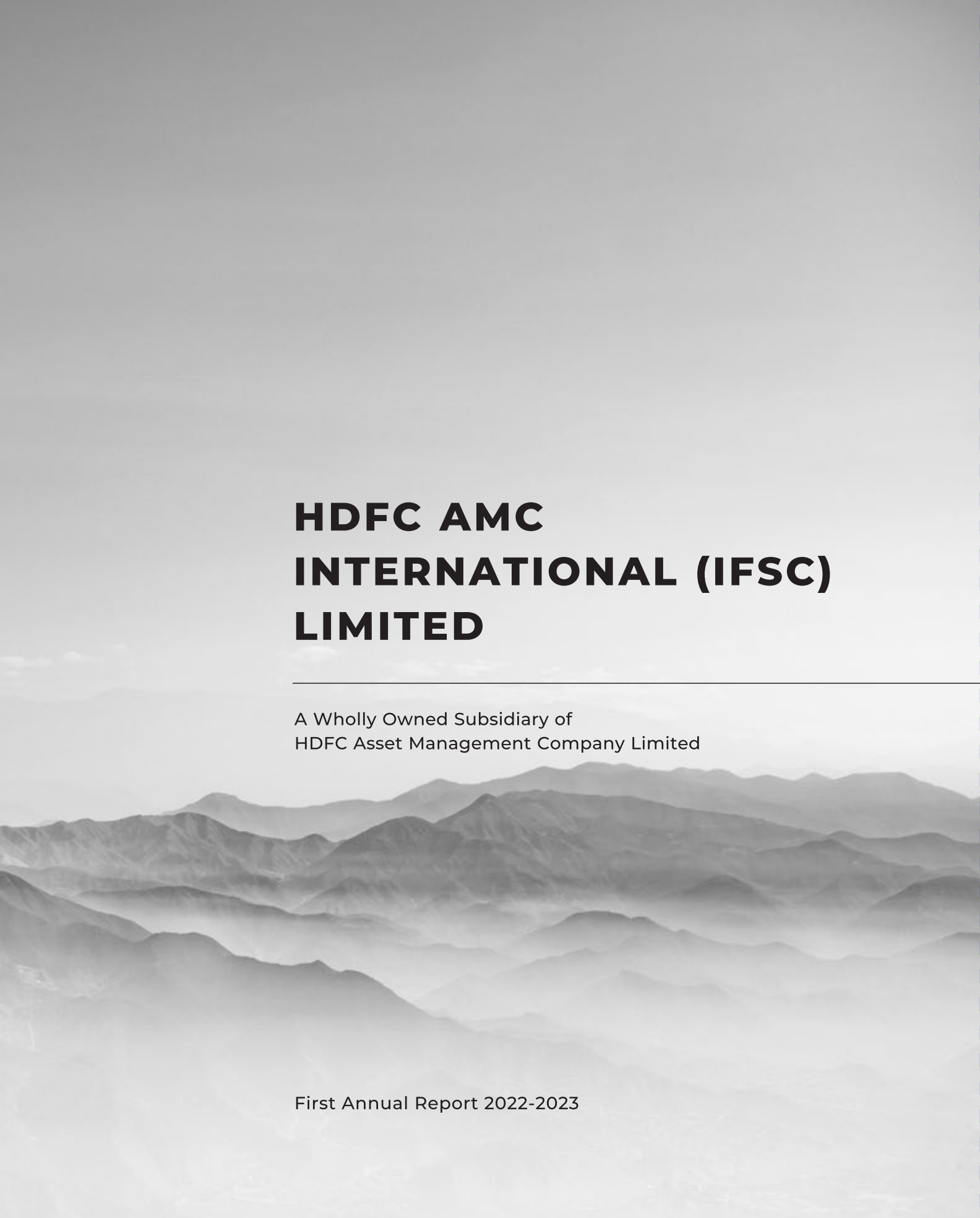
In calculating the estimated premium income, the Company makes estimates for the expected written premiums during the period. These estimates are based on the expected experience in relation to the reinsurance estimates written and is based on historical data, adjusted for the Company's views of the experience. Any adverse deviation from the expected experience could result in future adjustments for the future premium.

27 TAXATION

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate. A rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance). In addition, there are several other decisions that are yet to be finalised by way of a Cabinet Decision that are significant in order for entities to determine their tax status and the taxable income. Therefore, pending such important decisions by the Cabinet as at 31 March 2023, the Company has considered that the Law is not substantively enacted from IAS 12 – Income Taxes perspective as at 31 March 2023. The Company shall continue to monitor the timing of the issuance of these critical cabinet decisions to determine their tax status and the application of IAS 12 – Income Taxes.

The Company is currently in the process of assessing the possible impact on financial statements, both from current and deferred tax perspective, pending issuance of these critical cabinet decisions.



HDFC AMC INTERNATIONAL (IFSC) LIMITED

A Wholly Owned Subsidiary of
HDFC Asset Management Company Limited

First Annual Report 2022-2023

Board of Directors

Mr. Navneet Munot
Chairman
(DIN: 05247228)

Mr. V. Suresh Babu
Non-Executive Director
(DIN: 09622653)

Mr. Shyamak Tata
Independent Director
(DIN: 07297729)

Mr. Vijay Karnani
Independent Director
(DIN: 02234257)

Auditors

M/s. B S R & Co. LLP,
Chartered Accountants

Banker

HDFC Bank Limited

Directors' Report

TO THE MEMBERS

Your Directors have pleasure in presenting the First Annual Report together with the audited financial statements of your company for the financial year ended March 31, 2023.

1. FINANCIAL RESULTS

The Company's financial performance, for the year ended 31st March, 2023 is summarised as below:

(₹ in 000s)

Particulars	Year ended 31 st March 2023
Profit/(Loss) Before Tax	(5,416.06)
Provision for Tax	—
Profit/(Loss) after Tax	(5,416.06)
Other Comprehensive Income (net of tax)	(424.54)
Balance brought forward from previous year	—
Balance carried to Balance Sheet	(5,840.60)

There have been no material changes and commitments affecting the financial position of your Company which have occurred between the end of the financial year 2022-23 and the date of this Report.

