



Ref/No/HDFCAMC/SE/2024-25/23

Date- July 3, 2024

National Stock Exchange of India Limited Exchange Plaza, Plot C/1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400051. <b>Kind Attn: Head – Listing Department</b>	BSE Limited Sir PJ Towers, Dalal Street, Mumbai – 400001. <b>Kind Attn: Sr. General Manager – DCS Listing Department</b>
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Dear Sir/Madam,

**Sub: Notice of the 25<sup>th</sup> Annual General Meeting (AGM) and Annual Report 2023-24**

Pursuant to Regulations 30 and 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Notice of the 25<sup>th</sup> AGM and the Annual Report for the financial year 2023-24 for your information and records. In compliance with relevant circulars issued by Ministry of Corporate Affairs and the Securities and Exchange Board of India, the Notice of the AGM along with the Annual Report are sent only by email to those Members whose email addresses are registered with the Company / Depository Participant(s). Additionally, the Notice of the AGM and the Annual Report are also being uploaded on the website of the Company at [www.hdfcfund.com](http://www.hdfcfund.com).

Further, in terms of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management & Administration) Rules, 2014 (as amended), the Company has fixed July 18, 2024 as the cut-off date to determine the eligibility of the members to cast their vote through remote e-Voting or through e-Voting during the AGM scheduled to be held on Thursday, July 25, 2024 at 3.00 p.m. (IST) through Video Conferencing / Other Audio Visual Means.

This is for your information and records.

Thanking you,

Yours faithfully,

For **HDFC Asset Management Company Limited**

**Sylvia Furtado**  
**Company Secretary**

Encl: a/a

**HDFC Asset Management Company Limited**

CIN: L65991MH1999PLC123027

**Registered Office** : "HDFC House", 2ndFloor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai-400 020  
Tel.: 022 - 6631 6333 Fax: 022 - 6658 0203 Website: [www.hdfcfund.com](http://www.hdfcfund.com) email: [shareholders.relations@hdfcfund.com](mailto:shareholders.relations@hdfcfund.com)



# Notice

## HDFC Asset Management Company Limited

CIN: L65991MH1999PLC123027

Regd. Office: "HDFC House", 2<sup>nd</sup> Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai – 400020.

Website: [www.hdfcfund.com](http://www.hdfcfund.com); Email: [shareholders.relations@hdfcfund.com](mailto:shareholders.relations@hdfcfund.com); Tel: +91(22) 6631 6333; Fax: +91(22)6658 0203.

**Notice** is hereby given that the Twenty-Fifth Annual General Meeting of the Members of HDFC Asset Management Company Limited ("the Company") will be held on Thursday, July 25, 2024 at 3.00 p.m. (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following business(es):

### ORDINARY BUSINESS:

#### 1. Adoption of financial statements

To receive, consider and adopt:

- a. the audited financial statements of the Company for the financial year ended March 31, 2024 together with the Reports of Board of Directors and Auditors thereon; and
- b. the audited consolidated financial statements of the Company for the financial year ended March 31, 2024 together with the Report of the Auditors thereon.

#### 2. Confirmation of Interim Dividend

To confirm the Interim Dividend of ₹ 70/- per equity share of ₹ 5/- each, for the financial year ended March 31, 2024.

#### 3. Re-appointment of Ms. Renu Sud Karnad

To appoint a director in place of Ms. Renu Sud Karnad (DIN: 00008064), who retires by rotation and being eligible, seeks re-appointment.

### SPECIAL BUSINESS:

#### 4. Approval for fixing commission to Non-Executive Directors including Independent Directors of the Company

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 197, 198 and other applicable provisions,

if any, of the Companies Act, 2013 ("the Act"), and the Rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company, in addition to the sitting fees and reimbursement of expenses being paid/payable to the Non-Executive Directors of the Company for attending the meetings of the Board of Directors and its Committees, the Company be and is hereby authorized to pay Non-Executive Directors of the Company, including Independent Directors, for a period of five years commencing from April 1, 2024 to March 31, 2029, such sum by way of commission as the Board and/or Committee thereof may determine from time to time, but not exceeding ₹50,00,000/- per annum for each Non-Executive Director, including Independent Director, subject to overall limit of 1% (one percent) or such other percentage of the Net Profits of the Company in any financial year as may be specified under the Act from time to time and computed in the manner provided under Section 198 of the Act with authority to the Board and/or Committee to determine the manner and proportion in which the amount be distributed among the said Directors.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and / or Nomination & Remuneration Committee be and are hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution."

#### 5. Approval for re-appointment of Mr. Navneet Munot as the Managing Director & Chief Executive Officer of the Company

To consider and if thought fit, to pass the following resolution, as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force), provisions of Articles of Association of the Company and subject to the approvals of concerned statutory, regulatory and other authorities, if any, to the extent applicable and required and pursuant to the recommendation of Nomination & Remuneration Committee and approval of the Board of Directors of the Company, the consent of the members of the Company be and is hereby accorded to the re-appointment of Mr. Navneet Munot (DIN: 05247228) as the Managing Director & Chief Executive Officer of the Company, not liable to retire by rotation, for a period of five (5) years effective from July 1, 2024 upto June 30, 2029 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to this Notice with the authority to the Board of Directors and/or the Nomination & Remuneration Committee, to alter and/or vary the terms and conditions of the said re-appointment and/or enhance, enlarge, alter or vary the scope and quantum of remuneration, perquisites, allowances, benefits and amenities payable to him in accordance with the provisions of the Act and the rules made thereunder (including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force), and any other applicable laws.

**RESOLVED FURTHER THAT** the Board of Directors and/or the Nomination & Remuneration Committee be and are hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable, including obtaining any approvals – statutory, contractual or otherwise, in relation to the above and execute all such agreements, documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Director(s) to give effect to the aforesaid resolution."

**6. Amendments to Articles of Association of the Company**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder

(including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force), approval of the members be and is hereby accorded to amend the Articles of Association of the Company, on account of reasons as stated in the Explanatory Statement annexed to this Notice, a copy of which is placed for inspection by the members.

**RESOLVED FURTHER THAT** the Board of Directors and/or the Company Secretary be and are hereby severally authorized to take all such steps and actions for the purpose of making all filling and registrations as may be required in relation to the aforesaid resolution and to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**7. Approval for extending the benefit and coverage of Employees Stock Option Scheme - 2020 of the Company to the eligible employees of HDFC AMC International (IFSC) Limited, a Wholly Owned Subsidiary of the Company**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the rules made thereunder, the relevant provisions of the Memorandum and Articles of Association of the Company, the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, ("SEBI (SBEB & SE) Regulations"), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations"), the Foreign Exchange Management Act, 1999 ("FEMA"), the rules and regulations framed thereunder and any rules, circulars, notifications, guidelines and regulations issued by Reserve Bank of India and other applicable laws (including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions as may be required and pursuant to the recommendation and approval of the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include the Nomination & Remuneration Committee duly constituted by the Board which shall be treated as the Compensation Committee in accordance with Regulation 5 of the SEBI (SBEB & SE) Regulations)

and in furtherance to the special resolution passed by the members at their Annual General Meeting held on July 23, 2020, the consent of the members be and is hereby accorded to amend the Employees Stock Option Scheme - 2020 ("ESOP Scheme 2020/ Scheme") to extend the benefit and coverage of the Scheme of the Company to the eligible employees of HDFC AMC International (IFSC) Limited, a Wholly Owned Subsidiary of the Company ("WOS"), exclusively working in India or outside India, which shall be subsumed within the limit of total number of equity shares as approved by the members on July 23, 2020 and in accordance with the provisions of the Scheme.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to create, offer, issue and allot equity shares upon exercise of options from time to time by the eligible employees of WOS in accordance with the Scheme and such equity shares shall rank pari passu inter se and with the existing equity shares of the Company, in all respects.

**RESOLVED FURTHER THAT** for the above purpose, the Board be and is hereby authorized to make any modifications, changes, variations, alterations or revisions in the Scheme from time to time provided such variations, modifications, alterations or revisions are not detrimental to the interest of the employees.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as may be deemed necessary, expedient and incidental thereto and to delegate all or any of its powers herein conferred to any director(s) and/ or officer(s) of the Company, to give effect to this resolution."

**8. Approval of special rights available to HDFC Bank Limited**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to Regulation 31B of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force), and the applicable provisions of the Articles of Association of the Company, approval of the members be and is hereby accorded for the special rights available to HDFC Bank Limited, the Promoter of the Company pursuant to amalgamation of Housing Development Finance Corporation Limited with and into HDFC Bank Limited, to nominate one or more, but not exceeding four Directors on the Board of the Company as Nominee Director(s), one of whom shall be the Chairman of the Company, subject to relevant provisions of the Companies Act, 2013 and rules made thereunder, Listing Regulations (including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force), and subject to the approvals of concerned statutory, regulatory and other authorities, if any, to the extent applicable and required.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as may be deemed necessary, expedient and incidental thereto and to delegate all or any of its powers herein conferred to any director(s) and/ or officer(s) of the Company, to give effect to this resolution."

BY ORDER OF THE BOARD  
For **HDFC Asset Management Company Limited**

Mumbai, June 18, 2024

**Sylvia Furtado**  
Company Secretary  
Membership No. A17976

**NOTES:**

1. The Ministry of Corporate Affairs, Government of India ("MCA") has permitted conducting of Annual General Meeting ("AGM") through VC or OAVM. In this regard, MCA issued General Circular No. 09/2023 dated September 25, 2023 read with Circular No. 14/2020 dated April 8, 2020, Circular No. 17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 5, 2020 and subsequent circulars issued in this regard (collectively referred to as "MCA Circulars"), prescribing the procedure and manner of conducting the AGM through VC / OAVM. Further, the Securities and Exchange Board of India ("SEBI") also vide its Master Circular dated July 11, 2023 read with Circular dated October 7, 2023 ("SEBI Circulars") and other applicable circulars issued in this regard has provided relaxations from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In compliance with the applicable provisions of the Companies Act, 2013 ("the Act"), Secretarial Standards on General Meeting issued by the Institute of Company Secretaries of India ("SS-2"), MCA and SEBI Circulars / Listing Regulations, the 25<sup>th</sup> AGM of the Company will be held through VC / OAVM.
2. Since the AGM will be held through VC / OAVM the route map is not annexed in this Notice. The Registered Office of the Company will be deemed to be the venue of the AGM. Pursuant to Regulation 44(6) of Listing Regulations, the Company shall provide live webcast of proceedings of AGM from 3:00 p.m. (IST) onwards on July 25, 2024. Members can view the proceedings of AGM by logging on to the e-voting website of KFintech at <https://emeetings.kfintech.com/> using their remote e-voting credentials, where the e-voting Event Number ("EVEN") of Company will be displayed.
3. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote on his/her/their behalf and the proxy need not be a member of the Company. Since this AGM is being held through VC/OAVM pursuant to the MCA Circulars, physical attendance of members has been dispensed with and the facility for appointment of proxy by the members is not available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. An Explanatory Statement pursuant to Section 102 of the Act read with the Listing Regulations and SS-2, setting out material facts relating to business(es) under Item number(s) 4, 5, 6, 7 and 8 to be transacted at the Meeting, forms part of this Notice.
5. The Board of Directors have declared an Interim Dividend of ₹ 70/- per equity share of ₹ 5/- each of the Company for the financial year ended March 31, 2024, instead of the final dividend as proposed earlier. The record date for determining the entitlement of the members to the interim dividend was June 18, 2024.
6. Information regarding particulars of the Director(s) seeking re-appointment as required the provisions of SS-2 and as per Regulation 36(3) of the Listing Regulations, as applicable, forms part of this Notice. The Company has received the requisite consent/declarations from the Directors for their re-appointment under the Act and the rules made thereunder.
7. In terms of provisions of Section 107 of the Act since the resolutions as set out in the notice are being conducted through e-voting, the said resolutions will not be decided by show of hands at the AGM.
8. Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
9. SEBI has mandated that the security holders (holding securities in physical form), whose folio(s) do not have PAN or contact details or mobile no. or bank account details or specimen signature updated, shall be eligible for any dividend payment in respect of such folios, only through electronic mode with effect from April 1, 2024, only upon furnishing the PAN, contact details including mobile number, bank account details and specimen signature. As per the provisions of Section 72 of the Act, the facility for registration of nomination is available for the members in respect of the shares held by them. Also, furnishing of PAN, KYC details (i.e., postal address with pin code, email address, mobile number, bank account details), specimen signature and nomination details by holders of securities is mandated by SEBI. Any service requests or complaints received from the member, will not be processed by RTA till the aforesaid details/documents are provided to RTA.
10. Members holding shares in demat form are requested to provide their e-mail address, mobile number, bank details and details relating to nomination to their Depository Participant(s) ("DP's"), in case the same are not updated.
11. Members holding shares in demat form are hereby informed that bank particulars registered with their respective DP's, with whom they maintain their demat accounts, will be used by the Company for the payment



- of dividend. The Company or KFin Technologies Limited ("KFintech"), the Registrar & Share Transfer Agent ("RTA") of the Company cannot act on any request received directly from the members holding shares in demat form for any change or updation of bank particulars. Such changes/updation are to be intimated only to the DP's of the members. In case, the Company is unable to pay the dividend to any shareholder by the electronic mode, due to non-availability of the details of the bank account, the Company shall dispatch the dividend warrant/demand draft to such shareholders.
12. Pursuant to Finance Act, 2020 and applicable provisions of the Income-tax Act, 1961, dividend income will be taxable in the hands of shareholders and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For detailed information on the same, please refer the Company's website at <https://www.hdfcfund.com/aboutus/governance/dividend>.
  13. SEBI vide its master circular for Online Dispute Resolution dated July 31, 2023 (updated as on August 4, 2023 and December 20, 2023), has provided an online dispute redressal forum/portal for redressing the unresolved queries of the shareholder(s) arising in the Indian Securities Market. The said circular can be accessed on the website of the Company. In this connection, the shareholder(s) are requested to address and send their grievance(s) / queries / complaints directly to the Company's RTA viz. KFintech at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) and if the grievance is not redressed satisfactorily by RTA, the shareholders are requested to forward the grievance to the Company directly at [shareholders.relations@hdfcfund.com](mailto:shareholders.relations@hdfcfund.com).  
  
If the grievance still persist, escalation can be made on the SCORES Portal at [scores.gov.in](https://scores.gov.in) in accordance with the SCORES guidelines and the process laid out therein. Further, if the shareholder is still not satisfied with the outcome, then he/she/it can initiate the dispute resolution process on the ODR Portal at <https://smartodr.in/login>.
  14. Pursuant to the provisions of Sections 124 and 125 of the Act read with the relevant rules made thereunder, there is no amount of Dividend remaining unclaimed/unpaid for a period of 7 (seven) years and/or unclaimed equity shares which are required to be transferred to the Investor Education and Protection Fund (IEPF).
  15. Members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest, to avail of the nomination facility by filling Form No. SH-13 or Form ISR-3 (Declaration to Opt-out).
  16. Members holding shares in the dematerialised form may contact their DP's for recording the nomination in respect of their holdings.
  17. Forms ISR-1, ISR-3, ISR-4 & SH-13 alongwith the supporting documents as stated above are required to be submitted to KFintech at the address mentioned below:  
  
KFintech Technologies Limited (Formerly KFin Technologies Private Limited)  
Unit: HDFC Asset Management Company Limited  
Selenium Tower B, Plot 31-32,  
Financial District, Nanakramguda,  
Serilingampally Mandal, Hyderabad, Telangana - 500032  
Toll Free No.: 1800-309-4001  
E-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Website: <https://www.kfintech.com> or <https://ris.kfintech.com/>  
  
Members are requested to note that, KFintech has launched a mobile application - KPRISM and a website <https://kprism.kfintech.com/> for our members. Now, members can download the mobile app and see portfolios serviced by KFintech, check dividend status, request for annual reports, change address, change/update bank mandate and download standard forms. The android mobile application can be downloaded from Play Store by searching for "KPRISM".
  18. Pursuant to the provisions of the Listing Regulations, the Company is maintaining an E-mail ID, [shareholders.relations@hdfcfund.com](mailto:shareholders.relations@hdfcfund.com) exclusively for prompt redressal of members/ investors grievances.
  19. In compliance with the aforesaid MCA Circulars and Listing Regulations, Notice of the AGM along with the Annual Report FY 2023-24 are being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories, unless any member has requested for a hard copy of the same. Members may note that the Notice and Annual Report of FY 2023-24 will also be available on the Company's website at [www.hdfcfund.com](http://www.hdfcfund.com), website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), respectively and on the website of KFintech at <https://evoting.kfintech.com/>. Request for a hard copy of the aforesaid documents may be made by the members by sending request to the following investor e-mail ids -[einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) / [shareholders.relations@hdfcfund.com](mailto:shareholders.relations@hdfcfund.com) mentioning their Folio No./DP ID and Client ID.

20. Members who have not registered their email addresses so far are requested to register them for receiving all communication including Annual Report and Notice from the Company electronically.
21. The Statutory Registers, certificate from Secretarial Auditors of the Company certifying that the ESOP Schemes of the Company are being implemented in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and all the documents referred to in the accompanying Notice and Explanatory Statement shall be available for inspection through electronic mode, basis the request being sent on [shareholders.relations@hdfcfund.com](mailto:shareholders.relations@hdfcfund.com).
22. Instructions for e-voting and joining AGM through VC/OAVM:

Pursuant to the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the Listing Regulations, as amended from time to time, MCA Circulars and SS-2, the Company is pleased to provide the e-voting facility to its members to cast their vote electronically, through the e-voting services provided by KFintech on all resolutions set forth in this Notice.

The remote e-voting period will commence at 10:00 a.m. (IST) on July 21, 2024 and will end at 5:00 p.m. (IST) on July 24, 2024. Remote e-voting shall not be allowed beyond the aforesaid date and time.

The Members, whose names appear in the Register of Members / list of Beneficial Owners as on July 18, 2024, being the cut-off date, are only entitled to vote on the Resolutions set forth in this Notice.

The Company has appointed Mr. Surjan Singh Rauthan (C.P. 3233), Proprietor of S. S. Rauthan & Associates, Practicing Company Secretaries to act as the Scrutiniser, to scrutinize the entire e-voting process at the AGM and remote e-voting in a fair and transparent manner.

The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter.

## PROCEDURE FOR E-VOTING

- i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the Listing Regulations, as amended from time to time and in terms of SEBI master circular no. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023 in relation to e-voting Facility provided by Listed Entities, the members are provided with the facility to cast their vote electronically, through the e-voting services provided by KFintech, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.
- ii. Pursuant to the above referred circular on "e-voting facility provided by Listed Companies", e-voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts/websites of Depositories/DP's in order to increase the efficiency of the voting process.
- iii. Individual demat account holders would be able to cast their vote without having to register again with the e-voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process. Shareholders are advised to update their mobile number and e-mail ID with their DP's to access e-voting facility.
- iv. The remote e-voting period commences on July 21, 2024 at 10:00 a.m. (IST).
- v. The voting rights of Members shall be in proportion to their share(s) in the paid-up equity share capital of the Company as on the Cut-off date.
- vi. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a member of the Company after sending of the Notice and holding shares as of the Cut-Off date, may obtain the login ID and password by sending a request at [evoting@kfintech.com](mailto:evoting@kfintech.com). However, if he/she is already registered with KFintech for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
- vii. In case of Individual shareholders holding shares in demat mode and who acquires shares of the Company and becomes a member of the Company after sending of the Notice and holding shares as on the Cut-Off date may follow steps mentioned below under "Login method for remote e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode."

viii. The details of the process and manner for remote e-voting are explained herein below:

**Step 1** : Access to Depositories e-Voting system in case of individual shareholders.

**Step 2** : Access to KFintech e-Voting system in case physical and non-individual shareholders.

**Step 3** : Access to join AGM of the Company through VC/OAVM on KFintech e-Voting System and cast your vote during the meeting.

**Details on Step 1 are mentioned below:**

Method of login/access to Depositories (NSDL/CDSL) e-voting system in case of individual members holding shares in demat mode

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li>1. User already registered for IDeAS facility:               <ol style="list-style-type: none"> <li>I. Visit URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>II. Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section.</li> <li>III. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting"</li> <li>IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.</li> </ol> </li> <li>2. User not registered for IDeAS e-Services               <ol style="list-style-type: none"> <li>I. To register click on link : <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>II. Select "Register Online for IDeAS" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>III. Proceed with completing the required fields.</li> <li>IV. Follow steps given in points 1.</li> </ol> </li> <li>3. Alternatively by directly accessing the e-Voting website of NSDL               <ol style="list-style-type: none"> <li>I. Open URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a></li> <li>II. Click on the icon "Login" which is available under 'Shareholder/Member' section.</li> <li>III. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen.</li> <li>IV. Post successful authentication, you will be requested to select the name of the company and the e-Voting Service Provider name, i.e.KFintech.</li> <li>V. On successful selection, you will be redirected to KFintech e-Voting page for casting your vote during the remote e-Voting period.</li> </ol> </li> </ol>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>A. Users who have opted for Easi/Easiest:               <ol style="list-style-type: none"> <li>1. Shareholders can login through their user ID and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi/Easiest is <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; My Easi New.</li> <li>2. After successful login of Easi/Easiest the user will be also able to see the e-voting Menu. The Menu will have links of e-voting service provider i.e.KFintech. Click on KFintech e-voting ser-vice provider to cast your vote</li> </ol> </li> <li>B. Users who have not opted for Easi/Easiest:               <p>Option to register for Easi/Easiest is available at cdsi website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; My Easi New and then click on registration option.</p> </li> <li>C. Visit the e-voting website of CDSL               <ol style="list-style-type: none"> <li>1. Alternatively, the user can directly access e-voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the us-er by sending OTP on registered Mobile &amp; e-mail as recorded in the demat Account.</li> <li>2. After successful authentication, user will be provided links for the respective ESP where the e-voting is in progress.</li> </ol> </li> </ol>



Type of shareholders	Login Method
Individual Shareholder login through their demat accounts / Website of Depository Participant	<p>I. You can also login using the login credentials of your demat account through your DP registered with NSDL / CDSL for e-Voting facility.</p> <p>II. Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature.</p> <p>III. Click on options available against company name or e-Voting service provider – Kfintech and you will be redirected to e-Voting website of Kfintech for casting your vote during the remote e-Voting period without any further authentication.</p>

**Important note:** Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Type of shareholders	Login Method
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 022- 48867000/022-24997000
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 1800-22-55-33

#### Details on Step 2 are mentioned below:

#### Login method for e-Voting for shareholders other than Individual's shareholders holding securities in demat mode and shareholders holding securities in physical mode.

(A) Members whose email IDs are registered with the Company/ Depository Participants, will receive an email from Kfintech which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:

- i. Launch internet browser by typing the URL: <https://emeetings.kfintech.com/>
- ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) 8111, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Kfintech for e-voting, you can use your existing User ID and password for casting the vote.
- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter

a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the "EVEN" i.e., HDFC ASSET MANAGEMENT COMPANY LIMITED- AGM" and click on "Submit"
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".

- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to cast its vote through remote e-voting. together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email id [ssraithan@ssrgroupindia.in](mailto:ssraithan@ssrgroupindia.in) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com). The scanned image of the above-mentioned documents should be in the naming format "Corporate Name\_Even No."

### Details on Step 3 are mentioned below:

Instructions for all the shareholders, for attending the AGM of the Company through VC/OAVM and e-Voting during the meeting.

- i. Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by Kfintech. Members may access the same at <https://emeetings.kfintech.com/> by using the e-voting login credentials provided in the email received from the Company/ Kfintech. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned above.
- ii. Facility for joining AGM though VC/ OAVM shall open atleast 30 minutes before the commencement of the Meeting.
- iii. Members are encouraged to join the Meeting through Laptops/ Desktops with Google Chrome (preferred browser), Safari, Microsoft Edge, Mozilla Firefox 22.
- iv. Members will be required to grant access to the webcam to enable VC / OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- v. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at [shareholders.relations@hdfcfund.com](mailto:shareholders.relations@hdfcfund.com). Questions / queries received by the Company till July 18, 2024 shall only be considered and responded during the AGM.
- vi. The Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. The Members may click on the voting icon displayed on the screen to cast their votes.
- vii. A Member can opt for only single mode of voting i.e., through Remote e-voting or voting at the AGM. If a Member casts votes by both modes, then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
- viii. Facility of joining the AGM through VC / OAVM shall be available for at least 2000 members on first come first served basis.
- ix. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM.

### OTHER INSTRUCTIONS

- I. **Speaker Registration:** The Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit <https://emeetings.kfintech.com> and login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Speaker Registration' which will opened during the evoting window period. Members shall be provided a 'queue number' before the meeting. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.
- II. **Post your Question:** The Members who wish to post their questions prior to the meeting can do the same by visiting <https://emeetings.kfintech.com>. Please login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Post Your Question' option which will opened during the evoting window period

- III. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.kfintech.com> (KFintech Website) or call Ms. Krishna Priya Maddula, Senior manager (KFintech) at phone no. 040-67161510. Please contact KFintech's toll free No. 1800-3094-001 for any further clarifications.
- IV. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on July 18, 2024, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice for in-formation purposes only. Once the vote on a resolution(s) is cast by the Member, the Mem-ber shall not be allowed to change it subsequently.
- V. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting, he/she may obtain the User ID and Password in the manner as mentioned below:
- i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
    1. Example for NSDL:
    2. MYEPWD <SPACE> IN12345612345678
    3. Example for CDSL:
    4. MYEPWD <SPACE> 1402345612345678
    5. Example for Physical:
    6. MYEPWD <SPACE> XXXX1234567890
  - ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://emeetings.kfintech.com/forgotpassword.aspx>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
  - iii. Members who may require any technical assistance or support before or during the AGM are requested to contact KFintech at toll free number 1-800-309-4001 or write to them at [evoting@kfintech.com](mailto:evoting@kfintech.com).
- VI. The results of the electronic voting shall be declared to the Stock Exchanges after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Com-pany.

## EXPLANATORY STATEMENT UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013

### ITEM NO. 4

The Members of the Company at their 20<sup>th</sup> Annual General Meeting held on July 16, 2019, had approved the payment of remuneration by way of commission to the Non-Executive Directors of the Company, for a period of five years commencing from April 1, 2019 to March 31, 2024, of a sum not exceeding one percent (1%) of the net profits of the Company in any financial year calculated in accordance with the provisions of the Companies Act, 2013 ("the Act") with authority to the Board and/or Committee thereof, to determine the manner and proportion in which the amount be distributed among the said Directors.

Accordingly, the Company basis the recommendation of Nomination & Remuneration Committee and approval of the Board of Directors, has paid commission to Non-Executive Directors of the Company as detailed below:

Financial Year	#Commission per Non-Executive Directors
2019-20	₹ 20,00,000/-
2020-21	₹ 20,00,000/-
2021-22	₹ 20,00,000/-
2022-23	₹ 25,00,000/-
2023-24	*₹ 25,00,000/-

# the above commission was paid on proportionate basis

\*Commission will be paid after the financial statements are approved by the Shareholders at the Annual General Meeting to be held on July 25, 2024.

The shareholders' approval for the payment of commission to Non-Executive Directors including the Independent Directors, as mentioned above was valid till March 31, 2024. Now a fresh approval is required from the members pursuant to the provisions of Sections 149, 197, 198 and other applicable provisions, if any, of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), considering their significant professional expertise and rich experience across the wide spectrum of functional areas.

The Board is of the view that it is necessary that adequate compensation be given to the Non-Executive Directors including the Independent Directors commensurate with the time devoted and the contribution made by them and accordingly, the Board of Directors at its meeting held on June 7, 2024 based on the recommendation of Nomination & Remuneration Committee, had recommended for the approval of the Members, payment of remuneration by way of commission to Non-Executive Directors, including Independent Directors of the Company such sum not

exceeding Rs.50,00,000/- per annum for each Non-Executive Director, including Independent Director, subject to overall limit of 1% (one percent) or such other percentage of the Net Profits of the Company in any financial year as may be specified under the Act from time to time and computed in the manner provided under Section 198 of the Act for a period not exceeding five years with effect from April 1, 2024, as set out in the Resolution.

In terms of Section 197 of the Act, a Company can make payment of remuneration to Non-Executive Directors including Independent Directors, a sum not exceeding 1% of the net profits of the Company in any financial year as the Board and/or Committee thereof may determine from time to time. The said remuneration to Non-Executive Directors shall be in addition to the sitting fees payable to them and reimbursement of expenses incurred for attending meetings of the Board and Committees thereof.

It may be noted that Mr. V. Srinivasa Rangan Non-Executive Director nominated by HDFC Bank Limited ("HDFC Bank"), Promoter of the Company, shall not be eligible to receive any sitting fees or any other remuneration from the Company pursuant to the HDFC Bank's policy.

Accordingly, the Board recommends the passing of the Ordinary Resolution as set out at Item No. 4 of this Notice, for the approval of the Members.

Non-Executive Directors including Independent Directors and their relatives, are interested in this Resolution in so far as the same relates to their respective commission. Further, Executive Director and Key Managerial Personnel of the Company or their relatives are not in any way concerned or interested, financially or otherwise, in the resolution as set out at Item No. 4 of this Notice.

#### **ITEM NO. 5**

The Members of the Company at their Annual General Meeting ("AGM") held on July 16, 2021, approved appointment of Mr. Navneet Munot as the Managing Director & Chief Executive Officer ("MD & CEO") of the Company for a period effective from February 16, 2021 upto June 30, 2024. In the said AGM, the Shareholders also approved terms and conditions of his appointment including remuneration.

As Mr. Munot's current term of appointment as MD & CEO is due to expire on June 30, 2024, the Board of Directors at its meeting held on June 7, 2024, based on the recommendation of the Nomination & Remuneration Committee, considered re-appointment of Mr. Navneet Munot (DIN: 05247228) as the MD & CEO of the Company, not liable to retire by rotation, for a further period of five years effective from July 1, 2024

upto June 30, 2029 subject to the approval of Members of the Company. Accordingly, the Company will enter into an agreement with Mr. Munot incorporating the terms and conditions of his re-appointment as the MD & CEO of the Company, subject to the approval of the shareholders.

Mr. Navneet Munot, MD & CEO of the Company brings with him over three decades of experience in the financial services industry. Mr. Munot has received numerous awards and recognitions for his outstanding contributions. As an industry leader and seasoned professional in the asset management industry, he has materially contributed to the Company's growth. He has built on the Company's strong foundations of scale, quality and profitability, with consistent focus on long-term sustainable growth of the Company. In addition to his role within the Company, Mr. Munot serves as the Chairman of the Association of Mutual Funds in India and had chaired Advisory Committee on Environmental, social, and governance constituted by SEBI. Brief profile of Mr. Navneet Munot, his experience, qualifications and other details have been included in the Annexure to this Notice.

His re-appointment terms including his remuneration was fixed in accordance with Sections 196, 197, 198 and Schedule V to the Act considering his performance and growth in the Company. The terms and conditions of the re-appointment including remuneration payable to Mr. Munot is more particularly set out in the agreement by and between the Company and Mr. Munot, mentioned briefly hereunder:

#### **For the period effective from July 01, 2024 up to June 30, 2029:**

##### **(a) Salary -**

The gross salary payable to Mr. Navneet Munot shall be in the range of ₹ 38,00,000/- to ₹ 75,00,000/- per month. It shall include House Rent allowance, Conveyance Allowance and personal pay but shall not include cost of other allowances/benefits and statutory contributions. The gross salary will be subject to an annual increase, which will be within the range as stated above, starting from April 1<sup>st</sup> of financial year 2025-26 and the quantum will be decided by the Board of Directors on the recommendation of the Nomination & Remuneration Committee ("NRC"). The annual increase may be subject to such other variations as may be decided by the Board on the recommendation of the NRC from time to time.

