

HDFC Pension Management Company Limited

**Annual Report
2020-21**

Contents

Corporate Information	1
Directors' Report	2
Independent Auditor's Report.....	9
Balance Sheet	14
Statement of Profit and Loss Account	15
Cash Flow Statement.....	16
Notes to Financial Statements.....	17

Corporate Information

Board of Directors

Mr. Prasad Chandran,
Non-Executive Independent Director

Mr. AKT Chari,
Non-Executive Independent Director

Mr. Sumit Bose,
Non-Executive Independent Director (appointed w.e.f August 12, 2020)

Ms. Vibha Padalkar,
Non-Executive Director

Mr. Parvez Mulla,
Non-Executive Director

Chief Executive Officer

Mr. Sumit Shukla

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. Khandelwal & Jain (*For Scheme financials*)

Registered Office

14th Floor, Lodha Excelus, Apollo Mills Compound,

N M Joshi Marg, Mahalaxmi, Mumbai - 400 011

Tel: 022-6751 6666

Fax: 022-6751 6333

Email: compliance@hdfcpension.com

Website: www.hdfcpension.com

CIN: U66020MH2011PLC218824

Bankers

HDFC Bank Limited (For Company)

Axis Bank Limited (For Scheme(s) managed under National Pension System & Point of Presence Collection Account)

Directors' Report

TO THE MEMBERS OF HDFC PENSION MANAGEMENT COMPANY LIMITED

Your Directors have pleasure in presenting the 10th Directors' Report of HDFC Pension Management Company Limited ("HDFC Pension"/"the Company") on its business and operations, along with the Audited Financial Statements for the financial year ended March 31, 2021.

FINANCIAL PERFORMANCE

The financial performance of the Company is summarized as under:

Particulars	₹ in thousands)	
	FY2021 (Audited)	FY2020 (Audited)
Gross Income	54,995	34,995
Total Expenses	53,976	43,074
Profit/Loss before Tax	1,019	(8,079)
Provision for Tax	159	-
Profit/Loss after Tax	860	(8,079)
Balance of Loss from previous years	(21,094)	(13,015)
Loss carried forward to the Balance Sheet	(20,234)	(21,094)

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 notified 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, started its operations as a Pension Fund Management Company in August 2013. Further, HDFC Pension was granted the Certificate of Registration in February, 2019 by the Pension Fund Regulatory and Development Authority ("PFRDA") for acting as Point of Presence ("POP") under National Pension System ("NPS"), to provide POP - NPS - Distribution and Servicing for public at large. HDFC Pension continues to be the #1 privately owned Pension Fund Manager in India in terms of Assets Under Management ("AUM") and also the fastest growing Pension Fund Manager under the NPS architecture.

HDFC Pension is the largest Pension Fund Manager in India in both retail and corporate NPS category amongst all Pension Fund Managers. The AUM of the Company as on March 31, 2021 was ₹ 16,384 crore, registering a growth of approximately 98% over previous year. The market share of the Company grew to 34% as on March 31, 2021 from 31% as on March 31, 2020.

The Company has approximately 7.61 lakhs subscribers as on March 31, 2021 comprising of approximately 5.09 lakhs subscribers in retail segment and approximately 2.52 lakhs subscribers in corporate segment. The Company ranked #1 in corporate segment subscribers and #2 in retail segment subscribers amongst all the Pension Fund Managers.

Effective, April 1, 2019, Central Government employees have been allowed to choose any of the pension funds including the private sector pension funds for investment in NPS. This has opened up huge opportunity for HDFC Pension and the Company has started receiving inflow of funds from Central Government employees. As on March 31, 2021, a total of ₹ 373.7 crore of Central Government employee's funds had migrated to a single fund manager, out of which 42% was received by HDFC Pension.

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. During the FY2020-21, HDFC Pension was ranked #1 POP in terms of new corporate registration and new corporate subscriber registration and #8 in new retail subscriber registration amongst more than 90 POPs.

KEY REGULATORY CHANGES

Some of the key sector specific regulatory changes during the year were as follows:

Pension Fund:

- PFRDA had rolled out new Request for proposal ("RFP") for selection of sponsor of Pension Fund in December 2020. Accordingly, HDFC Life Insurance Company Limited ("Sponsor Company") had submitted the bid and was allotted a Letter of Appointment to act as a Sponsor and a fresh Certificate of Registration was granted to HDFC Pension for management of pension assets under NPS. Further, there has been an upward revision in the Investment Management charges with effect from April 1, 2021
- There has been an upward revision in payment of Annual Fees paid by Pension Funds

Point of Presence:

- PFRDA has now allowed POPs to utilize the Aadhar based offline paperless KYC verification process which eliminates the need for the prospective NPS applicant to provide the physical copy of Aadhar
- PFRDA has appointed an Ombudsman and the manner to facilitate resolution to subscriber complaints or grievances
- PFRDA has allowed the existing NPS subscribers including the NRI - NPS subscribers under Government/Non Government/All Citizens model

Directors' Report

to deposit their voluntary contributions as well as withdrawals/ exit by creating a Virtual ID linked to their PRAN

NETWORTH

The PFRDA (Pension Fund) Regulations, 2015 required a private sector Pension Fund to maintain a minimum positive tangible net worth of ₹ 25 crore. Accordingly, the Company has maintained a positive tangible net worth of ₹ 25 crore during the FY2020-21.

As on March 31, 2021, the tangible net worth of the Company stood at ₹ 25.84 crore.

However, as per the amended PFRDA (Pension Fund) Regulations, 2015 and further to the issuance of fresh certificate of registration, the Pension Fund is required to achieve minimum tangible net worth of ₹ 50 crore or such higher amount as may be prescribed by the Authority. The timelines to achieve the same would be a period of 6 months from issuance of fresh certificate of registration consequent to selection as Pension Fund based on the fresh request for proposal issued by the PFRDA.