2. BUSINESS OVERVIEW

HDFC AMC International (IFSC) Limited (the "HDFC IFSC"/ "Company") is a wholly owned subsidiary of HDFC Asset Management Company Limited ("HDFC AMC") and was incorporated on 27th May 2022. HDFC IFSC received the letter of approval from the Development Commissioner of GIFT SEZ on 4th July 2022 and an in-principle approval from IFSC Authority on 26th August 2022 for a retail Fund Management Entity ('FME') license. The minimum net-worth requirement for a FME (Retail) license in GIFT City is USD 1 mn (~ INR 8.2 crores).

Upon receiving the final approval from IFSC Authority, the Company intends to act as an investment manager to different funds set up in GIFT IFSC. The Company can, subject to relevant regulatory requirements,

also act as investment manager and /or advisor for funds in other jurisdictions as well as for separately managed accounts. The Company would over time, subject to demand as well as operational, regulatory and commercial feasibility look at managing a variety of strategies and address specific client needs including but not limited to feeders to domestic mutual fund and AIF schemes in India, direct portfolio for listed and unlisted securities in India, portfolios on IFSC GIFT and overseas instruments (including global funds), passive / exchange traded strategies, specialist investment solutions, etc.

As part of the initial product planning the FME intends to manage funds which would primarily be feeders into certain domestic mutual fund schemes and/ or ETFs in India. It is also intended, subject to investor consent and regulatory approval, to relocate assets from certain third-party fund structures which feed into HDFC AMC mutual fund schemes into the above-mentioned feeders in GIFT IFSC managed by the FME. Such relocation would enable clients to invest in HDFC AMC schemes through its wholly owned subsidiaries fund structures in IFSC GIFT while also laying the foundation for expansion of a diversified product offering from IFSC GIFT by the FME.

Your Company does not have any subsidiary or an associate company or a joint venture company during the financial year 2022-23.

3. AMALGAMATION OF HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED, ULTIMATE HOLDING COMPANY

During the year, the composite scheme of amalgamation ("Scheme") for the amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, wholly-owned subsidiaries of Housing Development Finance Corporation Limited ("HDFC Limited") with and into HDFC Limited; and (ii) HDFC Limited with and into HDFC Bank Limited ("HDFC Bank") under Sections 230 to 232 of the Companies Act, 2013, was filed with Hon'ble National Company Law Tribunal, Mumbai Bench, Mumbai ("NCLT"). On March 17, 2023, Final Order was passed by NCLT sanctioning the said Scheme.

4. DIVIDEND

Your Directors do not recommend any dividend for the year ended March 31, 2023.

5. SHARE CAPITAL

The Authorised share capital of the company is ₹ 9,00,00,000/- (Rupees Nine Crore Only) divided into 90,00,000 (Ninety Lakh) Equity Shares of ₹ 10/- (Rupees Ten) each.

During the year under review, the Company has issued and allotted 30,00,000 (Thirty Lakh) Equity Shares of ₹ 10/- (Rupees Ten) each to HDFC Asset Management Company Limited and its nominees, for initial subscription amount invested by them. Accordingly, the issued, subscribed and paid-up equity share capital of the Company as on March 31, 2023 was ₹ 3,00,00,000/- divided into 30,00,000 equity shares of ₹ 10/- each.

6. TRANSFER TO RESERVES

There was no amount proposed to be transferred to the Reserves.

7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Navneet Munot (DIN:05247228), Mr. V. Suresh Babu (DIN: 09622653) and Mr. Naozad Sirwalla (DIN: 02056625) were named in the Articles of Association of the Company as the First Directors. Mr. Munot was appointed as Chairman of the Company.

Pursuant to the provisions of Sections 149, 150 and 152 of the Companies Act, 2013 ('The Act') and Regulation 5(4) of International Financial Services Centres Authority (Fund Management) Regulations, 2022 ('IFSCA Regulations'), the Board of Directors had appointed Mr. Shyamak Tata (DIN: 07297729) and Mr. Vijay Karnani (DIN:02234257) as an Additional Independent Directors for a term of 3 consecutive years effective December 14, 2022, subject to the approval of members at the ensuing AGM.

Mr. Tata and Mr. Karnani, Independent Directors, have submitted declarations stating that they meet

the criteria of independence as per the provisions of the Companies Act, 2013.

The said Independent Directors have also confirmed that in terms of Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, they have registered themselves with the Independent Director's database as prescribed under the Act. Further, in terms of Rule 6(4) of the Companies (Appointment and Qualification of Directors) Rules, 2014, Independent Directors of the Company have passed the Online Proficiency Self-Assessment Test conducted by Indian Institute of Corporate Affairs (IICA).

In the opinion of the Board, the Independent Directors fulfill the conditions specified under the Act and Rules made thereunder and are independent of the management. Further, in the opinion of the Board Mr. Tata and Mr. Karnani are persons of the integrity and also have required expertise and experience (including the proficiency) for appointment as Independent Directors of the Company.

Necessary resolution for appointment of Mr. Shyamak Tata and Mr. Vijay Karnani, including their brief profile and other related information have been included in the notice convening the ensuing 1st AGM. Your Directors recommend their appointment as an Independent Directors of the Company.

All the Directors of your Company have confirmed that they are not disqualified for being appointed as Directors as specified under Section 164 of the Companies Act, 2013.

Further, during the year under review, Mr. Naozad Sirwalla, Non-Executive Director resigned from the Board of the Company w.e.f. December 14, 2022, in order to have an optimal size of the Board in accordance with the requirements specified under Regulation 5(4) IFSCA Regulations. The Board places on record its appreciation for the valuable contribution provided by Mr. Sirwalla during his association with the Company.