##### **(b) Commission (performance related bonus) per annum shall be equivalent to such sum as may be fixed by the Board of Directors or NRC but shall not exceed 200% of the gross salary p.a. subject to a ceiling of 1% of the net profits of the Company.**

- (c) Expenses incurred for travelling, boarding, lodging, conveyance, etc. during business trips and communication expenses for the business purpose shall be reimbursed at actuals and not be considered as perquisites.
- (d) He shall be entitled to club membership subject to a maximum of two clubs and also club membership of hotels / business centers.
- (e) He shall be entitled to other benefits which shall include use of car with driver along with maintenance, telephone for the Company's business at residence (the expenses whereof would be borne and paid by the Company), any insurance premium paid for health and life as per the Company's policies, mobile handset and monthly plan reimbursement as per Company's policy, contribution to provident fund and all other benefits as are applicable to other senior employees of the Company (including but not limited to gratuity, leave entitlement, leave travel allowance and other benefits as may be approved by the NRC/ Board from time to time). The perquisites shall be valued as per the Income Tax Act, 1961, wherever applicable.
- (f) He shall also be eligible for stock options under the Company's Employee Stock Option Scheme(s) or its equivalent (by whatever name called), as may be approved by the NRC, from time to time.
- (g) The scope and quantum of remuneration, benefits and amenities specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the Board and/ or NRC in the light of and in conformity with any amendments to the relevant provisions of the Act and/ or the rules and regulations made thereunder and/ or such guidelines as may be notified by the regulatory authorities from time to time.
- (h) The total remuneration payable to Mr. Munot including salary, commission and value of the stock options treated as perquisites shall not exceed the limits prescribed under Section 197 of the Act including any amendment, modification, variation or re-enactment thereto. The valuation of perquisites will be as per the Income-tax Rules, 1962, in cases where the same is otherwise not possible to be valued.
- (i) Subject to the provisions of the Act, while Mr. Munot continues to hold office of the MD & CEO, he shall not be liable to retire by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation or retirement of Directors in fixing the number of Directors to retire, but shall, ipso facto, and immediately cease to

be the MD & CEO, if he ceases to hold office of a Director due to any cause.

- (j) The said Agreement also contain other standard terms and conditions of employment, such as duties and responsibilities, representations and warranties, confidentiality and intellectual property rights protection, indemnity, term and termination, non-compete and non-solicitation, data protection, etc.

Currently, the gross salary payable to Mr. Munot ₹ 39,14,035/- per month (excluding benefits and statutory contributions such as employee provident fund, leave travel allowance and gratuity), which is within the overall range as stated above. A commission (performance related bonus) of ₹ 3,86,81,200/- was paid to him for financial year 2023-24 and the same is within the 1% of the net profits of the Company as stated above.

A copy of the aforesaid Agreement between the Company and Mr. Munot is available for inspection.

It is proposed to seek Members' approval for the re-appointment of and remuneration payable to Mr. Munot as stated above, in terms of the applicable provisions of the Act.

The Company has received from Mr. Munot his consent in writing to act as MD & CEO of the Company. Mr. Munot satisfies all the conditions set out in Part-I of Schedule V to the Act and also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for this re-appointment. He is not disqualified from being re-appointed as Director in terms of Section 164 of the Act and is not debarred from holding the office of director by virtue of any order passed by SEBI or any such authority. The Company has, in terms of Section 160 of the Act, received a notice from a member, proposing his candidature for the office of Director.

The Board recommends the passing of the Ordinary Resolution as set out at Item No. 5 of this Notice, for the approval of the Members.

Except for Mr. Munot and his relatives, none of the other Directors or Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in the resolution as set out at Item No. 5 of this Notice.

#### ITEM NO. 6

Pursuant to the Composite scheme of amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, wholly-owned subsidiaries of Housing Development Finance Corporation Limited ("HDFC Limited") with and into HDFC Limited; and (ii) HDFC Limited with and into HDFC Bank Limited ("HDFC Bank"), HDFC Bank has become the Holding



Company and Promoter of the Company with effect from July 01, 2023.

Further, on June 20, 2023, abrdn Investment Management Limited ("abrdn") (formerly known as Standard Life Investments Limited), one of the promoters of the Company, had sold its entire stake in the Company and on September 18, 2023, the Company had received an approval from the stock exchanges for re-classification and accordingly, abrdn was reclassified from "Promoter" to "Public" category, in accordance with Regulation 31A of the Listing Regulations.

The existing Article of Association of the Company contains few articles having reference of HDFC Limited and abrdn, as promoters of the Company including their director nomination rights. In view of the above, the Board of Directors at its meeting held on June 7, 2024 had recommended for the approval of the Members for alteration of Articles of Association ("AOA") on account of the following:

- a. to remove references of erstwhile promoter i.e. abrdn ;
- b. to make necessary modifications to incorporate the necessary references to HDFC Bank in place of HDFC Limited and
- c. to update the AOA of the Company in compliance with current laws and regulations.

The proposed amended AOA along with the summary of changes made in the AOA can be viewed in the following ways:

1. A copy is made available for inspection in physical mode by the members at the registered office of the Company during normal business hours on all working days up to the date of AGM i.e. July 25, 2024.
2. We have uploaded a pdf copy of the revised articles of association on our web-site.

In accordance with the provisions of Section 14 of the Act read with the rules made thereunder, approval of the members of the Company is required for alteration of AOA by way of passing a Special Resolution.

The Board recommends the passing of the Special Resolution as set out at Item No. 6 of this Notice, for the approval of the Members.

Mr. V. Srinivasa Rangan and Ms. Renu Sud Karnad, being Directors on the Board of the Company as well as on the Board of HDFC Bank and their relatives are interested in the above

resolution. None of the other Director(s), Key Managerial Personnel of the Company or their relatives is in any way concerned or interested, financially or otherwise, in the resolution as set out at Item No. 6 of this Notice.

#### **ITEM NO. 7**

The Company with the objective of rewarding and motivating employees for their long association and in recognition of their dedicated service to the Company and also to attract and retain the best talent introduced Employees Stock Options Scheme 2020 ("ESOP Scheme 2020/ Scheme"). The Scheme was approved by the Members by way of a Special Resolution at their Annual General Meeting held on July 23, 2020, covering only the present and future permanent employees and directors of the Company.

For leveraging market opportunities and business growth, the Company had incorporated a wholly owned subsidiary company viz. "HDFC AMC International (IFSC) Limited" ("WOS") in GIFT City, Gujarat for undertaking, inter-alia, the business of acting as an Investment Manager to the scheme(s) to be launched under AIFs, from time to time. Further, as a part of reward strategy for attracting new talents and retaining the existing resources holding critical roles required for the business of WOS, it is proposed to extend the benefits and coverage of the Scheme to present and future eligible employees of the WOS.

Pursuant to the provisions of Section 62 of the Companies Act, 2013 ("Act") read with Rules made thereunder and Regulation 6 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, ("SEBI (SBEB & SE) Regulations"), the approval of shareholders by way of separate special resolution is required to be obtained by the Company in case of grant of option to employees of subsidiary company.

Accordingly, based on the recommendation of the Nomination & Remuneration Committee (NRC), the Board of Directors at its meetings held on April 10, 2024 had approved and recommended to the Members for extending the benefit and coverage of the Scheme to present and future eligible employees of the WOS, subject to the employees meeting the eligibility criteria and on such other terms as may be determined by the Board under ESOS – 2020, the rules framed there under, SEBI (SBEB & SE) Regulations and other laws as applicable by passing Special Resolution as set out in this Notice as Item No. 7.



In accordance with the terms of this resolution and the ESOS – 2020, the options would be granted in one or more tranches and series as may be decided by the Board, from time to time.

The features of the Scheme are given as under:

#### **Brief Description of the Scheme**

The Company has formulated ESOS-2020 in accordance with the provisions of the Act, the rules framed there under, SEBI (SBEB & SE) Regulations, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and other laws as applicable with a view to attract, retain and reward existing / new talents who are important for the business operations of the Company. The Scheme is administered directly by the Company by way of new issue of shares. Under the Scheme, the Company has granted Options to its Eligible Employees of the Company, from time to time.

As stated above, the Company has a wholly owned subsidiary company viz. "HDFC AMC International (IFSC) Limited" ('WOS') in GIFT City, Gujarat for undertaking, inter-alia, the business of acting as an Investment Manager to the scheme(s) to be launched under AIFs, from time to time.

In this connection, the Company proposes to extend the benefit and coverage of the Scheme to present and future employees of WOS.

#### **Total number of options to be granted**

The total number of options to be granted under ESOS–2020 shall not exceed 32,00,000 (Thirty Two Lac only) options representing 32,00,000 (Thirty Two Lac only) equity shares of ₹ 5 each of the Company or such adjusted numbers for any bonus, stock splits or consolidation or other re-organisation of the capital structure of the Company as may be applicable, from time to time, as approved by the members by way of special resolution at their Annual General Meeting held on July 23, 2020.

Each of the said options upon exercise shall be entitled for allotment of one equity share of ₹ 5 each of the Company or such adjusted numbers for any bonus, stock splits or consolidation or other re-organisation of the capital structure of the Company as may be applicable, from time to time. The options, that may lapse/expire or are forfeited, will be available for grant to the eligible employees.

Presently, the balance number of Options available for grant are 8,77,201.

#### **Identification of classes of employees entitled to participate in ESOS-2020**

Currently, the Scheme covers the present and future permanent employees and directors of the Company (whether working in India or abroad), subject to eligibility criteria as may be decided by the NRC, from time to time.

The Company now proposes to extend the benefit and coverage of the Employees Stock Options Scheme 2020 ("ESOP Scheme 2020/ Scheme") to the present and future eligible employees, of the HDFC AMC International (IFSC) Limited, a Wholly Owned Subsidiary of the Company ("WOS"), exclusively working in India or outside India, subject to eligibility criteria as may be decided by the NRC, from time to time.

#### **Requirements of vesting, period of vesting and maximum period within which the options shall be vested**

Subject to SEBI (SBEB & SE) Regulations, the gap between the date of Grant and the date of Vesting shall not be less than 1 (one) year and shall not exceed 3 (three) years. Subject to such terms as the NRC may decide in its sole and absolute discretion, the Options shall vest in three tranches. 1/3rd of the Options granted shall vest on the completion of 1 (one) year from the respective date of Grant, 1/3rd of the Options granted shall vest on the completion of 2 (two) years from the respective date of Grant and balance 1/3rd of the Options shall vest on the completion of 3 (three) years from the respective date of Grant.

Further, the NRC at its sole and absolute discretion shall be entitled to make the vesting of any or all of the options granted to eligible employee(s) of the WOS conditional upon fulfilment of the criteria mentioned in ESOS - 2020 and such additional criteria, as may be determined by it, for any individual eligible employee or class / group of eligible employees.

#### **Pricing formula and Exercise Price**

The stock options would be issued to the eligible employees of the WOS at the latest available closing price on the stock exchange on which the shares of the Company are listed on the date immediately prior to the date on which the options are granted. As the shares of the Company are listed on

more than one stock exchange, the latest available closing price on the stock exchange with higher trading volume on the said date shall be considered. In terms of the applicable provisions of the Income Tax Act, 1961 and other applicable laws, the eligible employees shall be liable to pay the amount of perquisite tax and/or other taxes, charges and levies (by whatever name called) in respect of the options exercised, if any. It is further clarified that the Company shall be entitled to receive the entire consideration and the perquisite tax and/or other taxes, charges and levies (by whatever name called) at the time of exercise of the options by the eligible employees of the WOS, irrespective of when the Company may be required to deposit the tax with the relevant authority.

#### **Exercise period and process of exercise**

The vested options shall be allowed for exercise on and from the date of vesting. The vested options need to be exercised within such period as may be prescribed by the NRC subject to a maximum period of 5 years from the date of vesting of such options. The Options will lapse if not exercised within the specified exercise period.

The options will be exercisable by the employee by submitting a written notice of exercise to the Company to exercise the options in such manner and as per the prescribed format, and along with full payment for the shares with respect to which the options are exercised and the amount of applicable tax, if any.

In the event of resignation / termination / superannuation / death / permanent disability, options will be exercised in accordance with the Scheme and SEBI (SBEB & SE) Regulations.

#### **Appraisal process for determining eligibility of the employees**

Subject to the terms contained in the Scheme, the NRC shall determine the eligibility criteria for the employees, the terms and conditions subject to which shares would be issued, the modus of grant, exercise and vesting of the options and such other terms relating to the ESOS - 2020. Whilst granting the options to the employees under the ESOS - 2020, the NRC would inter alia consider the length of service, grade, performance, merit, potential, conduct of the employee and such other criteria/ factors as may be deemed appropriate by it.

The NRC would have the sole and absolute discretion to determine the employees eligible to be granted options under ESOS - 2020 and the quantum of options to be granted to any eligible employee.

#### **Maximum number of options to be issued per employee and in aggregate**

The NRC shall determine the maximum number of options to be granted per employee and in aggregate.

The maximum number of options to be issued to any eligible employee of the WOS during any one year will be decided by the NRC, however, the same shall be less than 1% of the issued equity shares of the Company as on the date of grant.

#### **Maximum quantum of benefits to be provided per employee:**

The maximum quantum of benefits to be provided to each eligible employee of the WOS is not quantifiable as it would depend on a case to case and the market price of the share.

#### **Source of acquisition of shares under the scheme:**

The Scheme only involves issue of new equity shares by the Company and does not involve secondary acquisition by the Company or trust.

#### **Accounting and Disclosure Policies**

The Company is following the relevant Accounting Standards as may be prescribed by the competent authorities from time to time, including the disclosure requirements prescribed therein and in accordance with and subject to the requirements of Regulation 15 of SEBI (SBEB & SE) Regulations.

#### **Method for valuation of options**

To calculate the employee compensation cost, the Company is using the fair value method for valuation of the options granted.

#### **Accounting related disclosure in the Directors' report:**

The Company is using the fair value method of accounting for calculating the employee compensation cost and hence accounting related disclosure is not required in the Directors' Report.

**Period of lock-in:**

The equity shares issued pursuant to exercise of vested Options shall not be subject to any lock-in period.

**Terms & conditions for buyback, if any, of specified securities/ options covered granted under the scheme:**

Subject to the provisions of the then prevailing applicable laws, the Board shall determine the procedure for buy-back of the specified securities/ Options if to be undertaken at any time by the Company and the applicable terms and conditions thereof.

**Listing**

The shares allotted pursuant to the exercise of the stock options, shall be listed on BSE Limited and National Stock Exchange of India Limited.

The Board, accordingly, recommends the passing of the Special Resolution as set out at Item No. 7 of this Notice, for the approval.

None of the Director(s), Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in the resolution as set out at Item No. 7 of this Notice.

**Item No. 8**

Pursuant to an insertion of Regulation 31B of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023 w.e.f. 15.7.2023, the Company is required to obtain approval of the members once in every 5 (five) years by means of a special resolution for any special rights granted to the shareholders of the Company. Prior to amalgamation of Housing Development Finance Corporation Limited ("HDFC Limited") with and into HDFC Bank Limited ("HDFC Bank"), HDFC Limited had the right to nominate Directors on the Board. Pursuant to the composite scheme of amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited,

wholly-owned subsidiaries of HDFC Limited with and into HDFC Limited; and (ii) HDFC Limited with and into HDFC Bank, HDFC Bank has become Holding Company and Promoter of the Company with effect from July 01, 2023, the said right is now available with HDFC Bank. Pursuant to the Articles of Association of the Company, HDFC Bank, being Promoter of the Company has the right to nominate Directors on the Board of the Company as follows, including the right to nominate and appoint one of them as Chairman of the Company:

- (i) up to 4 (four) Director if its Shareholding in the Company is 40% or more of the paid-up equity share capital of the Company at that time;
- (ii) up to 3 (three) Directors if its Shareholding in the Company is equal to or more than 30% but less than 40% of the paid-up equity share capital of the Company at that time;
- (iii) up to 2 (two) Directors if its Shareholding in the Company is equal to or more than 20% but less than 30% of the paid-up equity share capital of the Company at that time; and
- (iv) up to 1 (one) Director if its Shareholding in the Company is equal to or more than 10% but less than 20% of the paid up equity share capital of the Company at that time.

HDFC Bank Promoter of the Company holds 52.55% stake in the Company as on March 31, 2024.

The Board, accordingly, recommends the passing of special resolution as set out at Item No. 8 of this notice, for the approval of the members.

Mr. Deepak S. Parekh, being Chairman of the Company and Mr. V. Srinivasa Rangan & Ms. Renu Sud Karnad, being Directors on the Board of the Company as well as on the Board of HDFC Bank and their relatives are interested in the above resolution. None of the other Directors, Key Managerial Personnel and their relatives, are in any way concerned or interested, financially or otherwise, in the above resolution.

Information regarding particulars of the Director(s) seeking re-appointment, as required pursuant to SS-2 and Regulation 36(3) of the Listing Regulations, as applicable, is mentioned below:

<b>Name of the Director</b>	<b>Ms. Renu Sud Karnad</b>	<b>Mr. Navneet Munot</b>
Director Identification Number	00008064	05247228
Age	71 years	52 years
Date of Appointment on the Board	July 4, 2000	February 16, 2021
Nationality	Indian	Indian
Qualifications	Masters in Economics from University of Delhi, Graduate in law from University of Mumbai, Parvin Fellow - Woodrow Wilson School of International Affairs, Princeton University, USA	Masters degree in Accountancy and Business Statistics and is a qualified Chartered Accountant. He is also a charter holder of CFA Institute and CAIA Institute and done Financial Risk Management (FRM) from Global Association of Risk Professionals.
Experience (including expertise in specific functional area)/Brief resume	<p>Ms. Renu Sud Karnad (DIN 00008064) is a Non Executive Director on the Board of HDFC Asset Management Company Limited since July 4, 2000. She was the Managing Director of Housing Development Finance Corporation Limited till 30th June 2023. From 1st July 2023, she is a Non-Executive and Non-independent Director on the Board of HDFC Bank Ltd.</p> <p>Ms. Karnad is the Chairperson of GlaxoSmithKline Pharmaceuticals Limited and a director on the boards of HDFC Asset Management Company Limited, HDFC ERGO General Insurance Company Limited, HDFC Capital Advisors Limited, Bangalore International Airport Authority Limited and EIH Limited. Ms. Karnad is also a director on the board of Nudge Lifeskills Foundation and PayU Payments Private Limited.</p> <p>Ms. Karnad has had to her credit, numerous awards, and accolades. Prominent among them being featured in list of '25 top non banking women in finance' by U.S. Banker magazine, listed by Wall Street Journal Asia as among the 'Top Ten Powerful Women to Watch Out for in Asia', "Outstanding, Woman Business Leader" by CNBC TV18, 25 Most Influential Women Professionals in India by India Today.</p>	<p>Mr. Navneet Munot has been Managing Director and Chief Executive Officer of the Company from February 16, 2021. HDFC AMC manages over 6.5 lakh crore across Equity and Fixed Income Mutual Funds for over 95 lakh unique investors across the country. Mr. Munot is also the Chairman of the Association of Mutual Funds in India (AMFI) and had chaired Advisory Committee on Environmental, social, and governance constituted by SEBI.</p> <p>He has over three decades of experience in the financial services industry. In the past, he had worked with SBI Funds Management Private Limited as an Executive Director and Chief Investment Officer (CIO) and was a key member of the Executive Committee since December 2008. As the CIO, he was responsible for overseeing investments over \$ 150 billion across various asset classes in mutual funds and segregated accounts. He was also a nominee director on the Board of SBI Pension Funds Private Limited.</p> <p>He had also worked with Morgan Stanley Investment Management in 2007 as an Executive Director and head of multi-strategy boutique and then joined SBI Funds Management Private Ltd in December 2008.</p>
No. of shares held	1,68,320 equity shares	NIL
Terms and conditions of appointment/re-appointment	Liable to retire by rotation	Approval of Members has been sought for his re-appointment as Managing Director & Chief Executive Officer for a period with effect from July 01, 2024 up to June 30, 2029. For more details, please refer Explanatory Statement

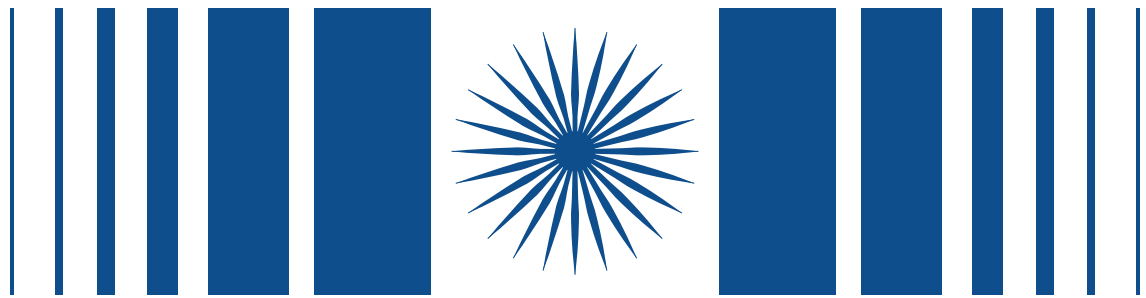
Name of the Director	Ms. Renu Sud Karnad	Mr. Navneet Munot
Directorships held in other companies*	<ul style="list-style-type: none"> <li>GlaxoSmithKline Pharmaceuticals Limited</li> <li>HDFC Bank Limited</li> <li>EIH Limited</li> <li>HDFC Ergo General Insurance Company Limited</li> <li>Bangalore International Airport Limited</li> <li>Nudge Lifeskills Foundation</li> <li>HDFC Capital Advisors Limited</li> <li>PayU Payments Private Limited</li> </ul>	<ul style="list-style-type: none"> <li>Association of Mutual Funds in India</li> <li>HDFC AMC International (IFSC) Limited</li> <li>Bombay Chamber of Commerce and Industry</li> </ul>
Directorship of listed entities from which director has resigned in the past 3 years	<ul style="list-style-type: none"> <li>Housing Development Finance Corporation Limited</li> <li>HDFC Life Insurance Company Limited</li> <li>ABB India Limited</li> <li>Unitech Limited</li> </ul>	-
Membership/Chairmanship of committees in other companies#	<p><b>Audit Committee – Member</b></p> <ul style="list-style-type: none"> <li>GlaxoSmithKline Pharmaceuticals Limited</li> <li>EIH Limited</li> </ul> <p><b>Stakeholders Relationship Committee – Chairperson</b></p> <ul style="list-style-type: none"> <li>GlaxoSmithKline Pharmaceuticals Limited</li> <li>EIH Limited</li> </ul> <p><b>Stakeholders Relationship Committee – Member</b></p> <ul style="list-style-type: none"> <li>HDFC Bank Limited</li> <li>HDFC Ergo General Insurance Company Limited</li> </ul>	-
Relationship with other Directors and Key Managerial Personnel	None	None
Remuneration sought to be paid	Sitting fees and commission	Please refer Explanatory Statement
Remuneration last drawn (in ₹)	For details of remuneration related to FY 2023-24, please refer Corporate Governance Report forming part of the Annual Report 2023-24.	
Number of meetings of the Board attended during the year.	For details on attendance of these directors at the Board and Committee Meetings, please refer Corporate Governance Report forming part of the Annual Report 2023-24	
In the case of independent directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements.	NA	

\*excludes directorships held in foreign companies.

#includes Chairmanship/ membership of the Audit Committee and the Stakeholders Relationship Committee of only other public limited companies, whether listed or not.



**POWERED BY**



**PURPOSE**

25<sup>th</sup> Annual Report 2023-24



**POWERED BY**



**PURPOSE**

**'Viksit Bharat' evokes a dynamic vision of transformed India – economically prosperous, socially progressed, and environmentally responsible. A pivotal aspect of realising this vision is to empower every citizen through financial inclusion and wealth creation.**

At HDFC AMC, we are powered by purpose of contributing to India's prosperity through our mission – to be the wealth creator for every Indian. We provide a broad spectrum of financial solutions designed to meet goals and aspirations of investors at different stages of their lives.

We are dedicated to empowering individuals and institutions to participate in India's growth by equipping them with knowledge and resources needed to make informed financial decisions.

Our focus on collective prosperity ensures that the benefits of financial well-being reach every corner of the nation, paving the way for a stronger and more inclusive – Viksit Bharat.

# Performance Highlights

**₹6,00,000+**  
Mutual Fund Assets Under  
Management (in Crore)

▲ 39%

**96 Lakh**  
Unique Investors

**254**  
Branches\*

**1,900+** kg  
E-waste processed in  
environment-friendly  
manner

**26**  
New branches opened  
during the year

**₹1,946**  
Profit After Tax (in Crore)

▲ 37%

**1,509**  
Employees

**99%**  
Pincodes serviced  
across India

**64,000+**  
Employee training  
hours

**13**  
New fund offers (NFOs)  
during the year

**77%**  
Dividend Payout  
Ratio

**28%**  
Women in workforce

**85,000+**  
Distribution  
Partners

**₹31 Crore**  
CSR Spent

Inaugurated our  
subsidiary's office  
in GIFT City

\*includes our representative office in Dubai.

YoY ▲

All data is as of March 31, 2024, unless stated otherwise



## Corporate Overview

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#### Disclaimer:

This document may contain statements about expected future events and financials of the Company which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. However, there is no guarantee that the assumptions, predictions, and other forward-looking statements will always prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future events and results to differ materially from those expressed in such forward-looking statements.

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## Key Terminologies

# Decoding Key Mutual Fund Terminologies

Asset management companies have distinct business models where funds are raised from investors and invested by the company. In this section, we try to simplify some of the industry-specific metrics used frequently.

### Asset Under Management (AUM)

It is the total value of all investments managed by the mutual fund. AUM can be at a scheme level or a plan level. For a mutual fund as a whole, AUM represents value of total investments across all schemes.

### Asset Allocation

This refers to the investment strategy that aims to balance risk and rewards by allocating capital between different asset classes such as equity, debt, etc.

### Systematic Investment Plan (SIP)

A mutual fund gives investors an option of either investing lump sum or through a SIP, breaking the amount into periodic investments over a long period. For example, if an investor wants to invest ₹60,000 annually in a mutual fund scheme and does not have the lump sum amount available, he/she can opt for an SIP of ₹5,000 every month.

### Systematic Withdrawal Plan (SWP)

Through this facility, the investor receives a pre-determined amount on a periodic basis from the invested scheme. Investors who need regular income, like retirees, often go for this option. The payments are usually given from the scheme's dividend income or capital gain distribution.

### Net Asset Value (NAV)

It is the price of each unit of a mutual fund scheme. Typically, new mutual fund schemes are priced at ₹10 per unit during the New Fund Offer (NFO) period. Consequently, the NAV will change depending on the performance of the scheme.

### Total Expense Ratio

The expense ratio of a mutual fund is calculated by dividing the total expenses the fund has incurred by its AUM. It gives the cost, a mutual fund incurs, for managing each unit. A mutual fund deducts these expenses from the NAV before declaring it on a daily basis.

### Systematic Transfer Plan (STP)

This plan can be used in volatile markets to gradually transfer or switch small amounts of investments at chosen intervals (days/month/quarter) from one scheme to another scheme of a mutual fund.

### Actively Managed Funds

Provide the fund manager the flexibility to choose the investment portfolio, within the broad parameters of the investment objective of the scheme.

### Passive Funds

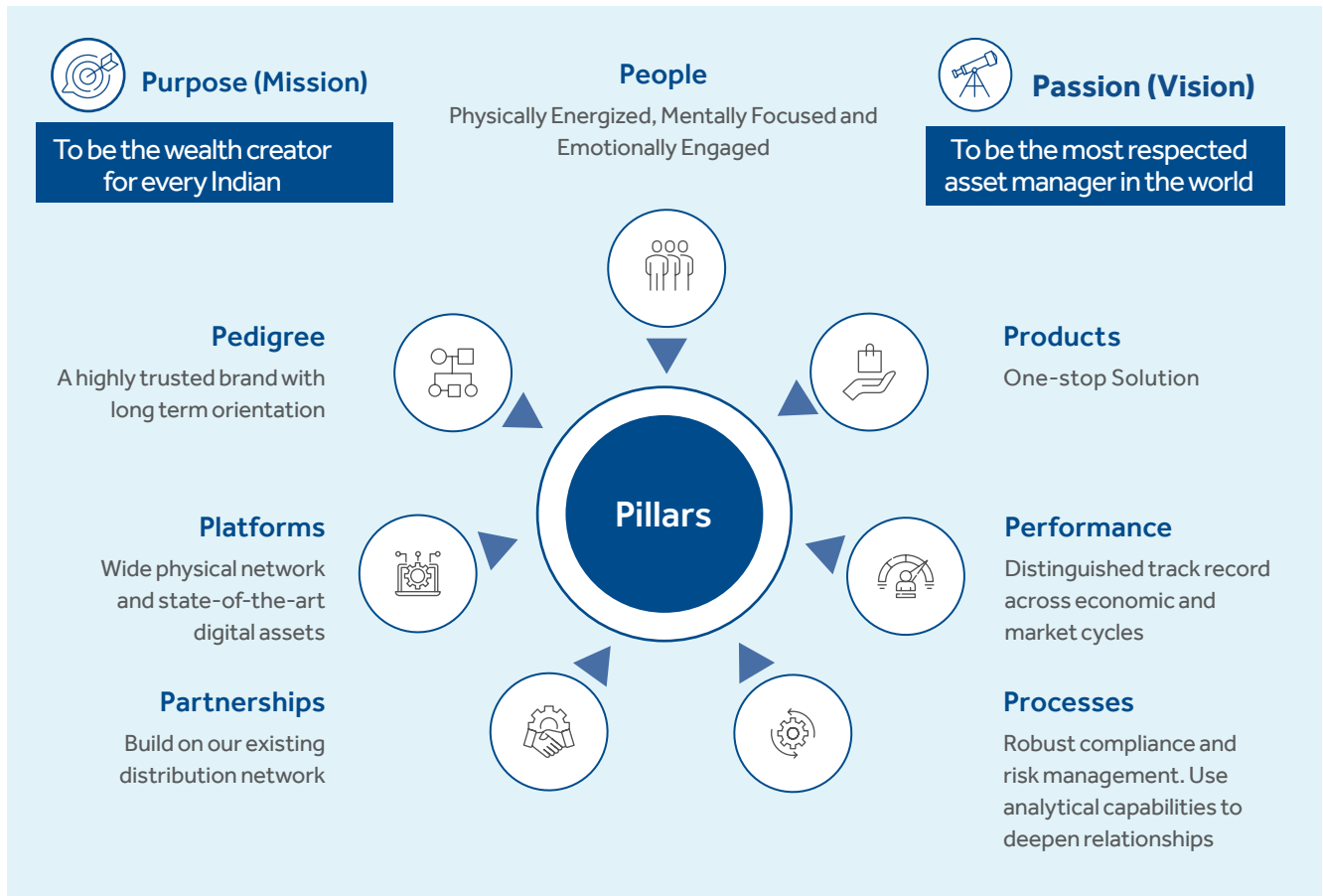
Invest on the basis of a specified index; whose performance it seeks to track.

## HDFC AMC at a Glance

# Robust Foundation, Sustainable Wealth Creation

Leveraging a culture of transparency, best-in-class governance and stakeholder care, HDFC AMC has established itself as one of the leading Indian asset managers over the last two decades. We offer a comprehensive suite of investment solutions and empower our stakeholders to achieve their financial aspirations. HDFC AMC stands out as one of India’s most profitable mutual fund managers and is renowned for being one of the leading houses for actively managed equity-oriented assets under management (AUM).

### Purpose – Pillars – Passion





## Our Promoter Shareholder

Our principal shareholder is HDFC Bank, which owns a 52.55% stake (as on March 31, 2024).

### HDFC Bank

HDFC Bank is India's largest private sector bank by balance sheet size as on March 31, 2024. It was incorporated in August 1994 by Housing Development Finance Corporation Limited (HDFC Ltd) which was among the first financial institutions in India to receive an 'in-principle' approval from the Reserve Bank of India to set up a bank in the private sector. It started as a transaction bank and subsequently forayed into the entire gamut of asset, liability and payments products providing banking solutions to a larger customer base of retail, MSME and corporate segments.

On July 1, 2023, HDFC Ltd merged with and into HDFC Bank, enabling the Bank to add mortgages to its suite of products. This also brought broader financial services institutions, including HDFC Life, HDFC AMC and HDFC Ergo, in addition to HDFC Securities and HDB Financial Services as subsidiaries under the HDFC Bank group.

As of March 31, 2024, the Bank's distribution network was at 8,738 branches and 20,938 ATMs/Cash Recycler Machine (Cash deposit & withdrawal) across 4,065 cities/towns. The Bank's international operations comprises four branches in Hong Kong, Bahrain, Dubai and an IFSC Banking Unit in Gujarat International Finance Tec-City. It has 5 representative offices in Kenya, Abu Dhabi, Dubai, London and Singapore catering to Non Resident Indians and Persons of Indian Origin.