DIVIDEND AND RESERVES

In view of the accumulated losses in Profit and Loss account, the Directors do not recommend any dividend for the FY2020-21. The Company does not propose to transfer any amount to reserves during the FY2020-21.

SHARE CAPITAL

There was no change in the Company's paid-up share capital during the year, which stood at ₹ 28 crore as on March 31, 2021. The entire paid-up share capital of the Company is held by HDFC Life Insurance Company Limited and its nominees.

The Company has not issued any bonus shares, sweat equity shares, shares with differential voting rights or equity shares on right basis during the year under review.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Board of Directors

The Board of Directors of the Company ("Board") is responsible for overseeing the business and operations of the Company.

The Board comprises of five Directors. The composition of the Board of Directors as on March 31, 2021 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. AKT Chari (DIN: 00746153), Mr. Prasad Chandran (DIN: 00200379) and Mr. Sumit Bose (DIN: 03340616). The Independent Directors of the Company are eminent personalities having significant experience and expertise.

Mr. Sumit Bose (DIN: 03340616) was appointed as an Additional Director of the Company categorised as 'Independent Director' on August 12, 2020, and holds office till the ensuing Annual General Meeting ("AGM"). In line with the provisions of the Act, the appointment of Mr. Sumit Bose (DIN: 03340616) is proposed to be regularized at the 10th AGM for first term of five consecutive years from the date of his initial appointment, and the relevant resolution and disclosures for his appointment forms a part of the Notice of the 10th AGM.

As per the provisions of the Act, Mr. Prasad Chandran (DIN: 00200379) was appointed to hold office for first term of five consecutive years upto August 20, 2022, and Mr. AKT Chari (DIN: 00746153), was appointed to hold the office for his second term of five consecutive years upto April 16, 2024.

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.

Your Company has undertaken the requisite steps for inclusion of the names of all Independent Directors in the databank maintained with the Indian Institute of Corporate Affairs, Manesar ("IICA"). Accordingly, all the Independent Directors of the Company have registered themselves with IICA for the said purpose. In terms of Section 150 of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014 (including any amendments thereunder), Independent Directors are required to undertake online proficiency self-assessment test to be conducted by 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.

Meeting of Independent Directors

During the FY2020-21, a separate meeting of the Independent Directors was held on March 22, 2021.

Directors' Report

Retirement by Rotation

As per the provisions of the Act, Ms. Vibha Padalkar (DIN: 01682810), retires by rotation, and being eligible, offers herself for re-appointment at the 10th AGM of the Company. A resolution for the said purpose along with a brief profile of Ms. Vibha Padalkar (DIN: 01682810) forms part of the Notice of the 10th 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.

During the FY2020-21, five (5) meetings of the Board of Directors of the Company were held on April 23, 2020, May 20, 2020, July 17, 2020, October 15, 2020 and January 18, 2021 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 of the Director	Category	Number of meetings attended/held during the year
Mr. AKT Chari	Independent Director	5/5
Mr. Prasad Chandran	Independent Director	5/5
Mr. Sumit Bose ¹	Independent Director	2/2
Ms. Vibha Padalkar	Non-Executive Director	5/5
Mr. Parvez Mulla	Non-Executive Director	5/5

Note:

¹ Mr. Sumit Bose was appointed as Independent (Additional) Director with effect from August 12, 2020.

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. Mr. Sumit Shukla, Chief Executive Officer, Mr. Fagun Pancholi, Chief Financial Officer and Mr. Nagesh Pai, Company Secretary & Compliance Officer, are the Key Managerial Personnel of the Company under the Act.

Other than the above, Mr. Vishwas Katela serves as the Chief Investment Officer, Mr. Sunil Kapoor as the Chief Risk Officer and Mr. Mihir Joshi as the Chief Information Security Officer as per the PFRDA (Pension Fund) Regulations, 2015 and amendments thereof and hereinafter called as Key Personnel under the said Regulations.

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 and the Investment Management Agreement executed with the NPS Trust. The details of the Committees are as follows:

Audit Committee

There were four (4) meetings of the Audit Committee held during the FY2020-21 on April 23, 2020, July 17, 2020, October 15, 2020 and January 18, 2021. The details of attendance of Members at the meetings are as follows:

Name of the Member	Category	Number of meetings attended/held during the year
Mr. AKT Chari	Independent Director	4/4
Mr. Prasad Chandran	Independent Director	4/4
Ms. Vibha Padalkar	Non-Executive Director	4/4

Recommendations by the Audit Committee

During the FY2020-21, there were no instances where the recommendations made by the Audit Committee were not accepted by the Board.

Investment Committee

There were four (4) meetings of the Investment Committee held during the FY2020-21 on April 23, 2020, July 17, 2020, October 15, 2020 and January 18, 2021.

In order to ensure compliance with the provision of Schedule X of PFRDA (Pension Fund) (Third Amendment) Regulations, 2020 (Amended Regulations) the Investment Committee was re-constituted by inclusion of an Independent Director and Chief Risk Officer. The details of attendance of Members at the meetings are as follows:

Name of the Member	Category	Number of meetings attended/held during the year
Mr. AKT Chari	Independent Director	4/4
Mr. Sumit Bose ¹	Independent Director	2/2
Ms. Vibha Padalkar	Non-Executive Director	4/4
Mr. Parvez Mulla	Non-Executive Director	4/4
Mr. Sumit Shukla	Chief Executive Officer	4/4
Mr. Vishwas Katela	Chief Investment Officer	4/4
Mr. Sunil Kapoor ²	Chief Risk Officer	2/2

Notes:

¹ Mr. Sumit Bose was appointed as the member of the Committee with effect from August 12, 2020.

