

# **HDFC Pension Management Company Limited**

**Annual Report**  
**2022-23**

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# 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

14<sup>th</sup> 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](mailto:compliance@hdfcpension.com)

Website: [www.hdfcpension.com](http://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 12<sup>th</sup> 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
<b>Profit before Tax</b>	<b>65,535</b>	<b>45,151</b>
Provision for Tax	16,495	9,721
<b>Profit after Tax</b>	<b>49,040</b>	<b>35,430</b>
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 12<sup>th</sup> 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 12<sup>th</sup> 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 13<sup>th</sup> 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:

- (i) 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

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### **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

Date: 25.04.2023

Membership No.147370

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

Membership No. 147370

UDIN: 23147370BGWPXU4797

Place: Mumbai

Date: 25.04.2023

# Balance Sheet

as at March 31, 2023

(₹ '000)

Particulars	Note	As at March 31, 2023	As at March 31, 2022
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	3	540,000	540,000
Reserves and surplus	4	64,236	15,196
		<b>604,236</b>	<b>555,196</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings		-	-
Other long-term liabilities		-	-
Long-term provisions		-	-
<b>CURRENT LIABILITIES</b>			
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
		<b>820,338</b>	<b>741,771</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
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
<b>CURRENT ASSETS</b>			
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
		<b>820,338</b>	<b>741,771</b>
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
<b>INCOME</b>			
Revenue from operations			
- Investment management fees	19	244,002	161,179
- POP Income		51,815	28,900
Other income	20	41,962	40,830
<b>Total income</b>		<b>337,779</b>	<b>230,909</b>
<b>EXPENSES</b>			
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
<b>Total expenses</b>		<b>272,244</b>	<b>185,758</b>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>65,535</b>	<b>45,151</b>
Exceptional items		-	-
<b>Profit before extraordinary items and tax</b>		<b>65,535</b>	<b>45,151</b>
Extraordinary items		-	-
<b>Profit before tax</b>		<b>65,535</b>	<b>45,151</b>
Tax expense		16,495	9,721
<b>Profit for the year from continuing operations</b>		<b>49,040</b>	<b>35,430</b>
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) for the year from discontinuing operations (after tax)		-	-
<b>Profit for the year</b>		<b>49,040</b>	<b>35,430</b>
<b>Earnings per equity share (face value ₹ 10 each)</b>	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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>16,589</b>	<b>25,019</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(25,425)</b>	<b>(242,406)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of share capital	-	260,000
Payment of stamp duty	-	(2,850)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>-</b>	<b>257,150</b>
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
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>45,475</b>	<b>54,311</b>
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
<b>Total cash and cash equivalents</b>	<b>45,475</b>	<b>54,311</b>
<b>Reconciliation of cash and cash equivalents with cash and bank balances as per Balance Sheet:</b>		
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
<b>Cash and bank balances as per Balance Sheet</b>	<b>136,042</b>	<b>125,687</b>

\* 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

For and on behalf of the Board of Directors  
HDFC Pension Management Company Limited

Vibha Padalkar  
(Director)  
(DIN : 01682810)

Niraj Shah  
(Director)  
(DIN : 09516010)

Sriram Iyer  
(Chief Executive Officer)

Fagun Pancholi  
(Chief Financial Officer)

Place- Mumbai  
Date- April 25, 2023

Nagesh Pai  
(Company Secretary)

# 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 30<sup>th</sup> 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 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.

## Notes Forming Part of the Financial Statements

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, 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



## Notes Forming Part of the Financial Statements

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 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,

## Notes Forming Part of the Financial Statements

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 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
<b>Authorised capital</b>		
60,000,000 Equity shares of ₹ 10 each (Previous year: 60,000,000 Equity shares of ₹ 10 Each)	600,000	600,000
	<b>600,000</b>	<b>600,000</b>
<b>Issued, subscribed and fully paid-up capital</b>		
54,000,000 Equity shares of ₹ 10 each (Previous year: 54,000,000 Equity shares of ₹ 10 Each)	540,000	540,000
	<b>540,000</b>	<b>540,000</b>

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

<b>Shares held by promoters as at 31st March, 2023</b>		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

<b>Shares held by promoters as at 31st March, 2022</b>		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

Particulars	(₹ '000)	
	As at March 31, 2023	As at March 31, 2022
<b>Profit &amp; Loss account</b>		
Opening balance	15,196	(20,234)
Add:- Net Profit during the year as per the Statement of Profit & Loss Account	49,040	35,430
<b>Closing balance</b>	<b>64,236</b>	<b>15,196</b>

### 5 Trade payables

Particulars	(₹ '000)	
	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	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### 6 Other current liabilities

Particulars	(₹ '000)	
	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
<b>Total</b>	<b>145,624</b>	<b>130,868</b>

### 7 Short-term provisions

Particulars	(₹ '000)	
	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
<b>Total</b>	<b>70,478</b>	<b>55,707</b>

## 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	-
<b>Grand Total</b>	<b>8,216</b>	<b>782</b>	<b>-</b>	<b>8,998</b>	<b>1,457</b>	<b>-</b>	<b>5,898</b>	<b>3,775</b>
Previous year	4,783	3,433	-	8,216	602	-	4,441	3,775

### 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
<b>Grand Total</b>	<b>10,046</b>	<b>1,068</b>	<b>-</b>	<b>11,114</b>	<b>690</b>	<b>-</b>	<b>9,651</b>	<b>1,085</b>
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	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>1,068</b>	-	<b>1,068</b>	-	-	-	-	-	<b>1,068</b>
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		
	Less than 1 year	1-2 years	2-3 years More than 3 years
Point of Presence system development in process	-	-	-
<b>Grand Total</b>	-	-	-