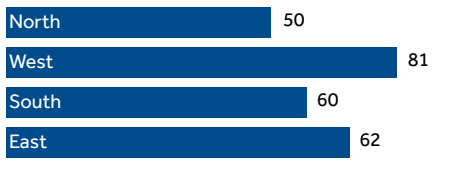


## Presence

# Expansive Footprint

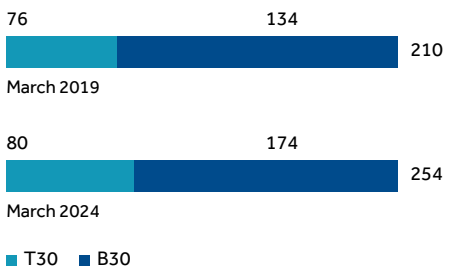
Our strong distribution network is a major catalyst for our growth. This year, we have expanded our footprint by opening 26 new branches. We are dedicated to establishing our presence in cities with promising growth potential.

### Spread of Branches Across India



Note: We also have a representative office in Dubai

### Physical Footprint - Branches

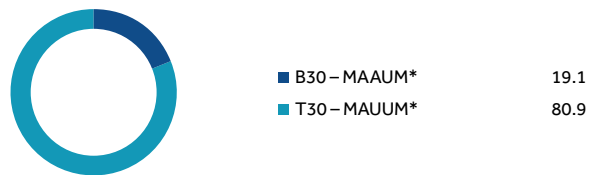


**“**  
**Opened 26 new branches during the year**

### Investor Base Break-up (%)



### Geography-wise Break-up (%)



T30 – Top 30 locations in India  
 B30 – Beyond the top 30 locations in India

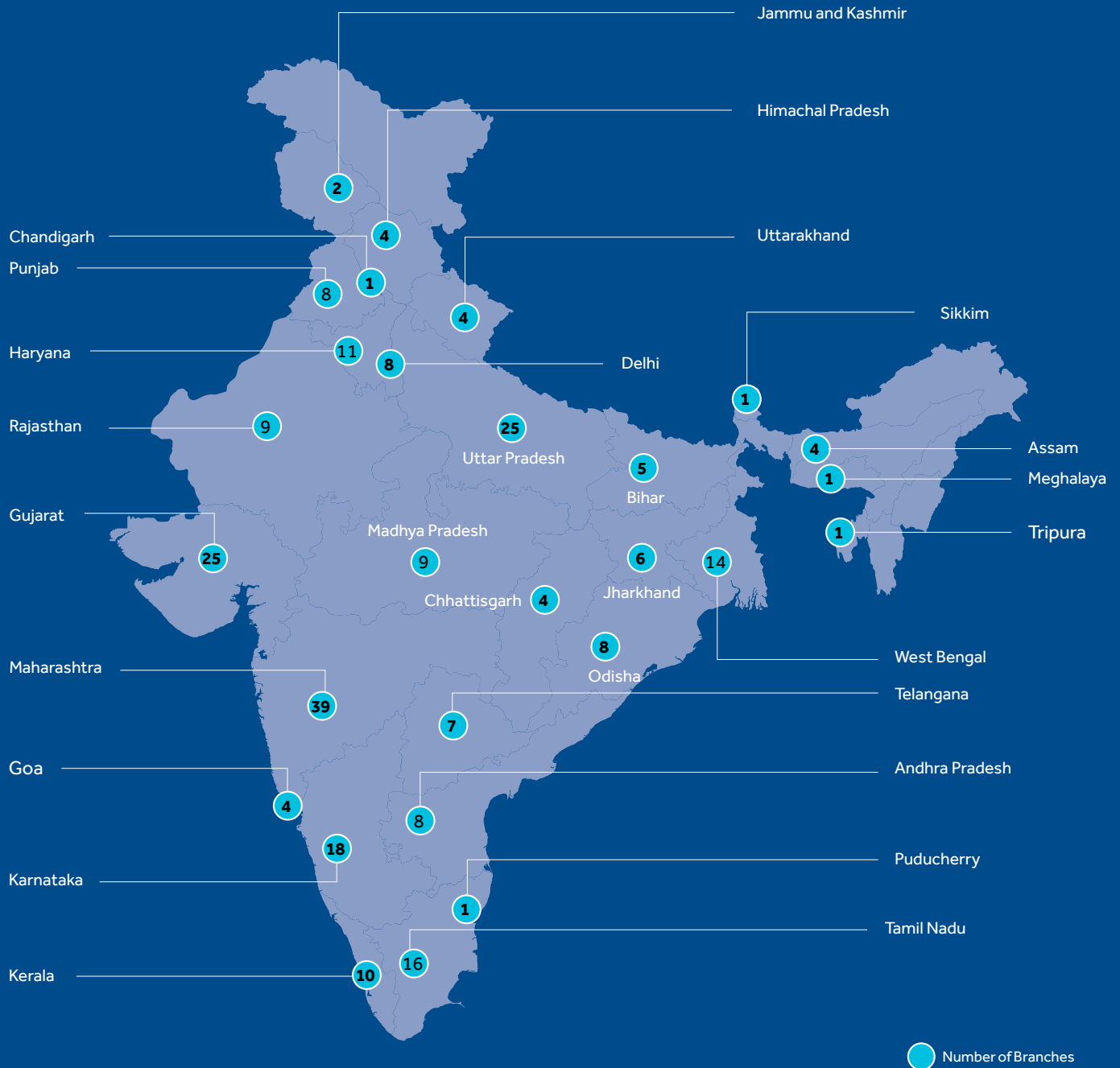
\* Monthly Average AUM - March 2024

### Percentage of AUM by Geography (%)



% of Total AUM as on March 31, 2024

## Deep Reach



**1,509**  
Employees

**254\***  
Branches

**85,000+**  
Distribution Partners

**99%**  
Pincodes served across India

\*includes our representative office in Dubai  
Map not to scale. For illustrative purpose only.

## Comprehensive Product Portfolio

# Umbrella of Investment Solutions

HDFC AMC offers a comprehensive suite of mutual fund and alternative investments across asset classes, including equity, fixed income, hybrid and multi-asset solutions, both on active as well as passive platforms, catering to the needs of a large and diverse customer base. We strive to add prosperity to the lives of our customers, aiming to create sustainable wealth through diverse products.

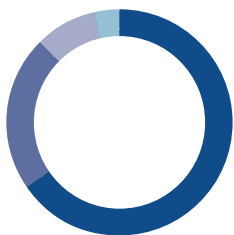


### MF Schemes



Equity also includes equity-oriented hybrid and equity-oriented Index funds; Debt also includes Debt-oriented Index Funds and money market funds. 'Others' includes ETF, Arbitrage and FOF-investing overseas.

**Segment-wise break-up of total AUM (%)**



Equity-oriented	65.4
Debt-oriented	22.1
Liquid	8.9
Others	3.6

**Channel-wise break-up of total AUM (%)**



Banks	11.2
MFDs	29.1
National Distributors	21.3
Direct	38.4

**Channel-wise break-up of equity-oriented AUM (%)**



Banks	13.1
MFDs	37.0
National Distributors	24.9
Direct	25.0

Note: As of March 31, 2024

With our best-in-class active, passive and alternative funds, we are ready for the next leap! If asset allocation is the key, we make it easy.

## Active Funds

### Equity

- » HDFC Flexi Cap Fund
- » HDFC Multi Cap Fund
- » HDFC Top 100 Fund
- » HDFC Mid-Cap Opportunities Fund
- » HDFC Small Cap Fund
- » HDFC Large and Mid Cap Fund
- » HDFC Capital Builder Value Fund
- » HDFC Dividend Yield Fund
- » HDFC Focused 30 Fund
- » HDFC Business Cycle Fund
- » HDFC Banking & Financial Services Fund
- » HDFC Housing Opportunities Fund
- » HDFC Infrastructure Fund
- » HDFC MNC Fund
- » HDFC ELSS Tax saver
- » HDFC Non-Cyclical Consumer Fund
- » HDFC Transportation and Logistics Fund
- » HDFC Pharma and Healthcare Fund
- » HDFC Technology Fund
- » HDFC Defence Fund

### Debt

- » HDFC Overnight Fund
- » HDFC Liquid Fund
- » HDFC Ultra Short Term Fund
- » HDFC Low Duration Fund
- » HDFC Money Market Fund
- » HDFC Short Term Debt Fund
- » HDFC Medium Term Debt Fund
- » HDFC Income Fund
- » HDFC Long Duration Debt Fund
- » HDFC Floating Rate Debt Fund
- » HDFC Corporate Bond Fund
- » HDFC Banking and PSU Debt Fund
- » HDFC Credit Risk Debt Fund
- » HDFC Dynamic Debt Fund
- » HDFC Gilt Fund
- » HDFC Charity Fund for Cancer Cure
- » Fixed Maturity Plans

### Hybrid

- » HDFC Balanced Advantage Fund
- » HDFC Hybrid Equity Fund
- » HDFC Multi-Asset Fund
- » HDFC Equity Savings Fund
- » HDFC Hybrid Debt Fund
- » HDFC Arbitrage Fund

### Solution Oriented

- » HDFC Children's Gift Fund
- » HDFC Retirement Savings Fund - Equity Plan
- » HDFC Retirement Savings Fund - Hybrid Equity Plan
- » HDFC Retirement Savings Fund - Hybrid Debt Plan

## Passive Funds

### Index

- » HDFC Index Fund - NIFTY 50 Plan
- » HDFC Index Fund - S&P BSE SENSEX Plan
- » HDFC NIFTY 100 Index Fund
- » HDFC NIFTY50 Equal Weight Index Fund
- » HDFC NIFTY 100 Equal Weight Index Fund
- » HDFC NIFTY Next 50 Index Fund
- » HDFC NIFTY Midcap 150 Index Fund
- » HDFC NIFTY Smallcap 250 Index Fund
- » HDFC S&P BSE 500 Index Fund
- » HDFC NIFTY200 Momentum 30 Index Fund
- » HDFC Nifty Realty Index Fund
- » HDFC Nifty G-Sec Dec 2026 Index Fund
- » HDFC Nifty G-Sec Jul 2031 Index Fund
- » HDFC Nifty G- Sec Jun 2027 Index Fund
- » HDFC Nifty G-Sec Sep 2032 Index Fund
- » HDFC NIFTY G- Sec Apr 2029 Index Fund
- » HDFC NIFTY G-Sec Jun 2036 Index Fund
- » HDFC NIFTY SDL Plus G-Sec Jun 2027 40:60 Index Fund
- » HDFC Nifty SDL Oct 2026 Index Fund

### ETF

- » HDFC NIFTY 50 ETF
- » HDFC S&P BSE SENSEX ETF
- » HDFC NIFTY Bank ETF
- » HDFC NIFTY 100 ETF
- » HDFC NIFTY Next 50 ETF
- » HDFC NIFTY50 VALUE 20 ETF
- » HDFC NIFTY100 Quality 30 ETF
- » HDFC NIFTY Growth Sectors 15 ETF
- » HDFC NIFTY100 Low Volatility 30 ETF
- » HDFC NIFTY200 Momentum 30 ETF
- » HDFC NIFTY IT ETF
- » HDFC NIFTY Private Bank ETF
- » HDFC NIFTY Midcap 150 ETF
- » HDFC NIFTY Smallcap 250 ETF
- » HDFC S&P BSE 500 ETF
- » HDFC NIFTY PSU BANK ETF
- » HDFC NIFTY 1D RATE LIQUID ETF
- » HDFC Gold ETF
- » HDFC Silver ETF

### Fund of Funds

- » HDFC Gold Fund
- » HDFC Silver ETF Fund of Fund
- » HDFC Developed World Indexes Fund of Funds
- » HDFC Asset Allocator Fund of Funds
- » HDFC Dynamic PE Ratio Fund of Fund

## Investment Philosophy

# Delivering Superior Risk-adjusted Returns

A robust investment philosophy, efficient risk management, best-in-class practices and sound governance have consolidated our position as India's leading asset management company.



**Investment Team****31**Analysts and  
investment team**~550** years  
Combined work  
experience**Equity-oriented Schemes**

Equity-oriented schemes constituted 65% of our total AUM as of March 31, 2024. Our investments in equities are driven by fundamental research with a medium- to long-term view. Our investment philosophy for equity-oriented schemes is based on the belief that over time, stock prices reflect their intrinsic values. Our research efforts are predominantly bottom-up focused, keeping in mind the economic outlook and macro-economic conditions. The emphasis is on key drivers

**Debt-oriented Schemes**

The investments in fixed income securities by our debt schemes are guided by our investment philosophy of Safety, Liquidity and Returns (SLR), generally prioritised in that order. Given the limited liquidity of credit markets in India, we believe focus on liquidity, especially in open-ended schemes is of paramount importance. It was this philosophy that enabled our schemes to tide over a very challenging environment in fixed income markets over the last few years due to default by a large Non Banking Finance Company (NBFC) and Housing Finance Company (HFC), COVID-19-related credit stresses, as well as the shutting of several fixed income schemes by another mutual fund house due to illiquidity of underlying portfolios. Our liquid and debt-oriented schemes constituted 31% of our total AUM as of March 31, 2024. All investments are made in line with the respective Scheme Information Document (SID)

and calibrating risks, taking into account both quantitative (growth prospects, key variables, analysis of P&L statements, Balance Sheet and cash flows, etc.) and qualitative (management quality, corporate governance, track record, competitive advantage, feedback from dealers, customers and experts, etc.) factors. At the same time, we aim to acquire businesses available at reasonable valuations and hold onto them for an extended time frame.

With a view to offer choice of diversity of styles to our customers and to mitigate business risk, we have built capabilities by adding appropriate resources during last few years. While we already have products that focus on different market capitalisations, we feel diversity in our investment style and approach will be in the long-term interest of our customers and the business. We will remain firmly focused on fundamentals-led research and will continuously improve our understanding of the investment universe.

and in permitted instruments such as government securities, non-convertible debentures, corporate bonds, asset-backed securities, money market instruments, etc. Our Credit Risk Assessment framework lays emphasis on the Four Cs of Credit – Character of management, Capacity to pay, Collateral pledged to secure debt and Covenants of debt – wherever applicable. Further, we have an internal framework to determine absolute and relative investment exposure limits for individual credits. This approach, along with a good understanding of credits, has helped us avoid a majority of the stress cases faced by the mutual fund industry over the past decade. Apart from the aforesaid, we aim to add value in fixed income investments by managing the portfolio driven by our medium- to long-term view on interest rates, yield curve and spreads across tenors, ratings, sectors, and various fixed income segments (corporate bond, GSECs, CPs, CDs, etc.).



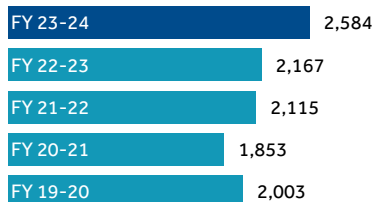
## Key Performance Indicators

# Performance Snapshot

### Revenue from Operations

(₹ in Crore)

## 2,584

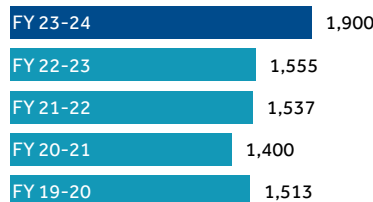


**6.2%**  
5Y CAGR

### Operating Profit

(₹ in Crore)

## 1,900

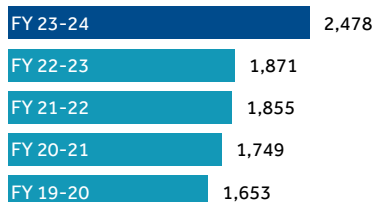


**9.8%**  
5Y CAGR

### Profit Before Tax

(₹ in Crore)

## 2,478

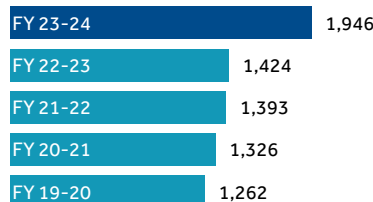


**12.5%**  
5Y CAGR

### Profit After Tax

(₹ in Crore)

## 1,946

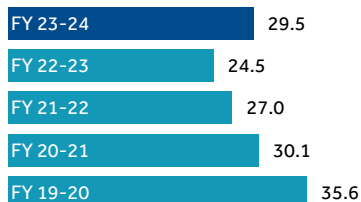


**15.9%**  
5Y CAGR

### Return on Equity

(%)

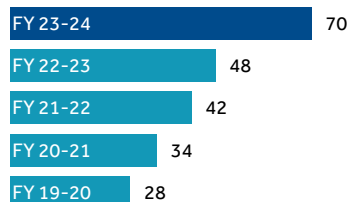
## 29.5



### Dividend Per Share

(₹)

## 70



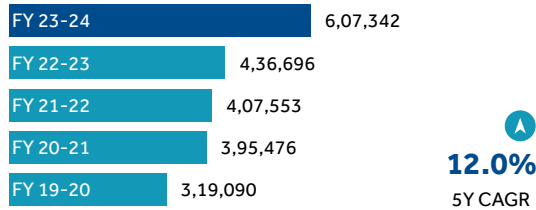
Note:

- FY 18-19 has been taken as the base year for CAGR calculation. Revenue from operations, operating profit, profit before tax and profit after tax in FY 18-19 were ₹1,915 Crore, ₹1,193 Crore, ₹1,375 Crore and ₹931 Crore, respectively.
- The Board of Directors at their meeting held on June 7, 2024 have declared an interim dividend for the financial year ended March 31, 2024 of ₹70/- per equity share instead of final dividend of ₹70/- per equity share for the financial year ended March 31, 2024 as recommended earlier at the Board meeting held on April 19, 2024.

## Assets Under Management

(₹ in Crore)

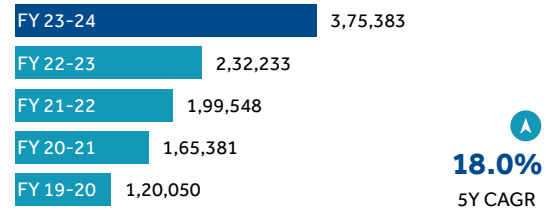
# 6,07,342



## Active Equity-oriented AUM

(₹ in Crore)

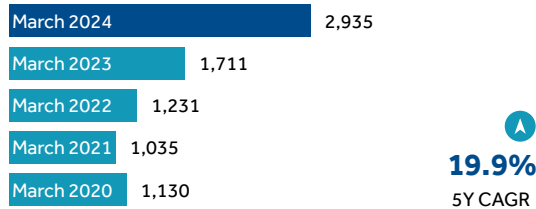
# 3,75,383



## Systematic Transactions

(₹ in Crore)

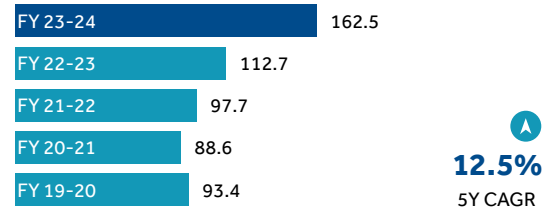
# 2,935



## Live Individual Accounts

(in Lakh)

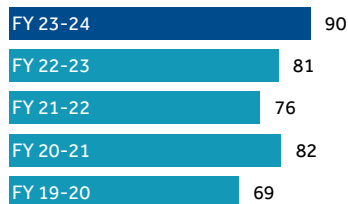
# 162.5



## Digital Transactions as % of Total

(%)

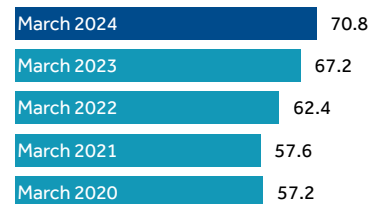
# 90



## Individual's Share in AUM

(% of monthly average AUM)

# 70.8



### Note:

- All data is as of March for each year, unless stated otherwise
- March 2019 has been taken as the base for CAGR calculation. Assets Under Management and actively managed equity-oriented AUM in March 2019 were ₹3,43,938 Crore and ₹1,64,263 Crore, respectively.

- Assets Under Management (AUM) refers to closing AUM.

- Actively managed equity-oriented AUM includes all solution-oriented schemes/portfolios and excludes index funds and ETFs.

## Chairman's Message

# Investing in India's Potential

“

As I reflect on the past year, it fills me with immense pride and optimism witnessing India's remarkable journey towards becoming a global economic powerhouse.

**Deepak S. Parekh**  
Chairman



### Dear Shareholders,

I am delighted to present our Annual Report for the fiscal year ending March 31, 2024 – a year filled with remarkable achievements and significant milestones for both, India and HDFC Asset Management Company Limited.

### India, the Next Global Powerhouse

As I reflect on the past year, it fills me with immense pride and optimism witnessing India's remarkable journey towards becoming a global economic powerhouse. With a projected GDP growth of 8.2% amidst global uncertainties, India has emerged as a beacon of growth and resilience. Favourable demographics, enabling government policies, a 'digital first' approach coupled with a vibrant entrepreneurial ecosystem is propelling the nation towards its ambitious goal of becoming a \$5 trillion economy by 2027-28.

India's achievements extend beyond being the world's fastest-growing major economy. With the successful landing of Chandrayaan-3 on the uncharted south polar region of the moon, India showcased its prowess in space exploration. India as the host of the G20 summit in Delhi, under its presidency, marked a significant milestone in global diplomacy. Globally, India is being considered as a preferred supply chain destination. Further, India's skilled professional workforce has catapulted it as a leader for global capability centres.

### Visionary Budget and Inclusivity

The Interim Union Budget 2023-24 exemplified commitment to fiscal prudence and strategic capital investment. Rooted in the philosophy of governance, development and performance, the budget focused on the welfare of poor, women, youth and farmers.

We, at HDFC AMC, are committed to supporting India's focus on inclusivity. Through our range of products and services, we aim to drive and foster greater financial savings. In our

commitment to serving customers across all economic segments, the Company has reduced the minimum subscription amount for digital Systematic Investment Plans (SIPs) and lumpsum transactions to ₹100. Prioritising inclusivity, our goal is to become the wealth creator for every Indian, by enabling millions to attain their financial aspirations.

### Mutual Funds: A Vehicle for Financial Independence

In FY 23-24, the mutual fund industry surged past the landmark ₹50 Lakh Crore milestone, sustaining its upward trajectory on the back of soaring popularity of SIPs and a thriving capital market. The benchmark Nifty 50 index rose by an impressive 29%, marking its strongest performance since the pandemic-induced downturn in 2020-21, while broader market indices performed even better. The gross inflows for SIPs reached a substantial ₹2 Lakh Crore for FY 23-24, reflecting a 28% increase compared to the previous fiscal year.

The industry's expansion was further accentuated by a significant uptick in the total number of folios, reaching 17.79 Crore as of March 31, 2024, compared to 14.57 Crore in the preceding year. The surge in investments in mutual funds, from around ₹8 Lakh Crore AUM in 2014 to over ₹50 Lakh Crore in 2024 underscores the mounting confidence of investors in India's growth narrative and in mutual funds as a dependable avenue for wealth creation.

Moreover, with domestic investors emerging as key players alongside foreign portfolio investors, the mutual funds industry assumes a pivotal role as a stabilising force during periods of fluctuating FPI activity, thereby bolstering the resilience of Indian equity markets.

### Significant Headroom for Further Growth

India boasts of more than 70 Crore PAN card holders and over 15 Crore demat accounts. However, despite this significant financial infrastructure, the Indian mutual fund industry has only reached about 4.5 Crore unique investors. These statistics emphasise a vast untapped potential for growth within the mutual fund sector. I have a strong belief that the industry could surpass ₹100 Lakh Crore sooner than anticipated, presenting tremendous opportunities for growth.

“

**I have a strong belief that the industry could surpass ₹100 lakh crore sooner than anticipated, presenting tremendous opportunities for growth.**

As India's working population continues to expand and financial inclusion and digitalisation efforts gain momentum, mutual funds are poised to assume a crucial role in democratising investments and promoting financial literacy. This presents an exciting prospect for both investors and the industry alike, as mutual funds emerge as accessible and efficient vehicles for wealth creation and long-term financial planning in India's evolving economic landscape.

### A Collective Effort from All Stakeholders

Investor confidence stands as a cornerstone for the mutual fund industry's growth trajectory. It is heartening to witness SEBI leading the charge in fostering this confidence. Additionally, a collaborative effort among key stakeholders, including AMFI, distributors and industry players is underway to reinforce this confidence.

I would like to extend my gratitude to our shareholders, customers, employees, service providers and distribution partners for their unwavering support and dedication. It is through our collective efforts that we continue to deliver sustainable growth and create value for every section of society.

In conclusion, I remain deeply optimistic about India's future and HDFC AMC benefitting from this trend. Together, let us continue on this incredible journey of growth and prosperity.

**Deepak S. Parekh**

Chairman

## MD & CEO's Message

# Powered by Purpose, Propelled by Passion

“

**Our purpose-driven ethos not only aligns with our overarching vision – To be the most respected asset manager in the world – but also serves as the guiding force shaping our actions.**

**Navneet Munot**  
MD & CEO



### Dear Shareholders,

It is my honour and privilege to present the 25<sup>th</sup> Annual Report of HDFC Asset Management Company Limited for FY 23-24. As we reflect on our journey, we are proud to contribute to an industry experiencing unprecedented growth while creating shared prosperity.

The year gone by witnessed a significant event in the Indian financial landscape: the merger of HDFC Limited into HDFC Bank, culminating into a financial services powerhouse. Post-merger, HDFC Bank stands among the world's leading banks in terms of market capitalisation. HDFC AMC, now a subsidiary of HDFC Bank, embodies the legacy of trust and confidence associated with the HDFC brand. This union makes us part of a giant financial conglomerate, presenting immense possibilities.

### Economic Landscape

Amidst a highly uncertain global political and economic environment, India continues to demonstrate remarkable resilience and is well-poised for tremendous growth in the coming years. We are witnessing a progressive era of economic development, rising standards of living, pro-business policies and macroeconomic stability. We have seen significant focus on infrastructure development by the government. Backed by robust economic growth in recent years, India is marching towards 'Vision Viksit Bharat@2047', aiming to become a developed economy with a \$20 trillion-plus GDP by 2047.

Indian markets were among the best-performing markets globally, with benchmark index (NIFTY50) gaining 29% and reaching new highs during the year. Policy prudence, agile execution, and retail resilience have helped Indian markets remain less volatile on a relative basis. Foreign Portfolio Investors injected ₹2 Lakh Crore into Indian equities during FY 23-24. Moreover, the growing participation of retail investors through mutual funds has elevated domestic institutions into a significant force within the market

landscape. This surge in investment and market performance underscores the growing confidence in India's economic prospects and the resilience of its financial systems.

## Mutual Fund Industry

The mutual fund industry closing AUM reached ₹53.4 Lakh Crore, a growth of ₹14 Lakh crore over the AUM as on March 31, 2023. Equity-oriented AUM grew by 52% during FY 23-24, reaching ₹30.40 Lakh Crore. Passive funds also continued to grow, particularly benefiting from institutional investment flows into exchange-traded funds, notably from investors such as provident funds. The industry has been witnessing steady growth in Systematic Investment Plan (SIP) flows, with monthly SIP contribution reaching ₹19,271 Crore in March 2024. Total outstanding SIP accounts crossed 8.4 Crore with outstanding SIP AUM of ₹10.7 Lakh Crore.

Investor education, led by Association of Mutual Funds in India's (AMFI) various initiatives and campaigns, has helped in increasing household interest in mutual funds. HDFC AMC's mega-initiative, #ZindagiKeLiyeSIP, has reached millions of Indians, emphasising the importance of disciplined investing. These efforts on investor education, along with several other initiatives, have led to greater participation in mutual funds. As investor education initiatives and digital advancements make transacting easier, participation from B-30 towns is expected to continue growing at a strong pace and steer industry expansion.

Although the industry has made huge strides, its AUM still represents only a quarter of the size of bank deposits and remains significantly under-penetrated, presenting tremendous headroom for growth.

## Our Holistic Platform

We have continued to expand our product suite to meet varied investment needs. Our product offerings now include a comprehensive array of savings and investment products, ranging from mutual funds, including both actively managed and passive options, to portfolio management services and alternative investment opportunities catering to the needs of a large and diverse client base.

Our equity-oriented mutual funds boast of a distinguished legacy spanning over three decades. HDFC Balanced Advantage Fund, the nation's largest active fund, has a track

record of more than 30 years, marking a historic milestone not only for us but for the entire industry. This achievement underscores the effectiveness of HDFC AMC's highly-seasoned investment team, complemented by a time-tested investment philosophy, robust processes, and cutting-edge risk management systems, helping us to successfully navigate a multitude of economic and market cycles. Notably, 13 of our actively managed equity-oriented funds have a track record of delivering healthy returns for over 15-year period. Further, in response to evolving client preferences, we expanded our product offerings during the year, introducing five new equity sectoral/thematic funds, including the pioneering - HDFC Defence Fund, a first in the industry.

Our wide array of debt mutual fund offerings, fortified by our commitment to the investment philosophy emphasising safety, liquidity and returns, stand as a compelling investment avenue for investors.

Our passive solutions, under the HDFC Index Solutions brand, have introduced numerous new products in recent years, strengthening our position as a comprehensive destination for passive investing. We now offer 39 passive funds across Index Funds and Exchange Traded Funds (ETFs).

In our endeavour to build HDFC AMC Alternatives platform, we launched Category II AIF - HDFC AMC Select AIF FOF-I. The fund invests in Category I and II Venture Capital/Private Equity Oriented AIFs. Simultaneously, we continue to build on our Portfolio Management business. To tap into the potential of global markets, we inaugurated our subsidiary's (HDFC AMC International (IFSC) Limited) office in GIFT City in August 2023. HDFC International is poised to elevate our franchise, catering to both international investors seeking opportunities in India and Indian investors looking to invest abroad.

Within our product suite, the revival of HDFC Cancer Cure Fund holds special significance for us. This unique amalgamation of investment and philanthropy has played a pivotal role in positively impacting thousands of lives over the past decade.

With a best-in-class product suite encompassing various asset classes and investment strategies, HDFC AMC continues to uphold its commitment to delivering superior performance and innovative solutions to investors.



## MD & CEO's Message

### Empowering Growth through Phygital Distribution

We, at HDFC AMC, are proud of our physical footprint and our digital capabilities, together contributing to our overall success.

Our robust digital platform caters to both investors and distribution partners, providing an analytics-driven ecosystem for a seamless user experience. By leveraging various technologies, we are uplifting our capabilities and enhancing our clients' experiences. We are committed to continually evolving our digital solutions to ensure they remain absolutely cutting-edge and highly user-friendly for our investors and partners.

Our wide network of branches and distribution partners serves as a pivotal driver of our ongoing growth journey. Throughout the year, we have closely collaborated with our distribution partners through regular interactions, digital collaborations, service tie-ups, content creation, research support and other strategic initiatives. Through our ConneKt app, we empower our partners with highly personalised digital workspace, marketing tools for broad outreach, and comprehensive reporting bolstered by top-notch content. Additionally, we have organised successful campaigns for our partners, leveraging analytical models. Our knowledge-sharing events such as 'Milaap' – an interactive platform with our distribution partners have also been very well appreciated.

We remain resolute in our efforts towards broadening our reach, actively establishing our presence in cities exhibiting promising growth potential. We celebrated the advent of calendar year 2024 by inaugurating 24 new branches on a single day, increasing our total branch count to 254. Reflecting on the past, I remember HDFC Mutual Fund factsheet from around two decades ago, which listed a modest total of 20 branches on its back cover.

We are also excited about the opportunity that HDFC Bank, as our distribution partner and holding company, presents. Recognising the potential this partnership holds, we have established a dedicated channel for closer collaboration. This strategic alignment has not only strengthened our relationship but has also led to deepening our engagement levels. We are committed to leveraging this synergy to drive mutual growth and success.

“

**Our entire ecosystem thrives on our robust 'phygital' setup empowering us to focus our attention on our clients, provide mass personalisation, expand our reach and boldly pursue our Mission - To be the wealth creator for every Indian.**

The amalgamation of physical expansion through our network of warm and welcoming branches and digital prowess via best-in-class digital platforms underscores the remarkable journey and enduring success of our organisation.

### From Client Service to Client Delight

We have taken significant strides in our journey from 'client service to client delight'. This involved conducting meticulous client satisfaction surveys, refining various service workflows and introducing an array of features and amenities to enhance our clients' experiences. Our investment management, risk management and product capabilities are underpinned by high-quality content, analytics and relationships – all aimed at serving the client through a range of distribution channels. Our entire ecosystem thrives on our robust 'phygital' setup empowering us to focus our attention on our clients, provide mass personalisation, expand our reach and boldly pursue our **Mission - To be the wealth creator for every Indian.**

### Our People – Our Invaluable Assets

For HDFC AMC, our people are our most valuable asset, and thus, we channelise significant efforts towards their growth. While our people exude enthusiasm and energy, they also uphold the highest ethical standards, understanding the pivotal role we play in shaping the dreams and aspirations of countless households. At the heart of HDFC AMC lies an ambitious mission and an aspirational vision. We are a purpose-driven organisation and everyone in Team HDFC AMC is physically energised, mentally focused and emotionally engaged.