² Mr. Sunil Kapoor was appointed as the member of the Committee with effect from July 17, 2020.

Directors' Report

Risk Management Committee

There were four (4) meetings of the Risk Management Committee held during the FY2020-21 on April 23, 2020, July 17, 2020, October 15, 2020 and January 18, 2021.

In order to ensure compliance with the provision of Schedule X of PFRDA (Pension Fund) (Third Amendment) Regulations, 2020 (Amended Regulations) the Risk Management Committee was re-constituted by inclusion of Chief Risk Officer. The details of attendance of Members at the meetings are as follows:

Name of the Member	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. Parvez Mulla	Non-Executive Director	4/4
Mr. Sumit Shukla	Chief Executive Officer	4/4
Mr. Vishwas Katela	Chief Investment Officer	4/4
Mr. Nagesh Pai	Company Secretary & Compliance Officer	4/4
Mr. Sunil Kapoor ¹	Chief Risk Officer	2/2

Note:

¹Mr. Sunil Kapoor was appointed as the member of the Committee with effect from July 17, 2020.

Nomination and Remuneration Committee

During the FY2020-21, the meeting of Nomination and Remuneration Committee was held on April 23, 2020 with presence of all the members i.e two Independent Directors viz. Mr. AKT Chari and Mr. Prasad Chandran and Ms. Vibha Padalkar, Non-Executive Director.

Corporate Social Responsibility Committee and 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 respect to the same.

Foreign Exchange Earnings and Outgo

There were no foreign exchange earnings and outgo during the FY2020-21.

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 include 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/downloads/public-disclosures/HDFCPension-AppointmentOfDirectors-TermsnConditions.pdf>

PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS

Pursuant to and in line with the requirements prescribed under the Act, the Board carried out an annual evaluation of its performance and that of its Committees and Individual Directors through online portal. Further, the Independent Directors met separately, without the attendance of non-Independent Directors and Members of the Management, and inter alia reviewed the performance of Non-independent Directors, 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, 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.

Directors' Report

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 FY2020-21, 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 the FY2020-21, 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 the FY2020-21, no company has become or ceased to be subsidiary, associate or joint venture of the Company. The provisions regarding receipt of remuneration or commission from holding or subsidiary company are not applicable and hence, the disclosure under section 197(14) of the Act is not required.

RELATED PARTY TRANSACTIONS

As per Section 177, read with Section 188 of the Act, the Audit Committee of the Board, at its quarterly meetings, approved the related party transactions. Since all the transactions entered into by the Company during FY2020-21 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 within the meaning of Section 73 of the Act.

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 the Company for second term of five consecutive years i.e. upto the conclusion of 13th AGM, at the AGM of the Company held on June 18, 2019.

Statutory Auditor's Report

The Statutory Auditors' have not made any qualification, reservation or adverse remark or disclaimer in their Audit Report for the FY2020-21. The Statutory Auditor of the Company has not reported any instances of fraud or irregularities in the management of the Company during the FY2020-21.

Secretarial Auditor

As a part of good governance practice, the Company voluntarily undertakes an audit of the secretarial records and had engaged the services of Mr. DM Dalal, Practising Company Secretary, (CP No.: 8728) to conduct the audit for the FY2020-21. The Auditor has not made any qualification, reservation or adverse remark or disclaimer in his Secretarial Compliance Certificate.

ANNUAL RETURN

Pursuant to the amendments 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 Ministry of Corporate Affairs, the Company is not required to enclose the extract of the Annual Return (Form MGT-9) to the Director's Report. Instead the same can be hosted on the website of the Company.

In view of the above, the Annual Return of the Company for the financial year ended March 31, 2021 is hosted on the website of the Company at <https://www.hdfcpension.com/about-hdfc-pmc/public-disclosures/>.

REMUNERATION OF DIRECTORS AND OTHER EMPLOYEES

The details of remuneration paid to 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	1,50,000
2	Mr. AKT Chari		1,50,000
3	Mr. Sumit Bose		50,000

Ms. Vibha Padalkar and Mr. Parvez Mulla do not avail sitting fees from the Company.

Directors' Report

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. Risk Management function is also entrusted with implementation of risk management framework and to periodically update the Risk Management Committee 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 at least on an annual basis.

COVID-19 and Company's resilience:

With the outbreak of Covid-19 pandemic, HDFC Pension was able to manage the risks arising out of Covid-19 through timely execution of the Business Continuity Management framework. Risk assessment was conducted for all the processes and information and cyber security controls were evaluated. The Company has put in place a Board approved Business Continuity Management ("BCM") Policy which provides a framework for ensuring resilience of business from threats and challenges.

The BCM Policy is reviewed by the Risk Management Committee and the Board at least on an annual basis.

A. Technology Backbone:

- Enabled secure systems and infrastructure as part of Work from Home to minimize the disruptions caused by lockdown
- IT teams have provided supporting application and infrastructure to enable remote working

B. Employee Health & Safety:

- Regular advisories and information to employees

- Advance Salary
- Up skill programs
- Emotional & Mental well-being assistance

C. Admin Support

- Electrical mains have been shut down to ensure safety
- Sanitization, fumigation and deep cleaning has been carried out wherever feasible
- A plan is in place to ensure social distancing between employees post the lockdown period

D. Regulatory / Policy Compliance:

- PFRDA & NPS Trust - Circulars, directives, dispensation, representation and regular correspondence with them
- Statutory Audit of Financial Statements, Internal Auditors, Concurrent Auditors of Investment Function- Provided remote access to pension systems, records, audit comfort on controls, etc

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. The overall audit process, factors in verifying compliance with process, systems, regulatory guidelines and controls.