In accordance with the Regulation 7 of IFSCA Regulations, the Board of Directors of your Company

appointed Mr. Pyush Khullar as Principal Officer of the Company.

Further, during the year under review, provisions relating to appointment of Key Managerial Personnel under Companies Act, 2013 were not applicable to your Company.

Your Company has been exempted from the provisions of Section 152 (6) & (7) of the Companies Act, 2013 in terms of MCA Notification dated January 4, 2017 and hence none of the Non-Executive Directors of the Company shall be liable to retire by rotation at the ensuing Annual General Meeting.

8. BOARD MEETINGS

During the financial year 2022-23, three (3) meetings of the Board of Directors of the Company were held on June 17, 2022, October 12, 2022 and January 16, 2023.

The details pertaining to attendance of each Director at the meetings of the Board of Directors held during the financial year 2022-23 are mentioned below:

Sr. No.	Name of the Director	Nature of Directorship	Number of Board Meetings	
			Held during Tenure	Attended
1	Mr. Navneet Munot	Chairman and Non-Executive Director	3	3
2	Mr. V. Suresh Babu	Non-Executive Director	3	3
3	Mr. Naozad Sirwalla (resigned w.e.f. December 14, 2022)	Non-Executive Director	2	2
3	Mr. Shyamak Tata (appointed w.e.f. December 14, 2022)	Independent Director	1	1
4	Mr. Vijay Karnani (appointed w.e.f. December 14, 2022)	Independent Director	1	1

9. STATUTORY AUDITORS

M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration: 101248W/ W-100022), Mumbai were appointed as 1st Statutory Auditors of your Company at the Board Meeting held on June 17, 2022 to hold office till the conclusion of the 1st Annual General Meeting of the Company.

Further, pursuant to Section 139 of the Act, the Company can re-appoint BSR at the 1st annual general meeting, to hold office from the conclusion of that meeting till the conclusion of sixth annual general meeting.

Accordingly, M/s. B S R & Co. LLP, have consented to the said re-appointment, and confirmed that their appointment, if made, would be within the limits specified under the Act. They have further confirmed that they are not disqualified to be re-appointed as statutory auditors in terms of the provisions of the Act read with rules made thereunder.

The Board is of the opinion that continuation of M/s. B S R & Co. LLP, as Statutory Auditors will be in the best interests of the Company and therefore, has recommended the members to consider their re-appointment as Statutory Auditors of the Company, for a term of five consecutive years, from the conclusion of the ensuing 1st AGM, till the conclusion of 6th AGM of the Company.

There were no qualifications, reservations or adverse comments or disclaimer made by the Statutory Auditors, M/s. B S R & Co. LLP, Chartered Accountants, in their audit report.

The Statutory Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

10. RISK MANAGEMENT FRAMEWORK

Your Company is in the process of developing a comprehensive Risk Management framework as it is yet to commence its business operations.

11. INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls commensurate with the business and the operations of the Company.

12. CORPORATE SOCIAL RESPONSIBILITY –

Not applicable

13. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year, there was no material transaction with any related parties and / or any other related party transaction entered into by the Company that requires disclosure in Form AOC 2, hence disclosure in Form AOC 2 is not applicable to the Company.

The disclosures pertaining to related party transaction as per the applicable Accounting Standards form part of the notes to the financial statements provided in this Annual Report.

14. PARTICULARS OF LOANS , GUARANTEES AND INVESTMENTS

Details of loans, guarantees or investments, if any, covered under the provisions of Section 186 of the Companies Act, 2013 are provided in the notes to the financial statements.

15. DEPOSITS

During the year, your Company has not accepted any deposits within the meaning of Sections 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

16. ANNUAL RETURN

The Company has been exempted from requirement to place a copy of Annual Return on its website in terms of MCA notification dated January 4, 2017.

17. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

Since, the business proposed to be undertaken by the Company is not energy intensive, there is nothing specific for the Company to disclose with respect to the conservation of energy and technology absorption in terms of Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014. However, adequate measures have

been initiated for conservation of energy wherever possible.

Foreign Exchange expenditure details are as below further during the year there were no Foreign Exchange Earning.

(₹ in 000s)

Foreign Exchange Outgo (net)	15.04
- Realised Foreign Exchange Outgo	1.05
- Unrealised Foreign Exchange Outgo (on restatement)	14.00

18. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE COMPANY

There are no significant and/or material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future.

19. PARTICULARS OF EMPLOYEES

As on March 31, 2023 there were no employee in the Company. Further, your Company does not offer stock options to any of its directors/employee.

20. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 (“POSH”)

Since, as at March 31, 2023 there are no employees on Company's payroll, the disclosure required under POSH is not applicable to the Company.

21. OTHER DISCLOSURES

- There was no revision in the financial statements of the Company.
- Disclosure pertaining to maintenance of cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, is not applicable to your Company.
- Your Company has not issued equity shares

with differential rights as to dividend, voting or otherwise.

- There was no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year.
- There was no one time settlement entered into with any Bank or financial institutions in respect of any loan taken by the Company.

22. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, your Directors state that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of March 31, 2023 and of the loss of the Company for that period;
- iii. proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

- iv. the annual accounts of the Company have been prepared on a going concern basis;
- v. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

23. SECRETARIAL STANDARDS

Your Company has been exempted from requirement to comply with the Secretarial Standards issued by the Institute of Company Secretaries of India pursuant to MCA notification dated January 4, 2017.

24. ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the banks, Government authorities and members during the year under review.

Your Directors would like to convey their gratitude to HDFC Asset Management Company Limited (holding company) and look forward to their continued support.