At HDFC AMC, we have a strong commitment towards continuous learning and expanding our knowledge. Throughout the year, we have enriched our bouquet of learning opportunities

with new programmes in areas such as investment and wealth management, risk management and soft skills.

Last year, we celebrated our recognition as a 'Great Place to Work' certified organisation. This accolade stands as a testament to our commitment to fostering a workplace culture that nurtures talent, encourages innovation, and values inclusivity and equity for all. Our commitment to Diversity, Equity and Inclusion is about building a stronger and more resilient organisation where everyone has an opportunity to excel, contribute meaningfully and reach their full potential.

### Driving Sustainable Growth with Scale, Quality, and Profitability

Building on our positive momentum, we steadily progressed throughout FY 23-24. With an AUM of ₹6.1 Lakh Crore, we served a client base of 96 Lakh unique investors, with a total of 166 Lakh live accounts.

We are delighted to present another year of profitable growth. Our total income increased to ₹3,163 Crore, and our Profit After Tax (PAT) was ₹1,946 Crore. We are pleased to announce that the Board has declared an interim dividend of ₹70 per share for FY 23-24, translating into a dividend payout ratio of 77%.

### Outlook

Amidst uncertain global political and economic environment, India showed remarkable resilience. As far as capital markets and asset management industry is concerned, there are striking parallels between US in the 1980's and what India has been witnessing.

We are in the midst of an unparalleled era characterised by robust economic development, facilitated by favourable pro-business policies, macroeconomic stability and entrepreneurship. Much like the US during that transformative period, India is embracing deregulation and fostering an environment conducive to entrepreneurial endeavours. Furthermore, India has taken decisive steps to curb inflation (Monetary Policy Framework - 2016), a move reminiscent of the US under the leadership of Paul Volcker. This commitment has instilled confidence and laid the groundwork for sustained growth. Additionally, India's demographic dividend, akin to the baby boomer generation in the US, will continue to drive economic expansion,

with a burgeoning workforce propelling growth and discretionary spending.

The surge in domestic investments, particularly in mutual funds, is a testament to India's economic prospects and investor confidence. This trend underscores the potential for exponential growth in our capital markets, similar to the remarkable trajectory witnessed in the US from 1980 onwards. The current surge in SIPs in India is somewhat resembling to the 401(k) movement in the US. As household savings are channelled into mutual funds, the asset management industry is poised for substantial expansion, promising widespread participation in India's economic growth story.

This positive outlook highlights India's capacity to become a significant global economic force, fuelled by innovation, investment, and inclusive development. Positioned strategically, HDFC AMC aims to leverage the opportunities within India's asset management sector.

### Thank you

I would like to extend my sincere appreciation, gratitude and admiration to all our partners and service providers. The support and invaluable guidance of our regulator SEBI and the relentless efforts of the industry body AMFI have been instrumental in fostering growth for the industry. As we move forward, together, we eagerly anticipate the next phase of our journey, brimming with even greater accomplishments and mutual prosperity.

Our dedication to sustainability, rooted in Environmental, Social, and Governance (ESG) principles, reflects our commitment to creating a positive impact on the world. Driven by our ESG mission, we strive to generate sustainable wealth for all stakeholders, with focus on People, Planet, and Prosperity. This purpose-driven ethos not only aligns with our overarching **Vision – To be the most respected asset manager in the world** – but also serves as the guiding force shaping our actions.

Our Chairman, Shri Deepak Parekh, was inducted into the 'Hall of Fame' at the CNBC IBLA Awards last year. His inspiring words there about India, "the best is yet to come", always resonate deeply with us. I am proud to reaffirm this sentiment, as I believe that the future holds great promise for both India and HDFC AMC.

## Digitisation

# Superior Experience, Improved Productivity

Our strong digital presence is supported by an integrated online platform. The digital framework includes separate solutions for our partners and customers. Powered by advanced analytics and next-

generation digital technologies, our platforms deliver a superior user experience to our customers, distributors as well as employees.



Electronic and Physical Transactions (%)



■ Electronic 69  
■ Physical 31



■ Electronic 90  
■ Physical 10

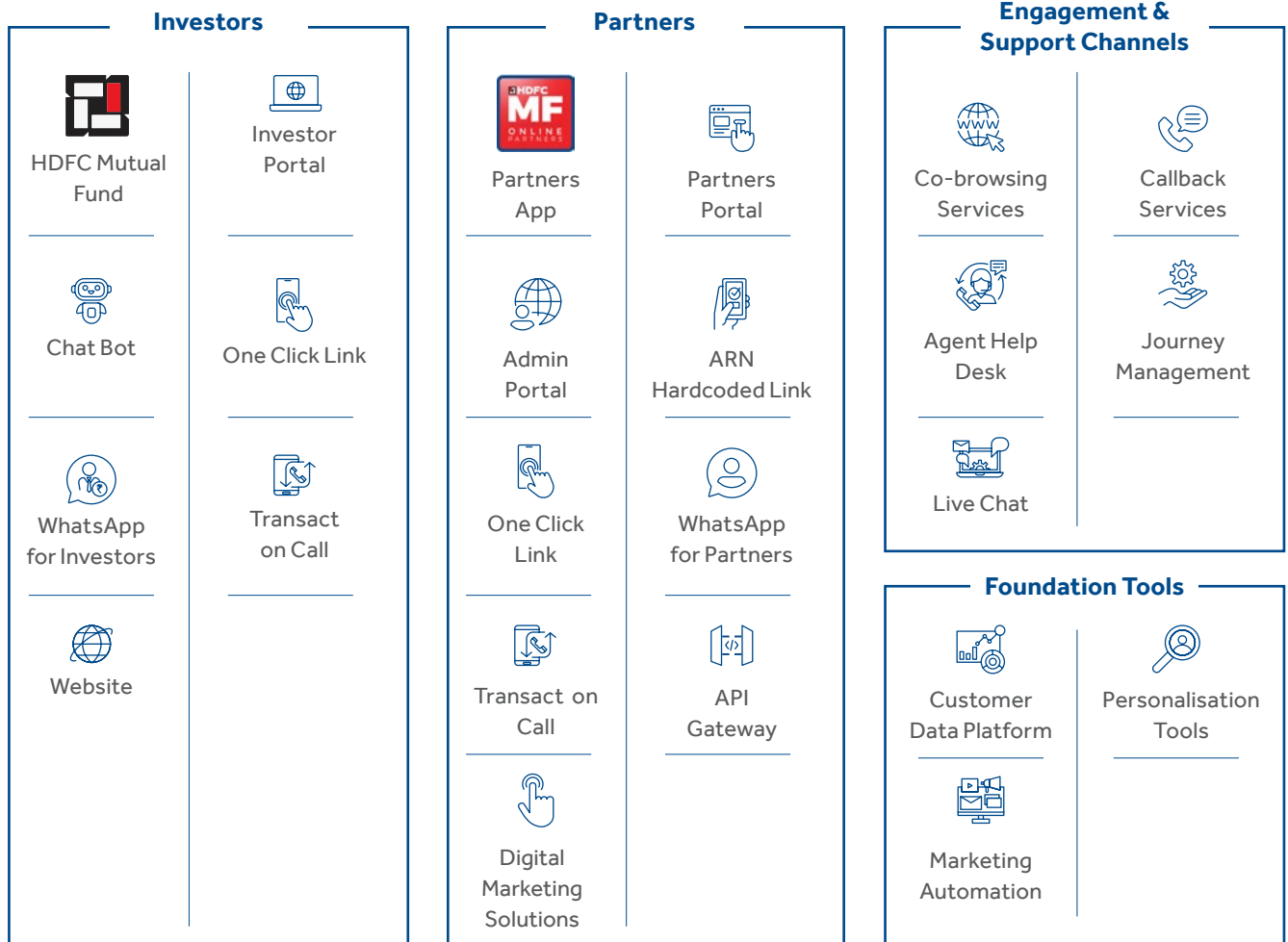
**50%**

Increase in Mobile App downloads

**30%+**

Growth in MFD Digital Marketing solution user base

## Digital Stack



### Key initiatives in FY 23-24

We have taken various measures to strengthen our digital platforms to support the scale of our mission.

#### Key Initiatives

1. Complete website revamp
2. Partner portal and App significant upgrade of capabilities and features
3. Investor App refresh
4. RegTech
5. Leveraging AI/LLMs (Large Language Model)

#### Success Stories

1. Mobile App downloads increased by 50% and all ratings above 4
2. MFD Digital Marketing solution user base continues to grow by over 30%
3. 100%+ improvement across key campaign metrics
4. Collaborated with Google for Rich Communication Services (RCS) as a communication channel, first in the AMC industry
5. In-house platform continues to drive high engagement rate with active users and new sign-ups
6. An Industry First RegTech solution for automating SID generation
7. Leveraging AI and LLMs for enhancing productivity and bringing new dimensions to investment decision making





## Women's Day

To mark Women's Day, we unveiled a film under 'Zindagi Ke Liye SIP'. This tribute celebrates the extraordinary women whose inspiring lives act as SIP of motivation for other women. Their relentless efforts are carving out a path for future generations, creating a lasting impact of courage and empowerment.



<https://youtu.be/9H854wGQI34?si=Z5c7VeN4UUJ20mFy>

## Start Early - Seekh

'Seekh' is a short film under the initiative 'Zindagi Ke Liye SIP', which portrays a powerful narrative about a father who confesses his mistakes to his child. This act of confession by the father is his SIP towards ensuring his child's betterment and development as a responsible and empathetic individual.



<https://youtu.be/QQoVeAnUdWA?si=i5Kw0KpAkJdiBq08>

## Children's Day

On the occasion of Children's Day, we unveiled a heart-warming film that showcased the deep trust children have in their parents. This trust is an SIP that encourages the parents to become better individuals. It appealed to emotions while emphasising the significance of financial planning for life's milestones and crafted a compelling narrative that resonates with audiences.



<https://youtu.be/0n6BCwc7z-M?si=ZlDrTbbnLKPTa4cU>

## Happy Diwali

Our Diwali film captured the essence of returning home, reuniting with loved ones, and immersing ourselves in celebration. It is a heartfelt reminder of the joy we share and the bonds that unite us, it is an SIP to spread happiness in our world.



<https://youtu.be/fOK6KqxCXc?si=6RgnrvGKvyvZvI7->







## Bridge to Success

### Nurture Nature 3.0

On World Environment Day, we proudly advanced our 'Nurture Nature' campaign, originally launched in 2021. This year, for every digitally registered SIP during the campaign, we recycled 250 grams of plastic. The campaign was a resounding success, resulting in the recycling of 4,200 kg of plastic, thereby strengthening our commitment to sustainability and environmental stewardship.



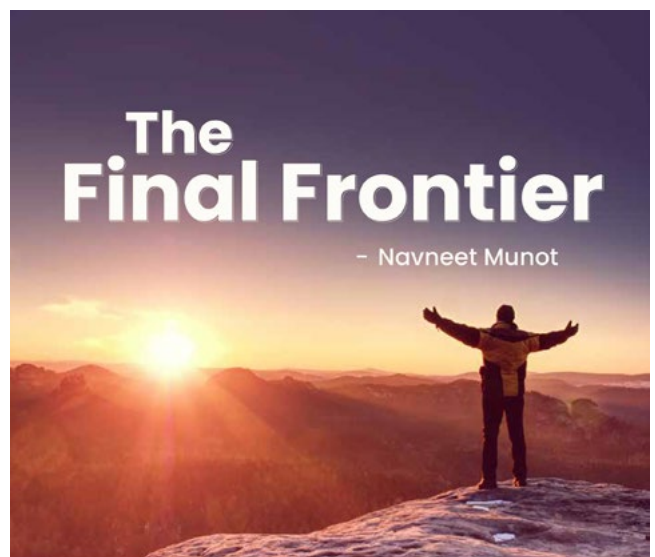
### Person of the Year 2023

At the beginning of the calendar year, we released 'The Person of the Year 2023' an article by Mr. Navneet Munot, which was an interesting look at the year gone by.



### The Final Frontier

An insightful article by Mr. Navneet Munot discussing the fundamentals of personal finance.



MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

## HDFC MF Yearbook 2024

Our annual Yearbook 2024 titled 'India in Amrit Kaal' takes a look at the year gone by and captures interesting future trends and developments.

It comprehensively covers key developments, trends and insights on

- » Year Gone By
- » Global Economy
- » Indian Economy
- » Equity Market Outlook
- » Fixed Income Outlook
- » Funds in Focus



## We launched the following NFOs during the year:

- » HDFC Charity Fund for Cancer Cure (2023)
- » HDFC Defence Fund
- » HDFC NIFTY Midcap 150 Index Fund
- » HDFC Nifty Smallcap 250 Index Fund
- » HDFC Non-Cyclical Consumer Fund
- » HDFC S&P BSE 500 Index Fund
- » HDFC Transportation and Logistics Fund
- » HDFC NIFTY 1D RATE LIQUID ETF
- » HDFC Technology Fund
- » HDFC Pharma and Healthcare Fund
- » HDFC NIFTY PSU BANK ETF
- » HDFC NIFTY200 Momentum 30 Index Fund
- » HDFC NIFTY Realty Index Fund



## ESG Initiatives

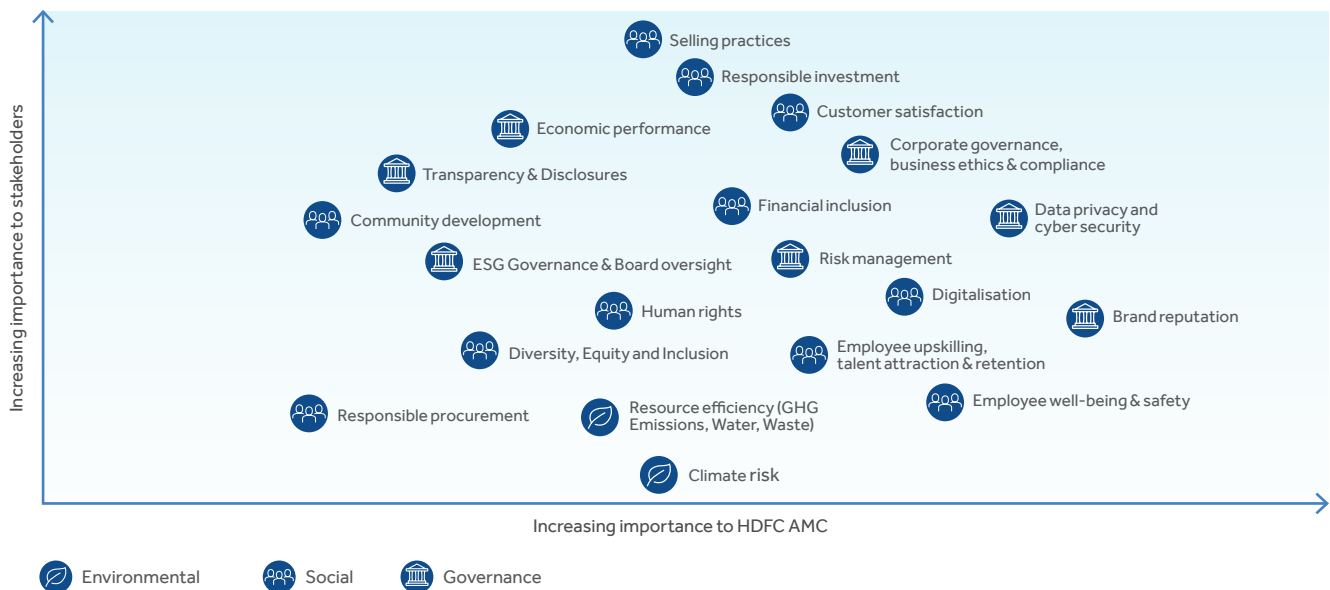
# Path to Sustainable Progress

Building upon HDFC Group’s strong commitment to ethical conduct and good corporate governance, we are in complete alignment with these values and recognise that true prosperity is built on a foundation of sustainability. We are committed to integrating ESG principles into our business practices catalysing a positive impact on both our financial performance and the world we live in.

Our ESG materiality map identifies topics that could impact our business, the communities we operate in and the environment. By formally assessing these topics, we aim to analyse risks and opportunities facing our business. This analysis helps us allocate resources and direct efforts to create long-term value for our stakeholders.

We will continue to revisit this assessment periodically to ensure that our ESG strategy, business goals and reporting are aligned with stakeholder concerns and expectations, as well as with the emerging topics in the asset management industry. By working together, we aim to create a positive impact on society and the environment while fulfilling our responsibilities as one of the leading asset managers in the country.

### ESG Materiality Map



We believe that achieving sustainability goals is essential for creating value for all stakeholders. This has led to the integration of ESG consideration into our business decisions and operations.

### Our ESG and CSR Committee of the Board Drives our ESG Framework.



## Responsible Investing

We have demonstrated our commitment to include Environmental, Social, and Governance (ESG) factors in investment decision-making and ownership by becoming a signatory to the internationally recognised United Nations Supported Principles for Responsible Investment & Climate Action 100+. We have also adopted the globally recognised CFA Institute Asset Manager Code.

“

### Our ESG mission

To create sustainable wealth for every stakeholder by focusing on three Ps - People, Planet & Prosperity"

For responsible investing, we have furthered the definition of ESG to include Engagement, Stewardship, and 'Good to Great' factors.

**Engagement:** We monitor and actively engage with the investee companies on various topics such as executive compensation, dividend distribution policies, capital allocation, related party transactions, ESG strategy, etc. The aim of engagement is not only to improve ESG integration to limit risks, but also to improve the impact of the organisation's business on environment and society at large.

**Stewardship:** We have adopted the stewardship code, in line with regulatory guidance. We view stewardship as a step towards improved corporate governance in the investee companies and improving the interests of investors. Our investment team aims to vote in an informed and pragmatic manner, as we consider shareholder voting to be an important shareholder right and a valuable tool for decision-making.

**Good to Great:** We focus on rational investing by identifying businesses that have the potential to achieve 'Good to Great' corporate transformations and aspire to play the role of an active partner in this journey through highly constructive Engagement and Stewardship.

There is one common thread that binds all of our funds, and it is their longevity and formula for wealth creation: 'Sound Investment + Time + Patience'

## ESG Initiatives

# Environment

### Planet: A Key Stakeholder

We recognize that climate change is not just an environmental issue but also a business risk. At HDFC AMC, we are committed to identifying and acting on opportunities to reduce our negative impact on the environment and promote a culture of sustainability.

#### Sustainable Sourcing

- » Eco friendly diaries sourced from Not-for profit organisation
- » NFC & QR Code enabled Business Cards

**1900+ Kg**  
of E-waste processed in an environment friendly manner

**90%**  
Transactions are supported by integrated online platform



**4,000+ Kgs**  
of plastic waste was processed in an environmentally friendly manner under our **#NurtureNature** campaign



**59,000 sq. ft.**  
Development and sustentionation of Kalina Biodiversity Park under our CSR initiative



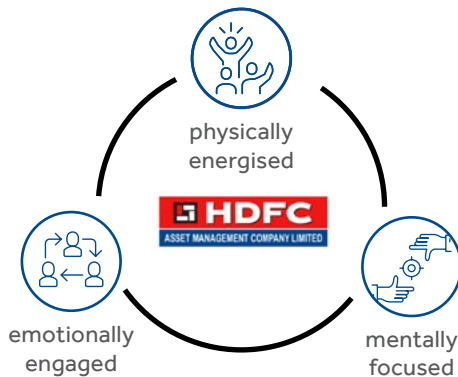
## Social



We take pride in our presence across the country, which has allowed us to develop strong and lasting relationships with our key stakeholders: customers, distributors, shareholders, employees, suppliers and the community at large.

### Our People

Our employees are the backbone of our success. We invest in their growth and well-being, fostering a collaborative and inclusive work environment. By empowering our team with the resources and support they need, we ensure not only their success but also the sustained excellence of our company.



# 1,509

Head count

# 28%

Women Employees

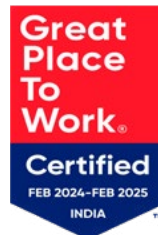
# ~64,500

Employee training hours

# 1,000+

Employees attended workshop on Climate Change and Energy Literacy

Certified as  
a Great Place to Work (GPTW)



HDFC AMC won the Best Financial Wellbeing Initiatives Award 2023 - For Shaping Healthier and Happier Workplace

## ESG Initiatives



### Customers

Customer centricity is at the heart of our mission. We strive to continuously elevate our standards, moving from exceptional service to customer delight. Excellence in customer service embodies our core principles and we deeply value the trust our customers place in us, 'Bharosa Apno Ka'.

- » We provide a comprehensive set of platforms for the customers to transact
- » We reduced the minimum subscription amount for digital SIPs and lumpsum transactions to ₹100
- » Centralised email management for customers, resulting in faster and standardised responses
- » Introduced digital journey for customers to do seamless KYC updates

**96 lakh**  
Unique investors

**1.66 Crore**  
Live accounts



### Improving Financial Literacy

Financial literacy is fundamental to our business, as we recognise that a lack of financial knowledge can prevent individuals from realising their dreams and achieving financial stability. At HDFCAMC, we leverage our extensive investment experience to promote financial literacy among the masses.

**900+**  
Investor Awareness  
Programmes  
since launch of  
#BarniSeAzadi  
campaign

**2.7 Lakh**  
Participants reached  
through our 3,300+  
Investor Awareness  
Programmes.



## #Investinothers

HDFC Charity Fund for Cancer Cure, a unique Mutual Fund Scheme that allows to contribute towards a visible cause

**2 Lakh+**

Children were provided access to Foundational Learning

**3,000+**

Cancer patients provided with financial aid

**11,000+**

Children given access to quality education and nutritious meals

## Inclusive Growth

Our key CSR projects focus on healthcare, education, environmental sustainability and sports development. We are dedicated to making a meaningful impact in these areas, driving positive change to foster a more inclusive and sustainable society.

## Governance

Ethics is central to our corporate ethos and drives our corporate governance philosophy. Governance includes not just workplace ethics, disclosures and regulatory compliance, but it also includes our environmental and societal obligations.

Our ESG and CSR Committee of the Board provides guidance, leadership, and necessary oversight for our Company's ESG initiatives. The management-level ESG Task Committee, consisting of representatives from various departments, integrates ESG aspects into our organisation's culture and core business processes.

**56 %**

of our Board of Directors are Independent

**11**

Ethics workshops conducted for employees

**27 %**

of our leadership team are women

## First Indian AMC

to collaborate with Institute of Risk Management as a knowledge partner



## Our Board of Directors

### Mr. Deepak Parekh

Non-executive Director  
and Chairman

DIN: 00009078



**Mr. Deepak Parekh** (79) served as Chairman of HDFC Ltd from 1993 to 2023, contributing 45 years to the Company. Under his leadership, HDFC Ltd, India's first retail housing finance company made home ownership a reality for millions across the country. HDFC Ltd. merged with HDFC Bank on w.e.f. July 1, 2023, making HDFC Bank one of the top 10 banks globally by market capitalization.

His vision transformed HDFC into a leading financial services conglomerate covering banking, asset management, insurance, property funds, education and education loans.

He is a fellow of Institute of Chartered Accountants, 'England & Wales'. He is on the Board(s) of several leading Companies across diverse sectors.

Mr. Parekh has been honoured with several awards and accolades viz. Padma Bhushan, one of the highest civilian awards by Government of India in 2006; Bundesverdienstkreuz Germany's Cross of the Order of Merit, one of the highest distinction by the Federal Republic of Germany in 2014; Knight in the Order of the Legion of Honour, one of the highest distinctions by the French Republic in 2010; first of a network of international ambassadors for championing London across the globe by the Mayor of London in 2017; first international recipient of the Outstanding Achievement Award by the Institute of Chartered Accountants in England and Wales in 2010 and Lifetime Achievement Award at CNBC TV18's 15<sup>th</sup> India Business Leader Awards, 2020.

### Ms. Renu Sud Karnad

Non-executive  
Director

DIN: 00008064



**Ms. Renu Sud Karnad** is a Non-Executive Director on the Board of HDFC Asset Management Company Limited since July 4, 2000. She was the Managing Director of Housing Development Finance Corporation Limited till 30<sup>th</sup> June 2023. From 1<sup>st</sup> July 2023, she is a Non-Executive and Non-independent Director on the Board of HDFC Bank Ltd.

Ms. Karnad is the Chairperson of GlaxoSmithKline Pharmaceuticals Limited and a director on the boards of HDFC Asset Management Company Limited, HDFC ERGO General Insurance Company Limited, HDFC Capital Advisors Limited, Bangalore International Airport Authority Limited and EIH Limited. Ms. Karnad is also a director on the board of Nudge Lifeskills Foundation and PayU Payments Private Limited.

She holds a Master's degree in Economics from the University of Delhi and a Bachelor's degree in Law from the University of Mumbai. She is a Parvin Fellow – Woodrow Wilson School of Public and International Affairs, Princeton University, USA. Ms. Karnad has had to her credit, numerous awards, and accolades. Prominent among them being featured in list of '25 top non-banking women in finance' by U.S. Banker magazine, listed by Wall Street Journal Asia as among the 'Top Ten Powerful Women to Watch Out for in Asia'. "Outstanding, Woman Business Leader" by CNBC-TV18, 25 Most Influential Women Professionals in India by India Today.



**Mr. V Srinivasa Rangan**

Executive Director

DIN: 00030248



**Mr. V. Srinivasa Rangan** is the Executive Director (i.e. Whole-time Director) of HDFC Bank Limited. He was the Executive Director and Chief Financial Officer of erstwhile Housing Development Finance Corporation Limited. He holds a Bachelor's degree in Commerce from University of Delhi and is an Associate of the Institute of Chartered Accountants of India. He is an expert in finance, accountancy, audit, economics, corporate governance, legal & regulatory compliance, risk management and strategic thinking. He has vast experience in housing finance and real estate sector. Mr. Rangan has worked on international consulting assignments in housing finance in Ghana and the Maldives. He has been a member of various committees related to financial services such as RBI's Committee on Asset Securitization and Mortgage-Backed Securitization, Technical Group formed by National Housing Bank (NHB) for setting up of a Secondary Mortgage Market Institution in India, NHB's Working Group on Covered Bonds and NHB's Working Group on Credit Enhancement Mechanism. Mr. Rangan was conferred the 'Best CFO in the Financial Sector for 2010' by ICAI. He was also honoured with the Lifetime Achievement Award at the sixth edition of Financial Express CFO Awards 2023.

**Ms. Roshni Nadar Malhotra**

Independent Director

DIN: 02346621



**Ms. Roshni Nadar Malhotra** is an Independent Director on the Board with effect from April 27, 2019. She is Chairperson of HCLTech and Chairperson of its CSR Board Committee. She is also the Trustee of the Shiv Nadar Foundation, which is committed to nation-building by driving transformational leadership through education. Ms. Malhotra is the Chairperson and driving force behind VidyaGyan, an institution specifically designed to identify and nurture gifted students from rural communities and create transformation through free quality education. She is also the Founder & Trustee of the Habitats Trust, a foundation working towards protecting habitats and their indigenous species. Passionate about wildlife and nature, she founded the Trust with the mission of conserving and protecting sustainable ecosystems through strategic partnerships and collaborations with all stakeholders. Ms. Malhotra is a member of the Dean's Advisory Council at the MIT School of Engineering, USA and a member of the Kellogg School of Management Executive Board for Asia. In 2023, Roshni was conferred with the Schaffner Award by Kellogg for her contribution to the society. She serves on the board of directors of the US-India Strategic Partnership Forum (USISPF). In recognition of her outstanding work both in business and in philanthropy, Ms. Malhotra has received several honours and accolades including being featured for the seventh consecutive year in 'The World's 100 Most Powerful Women' list, compiled and released by Forbes in 2021. She is an alumna of the Forum of Young Global Leaders (YGL), a unique and diverse community of the world's most outstanding, next-generation leaders, an initiative of the World Economic Forum. Ms. Malhotra holds an MBA from the Kellogg Graduate School of Management with a focus on Social Enterprise and Management and Strategy.

## Our Board of Directors

### Mr. Dhruv Kaji

Independent Director

00192559



**Mr. Dhruv Kaji** is an Independent Director on the Company's Board with effect from October 31, 2018. He holds a Bachelor's degree in Commerce from the University of Mumbai and is an Associate Member of the Institute of Chartered Accountants of India. He was the Finance Director of Raymond Limited, Executive Director of Pinesworth Holdings Pte. Ltd. (Singapore) and a Director on the boards of Raymond Apparel Limited, ColorPlus Fashions Limited, Hindustan Oil Exploration Company Limited, Balaji Telefilms Limited, Balaji Motion Pictures Limited and Diamines & Chemicals Limited. He is currently an advisor, guiding business strategies and organisational development, both in India and abroad. He is also on the Board of Network18 Media & Investments Limited, TV18 Broadcast Limited and Ceinsys Tech Limited.

### Mr. Jairaj Purandare

Independent Director

DIN: 00159886



**Mr. Jairaj Purandare** is an Independent Director on the Company's Board with effect from October 31, 2018. He is the Founder Chairman of JMP Advisors Pvt Ltd, a leading advisory, tax and regulatory services firm, based in Mumbai, India. He has over four decades of experience in tax and business advisory matters and is an authority on tax and regulation in India. He was Regional Managing Partner, Chairman – Tax and Country Leader – Markets & Industries of Pricewaterhouse Coopers, India. He was earlier Chairman of Ernst & Young India (EY) and Country Head of the Tax & Business Advisory practice of Andersen India. He has considerable experience across the Financial Services, Infrastructure, Power, Telecom, Media, Pharma and Auto sectors.

International Tax Review (Euromoney), in its report – World's Leading Tax Advisors has named him several times as among the leading Tax Advisors in India. A frequent speaker at seminars in India and abroad, he has presented several papers in areas of his expertise, including inbound/outbound investment structuring, international tax, transfer pricing, M&As, Indian Budget and Economy. He is an Independent Director on the board of other listed companies. He is a Fellow member of The Institute of Chartered Accountants of India and holds a B.Sc. (Hons) from the University of Mumbai.



**Mr. Parag Shah**

Independent Director

DIN: 00374944



**Mr. Parag Shah** is an Independent Director on the Company's Board with effect from January 22, 2019. Mr. Shah is the Founder and Partner of Amara Partners, a mid-market Private Equity fund. Amara Partners provides growth capital to businesses and supports entrepreneurs in strategy, innovation, digitization, change management, governance and business transformation.

In a career spanning over 25 years, he has held various positions with the Mahindra Group and in his last role, he was a Member of the Group Executive Board. Parag has extensive experience in building new businesses, turn arounds, joint ventures, mergers & acquisitions and IPOs. He was the Managing Partner of Mahindra Partners, the 1 Bn USD Private Equity and Venture Capital division of the Group that was in charge of diverse businesses like Logistics, Renewable Energy, Retail, Manufacturing (Steel components, Conveyor Systems, Boats), Consulting, Media and Healthcare. He had also set up the Group Silicon Valley office for technology investments and start-up partnerships. Parag was Chairman of the GPMD program, Co-Chairman of the Group Diversity Council, Member of Group Sustainability and an Executive Committee member of various councils of Mahindra Learning University. He was the Group Lead for business representation in Israel.

He is a Director on several companies such as Mahindra Accelo, Mahindra Waste to Energy, The Indian and Eastern Engineer Company, MME (Sharjah), Global Chess League (Geneva) & PSL Media and Communication. He is also an Independent Director on the Board of HDFC AMC Ltd.

Mr. Shah holds a BS Degree in Computer Engineering from the Illinois Institute of Technology with special electives in Psychology and Manufacturing Technology. He is also a graduate of the General Management Program from Harvard Business School. He has been an Executive Committee Member of the CII National Committee on Private Equity and Venture Capital, FICCI Solar Energy Task Force, CII National Committee on Renewable Energy, CII National Healthcare Council, American Alumni Association in addition to other external associations. He is also an angel investor and is on the Board of Trustees of the IndUS Entrepreneurs (TiE), Mumbai.

Mr. Shah has been recognised by Economic Times & Spencer Stuart as India's Top 40 Business Leaders under the age of 40. He was also featured by India Today as 'Leaders of Tomorrow' in their anniversary issue. He is affiliated with various NGO associations such as Sabarkantha Relief Committee and S&G Charitable Trust. He has also been a Founder Director of Executives Without Borders, an NGO based in USA.