Internal Audit Reports are placed at every Audit Committee 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.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the requirements of Section 134 of the Act, the Board of Directors state that:

- In the preparation of the annual accounts, the applicable Accounting Standards have been followed, along with proper explanation relating to material departures (if any);

Directors' Report

- (ii) Such accounting policies have been selected and applied consistently, and judgments and estimates made that are reasonable and prudent, so as to give a true and fair view of the Company's state of affairs, as on March 31, 2021, 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.

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 FY2020-21, till the date of this report.

OTHER DISCLOSURES

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is a wholly owned subsidiary of HDFC Life Insurance Company Limited ("Holding Company"). The Holding Company has formulated a policy under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, which includes its subsidiary company. Accordingly, the relevant compliances with regard to constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 have been ensured.

Compliance with Secretarial Standards

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India for the FY2020-21.

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 awarded with the Best Pension Fund House by Business Today-Money Today Financial Services Awards 2020-21.

APPRECIATION AND ACKNOWLEDGEMENT

The Board of Directors thank the subscribers, customers and business associates for reposing their trust in the Company. The Directors also thank the Company's employees for their continued hard work, dedication and commitment; and the Management for continuing success of the business.

The Directors further take this opportunity to thank HDFC Life Insurance Company Limited, the Sponsor Company for their continued support and guidance. The Directors would also like to thank the Pension Fund Regulatory and Development Authority, National Pension System Trust and other Government Authorities for their co-operation, support, advice and directions provided from time to time.

**On behalf of the Board of Directors
For HDFC Pension Management Company Limited**

AKT Chari

Director

DIN: 00746153

Vibha Padalkar

Director

DIN: 01682810

Date: April 22, 2021

Place: Mumbai

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, 2021, 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, 2021, 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 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.
- (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 account.
 - (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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 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 the 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:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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 account as required by law have been kept by the Company so far as it appears from our examination of those books.

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: April 25, 2021

Membership No. 147370
UDIN: 21147370AAAAF07126

Annexure A

to the Auditor's Report - March 31, 2021

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, 2021 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, 2021, 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: April 25, 2021

Membership No. 147370

UDIN: 21147370AAAAF07126

Annexure B

to the Auditor's Report - March 31, 2021

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, 2021.

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:

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 fixed 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.
- (ii) As explained to us no inventories held by the company. This clause is not applicable.
- (iii) The Company has granted not any loans, secured or unsecured to Companies, Firms, LLP or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In respect of loans, investments, guarantees and security, provisions of Section 185 and section 186 of the Companies Act, 2013 have been complied with.
- (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 & Service Tax, Custom Duty 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, Custom Duty and other material statutory dues were in arrears

as at March 31, 2021 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, Goods & Service Tax and Customs Duty which have not been deposited on account of any disputes for more than 6 months.
- (viii) In our opinion, and according to the information and explanations given to us and based on our examination of the records, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, government or dues to debenture holders.
- (ix) In our opinion, and according to the information and explanations given to us, the Company does not raise money by way of initial public offer or further public offer and term loans, other than for what it was purposes.
- (x) 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.
- (xi) The Company has complied with Clause 3 (xi) of the Order.
- (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) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (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.

For **Kirtane & Pandit LLP**,
Chartered Accountants
Firm's Registration No. 105215W/W100057

Mittal Shah
Partner

Place: Mumbai
Date: April 25, 2021

Membership No. 147370
UDIN: 21147370AAAAF07126

Balance Sheet

as at March 31, 2021

Particulars	Note	(₹ '000)	
		As at March 31, 2021	As at March 31, 2020
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	3	280,000	280,000
Reserves and surplus	4	(20,234)	(21,094)
		259,766	258,906
NON-CURRENT LIABILITIES			
Long-term borrowings		-	-
Other long-term liabilities		-	-
Long-term provisions		-	-
CURRENT LIABILITIES			
Short-term borrowings		-	-
Trade payables	5		
(a) total outstanding dues of micro enterprises and small enterprises		-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Other current liabilities	6	95,474	66,306
Short-term provisions	7	13,923	10,968
		369,163	336,180
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment			
(i) Tangible assets	8	944	1,380
(ii) Intangible assets	9	1,394	875
(iii) Capital work-in-progress	9	588	-
Non-current investments	10	241,997	241,029
Deferred tax assets (net)		-	-
Long-term loans and advances	11	1,108	3,741
Other non-current assets	12	2,294	2,150
CURRENT ASSETS			
Current investments	13	12,418	7,604
Trade receivables	14	3,449	1,847
Cash and cash equivalents	15	95,381	70,576
Short-term loans and advances	16	1,606	2,116
Other current assets	17	7,984	4,862
		369,163	336,180
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 22, 2021

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

Vibha Padalkar
(Director)
(DIN :01682810)

Sumit Shukla
(Chief Executive Officer)

Nagesh Pai
(Company Secretary)

Parvez Mulla
(Director)
(DIN :08026994)

Fagun Pancholi
(Chief Financial Officer)

Statement of Profit and Loss Account

for the year ended March 31, 2021

(₹'000)