On behalf of the Board of Directors

Date: April 20, 2023
Place: Mumbai

Sd/-
Navneet Munot
Chairman
(DIN:05247228)

Independent Auditor's Report

To the Members of HDFC AMC International (IFSC) Limited Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of HDFC AMC International (IFSC) Limited (the "Company") which comprise the balance sheet as at March 31, 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the period from May 27, 2022 to March 31, 2023, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its loss and other comprehensive loss, changes in equity and its cash flows for the period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles

generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those

risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 A. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company does not have any pending litigations which would impact its financial position.
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

- d (i) Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The Company has neither declared nor paid any dividend during the period.
- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:
- In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For BSR & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Kapil Goenka
Partner

Place: Mumbai, Maharashtra Membership No. 118189
Date: April 20, 2023 ICAI UDIN:23118189BGURDR3750

Annexure A to the Independent Auditor's Report

on the Financial Statements of HDFC AMC International (IFSC) Limited for the period ended March 31, 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) (A) The Company does not have any Property, Plant and Equipment. Accordingly, Clause 3(i)(a)(A) of the Order is not applicable.
- (i) (a) (B) The Company does not have any Intangible Assets. Accordingly, Clause 3(i)(a)(B) of the Order is not applicable.
- (i) (b) The Company does not have any Property, Plant and Equipment. Accordingly, Clause 3(i)(b) of the Order is not applicable.
- (c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.
- (d) The Company does not have any Property, Plant and Equipment. Accordingly, Clause 3(i)(d) of the Order is not applicable.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company is a service company, primarily rendering investment management services. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the period. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the period. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Income Tax or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Income Tax or other statutory dues were in arrears as at for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, employees' state insurance, duty of customs, duty of excise and value added tax.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to Income-Tax or other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the period.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the period. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the period. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Act.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the period on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the period.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) In our opinion and based on the information and explanations provided to us, the Company does not have an Internal Audit system and is not required to have an internal audit system as per Section 138 of the Act.
- (b) In our opinion and based on the information and explanations provided to us, the Company does not have an internal audit system and is not required to have an internal audit system as per Section 138 of the Act. Accordingly, clause 3(xiv)(b) of the Order is not applicable.

- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company is in its first year of operation where it has incurred cash losses of INR 54.16 lakhs.
- (xviii) There has been no resignation of the statutory auditors during the period. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The requirements as stipulated by the provisions of Section 135 are not applicable to the Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For BSR & Co. LLP

Chartered Accountants

Firm's Registration No. 101248W/W-100022

Kapil Goenka

Partner

Place: Mumbai, Maharashtra

Membership No. 118189

Date: April 20, 2023

ICAI UDIN:23118189BGURDR3750

Annexure B to the Independent Auditor's Report

on the financial statements of HDFC AMC International (IFSC) Limited for the period ended March 31, 2023

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of HDFC AMC International (IFSC) Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

Kapil Goenka

Partner

Place: Mumbai, Maharashtra

Membership No. 118189

Date: April 20, 2023

ICAI UDIN: 23118189BGURDR3750

Balance Sheet

as at March 31, 2023

		(₹ in Thousands)	
Particulars		Note No.	As at March 31, 2023
ASSETS			
I	FINANCIAL ASSETS		
a	Cash and Cash Equivalents	4	13,403.49
b	Bank Balance other than (a) above	5	16,761.74
c	Other Financial Assets	6	9,440.47
Sub-total – Financial Assets			39,605.70
II	NON-FINANCIAL ASSETS		
a	Current Tax Assets (net)	7	20.45
Sub-total – Non-Financial Assets			20.45
TOTAL ASSETS			39,626.16
LIABILITIES AND EQUITY			
LIABILITIES			
I	FINANCIAL LIABILITIES		
a	Payables		
	Trade Payables		
	(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises	8	540.00
	(ii) Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises	8	270.00
b	Other Financial Liabilities	9	14,596.25
Sub-total – Financial Liabilities			15,406.25
II	NON FINANCIAL LIABILITIES		
a	Other Non-Financial Liabilities	10	90.00
Sub-total – Non-Financial Liabilities			90.00
TOTAL LIABILITIES			15,496.25
III	EQUITY		
a	Equity Share Capital	11	30,000.00
b	Other Equity		(5,870.09)
Sub-total - Equity			24,129.91
TOTAL LIABILITIES AND EQUITY			39,626.16

Summary of significant accounting policies and accompanying notes form an integral part of the financial statements.

As per our report attached of even date

For **BSR & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Kapil Goenka
Partner
Membership No: 118189
Mumbai, April 20, 2023

For and on behalf of the Board of Directors

Navneet Munot
Chairman
(DIN: 05247228)

V Suresh Babu
Director
(DIN: 09622653)

Statement of Profit and Loss

for the year ended March 31, 2023

(₹ in Thousands except per equity share data)

Particulars	Note No.	For the period ended March 31, 2023
REVENUE FROM OPERATIONS		-
Other Income	13	521.74
Total Income		521.74
EXPENSES		
Other Expenses	14	5,937.80
Total Expenses		5,937.80
Profit/(Loss) Before Tax		(5,416.06)
Tax Expense	15	-
Profit/(Loss) After Tax		(5,416.06)
OTHER COMPREHENSIVE INCOME		
Items that will be reclassified to profit or loss		
– Foreign Currency Translation Reserve		(424.54)
TOTAL OTHER COMPREHENSIVE INCOME		(424.54)
TOTAL COMPREHENSIVE INCOME		(5,840.60)
Earnings Per Equity Share - Basic and Diluted (Face Value ₹ 10)	17	(1.81)

Summary of significant accounting policies and accompanying notes form an integral part of the financial statements.