## Our Board of Directors

### Mr. Sanjay Bhandarkar

Independent Director

DIN: 01260274



**Mr. Sanjay Bhandarkar** is an Independent Director on the Company's Board with effect from October 31, 2018. He has over three decades of corporate finance, advisory and investment banking experience in the country. He is also currently an independent non-executive director on the boards of other listed companies, Tata Power Company Limited and Chemplast Sanmar Limited and also on the board of other unlisted companies, Tata Projects Limited and National Investment and Infrastructure Fund Limited, on the latter as a shareholder nominee. Mr. Bhandarkar is on the Investment Committee of the South Asia Growth Fund II as well as the South Asia Growth Fund III of GEF Capital Partners as an external IC member. He is on the advisory board of 1Crowd, a seed capital stage online investing platform which has also raised a SEBI approved fund for seed stage investing. Mr. Bhandarkar started his career with ICICI in 1990 and ISec, the joint venture between ICICI and JP Morgan, and then spent two years with Peregrine Capital. He was part of the founding team of Rothschild India in 1998 and played a key role in establishing Rothschild as a well recognised and respected pure play advisory investment banking firm in India. He led the Rothschild India business from December 2005 to June 2016 when he stepped down from his full-time role. Mr. Bhandarkar's focus at Rothschild was on M&A as well as equity capital market advisory for Indian and international companies. He led the teams that worked closely with the Government of India on the 3G and BWA spectrum auctions, the first e-auctions done in India, and on the restructuring of the Enron and GE owned Dabhol power project, one of the largest and most complex restructurings to date. Mr. Bhandarkar did his MBA from XLRI, Jamshedpur in 1990.

### Mr. Navneet Munot

Managing Director & Chief Executive Officer

DIN: 05247228



**Mr. Navneet Munot** has been Managing Director and Chief Executive Officer of the Company from February 16, 2021. HDFC AMC manages over 6.5 lakh crore across Equity and Fixed Income Mutual Funds for over 95 lakh unique investors across the country. Mr. Munot is also the Chairman of the Association of Mutual Funds in India (AMFI) and had chaired Advisory Committee on Environmental, Social and Governance constituted by SEBI.

He has over three decades of experience in the financial services industry. In the past, he had worked with SBI Funds Management Private Limited as an Executive Director and Chief Investment Officer (CIO) and was a key member of the Executive Committee since December 2008. As the CIO, he was responsible for overseeing investments over \$ 150 billion across various asset classes in mutual funds and segregated accounts. He was also a nominee director on the Board of SBI Pension Funds Private Limited.

He had also worked with Morgan Stanley Investment Management in 2007 as an Executive Director and head of multi-strategy boutique and then joined SBI Funds Management Private Ltd in December 2008.

He has a Master's degree in Accountancy and Business Statistics and is a qualified Chartered Accountant. He is also a charter holder of CFA Institute and CAIA Institute and done Financial Risk Management (FRM) from Global Association of Risk Professionals.

## Our Leadership Team



**Navneet Munot**

Managing Director and  
Chief Executive Officer



**Alok Sheopurkar**

Head –  
Human Resources



**Chirag Setalvad**

Head – Equities



**Harish Narayanan**

Chief Digital and  
Marketing Officer



**Leena Vijayvargiy**

Chief Risk Officer



**Naozad Sirwalla**

Chief Financial Officer



**Naveen Gogia**

Co-Head – Sales &  
Distribution, Co-Head –  
International Business,  
Head – Public Relation



**Rajiv Maniar**

Co-Head – Sales  
& Distribution



**Sameer Seksaria**

Head - Corporate  
Client Services



**Shobhit Mehrotra**

Head – Fixed Income



**Simal Kanuga**

Head – PMS Sales, New  
Initiatives and Product  
Development, Co-Head –  
International Business and  
CIRO (AMC)



**Supriya Sapre**

Chief Compliance  
Officer



**Sylvia Furtado**

Company Secretary  
and Head - Legal



**V Suresh Babu**

Head – Operations

As on June 30, 2024

## Investment Team



### Abhishek Mor

Fund Manager and Dealer  
-Equities

### Abhishek Poddar

Senior Equity Analyst and  
Fund Manager

### Amit Sinha

Senior Equity Analyst and  
Fund Manager

### Anand Laddha

Fund Manager - Equities  
and Senior Equity Analyst

### Anil Bamboli

Senior Fund Manager -  
Fixed Income

### Anupam Joshi

Fund Manager -  
Fixed Income

### Arun Agarwal

Fund Manager and Dealer  
- Equities

### Balakumar B

Senior Equity Analyst and  
Fund Manager

### Bhagyesh Kagalkar

Senior Equity Analyst and  
Fund Manager

### Chirag Setalvad

Head - Equities

### Dhruv Muchhal

Equity Analyst and  
Fund Manager for  
Overseas Investments

### Gopal Agrawal

Senior Fund Manager  
- Equities

### Mitul Patel

Head - PMS Investments

### Nikhil Mathur

Senior Equity Analyst and  
Fund Manager

### Nirman Morakhia

Fund Manager and Dealer  
-Equities

### Praveen Jain

Senior Credit Analyst and  
Fund Manager

### Priya Ranjan

Senior Equity Analyst and  
Fund Manager

### Rahul Baijal

Senior Fund Manager  
- Equities

### Rakesh Sethia

Senior Equity Analyst and  
Fund Manager

### Roshi Jain

Senior Fund Manager  
- Equities

### Shobhit Mehrotra

Head - Fixed Income

### Srinivasan Ramamurthy

Fund Manager - Equities

### Swapnil Jangam

Fund Manager and Dealer  
- Fixed Income

### Vikash Agarwal

Fund Manager and Dealer  
- Fixed Income



## Statutory Reports

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# Management Discussion and Analysis

## Macroeconomic Update

### Global

FY 23-24 will be remembered as a year of resilience, with growth, inflation and labour market exceeding initial forecasts. Developed countries, especially the US defied predictions of a slowdown, and stayed resilient thanks to increased government spending, a robust job market, rising wages, consumer spending and positive wealth effect. Further, the manufacturing and housing sectors, which were struggling during most part of the year, also showed signs of stabilisation by Q4FY24. In contrast, Europe and the UK witnessed a slowdown in growth due to factors like war, high interest rates, elevated natural gas prices, and weaker consumer confidence. China, too, faced headwinds despite an initial growth boost after reopening from deterioration in its real estate sector and softening of exports. However, robust consumption, especially services, healthy industrial investment and the government's thrust on infrastructure provided impetus for growth. Overall, global growth turned out to be better than earlier expectations.

Despite a year marked by geopolitical uncertainty, continuing wars, Red Sea crisis and risk of supply chain disruptions, soft growth in China triggered commodity prices corrections during the year. Further, rising interest rates and concerns about an impending slowdown dampened the commodity markets. However, oil price rose towards the end of the year driven by robust demand, production cuts by OPEC+ and intensification of war between Ukraine and Russia. Gold performed exceptionally well among commodities, breaking its usual negative correlation with US dollar and stocks, as China emerged as a large buyer.

Inflation eased significantly from its peak across most Advanced Economies (AEs), driven by corrections in food, energy, and commodity prices. Although core inflation also trended downward, it persistently remained above central banks' comfort zone targets throughout the year. Consequently, major central banks maintained a tight monetary policy. However, towards the end of the year, most central banks signaled the end of rate hikes in this cycle.

### Key events of FY 23-24

- Fitch Ratings lowered the US sovereign credit rating to AA+/Stable, while Moody's revised the outlook to Negative (although it reaffirmed the AAA rating). S&P maintained an AA+/Stable rating for the US.
- Hamas militants from the Gaza strip launched an attack on Israel, leading to a conflict between Israel and Hamas.
- Both the US and European banking sectors encountered a crisis due to a series of bank collapses, prompting central banks to intervene and contain the resulting ripple effect.
- The Bank of Japan (BoJ) ceased its Negative Interest Rate Policy (NIRP) and Yield Curve Control (YCC), raising its policy rate to a range between 0-10 basis points.
- RBI surprised by pausing in April 2023 and has since maintained the status quo.
- JP Morgan announced the inclusion of India's Government Securities (Gsecs) in its Global Bond EM Indices, effective June 2024. Bloomberg also included Indian Gsecs in its EM Local Currency Government Index starting Jan-2025.
- Central government presented its "Vote on Account" budget for FY 24-25. It targets to reduce its fiscal deficit to 5.1% of GDP (FY24RE: 5.8%) in FY 24-25 and bring it down to <4.5% by FY 25-26.

### India

**GDP growth momentum sustained by investment, private consumption subdued:** India's growth momentum accelerated and GDP growth surpassed even the most optimistic forecasts, driven by robust growth in capital expenditure. The surge in investments was particularly supported by a resurgence in real estate activities and pick up in government's infrastructure spending. Although private consumption saw only modest growth supported by urban demand, the rural sector faced challenges due to the uneven monsoon and elevated food inflation, leading to subdued rural income. Gross Value Added (GVA) also witnessed significant growth, primarily fueled by robust manufacturing and construction activities. However, the services sector activity decelerated as trade and hotels spending inched towards normalisation.



YoY Change (%)	FY23	FY24	YoY Change (%)	FY23	FY24
Gross Domestic Production (GDP)	7.0	8.2	Gross Value Added (GVA)	6.3	7.2
Private consumption	6.8	4.0	Agriculture and ancillary	4.1	3.3
Government consumption	9.0	2.5	Industry	1.8	8.1
Gross capital formation	5.5	9.4	Manufacturing	(2.5)	7.6
Gross Fixed capital formation	6.6	9.0	Construction	9.4	9.6
			Services	9.6	7.7
Exports of goods and services	13.4	2.6	Trade, hotels, transport, etc.	11.9	6.9
Imports of goods and services	10.6	10.9	PADO	8.6	7.0

Source- CMIE, MoSPI, Ambit Capital research. Note –PADO: Public Administration, Defence & Other Services 2) GFCF- Gross Fixed capital Formation

Going forward, India's growth trajectory is expected to remain steady, supported by likely revival in rural sector and continuance of investment spending led by robust real estate activities.

#### Central government finances in a comfortable position:

Revenue collections surprised on the upside in FY24 led by robust growth in both personal and corporate tax. Indirect tax collections, however, remained sluggish. While GST collections continue to grow at a healthy pace, excise collections were subdued on back of reduction in windfall taxes levied on Oil & Gas sector. The non-tax receipts were healthy driven by higher than expected dividends from the Reserve Bank of India (RBI) and Public Sector Undertakings (PSUs). The government exercised significant restraint over revenue spending which has grown only marginally compared to last year. More importantly, government strategically front-loaded capital spending to stimulate growth, with the railway and road sectors emerging as primary beneficiaries of this spending.

	FY23	FY24	Change (YoY)
			(₹ billion)
Gross tax revenue	30,538	34,648	13.5%
Total Direct Tax	16,341	19,220	17.6%
Total Indirect Tax	14,197	15,428	8.7%
Less: Share of States & others	9,564	11,383	19.0%
Net Tax collection	20,974	23,265	10.9%
Non-Tax Revenue	2,862	4,019	40.4%
Total Revenue Receipts	23,835	27,284	14.5%
Total Capital Receipts	722	605	(16.2)%
<b>Total Receipts</b>	<b>24,557</b>	<b>27,889</b>	<b>13.6%</b>
Total Revenue Expenditures	34,525	34,940	1.2%
Total Capital Expenditures	7,363	9,485	28.8%
<b>Total Expenditures</b>	<b>41,888</b>	<b>44,425</b>	<b>6.1%</b>
<b>Gross Fiscal Deficit</b>	<b>(17,331)</b>	<b>(16,537)</b>	<b>(4.6)%</b>
<b>Fiscal Deficit as % of GDP</b>	<b>(6.4)%</b>	<b>(5.6)%</b>	

Source: CMIE

**Retail inflation cools down but remains elevated:** FY 23-24 brought a much welcome relief in Consumer Price Index (CPI). CPI eased driven by broad-based improvement in inflation of non-food component of CPI and favourable base effect. Food inflation remained persistently high, propelled by increased prices of vegetables, fruits, pulses, and cereals. Fuel and light inflation displayed relief driven by the government's reduction in LPG prices and subdued firewood chips prices. Year-on-year, transportation and communication inflation remained low due to a base effect and the absence of any changes in retail auto fuel prices through most part of the year. While Core CPI also eased considerably, but still remained at an elevated level driven by an increase in personal effects, education, and healthcare services inflation.

Average (YoY, %)	FY23	FY24	Change in %
CPI	6.7	5.4	(1.3)
Food & beverages	6.7	7.0	0.3
Fuel and Light	10.4	1.3	(9.1)
Housing	4.3	3.9	(0.4)
Transportation & communication	5.9	1.9	(4.0)
Core CPI <sup>@</sup>	6.7	5.1	(1.6)

Source: CMIE; @-CPI excluding food, fuel & light, housing and transportation & communication

Despite lingering uncertainty regarding food inflation, the momentum of core CPI has significantly eased in the second half of FY 23-24. The correction in global commodity prices also eased input price pressures and kept a lid on consumer prices. Given the favourable base and the subdued momentum in core CPI, inflation is anticipated to average around 4.5% in FY 24-25 (Source: RBI).

**Current account deficit narrows significantly, likely to remain in manageable range:** India's Current Account Deficit (CAD) witnessed a significant decline in the first nine months of FY24, following a sustained growth in services exports and fall in commodity prices, particularly in oil, coal, and fertilisers. Rise in gold prices resulted in to higher net gold imports. Services exports grew driven by resilient software services and robust growth in professional and other management services led by global capability centres (GCC). India's net Foreign Direct Investments (FDI) inflows experienced a sharp decline due to increasing global uncertainties and increased outflows, particularly through exits via Initial Public Offerings (IPOs). Additionally, interest rate-sensitive inflows such as trade credit and External Commercial Borrowings (ECBs) remained weak, due to the elevated global interest rate environment. Nevertheless, buoyant Foreign Portfolio Investments flows in both equity and debt sectors neutralised the overall impact.

	(USD billion)		
India's external situation	FY23	FY24	Change
<b>Trade (deficit) /surplus</b>	<b>(265)</b>	<b>(242)</b>	<b>23</b>
Net Oil imports	(112)	(96)	16
Net Gold imports <sup>^</sup>	(33)	(42)	(9)
Trade deficit ex oil & gold (NONG)	(120)	(104)	16
<b>Net invisibles exports surplus/(deficit)</b>	<b>198</b>	<b>219</b>	<b>21</b>
<b>Current account deficit</b>	<b>(67)</b>	<b>(23)</b>	<b>44</b>
<b>% of GDP</b>	<b>(2.0)</b>	<b>(0.7)</b>	<b>1.3</b>
<b>Capital account surplus/(deficit)</b>	<b>57.8</b>	<b>86.9</b>	<b>29.1</b>
FDI	28.0	9.8	(18.2)
FII	(5.2)	44.1	49.2
NRI deposits	9.0	14.7	5.7
Trade credits, ECBs, etc.	2.7	(5.8)	(8.5)
Banking capital	12.6	24.6	12.0
Others	10.7	(0.5)	(11.2)
<b>Balance of payments</b>	<b>(9.1)</b>	<b>63.7</b>	<b>72.8</b>

Source: CMIE, Ministry of Commerce; NM – Not meaningful. <sup>^</sup> Net Gold includes gold, silver and pearls precious & semiprecious stones adjusted for gems and jewellery exports. NONG refers to Non-Oil Non-Gold (as defined above) imports/exports

India's CAD is expected to stay within manageable levels in FY 24-25, bolstered by the resilience of services exports. Additionally, the capital flows are expected to improve on back of potential inflows resulting from India's Government Securities (Gsec) inclusion in JP Morgan global bond indices and a likely improvement in FDI flows.

## Summary and Conclusion

Contrary to expectations of a slowdown, growth remained surprisingly resilient and better than anticipated in FY 23-24, particularly in the United States. The tight labour market, accumulated savings and large wealth effect aided the growth momentum. Consequently, AEs witnessed further monetary policy tightening and rate cut expectations were pushed out. In contrast, China's economic activity faced continued challenges as the real estate sector continued to struggle despite multiple rounds of government support measures.

In India, the growth momentum remained robust, supported by buoyant economic activity, a thriving housing market, government thrust on capital expenditure, and strong corporate profitability. This growth momentum is expected to continue in the upcoming year driven by a potential recovery in the rural sector, ongoing emphasis on capital expenditure, and easing of inflationary pressures. The RBI maintained the repo rate throughout the year but liquidity deficit pushed Weighted Average Call Rate (WACR) higher than repo rate in H2FY24. While the external sector is modestly vulnerable due to elevated global interest rates, comfortable foreign exchange reserves and a manageable current account provide a buffer. Key risks to this outlook include the escalation of geopolitical tensions, a resurgence of inflation, tightening measures by major central banks, and a sharp rise in energy prices.

## Equity Market Update

Indian equities saw a broad-based rally in FY 23-24 resulting in total market capitalisation surpassing USD 4 Trillion for the first time. India became the 5<sup>th</sup> largest equity market globally. NIFTY/S&P BSE Sensex ended the year higher by ~29%/25% respectively. Notably, Midcap and Smallcap indices significantly outperformed. Key drivers/events during the year included resilient growth in the US, the Israel-Hamas conflict, rise in oil prices, ongoing monetary tightening by the central banks in Advanced Economies (AEs), volatility in US and European yields, disappointment in China's growth, robust domestic growth, and substantial government capex. Most sectors ended the year with strong gains, with Utilities, Capital Goods, Auto, Healthcare, and Oil & Gas as the key outperformers.

Globally, most equity indices across Advanced Economies (AEs) and Emerging Markets (EMs) experienced gains, except for China and Hong Kong. The following tables provide details on the performance of key domestic and global indices.

% Change in Indices	FY23	FY24
S&P BSE India Auto	17.5	74.0
S&P BSE India Bankex	10.2	16.3
S&P BSE India Capital Goods	25.0	77.3
S&P BSE India FMCG	23.6	17.2
S&P BSE India Healthcare	(10.0)	60.2
S&P BSE India Metal	(14.2)	47.0
S&P BSE India Power	(10.8)	85.9
S&P BSE India Oil & Gas	(7.2)	59.0
S&P BSE India IT	(21.8)	25.2
<b>S&amp;P BSE SENSEX</b>	<b>0.7</b>	<b>24.9</b>
<b>NIFTY 50</b>	<b>(0.6)</b>	<b>28.6</b>
<b>NIFTY Midcap 100</b>	<b>1.2</b>	<b>60.1</b>
<b>NIFTY Smallcap</b>	<b>(13.8)</b>	<b>69.8</b>

Source: Bloomberg

% Change in Indices	FY23	FY24
S&P 500	(9.3)	27.9
Nasdaq	(14.1)	34.0
FTSE	1.5	4.2
DAX	8.4	18.3
CAC	9.9	12.1
Nikkei	0.8	44.0
Hang Seng	(7.3)	(18.9)
Shanghai	0.6	(7.1)
KOSPI	(10.2)	10.9
MSCI Emerging Market	(13.3)	5.3

In FY 23-24, Foreign Portfolio Investors (FPIs) turned net buyers and bought equities worth USD 25.3 Billion (FY23: net seller of USD 5.1 Billion). Domestic Institutional Investors (DIIs) stayed net buyers, purchasing equities worth USD 25.3 Billion in FY 23-24 (FY23: net purchase of USD 32.2 Billion).

Flows into equity-oriented mutual funds remained steady, reaching over ₹ 2,60,000 crore in FY24 vs over ₹ 1,80,000 crores in FY23.

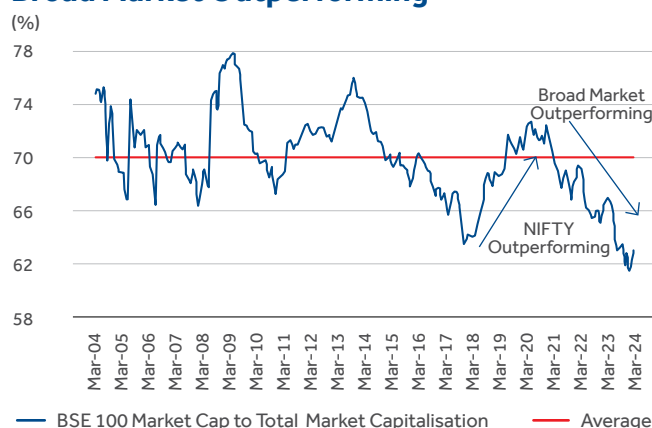
## Key trends of FY 23-24

**Broad based market rally led by small and midcaps:** Returns from mid and small cap stocks outpaced that of large caps. The market capitalisation of top 100 stocks as % of total market capitalisation fell to ~62%, below the 20-year average of ~70%. Post this rally, midcap and small cap returns vis-à-vis large caps is substantially higher in both -near- and long-term time frame.

As on March 31, 2024	CAGR Returns %			
	1 Year	3 Years	5 Years	10 Years
Nifty 50 (A)	28.6%	15.0%	13.9%	12.8%
Nifty Midcap (B)	60.1%	26.6%	21.4%	18.8%
<b>Outperformance NIFTY 50 (B-A)</b>	<b>31.5%</b>	<b>11.6%</b>	<b>7.4%</b>	<b>6.0%</b>
Nifty Smallcap (C)	69.8%	23.5%	18.0%	15.3%
<b>Outperformance Vs NIFTY 50 (C-A)</b>	<b>41.2%</b>	<b>8.5%</b>	<b>4.1%</b>	<b>2.5%</b>

Source: Bloomberg

## Broad Market Outperforming



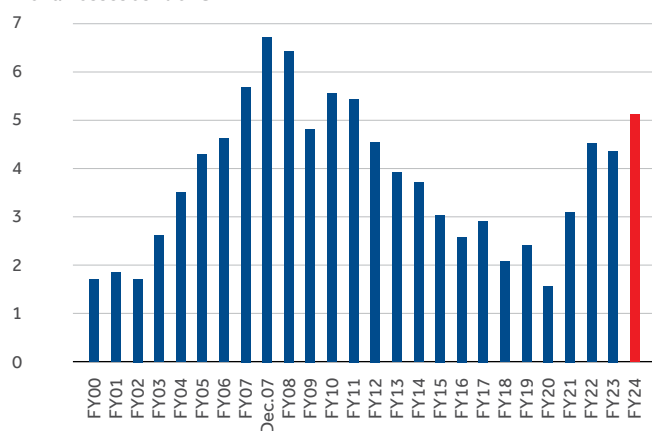
Source: Bloomberg

**Past performance may or may not be sustained in future and is not a guarantee of future returns**

**Corporate profitability remains robust:** Listed corporates depicted improvement in profitability, driven by rise in profits in the energy sector (Oil & Gas, Power, Coal, etc.), banks and the automotive industry. This positive trend has outweighed the subdued performance observed in IT and metal sectors. The corporate profits to GDP ratio in FY24 climbed to ~5%, marking the highest level in the past decade.

## Net Profit of listed Companies

Profit/Losses as % of GDP



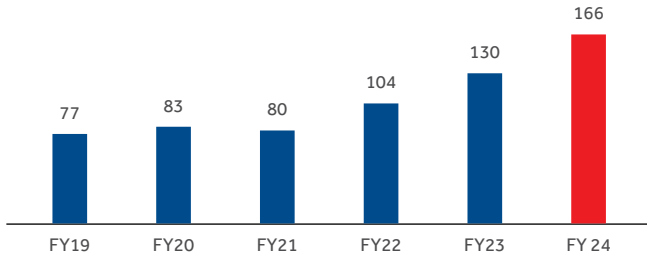
Source: ICICI Securities

**Rising participation of retail investors:** Following the trend of democratisation of investments, retail participation in the equity markets surged further in FY 23-24. Systematic Investment Plan (SIP) flows, a proxy of retail participation, has been consistently rising post pandemic and average monthly gross SIP flows have doubled in last 3 years. Total SIP AUM now forms ~35% of the Assets Under Management (AUM) of the

Mutual Fund industry for equity-oriented schemes. Moreover, this expansion in retail participation has been widespread, with a sharp increase in number of folios.

### Average SIP per Month

(₹ Billion)

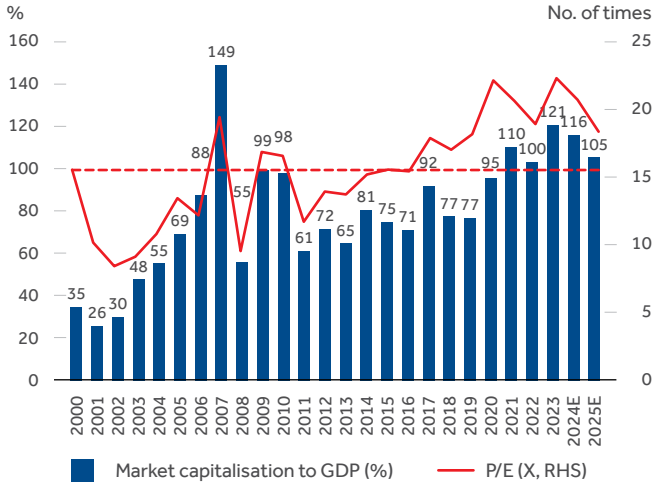


Source: AMFI

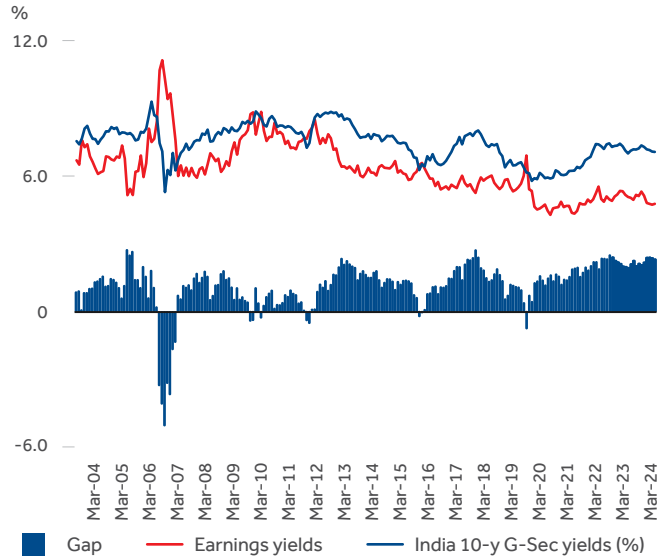
### Outlook

As on March 31, 2024, NIFTY 50 was trading at ~20.7x FY25E price to earnings multiple. The Market cap-to-GDP ratio stood at ~105% (based on CY25 GDP estimates) and the gap between 10Y G-sec yield and 1Y-Forward NIFTY 50 earnings yield\* remained at elevated levels [\*Earnings yield = 1/ (one year forward P/E)]. Thus, current valuation multiples are at premium to their historical averages. However, one should view these valuations in the context of structurally attractive nominal GDP growth, a healthy corporate earnings outlook and robust de-levered corporate and banking balance sheets.

### Market capitalisation to GDP



### 10Y Gsec and NIFTY Earning Yield



Source: Kotak Institutional Equities; For 2024 and 2025, the market cap as on March 31, 2024 is taken and divided by GDP estimates for CY24 and CY25

Valuations for most major sectors are higher than their long-term averages as shown in the table below:

	12 months forward Price To Earnings		
	31-Mar-24	LTA	Discount / Premium <sup>A</sup>
Electric utilities	17.2	10.7	61.2
PSU Banks <sup>@</sup>	1.5	1.1	34.5
IT services	24.7	20.3	22.2
Pharma	28.7	23.6	21.4
Oil and gas <sup>\$</sup>	14.5	12.1	19.9
Metals <sup>&amp;</sup>	11.4	10.0	14.6
Consumer Discretionary	59.3	52.3	13.5
Auto	21.9	19.3	13.5
Consumer staples	38.2	34.9	9.5
Private Banks <sup>@</sup>	2.3	2.6	(10.8)

Source: Kotak Institutional Equities. Stocks are part of Kotak Institutional Equities universe. \$- Oil & Gas sector PE is high mainly due to one company. Excluding that, the multiple is 7.8x vs 10-year average multiple of 8.1x.

LTA – 10 Years average. Cells in green are sectors which are trading at a premium. All figures are calculated based on 12 months forward estimates.

<sup>A</sup>to Long term (LT) average, <sup>@</sup>-Price to Book value.

The sharp equity rally in the current financial year led to small cap and mid cap indices significantly outperforming. They now trade at a noteworthy premium to their historical valuation as well as that of large caps.

Outlook for equities remain positive over the medium to long term considering the structurally robust domestic growth outlook, healthy corporate profitability and supportive government policies. However, it is essential to acknowledge that any sharp slowdown in global growth, escalation of geopolitical tensions and re-acceleration in inflation globally or locally remain the key near-term risks.

## Debt Market Update

FY 23-24 was a year of significant volatility for global fixed income markets, particularly in Advanced Economies (AEs). Amidst synchronised tightening by major central banks worldwide, AEs witnessed significant swings in yields as both growth and inflation exceeded expectations. The year began on sober note with US and European Banking crisis resulting in sharp fall in the yields. However, the swift response by AEs central banks nipped the crisis in the bud. The resilient economic activity, elevated inflation and limited fallout of the banking crisis, led to the US Fed and other major AEs central banks persisting with rate hikes. In H2FY24, with easing inflation in the United States, coupled with dismal growth in Europe and the US Federal Reserve's pivot in December, yields declined substantially. However, this was short lived and reversed in Q4FY24 as inflation, economic activity and labour markets surprised significantly on the upside and rate cuts expectations were pushed back to later in the year. By the end of the year, 10-year government bond yields in US and UK ended 73 bps and 44 bps higher than last year. However, Germany's 10-Year bond yields were largely flat as the concerns of economic growth weighed on yields.

Conversely, Indian Government Securities (Gsec) yields trended lower during FY 23-24 and 10-year Gsec yields ended the year at 7.06%, 25 basis points lower. The curve flattened as long-end yields rallied, while short-end yields closed the year higher than the previous year. The announcement of in-line market borrowing in the budget, coupled with a pause by the RBI in April 2023, led to yields falling in the first half. However, elevated inflation, primarily driven by food prices, along with the draining of interbank liquidity by the RBI and the possibility of Open Market Operations (OMO) sales to manage liquidity, resulted in rising yields in the second half at the short end, although yields at the long end remained rangebound. India's

inclusion in global bond indices led to significant increase in FPIs flows post September 2023, which capped any significant rise in yields at the long end. The Corporate bond spreads were largely stable compared to the previous year. The table below gives a summary view of movement of key rates and liquidity:

	March 31, 2023	March 31, 2024	Change (%)
MIBOR Overnight Rate (%)	7.79	7.90	0.11
3M Gsec yield (%)	6.74	7.01	0.27
10Yr Benchmark G-Sec Yield <sup>^</sup> (%)	7.31	7.06	(0.25)
AAA 10Year Corporate Bond Yields <sup>#, &amp;</sup> (%)	7.81	7.52	(0.29)
AAA 10Y Corporate bond spread against 10Y benchmark <sup>@</sup> (bps)	50	47	(0.03)
Average net liquidity absorbed/infused by RBI* (INR billion) during the year	1,603	-55	(103.5)

NM – not meaningful. <sup>^</sup>-bi-annual yield; <sup>#</sup>-annualised yield; <sup>&</sup> - Bloomberg AAA corporate bond index is used. <sup>@</sup> - Spreads calculated by subtracting non-annualised Gsec yields from annualised corporate bond yields.

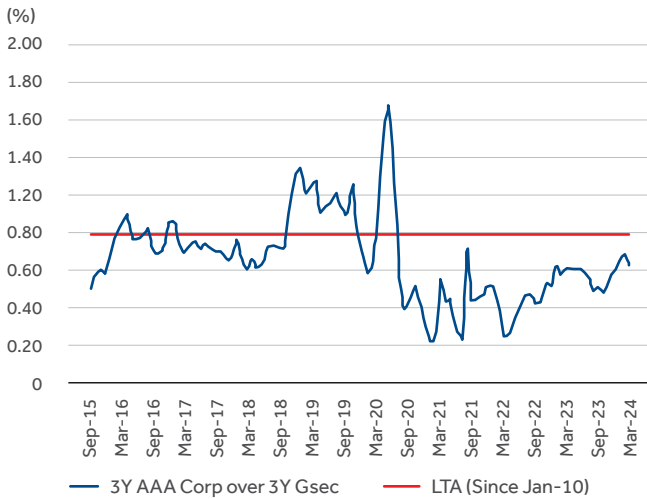
\*Average net daily liquidity infused/absorbed through Liquidity Adjustment Facility, exports refinance, marginal standing facility, standing deposit facility and term repos/reverse repos. Source: Bloomberg, RBI

During the year, the average interbank liquidity experienced a significant decline, primarily driven by an increase in government cash balances rise in currency in circulation, and Open Market Operations (OMO) sales conducted by the RBI. This reduction in liquidity was partially mitigated by forex purchases carried out by the RBI.