### 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		
	Less than 1 year	1-2 years	2-3 years More than 3 years
Point of Presence system development in process	-	-	-
<b>Grand Total</b>	-	-	-

### 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		
	Less than 1 year	1-2 years	2-3 years More than 3 years
Point of Presence system development in process	480	588	-
<b>Grand Total</b>	<b>480</b>	<b>588</b>	-

### 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		
	Less than 1 year	1-2 years	2-3 years More than 3 years
Point of Presence system development in process	1,068	-	-
<b>Grand Total</b>	<b>1,068</b>	-	-

## Notes Forming Part of the Financial Statements

### 11 Non-current investments

Particulars	(₹'000)	
	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	-
<b>Total</b>	<b>583,389</b>	<b>519,142</b>
Aggregate value of quoted investments	583,389	519,142
Market value of quoted investments	577,904	528,228

### 12 Long-term loans and advances

Particulars	(₹'000)	
	As at March 31, 2023	As at March 31, 2022
Loans	-	-
<b>Others</b>		
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
<b>Total</b>	<b>11,142</b>	<b>7,957</b>

### 13 Other non-current assets

Particulars	(₹'000)	
	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
<b>Total</b>	<b>2,608</b>	<b>2,588</b>

## Notes Forming Part of the Financial Statements

### 14 Current investments

Particulars	(₹ '000)	
	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
<b>Total</b>	<b>43,917</b>	<b>53,268</b>
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

Particulars	(₹ '000)	
	As at March 31, 2023	As at March 31, 2022
Trade Receivables - Unsecured	22,433	14,690
<b>Total</b>	<b>22,433</b>	<b>14,690</b>

### (ii) Trade receivables ageing as at March 31, 2023

Particulars	Outstanding for following periods from due date of payments					Total
	Less than 6 Months	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed trade receivables						
- Considered good	22,433	-	-	-	-	22,433
- Considered doubtful	-	-	-	-	-	-
<b>Total</b>	<b>22,433</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,433</b>

### (iii) Trade receivables ageing as at March 31, 2022

Particulars	Outstanding for following periods from due date of payments					Total
	Less than 6 Months	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed trade receivables						
- Considered good	14,690	-	-	-	-	14,690
- Considered doubtful	-	-	-	-	-	-
<b>Total</b>	<b>14,690</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,690</b>

### 16 Cash and cash equivalents

Particulars	(₹ '000)	
	As at March 31, 2023	As at March 31, 2022
<b>Cash on hand</b>	-	-
<b>Balances with banks:</b>		
-In current accounts	136,042	125,687
<b>Other bank balances</b>		
-Deposits with maturity of more than 12 months	2,000	2,138
<b>Sub-Total</b>	<b>138,042</b>	<b>127,825</b>
Amount disclosed under other non-current assets (Refer note no.13)	(2,000)	(2,138)
<b>Total</b>	<b>136,042</b>	<b>125,687</b>



## Notes Forming Part of the Financial Statements

### 17 Short-term loans and advances

Particulars	(₹'000)	
	As at March 31, 2023	As at March 31, 2022
Loans	-	-
<b>Others</b>		
Prepaid expenses	1,014	1,145
Others	342	194
<b>Total</b>	<b>1,356</b>	<b>1,339</b>

### 18 Other current assets

Particulars	(₹'000)	
	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	-
<b>Total</b>	<b>14,888</b>	<b>11,172</b>

### 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

Particulars	(₹'000)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Investment income on current investments</b>		
Interest income	-	-
Profit on sale of investments	2,615	11,482
<b>Investment income on long-term investments</b>		
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	-
<b>Total</b>	<b>41,962</b>	<b>40,830</b>

## Notes Forming Part of the Financial Statements

### 21 Employee benefit expenses

Particulars	(₹'000)	
	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
<b>Total</b>	<b>151,828</b>	<b>110,984</b>

### 22 Establishment expenses

Particulars	(₹'000)	
	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
<b>Total</b>	<b>54,686</b>	<b>37,099</b>

### 23 Other expenses

Particulars	(₹'000)	
	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
<b>Total</b>	<b>63,583</b>	<b>36,512</b>

### 24 Depreciation and amortisation

Particulars	(₹'000)	
	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
<b>Total</b>	<b>2,147</b>	<b>1,163</b>

## 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			Explanation for change in ratios
	For the year ended March 31, 2023	For the year ended March 31, 2022	
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 <sup>th</sup> Nov 2020)/ Promoter of Holding company (w.e.f 14 <sup>th</sup> 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 <sup>th</sup> Nov 2020)/ Other Group companies (w.e.f. 14 <sup>th</sup> 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:

Particulars	Description	(₹ '000)			
		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:

Particulars	(₹'000)	
	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
<b>Total</b>	<b>6,627</b>	<b>3,253</b>

#### 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:

Particulars	(₹'000)	
	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	<b>8,490</b>	<b>7,021</b>

The Company has recognised following amounts in the Statement of Profit & Loss Account for the year:

Particulars	(₹'000)	
	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	<b>1,067</b>	<b>2,057</b>

Reconciliation of opening and closing balances of present value of the defined benefit obligations:

Particulars	(₹'000)	
	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	<b>8,490</b>	<b>7,021</b>

## 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)				
	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19
Gratuity (Unfunded Plan)					
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
<b>Bank Fixed Deposit with lien in favour of PFRDA</b>	2,000	2,000
Bank guarantee given on behalf of Company issued in favour of the SAIL	138	138
<b>Total</b>	<b>2,138</b>	<b>2,138</b>

**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.