As per our report attached of even date

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Kapil Goenka

Partner

Membership No: 118189

Mumbai, April 20, 2023

For and on behalf of the Board of Directors

Navneet Munot

Chairman

(DIN: 05247228)

V Suresh Babu

Director

(DIN: 09622653)

Statement of Changes in Equity

for the year ended March 31, 2023

A. Equity Share Capital

(₹ in Thousands)	
Particulars	Amount
Balance at the beginning of the reporting period	-
Changes in equity share capital during the period	30,000.00
Balance at the end of the reporting period	30,000.00

B. Other Equity

(₹ in Thousands)			
Particulars	Reserves and Surplus	Items of OCI	Total Other Equity
	Retained Earnings	Foreign Currency Translation Reserve	
Opening balance as at May 27, 2022	-	-	-
Profit/(Loss) for the period	(5,416.06)	-	(5,416.06)
Other Comprehensive Income for the period ended March 31, 2023	-	(424.54)	(424.54)
Total Comprehensive Income for the period	(5,416.06)	(424.54)	(5,840.60)
Transaction Cost on issuance of shares	(29.49)	-	(29.49)
Changes during the period	(5,445.55)	(424.54)	(5,870.09)
Closing balance as at March 31, 2023	(5,445.55)	(424.54)	(5,870.09)

Summary of significant accounting policies and accompanying notes form an integral part of the financial statements.

As per our report attached of even date

For **BSR & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Kapil Goenka
Partner
Membership No: 118189
Mumbai, April 20, 2023

For and on behalf of the Board of Directors

Navneet Munot
Chairman
(DIN: 05247228)

V Suresh Babu
Director
(DIN: 09622653)

Statement of Cash Flows

for the year ended March 31, 2023

		(₹ in Thousands)
Particulars		For the period ended March 31, 2023
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) Before Tax		(5,416.06)
Add/(Less): Adjustments for		
Net (gain)/loss on foreign currency transactions		15.04
Interest on deposit with banks		(318.36)
Operating Profit/(Loss) before working capital changes		(5,719.38)
Adjustments for:		
Increase in Other Financial Assets		(9,440.47)
Increase in Trade Payable		807.42
Increase in Other Financial Liabilities		14,583.79
Increase in Other Non Financial Liabilities		90.00
Cash generated from/(used in) operations		321.36
Income Tax Paid		(20.45)
Net cash from/(used in) operating activities (A)		300.90
B. CASH FLOW FROM INVESTING ACTIVITIES		
Investments in Fixed Deposits		(16,443.38)
Net cash from/(used in) investing activities (B)		(16,443.38)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Share Capital		29,970.51
Net cash from/(used in) financing activities (C)		29,970.51
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)		13,828.03
Cash and Cash Equivalents at the beginning of the period		-
Foreign Currency Translation Reserve		(424.54)
Cash and Cash Equivalents at the end of the period		13,403.49
Net Increase/(Decrease) in Cash and Cash Equivalents		13,403.49
Cash and cash equivalents comprising of:		
In Current Accounts		1,064.38
In Deposit Accounts – Original maturity of 3 months or less		12,339.11
Total		13,403.49

Note: The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

Summary of significant accounting policies and accompanying notes form an integral part of the financial statements.

As per our report attached of even date

For and on behalf of the Board of Directors

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Navneet Munot

Chairman

(DIN: 05247228)

Kapil Goenka

Partner

Membership No: 118189

Mumbai, April 20, 2023

V Suresh Babu

Director

(DIN: 09622653)

Notes to Financial Statements

for the year ended March 31, 2023

1. Company Overview

HDFC AMC International (IFSC) Limited ('the Company') is a public limited company domiciled in India and its registered office is situated at 1115A, Block 13B, Zone I, 11th Floor, Hiranandani Signature, SEZ, GIFT City, Gandhinagar, Gujarat, India, 382355. The Company has been incorporated under the Companies Act, 2013 on May 27, 2022. The Company has been formed as a Wholly Owned Subsidiary (WOS) of HDFC Asset Management Company Limited. The Company is in the business of providing Investment Manager Services, act as a sponsor / settler for the GIFT Funds and providing discretionary / non-discretionary portfolio management services to clients.

The Company has applied for a Fund Management Entity - Retail license under the International Financial Services Centres Authority (Fund Management) Regulations, 2022 and has received in-principle approval.

2. Basis of preparation and recent accounting developments

2.1 Basis of preparation

(a) Statement of compliance

These financial statements have been prepared and presented on going concern basis and in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, ('the Act') and other relevant provisions of the Act, as amended from time to time.

The financial statements were approved for issue by the Company's Board of Directors on April 20, 2023.

Details of the Company's accounting policies are included in Note 3.

(b) Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 21.

Since the Company has been incorporated on May 27, 2022 under the Companies Act, 2013, there are no comparative numbers presented in the financial statements.

(c) Functional and presentation currency

US Dollar (USD) is the currency of the primary economic environment in which the Company operates and hence the functional currency of the Company.

The financial statements are presented in Indian Rupees (INR), which is the Company's presentation currency. It is necessary for the results and financial position of each individual entity included in the Group to be translated into the currency in which the Parent Company presents its financial statements. As the Parent Company presents its financial statements in Indian Rupees (INR), the Company's financial statements are translated into Indian Rupees (INR). Additionally, the same is in compliance with income-tax and other statutory laws.

(d) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are remeasured into the functional currency at the exchange rate prevailing on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in Statement of Profit or Loss. Non-monetary items that are measured in terms of historical cost in foreign currency are not re-translated.

(e) Translation to presentation currency (Foreign Currency Translation Reserve)

For the purpose of preparation of financial statements in Indian Rupees (INR), the assets and liabilities of the

Notes to Financial Statements

for the year ended March 31, 2023

Company are translated into Indian Rupees (INR) using the rate of exchange prevailing at the reporting date and its Statement of Profit and Loss is translated using an average rate to translate income and expense items. The exchange differences arising from the translation of financial statements of the Company is recognised in Other Comprehensive Income (OCI) and is presented within other equity as foreign currency translation reserve.

(f) Rounding Off

All amounts have been rounded-off to the nearest thousands up to two decimal places, unless otherwise indicated.