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
INCOME			
Revenue from operations			
- Investment management fees	18	11,945	6,793
- POP Income		18,981	6,148
Other income	19	24,069	22,054
Total revenue		54,995	34,995
EXPENSES			
Employee benefit expenses	20	32,422	28,304
Establishment expenses	21	6,336	3,557
Other expenses	22	14,427	10,530
Depreciation and amortisation	23	791	683
Total expenses		53,976	43,074
Profit/(Loss) before exceptional and extraordinary items and tax		1,019	(8,079)
Exceptional items		-	-
Profit/(Loss) before extraordinary items and tax		1,019	(8,079)
Extraordinary items		-	-
Profit/(Loss) before tax		1,019	(8,079)
Tax expense		159	-
Profit/(Loss) for the year from continuing operations		860	(8,079)
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) for the year from discontinuing operations (after tax)		-	-
Profit/(Loss) for the year		860	(8,079)
Earnings per equity share (face value ₹ 10 each)	24		
Basic (₹)		0.03	(0.29)
Diluted (₹)		0.03	(0.29)
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 22, 2021

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

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(Director)
(DIN :01682810)

Sumit Shukla
(Chief Executive Officer)

Nagesh Pai
(Company Secretary)

Parvez Mulla
(Director)
(DIN :08026994)

Fagun Pancholi
(Chief Financial Officer)

Cash Flow Statement

for the year ended March 31, 2021

(₹ '000)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	1,019	(8,079)
Adjustments for:		
Depreciation and amortisation	791	683
Interest income on investments	(20,341)	(21,141)
Profit on sale of investments	(3,800)	(618)
Profit on sale of fixed assets	-	(76)
Amortisation of discount/(premium) on investments	113	(189)
Movement in working capital		
(Increase)/Decrease in trade receivable, loans and advances & other current assets	1,983	(1,846)
Increase/(Decrease) in trade payables, other current liabilities & short-term provisions	2,526	4,333
Income taxes received as refund / (paid) - net	(309)	(113)
NET CASH FROM OPERATING ACTIVITIES	(18,018)	(27,046)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(588)	(1,743)
Sale of Fixed assets	-	116
Purchase of investments	(50,395)	(40,040)
Sale of investments	52,609	50,000
Maturity proceeds of Fixed Deposit	-	5,000
Income received on investment	17,314	24,329
NET CASH FROM INVESTING ACTIVITIES	18,940	37,662
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	-	-
NET CASH USED IN FINANCING ACTIVITIES	-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	922	10,616
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	13,626	3,010
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	14,548	13,626
See accompanying notes forming part of the financial statements		
Components of cash and cash equivalents at end of the year:		
Bank balances-current accounts	2,130	6,022
Money market instruments (Refer note number 13) *	12,418	7,604
Total cash and cash equivalents	14,548	13,626
Reconciliation of cash and cash equivalents with cash and bank balances as per Balance Sheet:		
Cash and cash equivalents	14,548	13,626
Money market instruments (Refer note number 13) *	(12,418)	(7,604)
Payable to NPS trust	93,251	64,554
Cash and bank balances as per Balance Sheet	95,381	70,576

* Money market instruments at cost

In terms of our report of even date attached.

For **Kirtane and Pandit LLP**
Chartered Accountants
Firm Registration No. 105215W/W100057

Mittal Shah
(Partner)
Membership No. 147370

Place- Mumbai
Date- April 22, 2021

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

Vibha Padalkar
(Director)
(DIN :01682810)

Sumit Shukla
(Chief Executive Officer)

Nagesh Pai
(Company Secretary)

Parvez Mulla
(Director)
(DIN :08026994)

Fagun Pancholi
(Chief Financial Officer)

Notes Forming Part of the Financial Statements

1 Corporate information

HDFC Pension Management Company Limited ('the Company'/'HDFC Pension') is a wholly owned subsidiary of HDFC Life Insurance Company Limited (or 'HDFC Life'). The Company is a public limited company domiciled in India and incorporated under the provisions of the erstwhile Companies Act, 1956. The Company was incorporated on June 20, 2011 with Registration Number U66020MH2011PLC218824 with the purpose of managing pension fund business under the National Pension System, to which HDFC Life acts as the Sponsor. The Company was granted licence to undertake pension management under the National Pension System by the Pension Fund Regulatory and Development Authority ('PFRDA') on April 23, 2013 and is in business from August 2013.

The Company was granted Certificate of Registration dated February 13, 2019 (Registration code: POP 246022019) 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, 2021 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 and persistency income.

- 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

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.

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.

Notes Forming Part of the Financial Statements

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 Fixed 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

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.

2.6 Impairment of assets

The Company's management periodically assesses, using internal and external sources, whether there is any indication that an asset may be impaired. If any such indication of impairment exists, the recoverable amount of such asset is estimated. An impairment loss is recognised in the Statement of Profit and Loss where the carrying value of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use. Value in use which is the present value of future cash flows expected to arise from the continuing use of the asset and its ultimate disposal. When there is an indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit & Loss Account.

2.7 Employee benefits

a) **Short term employee benefits:** All employee benefits payable within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries and bonuses, short term compensated absences and contribution towards Employee Deposit Linked Insurance are

Notes Forming Part of the Financial Statements

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 the company carrying on pension business. Where Company has provided for tax liability based on Minimum alternate tax (MAT) provisions, MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period.

ii) Deferred tax

In accordance with the requirements of Accounting Standard (AS) - 22, "Accounting for Taxes on Income", issued by the Institute of Chartered Accountants of India (ICAI), deferred tax asset is recognised only to the extent that there is reasonable certainty that sufficient taxable income will be available against which such deferred tax asset can be realised. With respect to carry forward of losses/unabsorbed depreciation under the Income Tax Act, 1961, deferred tax asset is recognised only to the extent that there is a virtual certainty supported by convincing evidence that future taxable income will be available against which the deferred tax asset can be realised.

b) Indirect tax

The Company claims credit of Goods and Services Tax ('GST') on input services, which is set off against GST on output services. As a matter of prudence, unutilised credits towards GST on input services are carried forward under the head "Long-term loans and advances" in the Balance Sheet, wherever there is reasonable certainty of utilisation.