Foreign Portfolio Investors (FPIs), including those under the Voluntary Retention Route, made debt investments totalling \$14.2 Billion in FY 23-24, exhibiting a noteworthy shift from FY 22-23 when there was a net sale of \$0.4 Billion. The announcement of inclusion of Indian Gsec in JP Morgan's global bond indices played a pivotal role in this turnaround with approximately 80% of these flows occurring in H2FY24, following the announcement.

Credit markets remained largely stable throughout the year. While credit spreads reached their low point in 2022, they registered a modest increase in 2023 due to the expansion in corporate bond supply. However, these spreads still remained below historical averages, as demand continued to be robust.

### Spread of 3Y AAA Corp bond over 3Y Gsec



Source: Bloomberg

#### Outlook

In FY 23-24, the Indian fixed income markets demonstrated relative stability, in contrast to the high volatility witnessed in the debt markets of the US and other advanced economies. This resilience can be attributed to several factors, including fiscal discipline, consistent demand from long-term buyers such as insurance and provident funds, easing core inflation, a correction in commodity prices, and a comfortable external sector characterised by ample forex reserves and an improving current account.

The outlook for fixed income for FY 24-25 remains favourable in view of the following key drivers:

- Inclusion of India’s sovereign securities in JP Morgan bond index bodes well for demand outlook for G-Sec in next year and can potentially act as a cap on any significant rise in yields.
- Core CPI momentum remains subdued on the back of lower input price pressure and rangebound global commodity prices.
- Government reiterated its commitment to bring down fiscal deficit to less than 4.5% of GDP by FY 25-26. This should keep market borrowings within manageable levels.
- External sector likely to be supported by steady services exports and adequate foreign exchange reserves.
- Rate hike cycle in AEs has ended and expectations of rate cuts during the year are high. The RBI is also likely to follow the suit and cut rates in second half of FY 24-25, although, we expect a shallow rate cut cycle.

However, there are counter balancing factors which can put upward pressure on yields

- Regular food price shocks can keep headline CPI elevated while sustained growth momentum can result in reacceleration in core inflation.
- SLR holdings of the banking system is high and credit growth is robust. Thus, incremental demand for G-Secs is likely to remain muted.
- Recent rise in commodity prices, especially crude oil, sustaining due to escalation of geopolitical tensions leading to disruption in supply chain.

Overall, yields are likely to trade with a downward bias and the long end of the yield curve is likely to outperform over the medium term.

Source for various data points: Bloomberg, NSDL, CMIE, RBI, Kotak Institutional Research, Union Budget 2024-25, ICICI Securities, AMFI, World Bank, Daily valuation provided by ICRA/CRISIL.

### A3. Industry Environment

#### Assets Under Management

The Indian mutual fund industry concluded FY 23-24 with Assets Under Management (AUM) aggregating ₹ 53.4 Lakh Crore, reflecting YoY growth of 35%.

The industry witnessed substantial net flows amounting to ₹ 3.5 Lakh Crore during the year. The primary driver of net flows were actively managed equity-oriented funds, which attracted ₹ 2.4 Lakh Crore in FY 23-24, an increase from ₹ 1.6 Lakh Crore in FY 22-23. New Fund Offers from actively managed equity-oriented funds contributed meaningfully to this figure, with ₹ 54,589 Crore in net flows.

In addition to actively managed equity-oriented funds, equity index funds witnessed net new flows of ₹ 24,705 Crore in FY 23-24.

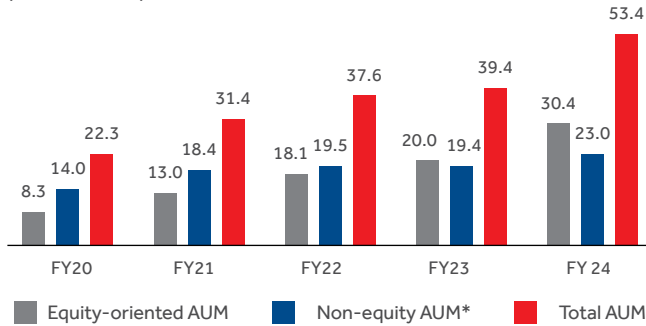
The net flows into debt-oriented funds and debt exchange-traded funds (ETFs) amounted to ₹ 8,273 Crore and ₹ 10,914 Crore respectively. However, debt index funds experienced net outflows of ₹ 9,015 Crore, resulting in combined net flows of ₹ 10,171 Crore in debt, encompassing both active and passive instruments.

The industry’s unique investor base expanded to 4.46 Crore, marking the addition of 69 Lakh new investors. This expansion underscores the growing appeal of mutual fund investments among investors.



## Closing AUM

(₹ in Lakh Crore)



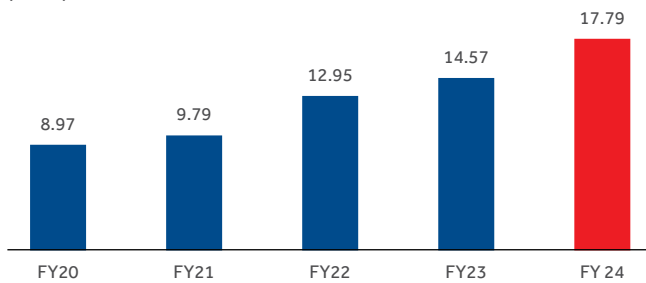
Source: AMFI \* Includes ETF, Arbitrage and FoF - Investing overseas

## Mutual fund folios

The MF industry recorded a 22% increase in the number of folios to 17.79 Crore as on March 31, 2024 from 14.57 Crore as on March 31, 2023. Of the total, 17.68 Crore were folios from individuals, up 22% YoY. Unique investors identified on PAN & PEKRN increased by 18% to 4.46 Crore as on March 31, 2024.

## Mutual Fund Industry Folios

(Crore)



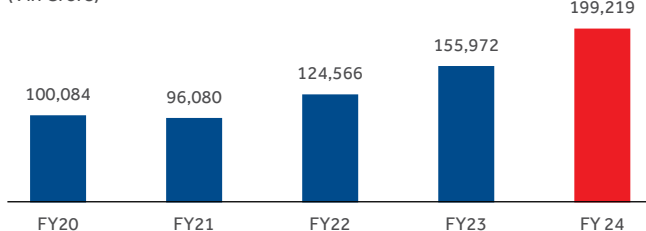
Source: AMFI. Data as of March 31 for each year

## SIP Flows

The industry continued its upward trajectory in terms of monthly Systematic Investment Plan (SIP) flows with 4.28 crore new SIP registrations during the year. Total contributions through SIPs for FY 23-24 reached ₹ 2.0 Lakh Crore, compared to ₹ 1.6 Lakh Crore in FY 22-23. The industry continues to set records in terms of monthly SIP with flows for March 2024 reaching ₹ 19,271 Crore.

## Mutual Fund SIP Flows

(₹ in Crore)



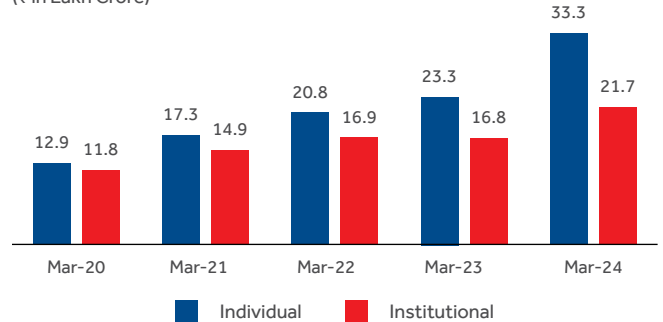
Source: AMFI

## Demographics

Individual investors continue to play a pivotal role in propelling MF industry to new heights. Their robust participation amounted to an impressive ₹ 33.3 Lakh Crore, constituting a 61% share of the total Monthly Average AUM (MAAUM) for March 2024. This surge reflects a burgeoning confidence among individual investors in mutual funds as an instrument for wealth creation. Meanwhile, institutional investors contributions amounted to ₹ 21.7 Lakh Crore, comprising the remaining 39%.

## MAAUM by Investor Type

(₹ in Lakh Crore)

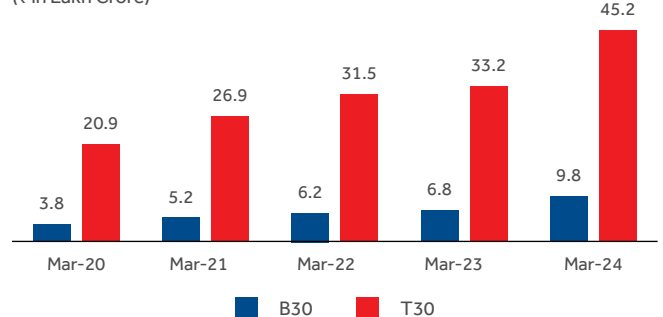


Source: AMFI

For March 2024, MAAUM was distributed in an 82:18 ratio between the top 30 cities (T30) and beyond the top 30 cities (B30). Despite comprising only 18% of the total MAAUM, B30 cities contributed 27% to Equity-oriented MAAUM.

## MAAUM by Cities

(₹ in Lakh Crore)



Source: AMFI

## Indian MF Industry Trends

Over the past five years, the mutual fund industry in India has experienced a remarkable journey, with a CAGR of 18%. This increase is a testament to the industry's ability to adapt and thrive amidst evolving investor preferences and dynamic market landscapes.

Net inflows into mutual funds over the past five fiscal years have clocked ₹ 9.79 Lakh Crore, with a significant portion – ₹ 6.17 Lakh Crore – flowing into active equity-oriented schemes. This influx of capital reflects growing confidence of

investors in the equity markets and their willingness to accept mutual funds as a vehicle for wealth creation.

One notable trend stands out: The meteoric rise of SIPs. Monthly SIP flows have more than doubled from ₹ 8,055 Crore in March 2019 to ₹ 19,271 Crore in March 2024, signalling a paradigm shift in investor behaviour. The number of SIP accounts has surged to 8.40 Crore as on March 31, 2024, up from a modest 2.62 Crore, a growth of over 3 times in just five years.

### Healthy growth of mutual fund AUM in India

(₹ in Lakh Crore)

	2019	2020	2021	2022	2023	2024
Equity-oriented AUM	10.21	8.26	13.00	18.08	19.98	30.43
Debt-oriented AUM	7.30	7.76	10.58	9.51	9.19	9.99
Liquid AUM	4.36	4.15	4.08	4.48	4.28	4.25
Other AUM	1.93	2.09	3.77	5.48	5.97	8.74
<b>Total</b>	<b>23.80</b>	<b>22.26</b>	<b>31.43</b>	<b>37.57</b>	<b>39.42</b>	<b>53.40</b>

Source: AMFI. Data as of March 31 each year.

From FY 2022, Equity-oriented AUM data includes equity-oriented index funds and Debt AUM includes debt-oriented index funds.

## Review of Business

### B1. Business overview

HDFC AMC offers a comprehensive suite of mutual fund and alternative investments across asset classes, including equity, fixed income, hybrid, and multi-asset solutions, both on active as well as passive platforms, catering to the needs of a large and diverse customer base.

HDFC AMC is Investment Manager to HDFC Mutual Fund, one of the largest mutual funds in the country with closing AUM of ₹ 6.07 Lakh Crore and Annual Average AUM (AAAUM) of ₹ 5.44 Lakh crore and market share of 11.4% on a closing basis as on March 31, 2024. Over the course of the year, we took significant strides in consolidating our brand as the one-stop shop for investment solutions. This was achieved through the launch of a variety of new fund offerings (NFOs) spanning both active and passive categories.

The Company offers portfolio management and segregated account services and alternative investment funds to a diverse clientele, including high-net-worth individuals (HNIs), family offices, domestic corporates, trusts, provident funds, and domestic and global institutions. As on March 31, 2024, aggregate assets under our portfolio management services amounted to ₹ 2,425 Crore. Under our HDFC Alternatives brand, we are in the fund-raising mode for our HDFC AMC Select AIF FOF-I, with commitments totalling to around ₹ 800 Crore as on March 31, 2024.

## B2. Operational performance review

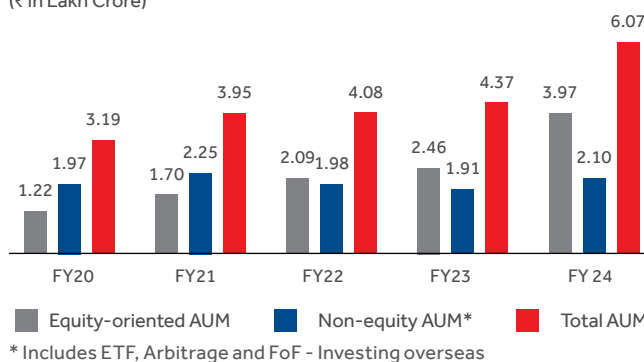
### Assets under management

Our closing AUM, as on March 31, 2024, rose 39% to ₹ 6.07 Lakh Crore from ₹ 4.37 Lakh Crore as on March 31, 2023. Equity-oriented AUM rose 62% to ₹ 3.97 Lakh Crore from ₹ 2.46 Lakh Crore as on March 31, 2023. Equity-oriented assets formed 65% of our total AUM on a closing basis. Our market share in total closing AUM and actively managed equity-oriented funds stood at 11.4% and 12.8%, respectively.

AAAUM for FY 23-24 was at ₹ 5.44 Lakh Crore versus ₹ 4.36 Lakh Crore for FY 22-23. AAAUM for actively managed equity-oriented schemes increased by 40% to ₹ 3.04 Lakh Crore from ₹ 2.17 Lakh Crore.

### Closing AUM

(₹ in Lakh Crore)



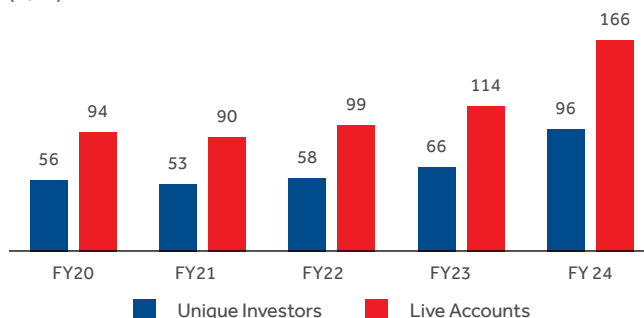
### Unique Investors and systematic transactions

We served a customer base of 96 Lakh unique investors, with a total of 166 Lakh live accounts. Our distinction as the top choice for individual investors is underscored by our MAAUM market share for March 2024, standing strong at 13.3%.

HDFC AMC processed 7.37 Crore systematic transactions between April 2023 and March 2024, amounting to ₹ 28,264 Crore. About 87% of all systematic transactions at the time of signing up are for a period of over 5 years and about 80% for over 10 years.

### Number of Investors

(Lakh)



### B3. Financial Performance

#### Standalone Financial Performance Review

- Our Company's Total Income has increased by 27.38% to ₹ 3,162.43 Crore in FY 23-24
- Profit After Tax (PAT) stood at ₹ 1,945.88 Crore and grew by 36.66% over FY 22-23
- Operating Profit (Profit Before Tax less Other income) increased by 22.21% to ₹ 1,900.13 Crore in FY 23-24
- PAT as a percentage of Annual Average AUM increased from 0.33% in FY 22-23 to 0.36% in FY 23-24
- Average Networth increased by 13.31% to ₹ 6,593.74 Crore in FY 23-24

#### Financial Performance with Respect to our Operations

The financial statements have been prepared and presented on going concern basis and in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act, as amended from time to time.

#### Indian Accounting Standards (Ind AS) – IFRS Converged Standards

The Company had adopted Ind AS with effect from April 01, 2018.

Material accounting policies used for the preparation of the financial statements are disclosed in note 3 to the financial statements.

The following table sets forth selected financial information from our Statement of Profit and Loss for FY 23-24 and FY 22-23.

Particulars	₹ (in Crore)		
	For the year ended March 31, 2024	For the year ended March 31, 2023	% Change
Revenue from Operations	2,584.37	2,166.81	19.27
Other Income	578.06	315.80	83.05
<b>Total Income</b>	<b>3,162.43</b>	<b>2,482.61</b>	<b>27.38</b>
Finance Costs	9.09	9.69	(6.19)
Fees and Commission Expenses	2.48	3.68	(32.61)
Employee Benefits Expenses	353.46	312.67	13.05
Depreciation, Amortisation and Impairment	52.26	53.34	(2.02)
Other Expenses	266.95	232.62	14.76
<b>Total Expenses</b>	<b>684.24</b>	<b>612.00</b>	<b>11.80</b>
<b>Profit before Tax</b>	<b>2,478.19</b>	<b>1,870.61</b>	<b>32.48</b>
Current Tax	517.52	421.26	22.85
Deferred Tax Charge/(Credit)	14.79	25.43	(41.84)
<b>Tax Expense</b>	<b>532.31</b>	<b>446.69</b>	<b>19.17</b>
<b>Profit after Tax</b>	<b>1,945.88</b>	<b>1,423.92</b>	<b>36.66</b>

#### Revenue from Operations

Revenue from operations comprises of investment management fees from Mutual Fund and portfolio management services (PMS), Alternative Investment Fund (AIF) and other advisory services fee.

Investment management fees from Mutual Fund consists of fees from various schemes which invest in different categories of securities like Equity, Debt etc. In general, fees per unit of AUM from schemes investing in equity securities are substantially higher than schemes investing in debt securities. Within each of these categories of funds, there are variations in the fees per unit of AUM based on factors like fund composition, fund size etc. Hence the quantum of fees is dependent on the size and composition of the AUM and if there are any changes therein, it leads to higher or lower fees on an overall basis.

The increase in Revenue from Operations from ₹ 2,166.81 Crore in FY 22-23 to ₹ 2,584.37 Crore in FY 23-24, was largely due to increase in investment management fee from Mutual Fund by 19.43% from ₹ 2,160.79 Crore in FY 22-23 to ₹ 2,580.60 Crore in FY 23-24. The said increase was a result of higher component of Equity oriented schemes in the overall Annual Average AUM as well as higher total Annual Average AUM in FY 23-24 as compared to FY 22-23.

## Other Income

Our other income largely comprises of income from investments which are generated from retained surpluses. Other income shows a significant increase by 83.05% from ₹ 315.80 Crore in FY 22-23 to ₹ 578.06 Crore in FY 23-24 largely due to higher returns on investments.

## Finance Costs

Finance costs are on account of accounting treatment prescribed under Ind AS 116 – Leases, where the future lease payments are discounted to its present value and are un-wound subsequently, resulting in finance cost.

## Fees and Commission Expenses

Fees and commission comprise primarily of commissions paid to distributors for PMS, AIF and advisory business. Our fees and commission expenses decreased from ₹ 3.68 Crore in FY 22-23 to ₹ 2.48 Crore in FY 23-24.

## Employee Benefits Expenses

Our employee benefits expenses increased due to the following reasons:

- An increase in salaries and allowances of employees which was led by increase in certain emoluments for employees in FY 23-24.
- Under Employees Stock Option Scheme - 2020 ('ESOS - 2020'), apart from stock options granted in the past year(s), the Nomination and Remuneration Committee (NRC) of the Board of Directors of the Company at its meeting held:
  - (i) On April 25, 2023 had approved a further grant of 10,50,000 stock options representing 10,50,000 equity shares of ₹ 5 each, at a grant price of ₹ 1,780.90 per equity share (being the market price as defined in the applicable SEBI Regulations), to its eligible employees.
  - (ii) On January 10, 2024 had approved a further grant of 38,800 stock options representing 38,800 equity shares of ₹ 5 each, at a grant price of ₹ 3,415.25 per equity share (being the market price as defined in the applicable SEBI Regulations), to its eligible employees.

In terms of ESOS – 2020, the options shall vest in three tranches. Each of these tranches consisting of 1/3 of the options granted shall vest on the completion of the

1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> year from the date of the grant respectively. The total charge towards the outstanding stock options has increased from ₹ 40.11 Crore in FY 22-23 to ₹ 47.05 Crore in the FY 23-24 and the same is appearing as Share Based Payments to Employees.

Accounting for equity settled share based payment transaction (employee stock options) at fair value increases the non cash component of Employee Benefits Expenses and is also reflected in Share Options Outstanding Account under Other Equity. This balance of Share Options Outstanding Account is transferred to Securities Premium as and when the stock options are exercised by the employees and subsequent allotment of shares to them. Hence, this charge is neutral to Equity of the Company.

- Accordingly, the employee benefit expenses increased by 13.05% from ₹ 312.67 Crore in FY 22-23 to ₹ 353.46 Crore in FY 23-24. However, excluding the above mentioned non-cash charge towards employee stock options, the employee benefit expenses has increased by ₹ 33.85 Crore i.e. 12.42%.

## Depreciation, Amortisation and Impairment

Our Depreciation, Amortisation and Impairment decreased from ₹ 53.34 Crore in FY 22-23 to ₹ 52.26 Crore in FY 23-24, primarily due to lower depreciation/amortisation charge on computer equipment & computer software which is partially offset by a higher depreciation charge on Right of Use Asset.

## Other Expenses

Our other expenses increased by 14.76% from ₹ 232.62 Crore in FY 22-23 to ₹ 266.95 Crore in FY 23-24 primarily due to increase in 'Software Expenses and Allied Services', 'Trademark license fees' and 'KYC expenses related to Mutual Fund Investors'. This rise in expenditure was due to various business & digital initiatives taken by the Company.

- Our Software Expenses and Allied Services cost increased from ₹ 30.50 Crore in FY 22-23 to ₹ 42.42 Crore in FY 23-24 due to continuing enhancements on the technology front and digitisation initiatives during the current year.
- Our Trademark license fees to parent company for the FY 23-24 was ₹ 7.56 Crore.
- Our KYC expenses related to Mutual Fund Investors increased from ₹ 5.15 Crore in FY 22-23 to ₹ 11.94 Crore in FY 23-24 due to higher number of investors onboarded in FY 23-24 as compared to FY 22-23.

The amount of other expenses incurred in FY 19-20 (pre covid level) was ₹ 195.43 Crore. The increase since pre covid level of FY 19-20, is at the rate of 8.11% (4 Years Compounded Annual Growth Rate). We shall continue to invest further into technology and digital infrastructure to be future ready. However, these expenses would be incurred in a calibrated manner.

## Profit Before Tax

As a result of the factors outlined above, our Profit Before Tax increased by 32.48% to ₹ 2,478.19 Crore in FY 23-24 from ₹ 1,870.61 Crore in FY 22-23.

## Tax Expenses

Our total tax expenses increased by 19.17% to ₹ 532.31 Crore in FY 23-24 from ₹ 446.69 Crore in FY 22-23. Our current tax charge increased to ₹ 517.52 Crore in FY 23-24 from ₹ 421.26 Crore in FY 22-23. Our deferred tax charge decreased to ₹ 14.79 Crore in FY 23-24 from ₹ 25.43 Crore in FY 22-23. The deferred tax charge is mainly on account of movement in fair value gains / losses on investments. Our effective tax rate, including deferred tax was at 21.48% and 23.88% for FY 23-24 and FY 22-23, respectively. The effective tax rate for FY 23-24 is lower as compared to FY 22-23 primarily due to decrease in deferred tax charge for the year, mainly attributed to transition of holding period of certain investments from short term to long term. Our Company had elected to exercise the option of a lower tax rate provided under Section 115BAA of the Income-tax Act, 1961.

## Profit After Tax

As a result of the factors outlined above, our Profit After Tax increased by 36.66% to ₹ 1,945.88 Crore in FY 23-24 from ₹ 1,423.92 Crore in FY 22-23.

## Dividend

Your Directors at their meeting held on June 7, 2024 have declared an interim dividend for the financial year ended March 31, 2024 of ₹ 70/- per equity share (1,400%) of face value of ₹ 5/- each of the Company instead of final dividend of ₹ 70/- per equity share for the financial year ended March 31, 2024 as recommended earlier at the Board meeting held on April 19, 2024. Accordingly, the Dividend payout ratio for FY 23-24 would stand at 76.80%, up from 71.95% for FY 22-23.

## Statement of Assets and Liabilities

The following table sets forth selected financial information from our Balance Sheet as at March 31, 2024 and March 31, 2023.

Particulars	₹ in Crore	
	As at March 31, 2024	As at March 31, 2023
<b>Assets</b>		
Financial Assets	7,328.81	6,310.68
Non Financial Assets	228.74	225.85
<b>Total Assets</b>	<b>7,557.55</b>	<b>6,536.53</b>
<b>Liabilities and Equity</b>		
Financial Liabilities	245.58	240.44
Non Financial Liabilities	232.90	187.68
<b>Total Liabilities</b>	<b>478.48</b>	<b>428.12</b>
<b>Total Equity</b>	<b>7,079.07</b>	<b>6,108.41</b>
<b>Total Liabilities and Equity</b>	<b>7,557.55</b>	<b>6,536.53</b>

## Financial Assets

### Investments

Investments of the Company grew from ₹ 6,079.16 Crore in FY 22-23 to ₹ 7,190.03 Crore in FY 23-24.

- The increase in Investments carried at fair value through Profit or Loss from ₹ 5,658.22 Crore in FY 22-23 to ₹ 6,892.53 Crore in FY 23-24 is primarily due to net investment in mutual fund schemes and fair value changes.
- The investments carried at amortised cost have decreased from ₹ 417.94 Crore in FY 22-23 to ₹ 263.50 Crore in FY 23-24 primarily due to maturity of certain tax free bonds.
- A Wholly Owned Subsidiary ('WOS') of the Company namely 'HDFC AMC International (IFSC) Limited', with its principal place of business located in Gujarat International Finance Tec-City (GIFT City), Gandhinagar, India, had been incorporated effective May 27, 2022. An amount of ₹ 3.00 Crore had been invested in the WOS during the FY 22-23. A further capital infusion of ₹ 31.00 Crore was done during the FY 23-24.

## Non Financial Assets

There is no significant movement in the balance of Non Financial Assets.

## Financial Liabilities

There is no significant movement in the balance of Financial Liabilities.

## Non Financial Liabilities

Non Financial Liabilities have increased to ₹ 232.90 Crore in FY 23-24 from ₹ 187.68 Crore in FY 22-23. This increase is primarily due to movement in net Deferred Tax balances and Other Non Financial Liabilities.

## Total Equity

Total Equity has increased mainly due to higher retained earnings. Retained earnings represents the surplus profits after payment of dividend.

## Key Financial Ratios

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	Change (%)
Annual Average AUM (₹ in Crore)	543,710.44	436,126.02	24.67
Profit After Tax as a % of Annual Average AUM	0.36	0.33	9.62
Debtors Turnover (times)	18.66	16.78	11.20
Current Ratio (times)	6.78	6.15	10.24
Operating Profit Margin (%)	73.52	71.76	2.45
Net Profit Margin (%)	61.53	57.36	7.27

**Note:** Inventory Turnover Ratio is not applicable to the Company. Further, Interest Coverage Ratio and Debt Equity Ratio have not been presented as the Company is debt free as at March 31, 2024 and as at March 31, 2023. The finance costs appearing in the Statement of Profit and Loss is a result of accounting treatment under Ind AS 116 – Leases and accordingly, there is no obligation on the Company to service any interest cost.

## Return On Network (Computed On Average Network)

Particulars	₹ (in Crore)		% Change
	For the year ended March 31, 2024	For the year ended March 31, 2023	
Networth at the Beginning of the Year	6,108.41	5,530.04	10.46
Networth at the End of the Year	7,079.07	6,108.41	15.89
<b>Average Network</b>	<b>6,593.74</b>	<b>5,819.23</b>	<b>13.31</b>
<b>Profit After Tax</b>	<b>1,945.88</b>	<b>1,423.92</b>	<b>36.66</b>
<b>Return on Average Network (%)</b>	<b>29.51</b>	<b>24.47</b>	<b>20.60</b>

Return on Average Network increased from 24.47% in FY 22-23 to 29.51% in FY 23-24. This is due to a higher % change in PAT as compared to % change in Average Network. PAT has increased mainly due to higher revenue from operations as well as other income leading to higher profits.

## Incorporation of a Wholly Owned Subsidiary

A Wholly Owned Subsidiary ('WOS') of the Company namely 'HDFC AMC International (IFSC) Limited', located in Gujarat International Finance Tec-City (GIFT City), Gandhinagar, India, had been incorporated effective May 27, 2022 and was capitalised during the financial year 2022-23. Accordingly, consolidated financial statements of the Company have been prepared from FY 22-23. The WOS is in the business of providing Investment Manager Services, act as a sponsor/settlor for the GIFT AIF Funds and providing discretionary/non-discretionary portfolio management services to clients (PMS). As at the end of the reporting period, the WOS is in the process of setting up its business operations. The consolidated financial statements are also available in this annual report.

## B4. Outlook

The mutual fund industry in India is poised for sustained growth, driven by a combination of factors including demographic trends, market dynamics, regulatory reforms, and technological advancements.

### Growth Drivers

- **Financial literacy:** As individuals become more aware of the benefits of investing in mutual funds for achieving their financial goals, they are likely to allocate a greater portion of their savings to these instruments.
- **Shift from traditional investments:** As investors seek alternatives to traditional investment avenues like fixed deposits and gold, mutual funds emerge as a convenient and professionally managed option.



- **Growing SIPs:** The growing popularity of Systematic Investment Plans is expected to be a significant growth driver. Large-scale campaigns aimed at promoting SIPs have improved outreach and awareness among investors, encouraging them to adopt a disciplined approach to investing. SIPs offer investors the flexibility to invest small amounts regularly, thereby reducing the entry barrier and appealing to a wider investor base.
- **Burgeoning middle-class segment:** India's burgeoning middle-class segment, characterised by rising disposable incomes and aspirations, presents a significant growth opportunity for the mutual fund industry. As individuals strive to achieve their financial goals and secure their future, mutual funds provide an avenue for wealth accumulation and preservation, aligning with the aspirations of this demographic.
- **Fintech platforms:** The emergence and growth of fintech platforms have democratised investing, bringing in a large pool of new investors. These platforms offer user-friendly interfaces, seamless transactions, and access to a wide range of investment options. As fintech adoption continues to rise, it is expected to fuel the influx of new investors into the mutual fund ecosystem.
- **Digital distribution:** A robust distribution platform, coupled with the ease of transactions through digitisation, will be the key driver in reaching out to wider and deeper investor base across India. With the increasing penetration of smartphones and internet connectivity, investors from remote areas and smaller towns can now access mutual funds conveniently through online platforms and mobile applications.
- **Distribution:** Enhance distribution footprint and leverage technology to boost accessibility and attract new investors.
- **Corporate governance and risk management:** Adopt best-in-class corporate governance practices and robust risk management frameworks to ensure compliance, transparency, and accountability.
- **Talent management:** Focus on attracting and retaining top talent fostering a culture of innovation and collaboration to encourage creative thinking and drive continuous improvement across all aspects.
- **ESG integration:** Demonstrate our commitment to including environmental, social and governance (ESG) factors in decision-making and ownership.

### C. Internal Control Systems and their Adequacy

The Company has instituted adequate internal control systems commensurate with the nature of its business and the size of its operations. This provides a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls and compliance with applicable laws and regulations.

The Audit Committee and Risk Management Committee are responsible for overseeing the risk management framework, reviewing the key risks and mitigation strategies, and ensuring the effectiveness of risk management policies and procedures. The Management is also responsible for ensuring that the risk management framework is effectively implemented within all areas of their respective functions.

The Company has appointed an independent professional firm to oversee and carry out an internal audit of its activities. It carries out internal control reviews and provides an independent report to the Audit Committee on the adequacy and effectiveness of the risk management and internal controls of the organisation. All significant audit observations and follow-up actions thereon are periodically reported to the Audit Committee and closely monitored for effective implementation.

B S R & Co. LLP, the statutory auditors of the Company has audited the standalone and consolidated financial statements included in this annual report and has issued as a part of Auditors' Report, a report on our internal financial controls with reference to the financial statements (as defined in Section 143 of the Companies Act, 2013).

Based on its evaluation, the Audit Committee has concluded that, as of March 31, 2024, our internal financial controls were adequate and operating effectively.

### Strategic Priorities

- **Diversified investment solutions:** Continuously assess market opportunities, identify product offering gaps, and develop innovative investment solutions to meet evolving investor needs.
- **Performance excellence:** Set industry benchmarks for long-term investment performance. Provide investors with transparent and insightful data to make informed decisions, thereby fostering trust and confidence in our offerings.
- **Customer centricity:** Continuously enhance service quality, responsiveness, and personalisation to exceed customer expectations and build lasting relationships.
- **Investor education:** Committed to investor education through diverse range of resources and initiatives, driven by our eagerness to both grow the industry and ensure the financial well-being of investors.