(g) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement Basis
Certain financial instruments (as explained in the accounting policies below)	Fair Value

(h) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management believes that these estimates are prudent and reasonable and are based upon the management's best knowledge of current events and actions as on the reporting date. Actual results could differ from these estimates and differences between actual results and estimates are recognised in the periods in which the results/actions are known or materialised. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about critical judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:

- Note 20 – financial instruments – fair values, risk management and impairment of financial assets

(i) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received on sale of asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation models that employ significant unobservable inputs require a higher degree of judgement and estimation in the determination of fair value. Judgement and estimation are usually required for selection of the appropriate valuation methodology, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and selection of appropriate discount rates.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 20 - financial instruments - fair values, risk management and impairment of financial assets

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Recent Accounting Developments:

Standards issued but not yet effective

Ministry of Corporate Affairs ('MCA') notifies new standard or amendments to the existing standards. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below.

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no

longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any significant impact in its financial statements.

3. Significant Accounting Policies

3.1 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, call deposits and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.2 Financial Instruments

(a) Recognition and initial measurement of financial assets and financial liabilities

All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

All the financial assets and financial liabilities are initially recognised at fair value. A financial asset or financial liability which is not recognised at Fair Value through Profit and Loss is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets carried at fair value through profit or loss are expensed in Statement of Profit or Loss.

(b) Financial Assets - Classification, subsequent measurement and gains and losses

Classification

On initial recognition, a financial asset is classified as measured at

- Amortised Cost;
- Fair Value Through Other Comprehensive Income (FVOCI); or
- Fair Value Through Profit and Loss (FVTPL)

Notes to Financial Statements

for the year ended March 31, 2023

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, on initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income (OCI) (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset as at FVTPL that otherwise meets the requirements to be measured at amortised cost or at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets.

Notes to Financial Statements

for the year ended March 31, 2023

Subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in the Statement of Profit and Loss. Any gain or loss on derecognition is recognised in the Statement of Profit and Loss.
Debt investments measured at FVOCI	These assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment losses are recognised in the Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the Statement of Profit and Loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Statement of Profit and Loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, any interest or dividend income, are recognised and are presented separately in the Statement of Profit and Loss

(c) Financial liabilities - Classification, subsequent measurement and gains and losses

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

Financial liabilities are classified as measured at amortised cost or FVTPL. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in the Statement of Profit and Loss.

(d) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(e) Impairment of financial instruments

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not classified as FVTPL or equity investments at FVOCI. Expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk or the assets have become credit impaired from initial recognition in which case, those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in the Statement of Profit and Loss.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows which the Company expects to receive).

Notes to Financial Statements

for the year ended March 31, 2023

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate cash flows to repay the amounts. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(f) Off-setting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.3 Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or goodwill is the higher of its value in use and its fair value. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to it.

An impairment loss is recognised if the carrying amount of an asset or goodwill exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.4 Revenue Recognition

(a) Rendering of services

The Company is in the business of providing Investment Manager Services, act as a sponsor/settler for the GIFT AIF Funds and providing discretionary/non-discretionary portfolio management services to clients (PMS).

As at the end of the reporting period, the Company is in the process of setting up its business operations.

(b) Recognition of dividend income, interest income or expense, gains and losses from financial instruments

Dividend income is recognised in the Statement of Profit and Loss on the date on which the Company's right to receive dividend is established.

Interest income or expense is recognised using the effective interest rate method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability

Notes to Financial Statements

for the year ended March 31, 2023

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the financial asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of credit-impaired financial asset (i.e. the gross carrying amount less the allowance for expected credit losses). If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Interest income/expense on financial instruments at FVTPL is not included in fair value changes but presented separately.

The realised gains/losses from financial instruments at FVTPL represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its settlement price.

The unrealised gains/losses represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

3.5 Provisions (other than for employee benefits), contingent liabilities, contingent assets and commitments

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present

obligation at the balance sheet date) at a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is not recognised but disclosed in the financial statements where an inflow of economic benefit is probable.

Commitments includes the amount of purchase order (net of advance) issued to counterparties for supplying/development of assets and amounts pertaining to Investments which have been committed but not called for.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each balance sheet date.

3.6 Income Tax

Income tax comprises of current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in Other Comprehensive Income.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to

Notes to Financial Statements

for the year ended March 31, 2023

income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits, if any.

Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is other convincing evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

3.7 Earnings Per Share (EPS)

The basic earnings per share is computed by dividing profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period.

The diluted earnings per share is computed by dividing profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares, unless they are antidilutive.

Notes to Financial Statements

for the year ended March 31, 2023

Note 4 Cash and Cash Equivalents

(₹ in Thousands)

	As at March 31, 2023
Balances with Banks	
In Current Accounts	1,064.38
In Deposit Accounts - Original maturity of 3 months or less	12,339.11
Total	13,403.49

Note 5 Bank Balance other than Cash & Cash Equivalents

(₹ in Thousands)

	As at March 31, 2023
In Deposit Accounts - Original Maturity more than 3 months and remaining maturity less than 12 months	16,761.74
Total	16,761.74

Note 6 Other Financial Assets

(₹ in Thousands)

	As at March 31, 2023
Advance against Lease	9,440.47
Total	9,440.47

Note 7 Current Tax Assets

(₹ in Thousands)

	As at March 31, 2023
TDS Receivable	20.45
Total	20.45

Note 8 Trade Payables

(₹ in Thousands)

	As at March 31, 2023
Outstanding dues of Small Enterprises and Micro Enterprises	540.00
Outstanding dues of creditors other than Small Enterprises and Micro Enterprises	270.00
Total	810.00

Notes to Financial Statements

for the year ended March 31, 2023

Trade Payables Ageing

(₹ in Thousands)

Particulars	Unbilled dues (A)	Outstanding for following periods from due date of payment				Total (B)	As at 31 March 2023 (A+B)
		Less than 1 year	1-2 years	2-3 years	More than 3 years		
(i) MSME	540.00	-	-	-	-	-	540.00
(ii) Others	270.00	-	-	-	-	-	270.00
Total	810.00	-	-	-	-	-	810.00

Note 9 Other Financial Liabilities

(₹ in Thousands)