2.10 Provisions, contingent liabilities and contingent assets

Provisions are recognised in respect of present obligations that arise as a result of past events where it is probable that an outflow of resources will be

Notes Forming Part of the Financial Statements

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, 2021	As at March 31, 2020
Authorised capital		
30,000,000 Equity shares of ₹10 each	300,000	300,000
(Previous year: 30,000,000 Equity shares of ₹10 Each)		
	300,000	300,000
Issued, subscribed and fully paid-up capital		
28,000,000 Equity shares of ₹10 each	280,000	280,000
(Previous year: 28,000,000 Equity shares of ₹10 Each)		
	280,000	280,000

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

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

Reconciliation of number of shares outstanding at the beginning and at the end of the year, is as given below:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares held	(₹'000)	Number of shares held	(₹'000)
Equity shares outstanding as at the beginning of the year	28,000,000	280,000	28,000,000	280,000
Equity shares issued during the year	-	-	-	-
Equity shares outstanding as at the end of year	28,000,000	280,000	28,000,000	280,000

Details of each shareholder, holding more than 5 percent shares in the Company are as given below:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares held	Percentage of holding	Number of Shares held	Percentage of holding
HDFC Life Insurance Company Ltd along with it's nominees	28,000,000	100%	28,000,000	100%

4 Reserves and surplus

Particulars	(₹'000)	
	As at March 31, 2021	As at March 31, 2020
Profit & Loss account		
Opening balance	(21,094)	(13,015)
Add:- Net Profit/(Loss) during the year as per the Statement of Profit & Loss Account	860	(8,079)
Closing balance	(20,234)	(21,094)

Notes Forming Part of the Financial Statements

5 Trade payables

Particulars	(₹ '000)	
	As at March 31, 2021	As at March 31, 2020
(a) Total outstanding dues of micro enterprises and small enterprises	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
Total	-	-

6 Other current liabilities

Particulars	(₹ '000)	
	As at March 31, 2021	As at March 31, 2020
Payable to holding company	874	-
Payable for statutory dues	1,349	979
Payable to others	-	773
Payable to NPS Trust	93,251	64,554
Total	95,474	66,306

7 Short-term provisions

Particulars	(₹ '000)	
	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits	11,452	8,784
Provision for expenses	2,471	2,184
Total	13,923	10,968

Notes Forming Part of the Financial Statements

8 Tangible assets

Particulars	Cost / Gross Block			Depreciation			Net Block		
	As at April 01, 2020	Additions	Deductions	As at March 31, 2021	As at April 01, 2020	For the year ended March 31, 2021	On Sales / Adjustments	As at March 31, 2021	As at March 31, 2020
	(₹ '000)								
Land	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Computer hardware - Non end user devices	2,500	-	-	2,500	2,500	-	-	2,500	-
Computer hardware - End user devices	259	-	-	259	259	-	-	259	-
Furniture and fixtures	111	-	-	111	111	-	-	111	-
Office equipment	144	-	-	144	144	-	-	144	-
Vehicles	1,743	-	-	1,743	363	436	-	799	1,380
Leasehold improvements	26	-	-	26	26	-	-	26	-
Total	4,783	-	-	4,783	3,403	436	-	3,839	1,380
Grand Total	4,783	-	-	4,783	3,403	436	-	3,839	1,380
Previous year	3,997	1,743	957	4,783	3,937	383	917	3,403	1,380

9 Intangible assets

Particulars	Cost / Gross Block			Depreciation			Net Block		
	As at April 01, 2020	Additions	Deductions	As at March 31, 2021	As at April 01, 2020	For the year ended March 31, 2021	On Sales / Adjustments	As at March 31, 2021	As at March 31, 2020
	(₹ '000)								
Intangibles (Computer software)	8,920	874	-	9,794	8,045	355	-	8,400	875
Capital work in progress	-	588	-	588	-	-	-	-	-
Grand Total	8,920	1,462	-	10,382	8,045	355	-	8,400	875
Previous year	8,920	-	-	8,920	7,745	300	-	8,045	875

Notes Forming Part of the Financial Statements

10 Non-current investments

Particulars	(₹ '000)	
	As at March 31, 2021	As at March 31, 2020
Investments in Government Securities		
- 8.32% GOI, August 2, 2032 --- 500,000 units of face value ₹ 100 each (Previous year 500,000 units of face value of ₹ 100 each)	48,363	48,219
- 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)	50,655	50,724
- 9.23% GOI, December 23, 2043 --- 500,000 units of face value ₹ 100 each (Previous year 500,000 units of face value of ₹ 100 each)	52,636	52,752
Investments in Non convertible debentures (NCD) - Infrastructure Bonds - 8.90% Power Finance Corporation Limited, March 18, 2023 - 50 units of face value ₹ 1,000,000 each (Previous year 50 units of face value of ₹ 1,000,000 each)	-	49,301
Investments in Non convertible debentures (NCD) - Private Corporate Bonds - 7.70% L&T, April 28, 2025 - 50 units of face value ₹ 1,000,000 each	50,323	-
Investments in Non convertible debentures (NCD) - Private Corporate Bonds - 7.60% LIC Housing Finance Co. Ltd. 22-Nov-2022- 40 units of face value ₹ 1,000,000 each	40,020	40,033
Total	241,997	241,029
Aggregate value of quoted investments	241,997	241,029
Market value of quoted investments	273,850	272,511

11 Long-term loans and advances

Particulars	(₹ '000)	
	As at March 31, 2021	As at March 31, 2020
Loans	-	-
Others		
Unutilised goods and services tax input credit	248	3,057
Advance tax paid - Tax deducted at source (net of provision for tax)	860	684
Total	1,108	3,741