## D. Information Technology

Over the past year, we've made substantial strides in advancing our technology infrastructure, marking a cornerstone in our tech transformation journey. We have deployed a future-ready Enterprise Data Warehouse solution, integrating multiple source systems to establish a centralised repository for actionable performance insights. This single source of truth ensures consistency, accuracy, and reliability, empowering teams to make informed decisions independently, thereby reducing reliance on technology experts and streamlining processes.

Our focus on data-driven decision-making applications has yielded deeper insights into market trends, customer behaviour, and investment opportunities, enabling us to stay at the forefront in a rapidly evolving landscape. Additionally, the integration of data visualisation tools and interactive dashboards has facilitated real-time monitoring of performance metrics and progress against goals, empowering stakeholders to derive timely insights to make informed decisions.

To support our growing business needs, we have made strategic investments in infrastructure modernisation and strengthening of cybersecurity measures. Comprehensive cybersecurity platforms and solutions, including threat protection and enhanced network isolation, have been seamlessly integrated to safeguard our data and systems against evolving threats. The adoption of secure and elastic cloud platforms has enabled us to dynamically adjust computing resources based on demand, ensuring operational efficiency and cost-effectiveness. Moreover, our resilient infrastructure architecture ensures uninterrupted service and system stability even in the face of disruptions.

The transition of our IT infrastructure to the cloud has not only improved operational efficiency but also promoted a culture of innovation within the organisation. Our shift to modern infrastructure has enabled rapid experimentation and deployment of new solutions, allowing us to adapt to changing market dynamics with agility. The implementation of standardised interfaces has further enhanced seamless collaboration with strategic business partners, unlocking new avenues for growth and value creation.

In conclusion, the past year has seen significant progress in enhancing our IT capabilities to support our business objectives effectively. From strengthening our data infrastructure to embracing advanced analytics and modernising our cybersecurity measures, we've laid a solid foundation for future growth and innovation. Moving forward,

we remain committed to leveraging technology as a strategic enabler, driving value for our stakeholders, and staying at the forefront of the asset management industry.

## E. Compliance

Our Compliance function monitors compliance with regulatory requirements laid down by the Securities and Exchange Board of India (SEBI) with respect to mutual fund, portfolio management services and alternative investment funds activities and other business activities permitted under Regulation 24(b) of SEBI (Mutual Funds) Regulations. The Compliance function is a bridge between us and various regulators/industry bodies, such as SEBI, the RBI, the Association of Mutual Funds in India, the Association of Portfolio Managers in India, depositories and stock exchanges. The Chief Compliance Officer updates our Board and Audit Committee on various compliance matters.

We have implemented various internal policies and procedures to ensure compliance with the regulatory requirements in relation to above businesses. Our Compliance Manual also lists the regulatory requirements, timelines and the functions responsible for compliance. Employee's Securities Dealing Codes regulate personal investment transactions of employees and that of their dependants. We have also set guidelines for personal dealings for AMC as well as Trustee Company. Policies such as Conflict of Interest Policy, Outsourcing Policy, Policies under Risk Management Framework, Code of Conduct for Prevention of Circulation of Unauthenticated News, Anti-Money Laundering (AML) and KYC policy, and a Social Media Policy also ensure compliance with regulations relevant to our businesses.

Each function ensures compliance with applicable regulations pertaining to its areas of operation. Accordingly, we have established procedures, policies, codes and manuals, such as the Investment and Risk Manual, Operations Manual, Client Services Manual, Valuation Policy, Voting Policy, Polling Policy, Stress Test Policy, Cyber Security Policy, Cyber Crisis Management & Resiliency Policy, Stewardship Code and Code of Conduct for Fund Managers and Dealers. These are reviewed and updated periodically. An established certification process is followed by each function to periodically confirm compliance with the regulatory requirements.

Our compliance team stays updated on all new regulatory requirements and communicates the requirements to the relevant functions with meaningful inputs for implementation. The team also reviews the implementation status by closely coordinating with the respective functions.

We are committed to transparency and have also appointed independent internal auditors to review the activities of each department and function, including the compliance function. They review relevant reports before submission to the Board and the regulators concerned. Periodical SEBI inspections and statutory audits are also conducted to review and assess the compliance status.

The compliance team also drafts and issues product offer documents, issues notices/addenda related to product documents, reviews marketing materials before dissemination, and ensures timely filing of various reports with the Board and regulators and agencies concerned. It is also responsible for the redressal of customer grievances. As part of its periodic training initiatives, the compliance team engages with the employee(s) to educate, sensitise and create awareness about their obligations under the Regulations and our Company's codes/policies.

## F. Operations

Our Operations are bifurcated into Mutual Fund (MF) Operations and Portfolio Management Services/ Alternative Investment (PMS/AIF) Operations.

The MF team is responsible for servicing customers of the Mutual Fund and Segregated accounts under regulation 24(b) of the SEBI (MF) Regulations. The responsibilities, inter alia, include investment administration, cash management, treasury support and settlement, fund accounting, asset valuation and unit pricing, coordination with the RTA/Custodians/Bankers/other Service Providers, audits and MIS.

The PMS/AIF Operations team is responsible for maintaining the accounts of the clients under the SEBI PMS & AIF regulations, as applicable. Its functions include post trade investment support, cash management, treasury and settlement functions, recording of transactions in the books of accounts of the respective clients, valuation of securities in clients' portfolios, providing various reports to the management and liaising with bankers and custodians. In respect of AIF Operations, its function includes oversight of third-party vendor in charge of the Fund Administration, Custody, Banking etc.

The functions of the MF & PMS/AIF are segregated and they have their own discrete teams and systems.

All operational activities are subject to independent audits. Internal auditors perform transactional and risk-based audit, apart from undertaking process reviews on a regular basis. Independent auditors carry out the statutory audit as required under the applicable regulations for our schemes, portfolio management and segregated accounts. All applications used

in operations are regularly subjected to system reviews/ audits. The Audit Committee reviews all the Auditors' Reports with respect to the entire operations.

Mature, robust and scalable systems and processes form the backbone of our operations. There is a keen focus on accuracy, internal controls, minimising operational risks and increasing efficiency. All systems are regularly upgraded and all processes are re-engineered periodically to ensure a high standard of regulatory compliance and governance. We have a comprehensive BCP and Disaster Recovery Plan (DRP) for our operations, and it is reviewed and updated at regular frequency. We completed a smooth transition of all our systems to the cloud environment architecture. A review of the adherence of our service providers to acceptable standards of governance & compliance, as well as their IT/ BCP/ DRP preparedness is done regularly.

## G. Risk Management

Our Company has developed a comprehensive Risk Management Framework (RMF) to effectively manage key risks. This framework aligns with our business needs and relevant legal and regulatory requirements. The RMF provides guidance with respect to management for all risks relevant for the AMC and the schemes of HDFC Mutual Fund. To ensure an effective and integrated Risk Management, the AMC has defined three lines of defence model, viz. First Line of Defence comprises the CXOs; Second Line of Defence comprises oversight functions viz. Risk Management and Compliance; and the Third Line of Defence is the Internal Auditor. The Board approved Risk Management Framework details out our approach to risk management and the roles and responsibilities of all stakeholders.

The Board level Audit Committee and Risk Management Committee are responsible for overseeing the risk management framework, reviewing the key risks and mitigation strategies, and ensuring the effectiveness of risk management policies and procedures. The Management also ensures the risk management framework is effectively implemented within all areas of respective functions.

Risk Management Process is a logical and systematic process of identifying, analysing, evaluating, treating, monitoring and communicating risks associated with activities, functions or process, in a way that enables an organisation to minimise losses and maximise opportunities. The objective of risk management is not to eliminate risk, but to understand it so that we can take measures to prevent its occurrence and minimise the downside and take advantage of the upside. Risk assessment and mitigation strategies are an integral part of the risk framework within each function. The key

risks covered are Investment Risk, Credit Risk, Liquidity Risk, Operational Risk, Compliance Risk, Climate Risk, Technology Risk, Information Security & Cyber Risk, Outsourcing Risk, Reputation and conduct Risk, Sales and Distribution Risk, Financial Reporting Risk, Tax Risk, Legal Risk and Talent Risk.

Risk Management is integrated with major business processes such as strategic planning, operational management, and investment decisions to ensure consistent consideration of risks in all decision-making. Our Company continuously adapts to international best practices that address regulatory changes, organisational structure, emerging technologies, dynamic market conditions, and business growth.

We utilise various Risk Management Tools such as Risk Register, risk and control self-assessment (RSCA), incident reporting whereby risk owners are involved in the ongoing assessment and improvement of risk management and controls. There is also an ESG Task Committee to oversee company-wide ESG risks. Additionally, internal audit carries out internal control reviews and provides an independent report to the Audit Committee on the adequacy and effectiveness of risk management framework and internal controls of the organisation. Our statutory auditor carries out a review of our internal controls over financial reporting to the extent of the scope laid out in their audit plans. All significant audit observations and follow-up actions thereon are periodically reported to the Audit Committee and closely monitored for effective implementation.

Given the rapid technological and digital advancement in the securities market, cyber risks are inevitable. Hence, a strong Information Security and Cyber Security framework is essential. Our Company's Information and Cyber Security framework is one wherein the cyber risk and its mitigation are monitored by the Information Technology Security Committee and Risk Management Committee. Key areas covered under the cyber risk management include strong adherence to the Board-approved Information and Cyber Security Policies, compliance with SEBI guidelines and ISO 27001 standards to ensure that we are in line with industry best practices. Our Company maintains a robust cyber-security architecture and has in place a cyber resilience framework to protect the integrity of data and guard against breaches of privacy.

Overall, risk management is a collective responsibility, from the Board to individual employees. Risks is primarily managed by the business function transacting the business. All employees are actively engaged in risk management within their own areas of responsibility and are expected to manage those risks.

## H. Insurance

Our insurance policies cover the entire gamut of our operations and protects the company from unexpected exigencies in the future. We have specialised policy insuring the schemes of HDFC Mutual Fund, HDFC Asset Management Company Limited, including PMS, AIF and advisory/ management services to permitted categories of FPIs under Regulation 24(b) of SEBI (Mutual Funds) Regulations, which, in addition to our Company, also includes our employees, directors and the trustee company of HDFC Mutual Fund. Our insurance policy covers any liability arising out of operations of Registrar and Transfer Agent and Custodians associated with our Mutual Fund business. Furthermore, we have specialised cyber-security insurance coverage as well.

## I. Intellectual Property

Our Company uses, among others, the name, registered trademark and brand name of 'HDFC' and associated logos in the ordinary course of business including 'HDFC Asset Management Company', 'HDFC Mutual Fund', and 'HDFC AMC AIF-II'. The trademark 'HDFC' is the registered property of HDFC Bank; and it has granted a non-exclusive license to use its trademark and brand name 'HDFC' to our Company, subject to applicable terms and conditions.

## J. Digital Platforms

We continue to enrich our comprehensive digital portfolio with targeted solutions, including assisted digital facilities to cater to their needs and preferences. Our digital offerings include a user-friendly portal, mobile app, WhatsApp based engagements, chatbot, 'Transact on Call' service (a service to initiate transactions on call) and a host of non-login web-based services.

Our focus this year was to derive value from the investments we made on the Customer Data Platform, personalisation tools, an analytics engine, and AI (artificial intelligence) powered tools. The focused and improved targeting for cross/up sell, retention, renewals etc. led to more than five times conversion as compared to last year. Automation of multiple user journeys, on-the-go segmentation with cross channel implementation resulted in better user-experience and conversion.

We extended our core digital solutions – enabling more financial & non-financial transactions, simplifying user journeys, creating point solutions and building a more integrated user-experience. On both the investor and the partner app, non-logged in sections were enriched with a host of features and information to address multiple requirements

within the single channel preferred by the user. Our solutions incorporate the latest features like UPI Auto Pay, payment via Debit card, etc.

Listening to our partners' needs has always been important to us. We worked closely with our partners on multiple fronts, e.g. enabling services via our APIs, providing standard and custom point solutions for their investors. We enabled single click marketing campaigns on our Digital Marketing tool Connekt for our partners. This not only helps in list generation and execution but also provides almost real time conversion tracking for our partners.

We constantly upgrade our website, both in terms of design and content. A variety of new content, e.g. a reading room section, behavioral blogs, etc. have been added to add value across different dimensions to the website visitor. In addition to the front end, on back end, we are upgrading our SEO (Search Engine Optimisation) capabilities and Content Management System. The impact is already visible with a substantial increase in website traffic, lower bounce rates, and lead generation, etc.

We significantly grew our AI capabilities and RegTech capabilities with multiple projects, primarily in two domains. With RegTech – we automated the SID (Scheme Information Document) generation process. One other RegTech example is on using a bot for checking transaction limits. With pure-play AI, we deployed two important solutions: a smart queries assistant for helping our investment team and other stakeholders to mine information, and an AI bot for extracting and tracking credit rating changes.

## K. Human Resource

Our Company has long been an employer of choice and it has officially been certified as a "Great Place to Work" by Great Place to Work Institute. This is a testament to our organisational strength and commitment to our purpose driven by the Vision and Mission.

Our employees are our brand ambassadors, committed to deeply engaging with our investors, partners and all other stakeholders. At HDFC AMC, we have been continuously investing in our employees to help them reinvent themselves so that we can serve our investors with fiduciary responsibilities and maintain the highest ethical standards. Our employee policies, recognition and reward policies and remuneration practices encourage our employees to demonstrate the right set of behaviours and inspire them to live our Vision "To be the most respected asset manager in the world" and our Mission "To be the wealth creator for every Indian". Our organisation

is committed to embodying the values of a contemporary society and creating a workplace that believes in a diversified workforce and being an equal opportunity employer.

We commit ourselves to continue to be a caring workplace that is fully compliant with all ethical standards, regulatory requirements and statutory obligations. We continue to be an employer that successfully attracts best-in-class talent to help us achieve our business objectives and continue to build trust with our investors.

## L. Investor Education and Awareness Initiatives

### #ZindagiKeLiyeSIP

An investor education and awareness initiative that aims to cultivate lasting financial literacy among the Indian masses. The campaign focuses on emotional engagement, shifting away from the functional aspects of SIP and linking it with our everyday quest for a better life. This comprehensive 360-degree media campaign includes ad films, extensive outdoor advertising, TV commercials and digital and social initiatives.

### BarniSeAzadi Nukkad Natak

On the occasion of 76<sup>th</sup> Independence Day, we conducted 76 Nukkad Natak in regional languages under #BarniSeAzadi, across the length and breadth of India to financially empower Indian households and encourage healthy investing habits.

### ELSS Campaign

An investor education and awareness campaign to highlight the benefits of Equity Linked Savings Scheme (ELSS) for tax savings and wealth creation. The campaign emphasised two key aspects of ELSS funds: their growth potential through equity investments and tax-saving.

### SIP Eazy

An insightful video series dedicated to investor education and awareness. It simplifies and demystifies the complex concepts related to SIPs, through engaging and easy-to-understand content.

## M. Marketing Initiatives

### 24 in Twenty Four

Furthering our mission to be the wealth creator for every Indian, HDFC Mutual Fund proudly announced the launch of 24 new branches. To share this exciting news, we rolled out an extensive print and digital campaign.



### Cancer Care - HDFC Charity Fund for Cancer Cure

We have a longstanding commitment to cancer care, and this year we launched HDFC Charity Fund for Cancer Care. This fund allows investors to contribute to cancer care and bolster our efforts to support individuals battling cancer. HDFC Mutual Fund matches the investment made by the investor and donates the doubled amount to the Indian Cancer Society.

### Nurture Nature 3.0

On World Environment Day, we relaunched our #NurtureNature campaign, which began in 2021. This socially responsible initiative aligns with our commitment to sustainability and environmental stewardship. For each investor who registered for a SIP digitally, we recycled 250 grams of plastic. The campaign received an enthusiastic response, resulting in the recycling of 4,200 kilograms of plastic.

### Person of the Year 2023

At the beginning of the calendar year, we released 'The Person of the Year 2023' an article by Mr. Navneet Munot, which was an interesting take at the year gone by.

### HDFC MF Yearbook 2024

Our annual Yearbook 2024 titled 'India in Amrit Kaal' takes a look at the year gone by and captures interesting future trends and developments.

## N. Customer service

As a customer-centric organisation, we continue to raise the bar in service to deliver excellence so that we remain a brand of choice when it comes to matters of financial planning.

Today's customers are increasingly conscious of their choices and are much better informed than before. It is thus imperative that we ensure that our front-line service team remains sharp, agile, smart and responsive to the needs of customers. To this end, we invest heavily in educating and training our staff. Service teams at our branches across the country are supported by an experienced team at the corporate office. Regional Service Managers, who supervise service delivery in the regional offices, visit branches regularly to ensure the staff are aligned to our business purpose. While engaging with the

staff to understand their perspective, the Regional Service Manager also assists mutual fund distributor requirements and augments support at the branches. The Corporate Client Services team, on its part, considers the feedback from the branches and trains the service team routinely to create last-mile impact.

We have a well-structured framework to manage service delivery and ensure that we work in tandem to enhance customer experience. Crucial to this framework is the Registrar and Transfer Agent (RTA), Computer Age Management Services (CAMS), which forms the backbone of our service delivery. We work closely with CAMS to ensure the smooth execution of processes and provide support to our distribution partners. We also regularly review our business operations in detail so that we remain prepared to deal with the dynamic business environment.

We service our customers through a network of 254 branches, 270 CAMS service centres, call centres, our website and mobile app that provide digital solutions, and a centrally managed dedicated email address. We also provide various other avenues where our customers may choose to transact such as our distributor mobile app, stock exchanges, channel partners, MF Utility, MF Central, and websites/mobile apps of mutual fund distributors and advisors. Our efforts to enable, support and encourage digital transactions have resulted in a substantial increase in digital transactions, which now dominate our business transactions.

We measure our service delivery and quality based on multiple parameters such as turnaround time, repeat complaints / grievances, escalations, which are evaluated periodically & root cause analysis is done to provide and improve the seamless service we offer our customers and business partners.

We prioritise open communication with our customers. We actively seek customers for feedback and also communicate with them to comply with changing regulatory requirements. We conduct satisfaction survey separately for both financial and non-financial transactions, to capture customer feedback on various processes, their experience on transactions, interactions with various touch points & feedback for improvement. Based on the feedback received, a team works on the actionable / improvement areas and their implementation. This activity is reviewed by the management periodically.



We also connect with distributors to share information on regulatory and process changes through the service relationship managers. We gather their feedback on service delivery through satisfaction survey. Feedback, suggestions, improvement areas and processes are reviewed and worked upon.

Customer delight can only be delivered if we work in cohesion, and our collective endeavour is to place the customer at the heart of our business.

Our digital team has undertaken multiple initiatives to ensure our website and mobile apps provide best-in-class services to our stakeholders

One of the key measures of customer satisfaction is improving our processes based on issues faced by customers which have led to a progressive decline in complaints.

Year	Complaints as a % of transactions
FY 19-20	0.009
FY 20-21	0.006
FY 21-22	0.006
FY 22-23	0.003
FY 23-24	0.002

## O. Training

Learning is a continuous process, and we believe that we need to empower our stakeholders through knowledge sharing. HDFC LEAP is our proprietary learning and development enterprise that always prioritises the education and training for our investors and distributors. We undertook various training initiatives during the year to affirm this belief. Our prime focus is to promote investor education and awareness and helping our distributors in skill enhancement.

We have taken a comprehensive approach by blending technical programs with experiential learning. We have also used a lot of game/activity-based simulations, as these methods are known to improve engagement and retention amongst learners.

During FY 23-24, we conducted 1,336 distributor training/ awareness sessions (326 soft-skills and 1,010 technical programs) with over 175 speakers covering a wide range of topics that attracted around 75,000 participants. We have widened our reach to various investor and distributor segments. We have introduced a few unique programs. These include:

**Soft-Skills workshops/Experiential Workshops** – We use these workshops to develop interpersonal, communication and presentation skills. This fosters emotional intelligence that help survivorship of investors and distributors in volatile markets.

- **Customer Centricity & Trust:** In this module, participants learn how to develop a customer-centric approach and create a culture that prioritises customer satisfaction. This covers the importance of customer centricity, understanding customer needs, effective communication, and building long-term relationships with customers.
- **Fire walk:** This workshop is ideal for those who want to break through barriers and take their performance to the next level.
- **You are a Hero:** This workshop is designed to help people experience a source of high energy and encourage them to break their limiting beliefs.
- **Jigsaw Discovery Tool:** The Jigsaw Discovery Tool provides active engagement from beginning to end. Participants actively enjoy vibrant, interactive sessions and come away charged with energy and practical tools that they can put into a new-found motivation to develop relationships.
- **Seal the Deal:** This program helps in breaking out of our structured approach and try a new approach to close more deals, cross sell and in turn make satisfied and smiling customers. This program also aids in building and strengthening our relationships with our customers.

**Technical Workshops:** These workshops develop market knowledge and give overall market perspective to our investors and distributors.

- **Mission to Mars:** This is for spreading financial literacy among school students aged between 9-16 years. We successfully executed this module among school children, many of whom were the children of our distributors and clients.
- **Fem-power:** This is an investor education initiative that focuses on women investors and their specific financial needs and goals.
- **Market Outlook:** The focus of this program is on educating our investors and distributors on economy, market outlook & various asset classes.

**Skill-enhancement workshops:** Focused on providing opportunity to our distributors to strengthen their skills and domain knowledge. Some of these were:

- **NISM workshops:** 509 workshops have been conducted in the financial year covering over 7,000 participants.
- **HDFC AMC Certification:** PGP Academy & Moody's 50+ hours course – Covering over 3,700 participants (employees and distributors)

## P. Social Initiatives

Read more on page 31 of this report.

## Q. Risks and Threats

The schemes and other investment products are subject to various market related risk such as Investment Risk, Credit Risk, Liquidity Risk, ESG Risk, and Compliance Risk. In case the schemes and other investment products underperform, the existing customers may redeem or withdraw their investments and shift to some other products. The growth of the business is contingent not only on our performance but also on the overall economy, the growth rate of the country, household savings rates and consumer attitude towards financial savings. Any adverse market rate fluctuations and/ or adverse economic conditions could affect the business in many ways, including by reducing the value of our AUM, and subsequently leading to a decline in revenue.

To manage various market-related risks, our Company has a well-documented Investment manual covering Investment Philosophy, Investment and Research Process, Credit Limit and Credit Monitoring Procedure. The Risk Management closely monitors the portfolio for adequacy of portfolio liquidity, stress and credit events and to generate early warning signal. The Investment Committee reviews the performance of the schemes and also monitors all scheme-related risks. Instance of breaches or early warning signals generated are flagged to the Investment Committee and Risk Management Committee on a regular basis. However, regardless of how risks are managed, schemes and other investment products carry their own risks.

Our reputation is linked to the strength of the HDFC brand and reputation. While our brand is well-recognised, we may be vulnerable to adverse market and customer perception, particularly in an industry where integrity, trust and customer confidence are paramount. Again, the regulatory environment in which we operate is also prone to changes, and any violation/ breach in the regulation can adversely impact the reputation of our Company. This could have a negative effect on revenue and margins. In order to mitigate the compliance and reputation risks, we have a well-defined process of identifying the actionable/ impact of the change in the regulation, implementing necessary controls and the status around the same is also reported to the Board. In case of any material ambiguity in the interpretation of the law, the same is also discussed with regulator or obtains an opinion from external lawyers to confirm the understanding. Internal auditors have been appointed to review activities and report their findings to the Board. They also periodically audit/review statutory compliance reports as per the mandate. However, we ensure that we comply with all applicable laws, any failure in detecting errors in our statutory records or errors or omissions in our business operations could expose us to potential losses.

One of the key risks to business is disruptions in the technology infrastructure due to technology advancements or cyberattacks. As majority of the transactions today are processed digitally, any interruption is likely to adversely impact business. We continue to channel substantial investments into bolstering our technological infrastructure to enable it to handle interruptions. Our Company maintains a robust cyber security architecture and has in place a cyber resilience framework to protect the integrity of data and guard against privacy breaches.

## R. Information and Cyber Security

### Cyber Security Governance

In an era of rapid technological progress and digital evolution, the company acknowledges the prevalence of increasing cyber and information security risks. The Company has a strong Cyber Risk Management framework wherein cyber risk and its mitigation are monitored by the Information Technology & Security Committee and Risk Management Committee of the Company. Furthermore, the Company has a cyber-resilience framework in place to safeguard the integrity of data and guard against cyber breaches. Core to this strategy are Board-approved policies including Information Security, Cyber Security, Cyber Crisis Management, and Business Continuity policies. Key areas covered under the cyber risk management include strong adherence to the Board approved Information and Cyber Security policies, compliance with SEBI guidelines and ISO 27001 standards to ensure that the Company is in line with industry best practices.

### Security & Data protection

We uphold the highest standards of confidentiality, integrity of the personal data entrusted to us. To fortify our defences against cyber threats and preserve data integrity, our Company employs a "Defence in Depth" strategy. Our measures include robust encryption protocols, stringent access controls, best-in-class firewalls, and 24x7 "State-of-art" security surveillance.

### Information and Cyber Security Awareness

The company has intensified its initiatives to promote security awareness among employees, urging vigilance against cyber-attacks and cultivating a robust cyber security culture within the organisation. Additionally, we educate customers and other stakeholders on the risks of cyber breaches and attacks. Furthermore, we prioritise the continuous training of our cyber security and Incident Response teams through regular cyber table-top drills.

### Security by Design

The Company integrates cyber security controls and practices seamlessly into its business processes, adhering to the principle of 'Security by Design'. Our commitment to enhanced cyber security practices, coupled with effective governance, has led to the development of mature cyber security frameworks. Our Technology and Digital systems undergo frequent reviews and audits conducted by independent agencies. Our systems are subjected to rigorous scrutiny and validation in system audits. Proactive measures are consistently implemented to fortify these systems against external threats.

# Directors' Report

## To the Members

Your Directors take great pleasure in presenting the Twenty-Fifth Annual Report together with the Audited Financial Statements of your Company for the financial year ended March 31, 2024.

## Financial Performance

The financial performance of your Company for the financial year ended March 31, 2024 is summarized as below:

	(₹ in crores)	
Financial Results	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit before Tax	2,478.19	1,870.61
Less: Provision for Tax (Net of Deferred Tax)	532.31	446.69
<b>Profit after Tax</b>	<b>1,945.88</b>	<b>1,423.92</b>
Add / (Less): Other Comprehensive Income (Net of Tax)	(1.59)	0.42
<b>Total Comprehensive Income (A)</b>	<b>1,944.29</b>	<b>1,424.34</b>
<b>Balance of Retained earnings carried forward from previous year</b>	<b>5,060.30</b>	<b>4,531.82</b>
Less: Equity Dividend Paid for earlier year	1,024.65	895.86
<b>Total (B)</b>	<b>4,035.65</b>	<b>3,635.96</b>
<b>Balance of Retained Earnings Carried to Balance Sheet (A+B)</b>	<b>5,979.94</b>	<b>5,060.30</b>

For the year ended March 31, 2024, your Company posted a net profit of ₹ 1,945.88 Crore as against ₹ 1,423.92 Crore in the previous year. Appropriations from the net profit have been effected as per the summary given above.

For a detailed analysis of the financial performance of your Company for the year under review, refer to report on Management Discussion and Analysis.

## Dividend

The 25<sup>th</sup> Annual General Meeting (AGM) of the Company is scheduled to be held on July 25, 2024 and the Company for the last two financial years has been paying dividend to its shareholders in the month of June, considering the same, your Directors at their meeting held on June 7, 2024 have declared an interim dividend for the financial year ended March 31, 2024 of ₹ 70/- per equity share (1400%) of face value of ₹ 5/- each of the Company instead of final dividend of ₹ 70/- per equity share for the financial year ended March 31, 2024 as recommended earlier at the meeting held on April 19, 2024.

The dividend pay-out ratio for the said dividend for the year ended March 31, 2024 is 76.80%.

The interim dividend declared is in accordance with the parameters and criteria as set out in the Dividend Distribution

Policy which has been approved by the Board of Directors of the Company. The Dividend Distribution Policy of the Company is placed on the Company's website at <https://www.hdfcfund.com/about-us/corporate-governance/code-policy> in terms of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

## Management Discussion and Analysis Report, Report of the Directors on Corporate Governance and Business Responsibility and Sustainability Report

Management Discussion and Analysis Report and the Report of the Directors on Corporate Governance form part of this report.

In compliance with Regulation 34(2)(f) of the SEBI Listing Regulations, the Business Responsibility and Sustainability Report ('BRSR') along with the report on assurance of the BRSR Core, consisting of a set of Key Performance Indicators (KPIs) / metrics under nine Environmental, Social & Governance attributes for the financial year ended March 31, 2024 provided by M/s. B S R & Co. LLP, Chartered Accountants, the Statutory Auditors of your Company, forms a part of this Annual Report.

## Transfer to Reserves

There is no amount proposed to be transferred to the reserves. For complete details on movement in Reserves and Surplus during the financial year ended March 31, 2024, please refer to the Statement of Changes in Equity included in the financial statements.

## Capital Structure

During the year, your Company issued and allotted 59,284 equity shares of ₹ 5/- each of the Company to eligible employees on exercise of stock options granted under Employee Stock Option Scheme of the Company.

Consequently, the issued, subscribed and paid-up equity share capital increased from ₹ 1,06,71,23,580/- represented by 21,34,24,716 equity shares of ₹ 5/- each as on April 1, 2023 to ₹ 1,06,74,20,000/- represented by 21,34,84,000 equity shares of ₹ 5/- each as on March 31, 2024.

During the year under review, the Company has not issued any:

- a) shares with differential rights as to dividend, voting or otherwise.
- b) sweat equity shares.

## Review of Operations

Assets under Management (AUM) of HDFC Mutual Fund ("HDFC MF") at the close of FY 2023-24 was ₹ 6.07 Lakh Crore as against an AUM of ₹ 4.37 Lakh Crore at the close of FY 2022-23, an increase of 39%. Total Annual Average AUM for FY 2023-24 was ₹ 5.44 Lakh Crore versus ₹ 4.36 Lakh Crore for FY 2022-23. HDFC MF is one of India's largest mutual funds in terms of total AUM with a market share of 11.4% based on closing AUM. It is also one of the largest mutual funds in terms of actively managed equity-oriented funds, with a market share of 12.8% based on closing AUM. The actively managed equity-oriented AUM at the close of FY 2023-24 was ₹ 3.75 Lakh Crore as against ₹ 2.32 Lakh Crore at the close of FY 2022-23, an increase of 62%. The actively managed equity-oriented annual average AUM constituted 56% of the total annual average AUM and increased by 40% to ₹ 3.04 Lakh Crore.

Your Company managed a total of 166 Lakh live accounts as on March 31, 2024, predominantly those of individual (retail) unitholders. The Individual monthly average AUM as a percent of total monthly average AUM for March 2024 was 70.8% as against 67.2% for March 2023. Your Company has established a strong and wide network of Investor Service Centres (ISCs) rendering services to its unit holders located at various locations across the country. Your Company has 254

branches as on March 31, 2024. Official Points of Acceptance for transactions of HDFC MF also include ISCs of Computer Age Management Services Ltd. (CAMS), the Registrar and Transfer Agent of HDFC MF. These offices further strengthen the servicing network of your Company. Your Company services unitholders and over 85,000 distribution partners.

Your Company is one of the most preferred choices of individual investors, with a market share of 13.3% of the individual monthly average AUM for March 2024. Of the 4.46 Crore unique investors in mutual funds in India (as identified by PAN/PEKRN), we enjoy trust of 96 Lakh investors, a market penetration of 22%. Your Company's offering of systematic transactions further enhances its appeal to individual investors looking to invest periodically in a disciplined and risk-mitigating manner. Your Company processed ₹ 28,264 Crore through systematic transactions from April 2023 to March 2024. These monthly flows provide a strong and stable "order book", provide predictable flows, with 87% of systematic investment plans (SIPs) subscribed for a tenure of more than 5 years. Your Company also provides portfolio management and segregated account services, including discretionary, non-discretionary and advisory services, to high net worth individuals (HNIs), family offices, domestic corporates, trusts, provident funds and domestic & global institutions. As on March 31, 2024, the aggregate assets under these services were at ₹ 2,425 Crore. In our HDFC AMC Select AIF FOF-I, commitments for the period ended March 31, 2024 were around ₹ 800 Crore.