	As at March 31, 2023
Others Payables (including ₹ 13,506.25 to related party)	14,596.25
Total	14,596.25

Note 10 Other Non-Financial Liabilities

(₹ in Thousands)

	As at March 31, 2023
Statutory Dues	90.00
Total	90.00

Note 11 Equity Share Capital

(₹ in Thousands)

	As at March 31, 2023
Authorised	
90,00,000 Equity Shares of ₹ 10 each	90,000.00
	90,000.00
Issued, Subscribed and Paid-up	
30,00,000 Equity Shares of ₹ 10 each, fully paid up	30,000.00
	30,000.00

(a) Movement in Equity Share Capital during the period:

(₹ in Thousands)

Particulars	As at March 31, 2023	
	No. of Equity Shares	Share Capital
Shares outstanding at the beginning of the period	-	-
Add: Shares issued during the period	3,000,000	30,000.00
Shares outstanding at the end of the period	3,000,000	30,000.00

Notes to Financial Statements

for the year ended March 31, 2023

(b) Terms/Rights attached to Equity Shares

1. The Company had issued only one class of equity shares referred to as equity share having face value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share.
2. The holders of equity shares are entitled to dividends, if any, proposed by the board of directors and approved by the Shareholders at the Annual General Meeting.
3. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of preferential amount. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the Shareholders.

(c) Details of Holding Company and Shareholders holding more than 5 percent Share Capital of the Company:

(₹ in Thousands)

Name of the Shareholder	As at March 31, 2023	
	No. of Equity Shares (Face Value ₹ 10)	% of Share Capital
HDFC Asset Management Company Limited (Holding Company)	3,000,000	100.00

(d) Details of shareholding of Promoters:

(₹ in Thousands)

Promoter name	As at March 31, 2023		
	No. of Equity Shares (Face Value ₹ 10)	% of total Share Capital	% Change during the period
HDFC Asset Management Company Limited (Holding Company)	30,00,000	100.00	-

Note 12 Nature and Purpose of Reserves

Retained earnings

Retained earnings are the profits/(losses) that a company has earned to date, less any dividends or other distributions paid to the Shareholders, net of utilisation as permitted under applicable regulations.

Foreign Currency Translation Reserve

The net impact of changes for the purpose of preparation of financial statement in presentation currency (₹) from functional currency (USD) wherein income and expenses are translated at average rate and the assets and liabilities except equity shares are stated at closing rate is presented under foreign exchange translation reserve.

Note 13 Other Income

(₹ in Thousands)

	For the period ended March 31, 2023
Interest on deposit with Banks	
- On Financial Assets measured at Amortised Cost	521.74
Total	521.74

Notes to Financial Statements

for the year ended March 31, 2023

Note 14 Other Expenses

	(₹ in Thousands)
	For the period ended March 31, 2023
Directors' Sitting Fees	99.07
Auditors Remuneration:	
Statutory Audit	98.54
Limited Review	197.20
	295.74
Legal and Professional Fees	2,977.83
Travel and Conveyance	218.18
Pre-incorporation expenses	1,249.15
Net Loss on foreign currency transactions	15.04
Software maintenance expenses	1,076.75
Miscellaneous expenses	6.03
Total	5,937.80

Note 15 Tax Expense

The Company has incurred losses in the current financial year. Accordingly, the Company has not recognised for current tax and deferred tax.

Note 16A Exchange Rate

The assets and liabilities in the financial statements have been translated into Indian rupees at the closing rate as at March 31, 2023 which is 1 USD = ₹ 82.2169, amounts of Statement of Profit and Loss at the average rate from May 27, 2022 to March 31, 2023 which is 1 USD = ₹ 81.0156

Note 16B

No funds have been advanced/loaned/invested (from borrowed funds or from share premium or from any other sources / kind of funds) by the Company to any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

No funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding (whether recorded in writing or otherwise) that the Company shall (i) directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Notes to Financial Statements

for the year ended March 31, 2023

Note 17 Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing the profit after tax for the period attributable to equity shareholders of Company by the weighted average number of equity shares outstanding during the period. The Company did not have any potentially dilutive securities.

(₹ in Thousand except per equity share data)

Profit/(Loss) after tax for the period	(5,416.06)
Weighted Average equity shares outstanding during the period	30,00,000
Earnings per share basic and diluted	(1.81)
Face value per share	10.00

Note 18 Related Party Transactions

As per the Indian Accounting Standard on 'Related Party Disclosures' (Ind AS 24), the related parties of the Company with whom there have been transactions during the current period, are as follows:

Relationship	Name of the Parties
Holding Company	HDFC Asset Management Company Limited
Ultimate Holding Company	Housing Development Finance Corporation Limited
Key Managerial Personnel (KMP)	Shyamak Ramyar Tata (from December 14, 2022)
	Vijay Mohan Karnani (from December 14, 2022)
Other Related Parties	HDFC Bank Limited

The nature and volume of transactions of the Company during the period with the above related parties were as follows:

(a) Details of transactions and balances

(₹ in Thousands)

Particulars	March 31, 2023	
	Holding Company	Other Related Parties
Income		
Interest on Deposits	-	521.74
Asset		
Bank Balances	-	1,064.38
Fixed Deposits	-	28,775.92
Interest accrued on Fixed Deposit	-	324.94
Liability		
Other Payables	13,506.25	-

(b) Details of remuneration to Company's KMPs

(₹ in Thousands)

Particulars	For the period ended March 31, 2023
Directors Sitting Fees	99.07

Notes to Financial Statements

for the year ended March 31, 2023

Note 19 Capital Management

Equity share capital and other equity are considered for the purpose of Company's capital management. The Company manages its capital in a manner which enables it to safeguard its ability to continue as a going concern and to optimise returns to the Shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The funding requirements are temporarily met through support of the parent company till the Company is operational. Once the company is fully operational, the funding requirements shall be met through operating cash flows and other equity. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

Note 20 Financial Instruments

A. Classification and Fair Values of Financial Assets & Liabilities

The following table shows the carrying amounts of financial assets and financial liabilities

(₹ in Thousands)	
As at March 31, 2023	Carrying Amount at Amortised Cost
Financial Assets	
Cash and Cash Equivalents	13,403.49
Other Bank Balances	16,761.74
Other Financial Asset	9,440.47
Total	39,605.70
Financial Liabilities	
Trade Payables	810.00
Other Financial Liabilities	
Others	14,596.25
Total	15,406.25

The fair values of above mentioned financial assets and financial liabilities approximate their carrying amounts largely due to current maturities of these instruments. Accordingly, fair value hierarchy for these financial instruments have not been presented above.