12 Other non-current assets

Particulars	(₹ '000)	
	As at March 31, 2021	As at March 31, 2020
Bank Deposits with maturity of more than 12 months (Refer note no.30)	2,000	2,000
Interest accrued on Fixed deposit	294	150
Total	2,294	2,150

Notes Forming Part of the Financial Statements

13 Current investments

Particulars	(₹'000)	
	As at March 31, 2021	As at March 31, 2020
Investment in Mutual Funds - valued at lower of cost or market value		
(a) Quoted	-	-
(b) Unquoted - ICICI Prudential Liquid - Direct Plan-Growth 41148.042 units of ₹ 301.7897 each (Previous Year 26230.435 units of ₹ 289.9108 each)	12,418	7,604
Total	12,418	7,604
Aggregate value of unquoted investments	12,418	7,604
Market value of unquoted investments*	12,538	7,702

* Market value of ICICI Prudential Liquid Mutual Fund is the net asset value as declared by ICICI Prudential Mutual Fund

14 Trade receivables

Particulars	(₹'000)	
	As at March 31, 2021	As at March 31, 2020
Outstanding for a period exceeding six months from the date they are due for payment		
- Trade Receivables considered good - Unsecured	-	-
Trade Receivables considered good - Unsecured	3,449	1,847
Total	3,449	1,847

15 Cash and cash equivalents

Particulars	(₹'000)	
	As at March 31, 2021	As at March 31, 2020
Cash on hand	-	-
Balances with banks:		
-In current accounts	95,381	70,576
Other bank balances		
-Deposits with maturity of less than 12 months	-	-
-Deposits with maturity of more than 12 months	2,000	2,000
Sub-Total	97,381	72,576
Amount disclosed under other non-current assets (Refer note no.12)	(2,000)	(2,000)
Total	95,381	70,576

Notes Forming Part of the Financial Statements

16 Short-term loans and advances

Particulars	(₹ '000)	
	As at March 31, 2021	As at March 31, 2020
Loans	-	-
Others		
Prepaid expenses	1,606	1,620
Others	-	496
Total	1,606	2,116

17 Other current assets

Particulars	(₹ '000)	
	As at March 31, 2021	As at March 31, 2020
Bank Deposits with maturity of less than 12 months (Refer note no.30)	-	-
Interest accrued on investments	6,599	3,210
Receivable from pension schemes (Goods and Services Tax)	675	369
Receivable from NPS Trust	710	1,283
Total	7,984	4,862

18 Investment management fees

Investment management fees @ 0.01% (Previous Year @0.01%) per annum is charged in accordance with the terms of the "Investment Management Agreement"(IMA) entered into with the National Pension System (NPS) Trust amounting to ₹ 11,945 thousands (Previous Year ₹ 6,793 thousands).

19 Other income

Particulars	(₹ '000)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Investment income on current investments		
Interest income	-	(92)
Profit on sale of investments	3,800	618
Investment income on long-term investments		
Interest income	20,340	21,233
Amortisation of discount/(premium) on investments	(113)	189
Profit on sale of fixed assets	-	76
Interest on income tax refund	42	30
Total	24,069	22,054

20 Employee benefit expenses

Particulars	(₹ '000)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and bonuses	31,164	27,051
Contributions to Provident fund and National Pension Scheme	1,258	1,253
Total	32,422	28,304

Notes Forming Part of the Financial Statements

21 Establishment expenses

Particulars	(₹'000)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Shared Service Expenses	2,140	960
PFRDA licence fees	4,133	2,582
Other expenses	63	15
Total	6,336	3,557

22 Other expenses

Particulars	(₹'000)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Brokerage expenses	8,920	6,786
Payment to auditors :		
- as auditor	150	150
- others	2	-
Directors sitting fees	350	280
Legal & professional charges	1,854	1,507
Information technology support expenses	226	207
Sales & Marketing expenses	1,402	-
Travel expenses	96	384
Membership & subscription	970	931
General office expenses	56	73
Miscellaneous expenses	401	212
Total	14,427	10,530

23 Depreciation and amortisation

Particulars	(₹'000)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on tangible assets	436	383
Amortisation of intangible assets	355	300
Total	791	683

24 Earnings per share

Particulars	(₹'000)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Net Profit/(Loss) as per Statement of Profit & Loss (₹'000)	860	(8,079)
Weighted average number of equity shares for Basic earnings per share	28,000,000	28,000,000
Basic earnings per share (₹)	0.03	(0.29)
Weighted average number of equity shares for Diluted earnings per share	28,000,000	28,000,000
Diluted earnings per share (₹)	0.03	(0.29)
Nominal value of share (₹)	10.00	10.00

Notes Forming Part of the Financial Statements

25 Tax provision

a) Direct tax

i) Provision for current tax

The Company has made a provision for Minimum Alternate Tax (MAT) u/s 115JB of the Income Tax Act, 1961 of ₹ 159 thousands (Previous Year ₹ Nil) in the Statement of Profit & loss Account for the year ended March 31, 2021 in accordance with the rules and regulations there under, as applicable to the Company. In the absence of convincing evidence with respect to its utilisation, MAT credit entitlement for the year has not been recognised.

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.

26 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).