B. Financial Risk Management

Risk management is an integral part of the business practices of the Company. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's Board of Directors has overall responsibility for managing the financial risk profile of the Company. The purpose of risk management is to identify potential problems before they occur, so that risk-handling activities may be planned and invoked as needed to manage adverse impacts on achieving objectives.

The Company has exposure to the following risks arising from Financial Instruments:

Particulars	Exposure arising from
Credit Risk	Cash and cash equivalents, financial assets measured at amortised cost
Liquidity Risk	Financial liabilities

Notes to Financial Statements

for the year ended March 31, 2023

i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents and financial assets measured at amortised cost.

Exposure to credit risk is mitigated through regular monitoring of collections and counterparty's creditworthiness.

Exposure to credit risk

The carrying amount of financial assets represents maximum amount of credit exposure. The maximum exposure to credit risk is as per the table below, it being total of carrying amount of cash and cash equivalent and financial assets measured at amortised cost.

(₹ in Thousands)	
As at March 31, 2023	Amount
Maximum exposure to credit risk	39,605.70

Expected Credit Loss (ECL) on Financial Assets

The Company continuously monitors all financial assets subject to ECLs. In order to determine whether an instrument is subject to 12 month ECL (12mECL) or life time ECL (LTECL), the Company assesses whether there has been a significant increase in credit risk or the asset has become credit impaired since initial recognition. The Company applies following quantitative and qualitative criteria to assess whether there is significant increase in credit risk or the asset has been credit impaired:

- Historical trend of collection from counterparty
- Company's contractual rights with respect to recovery of dues from counterparty
- Credit rating of counterparty and any relevant information available in public domain

ECL is a probability weighted estimate of credit losses. It is measured as the present value of cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with contract and the cash flows that the Company expects to receive).

The Company has two types of financial assets that are subject to the expected credit loss:

- Cash and cash equivalents
- Other Financial Asset

Cash and Cash Equivalents

The Company holds cash and cash equivalents and other bank balances as per Note 4 and 5. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be high.

Notes to Financial Statements

for the year ended March 31, 2023

Other Financial Asset

The Company holds other financial asset as per Note 6. Based on the credit profile of counterparty, the Company does not expect any significant risk of default.

ii. Liquidity Risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms.

The Company manages the liquidity risk by maintaining adequate reserves and by matching the maturity profiles of financial assets and liabilities. Also, currently, the financial liabilities are settled with the support of parent company till the Company is operational.

Exposure to Liquidity Risk

The table below analyses the Company's financial liabilities into relevant maturity pattern based on their contractual maturities for all financial liabilities.

As at March 31, 2023	Carrying amount	(₹ in Thousands)	
		Contractual Cash Flows	
		1 year or less	More than 1 year
Financial Liabilities			
Trade Payables	810.00	810.00	-
Other Financial Liabilities	14,596.25	14,596.25	-
Total	15,406.25	15,406.25	-

iii. Foreign currency risk:

United States Dollar (USD) is the functional currency of the Company, thus the Company's exchange risk arises from its foreign currency expenses.

iv. Interest rate risk:

The Company's investments are primarily in fixed rate interest instruments. Accordingly, the exposure to interest rate risk is also insignificant.

Notes to Financial Statements

for the year ended March 31, 2023

Note 21 Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled.

(₹ in Thousands)

Particulars	As at March 31, 2023		
	Within 12 months	After 12 months	Total
ASSETS			
Financial Assets			
Cash and Cash Equivalents	13,403.49	-	13,403.49
Bank Balance other than above	16,761.74	-	16,761.74
Other Financial Assets	9,440.47	-	9,440.47
Sub total – Financial Assets	39,605.70	-	39,605.70
Non Financial Assets			
Current Tax Assets (net)	20.45	-	20.45
Sub total – Non-Financial Assets	20.45	-	20.45
Total Assets	39,626.16	-	39,626.16
LIABILITIES			
Financial Liabilities			
Payables			
Trade payables			
(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises	540.00	-	540.00
(ii) Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	270.00	-	270.00
Other Financial Liabilities	14,596.25	-	14,596.25
Sub total – Financial Liabilities	15,406.25	-	15,406.25
Non-Financial Liabilities			
Other Non-Financial Liabilities	90.00	-	90.00
Sub total – Non-Financial Liabilities	90.00	-	90.00
Total Liabilities	15,496.25	-	15,496.25

Notes to Financial Statements

for the year ended March 31, 2023

Note 22 Ratios

	Numerator	Denominator	March 31, 2023	% Variance
(a) Capital to risk-weighted assets ratio (CRAR)*	-	-	-	-
(b) Tier I CRAR*	-	-	-	-
(c) Tier II CRAR*	-	-	-	-
(d) Liquidity Coverage Ratio (no. of times) [Total Financial Assets (within 12 months)/ Total Liabilities (within 12 months)]	39,605.70	15,496.25	2.56	NA

* Since the Company is not in lending business, it does not have any credit exposure. Hence, these ratios are not applicable to the Company.

As per our report attached of even date

For **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Kapil Goenka

Partner

Membership No: 118189

Mumbai, April 20, 2023

For and on behalf of the Board of Directors

Navneet Munot

Chairman

(DIN: 05247228)

V Suresh Babu

Director

(DIN: 09622653)