27 Related party & other group company disclosures

During the year ended March 31, 2021, 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:

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 till November 13,2020/ Promoter of Holding company w.e.f November 14, 2020	Housing Development Finance Corporation Limited (HDFC Ltd.)
Holding company	HDFC Life Insurance Company Limited
Fellow subsidiaries of holding company (Upto November 13, 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.) Gruh Finance Ltd (Upto August 30, 2019/Associate of Ultimate Holding Company from August 31, 2019 to October 17,2019) Griha Pte Ltd., Singapore (Subsidiary of HDFC Investments Ltd.) HDFC Ergo Health Insurance Ltd (w.e.f January 9,2020)
Fellow subsidiary of the company	HDFC International Life and Re Company Limited
Entities over which control is exercised (Upto November 13, 2020)	HDFC Investment Trust HDFC Investment Trust II
Key management personnel	Mr. Sumit Shukla

Notes Forming Part of the Financial Statements

The following are the transactions between the Company and its related parties:

(₹'000)					
Particulars	Description	Total value of transactions for the year ended March 31, 2021	Receivable/ (payable) at March 31, 2021	Total value of transactions for the year ended March 31, 2020	Receivable/ (payable) at March 31, 2020
HDFC Life Insurance Company Limited	Cost of resource utilisation	11,246	-	6,287	-
	Payable towards reimbursement for intangible asset	-	(874)	-	-
HDFC ERGO General Insurance Company Ltd. ^	General insurance premium paid	-	-	9	-
Mr. Sumit Shukla	Managerial remuneration	14,375	-	16,502	-

^ Transactions with HDFC Ergo General Insurance Company Limited are shown only till November 13, 2020, as it ceases to be a related party from this date.

28 Employee benefit obligations:

a) Defined contribution plans

During the year, the Company has recognised the following amounts in the Statement of Profit & Loss Account under defined contribution plans:

(₹'000)		
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Contribution to Employees Provident Fund	693	684
Contribution to National Pension Scheme	565	569
Total	1258	1253

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, 2021:

The Company has recognised following amounts in the Balance Sheet:

(₹'000)		
Particulars	As at March 31, 2021	As at March 31, 2020
Present value of defined benefit obligations at the end of the year	2,273	1,943
Fair value of plan assets at the end of the year	-	-
Liability recognised in Balance Sheet	2,273	1,943

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

(₹'000)		
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current service cost	300	268
Interest cost	131	102
Expected return on plan assets	-	-
Actuarial (gains)/losses	(101)	249
Total of above included in "Employee benefit expenses" in the Statement of Profit & Loss Account	330	619

Notes Forming Part of the Financial Statements

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

Particulars	(₹ '000)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Present value of defined benefit obligations at the beginning of the year	1,943	1,324
Current service cost	300	268
Interest cost	131	102
Actuarial (gains)/losses	(101)	249
Benefits paid	-	-
Present value of defined benefit obligations at the end of the year	2,273	1,943

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:

Gratuity (Unfunded Plan)	(₹ '000)				
	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17
Present value of the defined benefit obligation at the end of the year	2273	1943	1324	952	777
Fair value of the plan assets at the end of the year	NA	NA	NA	NA	NA
Unfunded liability transferred from Group Company	NA	NA	NA	NA	NA
(Surplus) / Deficit in the plan	NA	NA	NA	NA	NA
Experience adjustments on plan commitments - (Gain) / Loss	(112)	77	58	(53)	39
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	(₹ '000)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Discount rate	6.75%	6.75%
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	(₹ '000)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Discount rate	6.75%	6.75%
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)

Notes Forming Part of the Financial Statements

29 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, 2021 (Audited)			
	Pension Fund Management	Point of Presence	Unallocated corporate overheads	Total
Segment revenue	11,945	18,981	24,069	54,995
Segment results	(10,313)	13,702	(2,529)	860
Depreciation/Amortisation	355	-	436	791
Segment assets	7,260	95,619	266,284	369,163
Segment liabilities	(2,066)	(94,653)	(12,678)	(109,397)
Significant non-cash expenses	-	-	-	-

(₹'000)

	Year ended March 31, 2020 (Audited)			
	Pension Fund Management	Point of Presence	Unallocated corporate overheads	Total
Segment revenue	6,793	6,148	22,054	34,995
Segment results	(9,304)	5,573	(4,348)	(8,079)
Depreciation/Amortisation	300	-	383	683
Segment assets	4,757	67,201	264,222	336,180
Segment liabilities	(2,717)	(64,554)	(10,003)	(77,274)
Significant non-cash expenses	-	-	-	-

30 Encumbrances on assets: The assets of the Company are free from all encumbrances as at March 31, 2021, except for Government Securities of ₹ 16,000 thousands (Previous year ₹ 9,000 thousands), as a security towards guarantee issued by the bank on behalf of the Company in favour of the PFRDA and Bank Fixed deposit of ₹ 2000 thousands (Previous year ₹ 2000 thousands) with lien in favour of PFRDA (Refer Note 31 on Contingent liabilities below).

31 Contingent liabilities

(₹'000)

Particulars	As at March 31, 2021	As at March 31, 2020
Bank guarantee given on behalf of Company:		
Issued in favour of the PFRDA	16,000	9,000
Bank Fixed Deposit with lien in favour of PFRDA	2,000	2,000
Total	18,000	11,000

32 There are no dues payable to vendors covered by the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2021 (Previous year ₹ Nil).

33 Previous year comparatives

Previous year amounts have been regrouped and reclassified wherever necessary to conform to current year's presentation.

34 Impact of Covid on going concern

In light of the COVID-19 pandemic outbreak, its continuous effect and information available upto the date of approval of these financial statements, the Company has assessed the recoverability of receivables and Investments and has found Nil impact on as on the date of the approval of these financial statements. Further, as on the date of approval of these financial statements, the Company has found no impact on the going concern assumption and on the minimum tangible networth as required by the PFRDA and it expects the networth to be above the minimum statutory limit. The Company will continue to closely monitor any material changes in future economic conditions.