## Schemes Launched

Following new schemes were launched during the financial year –

1. HDFC S&P BSE 500 Index Fund
2. HDFC NIFTY Midcap 150 Index Fund
3. HDFC NIFTY Smallcap 250 Index Fund
4. HDFC Defence Fund
5. HDFC Non-Cyclical Consumer Fund
6. HDFC NIFTY 1D RATE LIQUID ETF
7. HDFC Charity Fund for Cancer Cure
8. HDFC Transportation and Logistics Fund
9. HDFC Technology Fund
10. HDFC Pharma and Healthcare Fund
11. HDFC NIFTY PSU BANK ETF
12. HDFC NIFTY200 Momentum 30 Index Fund
13. HDFC Nifty Realty Index Fund

Mergers of the following schemes were also announced:

HDFC FMP 3360D March 2014 (1) merged into HDFC Banking and PSU Debt Fund vide notice and addendum dated April 28, 2023.

### Review of Subsidiary Company

Your Company has a Wholly Owned Subsidiary Company viz. HDFC AMC International (IFSC) Limited ('HDFC IFSC') which was incorporated on May 27, 2022.

During the year under review, HDFC IFSC has received a Certificate of Registration from International Financial Services Centres Authority ('IFSCA') for Registered Fund Management Entity – Retail category, pursuant to which it can carry out fund management, investment advisory and Portfolio Management Services (PMS) activities from Gujarat International Finance Tec-City (GIFT City).

Further, during the year under review HDFC IFSC has received an approval from IFSCA for launch of 6 funds viz. HDFC India Small Cap Fund, HDFC India Equity Savings Fund, HDFC India Flexi Cap Fund, HDFC India Balanced Advantage Fund, HDFC India Mid-Cap Opportunities Fund and HDFC India Nifty 50 Fund (the 'Funds') as Category III open ended Alternative Investment Funds (AIFs) under the IFSCA (Fund Management) Regulations, 2022. These Funds will be feeders into certain domestic mutual fund schemes and/ or Exchange Traded Funds (ETFs), managed by the Company in India.

HDFC IFSC is in process of completing the operational requirements for the launch of said 6 Funds, which it proposes to offer to the investors in international markets and HDFC IFSC is reaching out to prospective investors for the same.

Further, the Board at its meeting held on April 19, 2024, inter alia, approved the audited financial statements including the consolidated financial statements of the Company for the financial year ended March 31, 2024 subject to approval of members of the Company.

In accordance with the provisions of Section 136 of the Companies Act, 2013 ("the Act"), the annual report of the Company, the audited financial statements and the related information of the HDFC IFSC are placed on the website of the Company. Shareholders may download the documents referred above from the Company's website or may write to the Company for the same. Further, the said documents shall also be available for inspection by the shareholders at the registered office of the Company.

Pursuant to Section 129(3) of the Act, a statement containing salient features of the financial statements of HDFC IFSC in the prescribed Form AOC-1 forms part of the financial statements.

Except for the above subsidiary, your Company does not have any other subsidiary or an associate company or a joint venture company during the year under review.

### Information on Promoter Companies

#### Change in the Holding Company and Promoter from Housing Development Finance Corporation Limited to HDFC Bank Limited

Pursuant to the composite scheme of amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, wholly-owned subsidiaries of Housing Development Finance Corporation Limited ("HDFC Limited") with and into HDFC Limited; and (ii) HDFC Limited with and into HDFC Bank Limited ("HDFC Bank"), HDFC Bank has become the Holding Company and Promoter of the Company with effect from July 01, 2023.

#### Reclassification of Abrdn Investment Management Limited From "Promoter" Category to "Public" Category

Pursuant to the receipt of approval from the the Securities and Exchange Board of India (SEBI), abrdn Investment Management Limited ("abrdn"), one of the promoters of the Company, on June 20, 2023, sold its entire stake in the Company i.e. 10.20% of the paid up capital of the Company and requested the Company to reclassify them from the "Promoter" category to "Public" category in accordance with Regulation 31A of the SEBI Listing Regulations.

Accordingly, the Company after carrying out the requisite compliance under Regulation 31A of SEBI Listing Regulations made an application to National Stock Exchange of India Limited and BSE Limited ('Stock Exchanges'), for such reclassification. Basis the application, Stock Exchanges had on September 18, 2023 approved reclassification of abrdn from 'Promoter' Category to 'Public' Category.

Consequent to the above, HDFC Bank has become the sole Promoter of the Company.

### Directors and Key Managerial Personnel

#### Non-Executive Directors

In accordance with the provisions of Section 152 of the Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of the Company, Ms. Renu S. Karnad (DIN: 00008064), Non-Executive Director, is liable to retire by rotation at the upcoming Annual General Meeting (AGM) of the Company scheduled to be held on July 25, 2024 and being eligible has offered herself for re-appointment. Necessary proposals for her re-appointment has been placed for your approval at the upcoming AGM. The brief resume and other related information have been detailed in the Notice convening the AGM of your Company. Your



Directors recommend her re-appointment as Non-Executive Director of your Company.

During the year, Mr. Rushad Abadan (DIN: 08035538), Non-Executive Director of the Company, director nominated by abrdn Investment Management Limited ("abrdn"), has resigned as Director of the Company with effect from close of business hours of April 18, 2023, pursuant to withdrawal of his nomination by abrdn.

Further, during the year, Mr. Keki Mistry (DIN: 00008886), had expressed his desire not to get re-appointed and accordingly, he ceased to be a Non-Executive Director of the Company at the conclusion of the AGM held on June 26, 2023.

The Board of Directors of the Company at its meeting held on January 11, 2024, based on the recommendation of the Nomination & Remuneration Committee, approved the appointment of Mr. V. Srinivasa Rangan (DIN: 00030248) as an Additional (Non-Executive) Director (Nominee of HDFC Bank Limited) effective from January 12, 2024.

Further, as required under Regulation 17(1C) of the SEBI Listing Regulations, the Company had on March 1, 2024, obtained approval of the shareholders of the Company through Postal Ballot for appointment of Mr. V. Srinivasa Rangan as a Non-Executive Director (Nominee of HDFC Bank Limited, Promoter of the Company), liable to retire by rotation.

### Managing Director and Chief Executive Officer

Pursuant to the provisions of Section 196, 197, 198, 203 of the Act read with Schedule V and other applicable provisions, if any, of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and SEBI Listing Regulations, the Board of Directors of the Company at its meeting held on June 7, 2024, based on the recommendation of the Nomination & Remuneration Committee has re-appointed Mr. Navneet Munot (DIN: 05247228) as the Managing Director & Chief Executive Officer of the Company, not liable to retire by rotation, for a period of five years effective from July 1, 2024 up to June 30, 2029, subject to approval of the shareholders.

Necessary proposal for his re-appointment including payment of remuneration has been placed for your approval at the upcoming Annual General Meeting (AGM) of the Company scheduled to be held on July 25, 2024. Your Directors recommend his re-appointment as MD & CEO of your Company.

### Independent Directors

Pursuant to the provisions of Sections 149 and 152 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014, along with Schedule IV to the Act and SEBI Listing Regulations, Mr. Dhruv Kaji (DIN: 00192559),

Mr. Jairaj Purandare (DIN: 00159886), Mr. Sanjay Bhandarkar (DIN: 01260274), Mr. Parag Shah (DIN: 00374944) and Ms. Roshni Nadar Malhotra (DIN: 02346621), Independent Directors, were re-appointed at the AGM held on June 26, 2023, for a second term of 5 consecutive years, on the Board of your Company.

Mr. Dhruv Kaji, Mr. Jairaj Purandare, Mr. Sanjay Bhandarkar, Mr. Parag Shah, and Ms. Roshni Nadar Malhotra, Independent Directors, have submitted declarations stating that they meet the criteria of independence as per the provisions of the Act and SEBI Listing Regulations.

All the Independent Directors have also confirmed that in terms of Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, they have registered themselves with the Independent Director's database as prescribed under the Act. Further, in terms of Rule 6(4) of the Companies (Appointment and Qualification of Directors) Rules, 2014, one Independent Director has passed the Online Proficiency Self-Assessment test conducted by Indian Institute of Corporate Affairs (IICA) and the other four Independent Directors were not required to appear for the said test as required by IICA as they fulfil the criteria stipulated under Rule 6(4) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

In the opinion of the Board, the Independent Directors fulfil the conditions specified under the Act, the Rules made thereunder and SEBI Listing Regulations and are independent of the management.

All the directors of the Company have confirmed that they are not disqualified for being appointed as directors pursuant to Section 164 of the Act.

### Key Managerial Personnel

In accordance with the provisions of Sections 2(51) and 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, Mr. Navneet Munot, MD & CEO, Mr. Naozad Sirwalla, Chief Financial Officer and Ms. Sylvia Furtado, Company Secretary are the Key Managerial Personnel of the Company as on March 31, 2024.

On June 6, 2024, Ms. Sylvia Furtado resigned as Company Secretary & Head-Legal (Key Managerial Personnel) and Compliance Officer of the Company under SEBI Listing Regulations with effect from close of business hours of July 15, 2024. The Board placed on record its appreciation for the contribution made by Ms. Furtado during her association with the Company.

Further, the Board of Directors of the Company at its meeting held on June 7, 2024, based on the recommendation of the Nomination & Remuneration Committee, has appointed Ms. Sonali Chandak as Company Secretary & Head-Legal (Key Managerial Personnel) and Compliance Officer of the Company under SEBI Listing Regulations with effect from July 16, 2024.

### Number of Meetings of the Board

During the FY 2023-24, 9 (nine) meetings of the Board of Directors of your Company were held and the details of Board and Committee meetings held are provided in the Report of the Directors on Corporate Governance, which forms part of this report.

### Annual Evaluation

Details on the formal annual evaluation conducted of the performance of the Board, its committees and of individual directors are provided in the Report of the Directors on Corporate Governance, which forms part of this report.

### Nomination & Remuneration Policy

In terms of the requirements under the Act and SEBI Listing Regulations, your Company has in place a Nomination & Remuneration Policy, inter-alia, detailing the director's appointment, remuneration, criteria for determining qualifications, attributes, independence of a director and other matters. The remuneration paid to the Directors, Key Managerial Personnel and Senior Management is as per the Nomination & Remuneration Policy of your Company. The said Nomination & Remuneration Policy is placed on the Company's website at <https://www.hdfcfund.com/about-us/corporate-governance/code-policy>.

### Issue of Employee Stock Options

In line with the practice of incentivizing the employees through issue of stock options, your Company, pursuant to approval granted by the Shareholders of the Company at the AGM held on July 23, 2020, has formulated Employees Stock Option Scheme – 2020 (ESOS – 2020). During the year, the Nomination & Remuneration Committee (NRC) of Board of Directors at its meetings held on April 25, 2023 and January 10, 2024 has granted 10,50,000 and 38,800 stock options representing 10,88,800 equity shares of ₹ 5/- each to the eligible employees of your Company as determined by the NRC, under ESOS – 2020 at grant price of ₹ 1,780.90/- and ₹ 3,415.25/- per option, respectively. No employee was issued stock option, during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant.

There has been no material variation in the terms of the options granted under ESOS – 2020 and Company in compliance with

the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ('ESOP Regulations').

Disclosures as required under the ESOP Regulations have been placed on the website of the Company at [www.hdfcfund.com](http://www.hdfcfund.com).

Further, the certificate required under Regulation 13 of the ESOP Regulations from the Secretarial Auditor of the Company that Employees Stock Option Scheme 2017 – Series I and ESOS 2020 have been implemented in accordance with the ESOP Regulations will be available at the upcoming AGM for inspection.

The Board of Directors, on the recommendation of the Nomination & Remuneration Committee and pursuant to the provisions of the Act and ESOP Regulations has at its meeting held on June 7, 2024, approved to extend benefit and coverage of ESOS - 2020 of the Company to the eligible employees of HDFC AMC International (IFSC) Limited, a Wholly Owned Subsidiary of the Company.

Necessary proposal for the above has been placed for your approval at the upcoming AGM of the Company scheduled to be held on July 25, 2024.

### Auditors and Auditor's Report

#### Statutory Auditors

In terms of Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, M/s. BSR & Co. LLP, Chartered Accountants (ICAI FRN: 101248W/W-100022) were re-appointed as the Statutory Auditors of your Company for a period of 5 continuous years i.e. from the conclusion of 23<sup>rd</sup> AGM till the conclusion of 28<sup>th</sup> AGM of the Company.

The Auditor's Report on the financial statements of the Company for the financial year ended March 31, 2024 forms part of the Annual Report.

#### Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. Bhandari & Associates, Company Secretaries to conduct the Secretarial Audit of your Company for the FY 2023-24. The Secretarial Audit Report is annexed herewith as **Annexure I** to this report.

There were no qualifications, reservations or adverse comments or disclaimer made by the aforesaid Auditors in their audit reports.

The said Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Act.

## Internal Auditors

M/s MP Chitale & Co, were appointed as an Internal Auditors of your Company for the financial year 2023-24.

## Enterprise Risk Management Policy

The Policy on Enterprise Risk Management of your Company was reviewed by the Risk Management Committee and approved by the Board. This policy provides for the Risk Management Framework (RMF) to identify, assess, monitor and mitigate various business risks. This framework incorporates the checks, process and procedures to identify potential risks in the investment and operational areas of the business and minimize their impact through necessary control on your Company. The framework is designed to identify risks, assess their likelihood and impact, ensure the review of mitigation measures and requires reporting on a regular basis. The Risk Management Committee and Audit Committee of the Board of Directors at their meetings periodically reviews the functioning of the RMF.

The Company has a strong Cyber Risk Management framework wherein cyber risk and mitigation controls are monitored by Information Technology and Security Committee and Risk Management Committee of the Company. Key areas covered under the Cyber Risk Management are strong adherence to the Board approved Information and Cyber Security Policies, SEBI guidelines and ISO 27001:2013. The Company maintains robust cyber security posture to protect the confidentiality and integrity of data.

SEBI vide its Master Circular for Mutual Funds dated May 19, 2023, Chapter 4 on Risk Management Framework (RMF) for Mutual Funds, HDFC Mutual Fund has adopted a Policy of Enterprise Risk Management with effect from April 1, 2022. As part of the framework, Risk Management function has incorporated policies, procedures, roles & responsibilities of the management, the Board of the Company and the Board of HDFC Trustee Company Limited. The Board of your Company has approved the Risk Management framework, revised few policies in line with the said SEBI circular and has implemented risk measures outlined in the said circular. The terms of reference of the Risk Management Committee has been enhanced in line with requirements of the said SEBI circular as its main function is to oversee the risks associated with the business of mutual fund at the enterprise level, regulatory, compliance, operation and other functions of Company.

## Adequacy of Internal Controls

Your Company has internal control systems which commensurate with the size and complexity of its operations.

The internal control systems comprise of standardised policies and procedures covering all functional areas aimed at ensuring sound management of operations, reliable financial reporting, safeguarding of assets and prevention and detection of frauds and errors. The Audit Committee of the Board of Directors, at regular intervals and in co-ordination with Internal and Statutory Auditors, review the adequacy of Internal Controls within your Company.

Further, the internal financial controls related to financial statements are found to be adequate and operating effectively and that no material weakness has been noticed during the year under review.

## Corporate Social Responsibility

In terms of Section 135 of the Act, your Company has formed an Environmental, Social & Governance and Corporate Social Responsibility (ESG & CSR) Committee to inter-alia approve activities to be undertaken, expenditure to be incurred and to monitor the performance of the CSR activities undertaken by the Company. The said committee also oversee the development and implementation of the Company's ESG framework.

During the year, in view of Mr. Sanjay Bhandarkar's experience in ESG domain, he was appointed as a member of the Committee and consequent to which the Committee consists Mr. Deepak S. Parekh (Chairman), Mr. Parag Shah, Mr. Sanjay Bhandarkar and Mr. Navneet Munot. The Company Secretary acts as the Secretary to the Committee.

The Company undertakes its CSR activities through a variety of effective programs. The major thrust of the CSR activities of the Company is in the areas of promoting education and health care. The Company also undertakes CSR activities in the areas of promoting sports and environment sustainability. These activities are in accordance with the Schedule VII to the Act.

The Board of Directors and the ESG & CSR Committee review and monitor from time to time all the CSR activities being undertaken by the Company.

The annual report on CSR activities along with the executive summary for Impact Assessment Reports of the applicable projects, in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended, is set out at **Annexure II** to this report.

During the year, the Company has fully spent the required amount towards CSR activities.

The composition of the ESG & CSR Committee, CSR Policy, CSR activities undertaken by the Company and the complete Impact Assessment Reports of the applicable projects are

available on the Company's website at <https://www.hdfcfund.com/about-us/corporate-profile/csr>.

### Particulars of contracts or arrangements with Related Parties

During the year, your Company has entered into transactions with related parties as defined under Section 2(76) of the Act read with Companies (Specification of Definitions Details) Rules, 2014, SEBI Listing Regulations and applicable Accounting Standards, which were in the ordinary course of business and on arms' length basis and in accordance with the policy on Related Party Transactions of the Company.

The Policy ensures proper approval and reporting of the concerned transactions between the Company and related parties.

The policy on Related Party Transactions is placed on the Company's website at <https://www.hdfcfund.com/about-us/corporate-governance/code-policy>.

During the year, there was no material transaction with any related parties as per the Related Party Transactions Policy of the Company or any other related party transaction entered into by the Company that requires disclosure in Form AOC-2, hence, disclosure in Form AOC-2 is not applicable to the Company.

The disclosures pertaining to related party transactions as per the applicable Accounting Standards form part of the notes to the financial statements provided in this Annual Report.

### Particulars of Loans, Guarantees or Investments

Details of loans, guarantees and investments, if any, covered under the provisions of Section 186 of the Act are provided in the notes to financial statements.

### Deposits

During the year, your Company has not accepted any deposits within the meaning of Sections 73 and 74 of the Act read together with the Companies (Acceptance of Deposits) Rules, 2014.

### Unclaimed Dividend on Shares

As at March 31, 2024, unclaimed dividend amounting to ₹ 77,99,149/- which has not been claimed by shareholders of the Company and is lying in the respective Unpaid Dividend Accounts of the Company.

Your Company has disclosed the statement containing the names, last known addresses of those shareholders whose dividend is unpaid on the Company's website at [www.hdfcfund.com](http://www.hdfcfund.com).

### Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on the financial year ended March 31, 2024 is placed on the Company's website at <https://www.hdfcfund.com/about-us/financial-information/annual-reports>

### Vigil Mechanism / Whistle Blower Policy

Whistle Blower Policy is in place and details of the same are provided in the Report of the Directors on Corporate Governance, which forms part of this report.

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

The information pertaining to the conservation of energy and technology absorption in terms of Section 134(3)(m) of the Act, read with the Companies (Accounts) Rules, 2014 is stated as below:

#### (a) Conservation of energy and technology absorption

Your Company is in financial services industry and does not consume high levels of energy. However, regular efforts are made to adopt appropriate energy conservation measures and technology absorption methods.

#### (b) Foreign Exchange, earnings and expenditure during the year –

- Foreign exchange (earnings): ₹ 0.01 crore (previous year: ₹ 3.31 crore)
- Foreign exchange (expenditure): ₹ 11.68 crore (previous year: ₹ 10.06 crore)

### Particulars of Employees

As on March 31, 2024, your Company has 1,509 employees and for the previous year, your Company had 1281 employees.

In accordance with the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and particulars of the top ten employees in terms of remuneration drawn are set out in the annexure to this report. In terms of the provisions of Section 136(1) of the Act, the Directors' Report is being sent to all shareholders of the Company excluding the annexure. Any shareholder interested in obtaining a copy of the annexure may write to the Company.

Further, disclosures on managerial remuneration as required under Section 197 of the Act read with Rule 5(1) of the

Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are appended as **Annexure III**.

### Other Disclosures

- There was no change in the nature of the business of the Company.
- There was no revision in the financial statements of the Company.
- During the year, there was no receipt of any remuneration or commission by the MD & CEO of the Company from its Holding Company and Subsidiary Company.
- Disclosure pertaining to maintenance of cost records as specified by the Central Government under sub-section (1) of Section 148 of the Act, is not applicable to your Company.
- There was no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year.
- There was no one-time settlement entered into with any Bank or financial institutions in respect of any loan taken by the Company.
- Details of the Audit Committee of the Board of Directors including its composition are provided in the Report of the Directors on Corporate Governance, which forms part of this report.

### Directors' Responsibility Statement

In accordance with the provisions of Section 134(5) of the Act and based on the information provided by the management, your Directors state that:

- (i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of March 31, 2024 and of the profit of the Company for year ended on that date;
- (iii) Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

- (iv) The annual accounts of the Company have been prepared on a going concern basis;
- (v) Internal financial controls have been laid down to be followed by the Company and such internal financial controls are adequate and operating effectively; and
- (vi) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Secretarial Standards

Your Company is in compliance with the provisions of the applicable Secretarial Standards issued by the Institute of Company Secretaries of India in terms of the Act.

### Prevention of Sexual Harassment Policy and its Reporting

Your Company has framed and implemented a Policy on Sexual Harassment of Women at Workplace aiming at prevention of harassment of employees which lays down the guidelines for identification, reporting and prevention of undesired behaviour. 6 (six) Internal Committees (IC) for different zones were constituted in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 with women employees being a majority and an external member. The Policy, IC Members' details and the penal consequences of violating the said Act/Policy are displayed at all offices/ISCs and on the intranet of the Company. Regular employee awareness sessions are conducted to generate awareness about the policy, reporting mechanism and prevention of sexual harassment at the workplace. During the year, the IC received no complaint pertaining to sexual harassment.

### Significant/Material orders passed by the Regulators

There are no significant and material orders by any regulator, court, tribunal impacting the going concern status of the Company and its operations in future.

### Material changes and commitments, if any, affecting the financial position of the Company from the financial year end till the date of this report

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2023-24 and the date of this Report.



## Acknowledgements

The Directors take this opportunity to thank its investors, shareholders, trustee company, bankers, distributors, key partners, Investor Service Centres and other service providers for their continued support. The Directors would like to convey their gratitude to HDFC Bank Limited, promoter of your Company.

The Directors acknowledge the valuable assistance, support and guidance given by the Securities and Exchange Board of India, Association of Mutual Funds of India, Reserve Bank of India, Ministry of Corporate Affairs, Registrar of Companies, Stock Exchanges and Depositories.

The Directors wish to place on record their appreciation to employees at all levels for their dedication and commitment.

The Directors also acknowledge the faith reposed in HDFC Mutual Fund by its investors and look forward to their continued support.

On behalf of the Board of Directors

**Deepak S. Parekh**

Chairman

(DIN: 00009078)

New York

June 07, 2024

CIN: L65991MH1999PLC123027

**Registered Office:**

"HDFC House", 2nd Floor, H. T. Parekh Marg  
165 - 166, Backbay Reclamation, Churchgate  
Mumbai – 400 020.

Tel.: 022 – 6631 6333, Fax: 022 – 66580203



Annexure I

## Secretarial Audit Report

### For The Financial Year Ended March 31, 2024

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members,  
**HDFC Asset Management Company Limited**  
**CIN: L65991MH1999PLC123027**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HDFC Asset Management Company Limited** (hereinafter called 'the Company'). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2024** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2024 according to the provisions of:

- i. The Companies Act, 2013 ('the Act') and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. The Company does not have any External Commercial Borrowings during the financial year.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018#;
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021#;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021#; and
  - h. The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018#;
  - i. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

# The Regulations or Guidelines, as the case may be were not applicable to the Company for the period under review.

The list of Acts, Laws and Regulations specifically applicable to the Company are given below:

- vi. The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended;
- vii. The Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020;
- viii. The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent applicable.

#### **We further report that -**

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. Further the changes in the composition of the Board of Directors, that took place during the period under review, were carried out in compliance with the provision of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings, except for one Board Meeting where agenda was sent at a shorter period, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

**We further report** that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report** that during the audit period, the following events/actions occurred -

- i. Hon'ble National Company Law Tribunal, Mumbai Bench vide its order dated March 17, 2023, approved the composite scheme of amalgamation of (i) HDFC Investments Limited and HDFC Holdings Limited, wholly-owned subsidiaries of Housing Development Finance Corporation Limited ('HDFC Ltd') with and into HDFC Ltd; and (ii) HDFC Ltd with and into HDFC Bank Limited ('HDFC Bank'). The said scheme was effective from July 01, 2023, consequent to which -
  - HDFC Bank became the Holding Company and Promoter of the Company in place of erstwhile HDFC Ltd; and
  - HDFC Bank became the Sponsor of HDFC Mutual Fund and HDFC AMC AIF II, in place of erstwhile HDFC Ltd.
- ii. Pursuant to the receipt of approval from the Securities and Exchange Board of India ('SEBI'), abrdn Investment Management Limited ('abrdn'), one of the promoters of the Company, on June 20, 2023, sold its entire stake in the Company i.e. 10.20% of the paid up capital of the Company and requested the Company to reclassify them from the "Promoter" category to "Public" category in accordance with Regulation 31A of the Listing Regulations. Accordingly, the Company after carrying out the requisite compliance under Regulation 31A of the Listing Regulations made an application to National Stock Exchange of India Limited and BSE Limited ('Stock Exchanges'), for such reclassification. Basis the application, Stock Exchanges had on September 18, 2023 approved reclassification of abrdn from 'Promoter' Category to 'Public' Category. Further, abrdn also ceased as co-sponsor of HDFC Mutual Fund.

**For Bhandari & Associates**

Company Secretaries

Unique Identification

No.: P1981MH043700

Peer Review Certificate No.: 611/2019

**S. N. Bhandari**

Partner

FCS No.: 761; C P No.: 366

Mumbai | May 21, 2024

UDIN: F000761F000408476

This report is to be read with our letter of even date which is annexed as **Annexure 'A'** and forms an integral part of this report.

### 'Annexure A'

To

The Members,

#### **HDFC ASSET MANAGEMENT COMPANY LIMITED**

**CIN: L65991MH1999PLC123027**

Our Secretarial Audit Report for the financial year ended on March 31, 2024 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Bhandari & Associates**

Company Secretaries

Unique Identification No.: P1981MH043700

Peer Review Certificate No.: 611/2019

**S. N. Bhandari**

Partner

FCS No.: 761; C P No.: 366

Mumbai | May 21, 2024

UDIN: F000761F000408476

## Annexure II

## Annual Report on Corporate Social Responsibility Activities

As prescribed under Section 135 of the Companies Act, 2013  
and Companies (Corporate Social Responsibility Policy) Rules, 2014

**1. Brief outline on CSR Policy of the Company:** The Company carries its Corporate Social Responsibility ('CSR') activities through various implementing agencies. The details of the Company's CSR Initiatives project / programs and activities are provided in this annexure and more particularly specified in the CSR Policy of the Company which is uploaded on its website and can be viewed on <https://www.hdfcfund.com/about-us/corporate-profile/csr>.

**2. Composition of Environmental, Social and Governance & Corporate Social Responsibility ('ESG & CSR') Committee:**

Sr. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of ESG & CSR Committee held during the year	Number of meetings of ESG & CSR Committee attended during the year
1	Mr. Deepak S. Parekh	Chairman	3	3
2	Mr. Parag Shah	Independent Director	3	3
3	Mr. Navneet Munot	Managing Director and Chief Executive Officer	3	3
4	*Mr. Sanjay Bhandarkar	Independent Director	2	2

\* Mr. Sanjay Bhandarkar was appointed as member of the Committee w.e.f. April 25, 2023.

**3. Provide the web-link(s) where Composition of ESG & CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company - <https://www.hdfcfund.com/about-us/corporate-profile/csr>**

**Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.** - The Company in line with sub rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, has undertaken Impact Assessment of the applicable projects through an independent agency. The complete Impact Assessment Reports of the applicable projects are available on the Company's website at <https://www.hdfcfund.com/about-us/corporate-profile/csr>.

A brief outline of the aforesaid Impact Assessment is given below: -

HDFC AMC has ingrained Corporate Social Responsibility (CSR) into its core values and culture. The organization is committed to creating value for the ecosystem in which it operates and has been undertaking initiatives long before the provisions of CSR in the Companies Act, 2013. HDFC AMC supports projects undertaken by credible NGOs, community groups, and other organizations for

social and philanthropic causes. To ensure effective monitoring of these projects, the company has partnered with Samhita Social Ventures as its administrative partner.

### Healthcare Initiatives -

**1. LINAC Equipment at Head and Neck Cancer Hospital:  
About the Project -**

The Head and Neck Cancer Hospital, operated under CanCare Trust, prioritizes the treatment of head and neck cancers, constituting 90% of its patient base. However, the current healthcare landscape reveals a significant gap in infrastructure, with many facilities equipped with outdated and inadequate equipment. This discrepancy is especially concerning given the high number of individuals affected by cancer in India, estimated at approximately 1.4 million.

### HDFC AMC's Objective -

To providing access to advanced treatment modalities to patients from underprivileged backgrounds, providing them access to advanced treatment options typically available in private hospitals at a premium, through the procurement of a Linear Accelerator (LINAC) for the Head and Neck Cancer Hospital

**Key Findings -**

The project impacted 130 patients reaching 90% of its capacity within 3-4 months for project completion. Utilization of the LINAC equipment, supported by HDFC AMC, demonstrated effective cancer treatment outcomes. Most patients reported that the LINAC required less time and caused fewer side effects compared to other equipment.

**Sustainable Development Goals**



**2. Indian Cancer Society- Cancer Cure Fund:**

**About the project -**

The Cancer Cure Fund, supported by HDFC AMC and administered by the Indian Cancer Society, provides financial assistance to underprivileged and low-income patients diagnosed with any curable/ early detected cancers through the empaneled hospitals.

**HDFC AMC's Objective -**

The aim is to make treatment and supportive care services accessible to patients and ensuring that they receive the essential medical attention required for cancer cure.

**Key Findings -**

The Cancer Cure Fund has reduced financial burdens for 1,209 cancer patients belonging to 26 states by providing essential treatment and care. Fund allocation involved a rigorous due diligence process with multiple levels of scrutiny by doctors, donors, and AI. This thorough process ensures that the most deserving patients receive support. Nearly 69% of respondents found the application process user-friendly.

**Sustainable Development Goals**



**3. Doctors For You:**

**About the project -**

HDFC AMC collaborated with Doctors For You to conduct a COVID vaccination drive from January 2022 to March 2022. The campaign was highly cost-efficient, with a per-dose cost of less than ₹ 100, successfully reducing vaccine hesitancy and achieving high participation rates.

**HDFC AMC's Objective**

The aim was to support the mobilization of a large-scale initiative to reach the COVID-19 Vaccination to underserved communities, particularly women, in remote locations across the country.

**Key Findings-**

This drive resulted in the administration of 1,00,301 doses over a period of 2+ months across 5 states - Karnataka, Maharashtra, Tamil Nadu, Uttar Pradesh and Kerala.

69.4% of respondents have received their second or booster doses in the drive.

Inclusivity and access were generally well-handled, with representation across different age groups.

**Sustainable Development Goals**



**Education Initiatives**

**1. Sampark Foundation:**

**About the project -**

The 'Sampark Smart Shala' project aimed at enhancing education through technology and connectivity. It was a community-based educational program imparted by training teachers to deliver the content that utilizes innovations such as board games, paper charts, and radio devices to keep students engaged in lessons.

**HDFC AMC's Objective -**

To provide foundational education to students across remote underserved districts of Jharkhand through training the teachers and the distribution of learning materials which use innovative & gamification techniques

**Key Findings -**

**Reach:** The program impacted more than 4.9 lakh students from 8,216 schools in aspirational districts of Jharkhand. **Improvement in Education:** The Smart Shala program significantly improved teaching productivity and student engagement by distributing Maths and English kits, including audio and braille components.

**Teacher Feedback:** 90% of teachers found the kits extremely useful.

**Sustainable Development Goals**



**2. Parivaar Education Society:**

**About the project -**

The Seva Kutir project focuses on improving nutrition and foundational education for children aged 4-14. HDFC AMC provided support to 60 Seva Kutirs (day boarding centres operated by Parivaar) across five districts—mainly tribal areas—in Dindori, Vidisha, Khandwa, Dewas, and Sehore district of Madhya Pradesh.

**HDFC AMC’s Objective -**

To provide nutritious meals and supplementary foundational education to underprivileged children from rural & tribal areas of Madhya Pradesh in order to eradicate malnutrition.

**Key Findings -**

**Impact on Children:** The Seva Kutir project has enhanced educational and nutritional outcomes for 6,055 children, improving school attendance, academic performance, and social behaviour through a structured approach and community involvement.

**Sustainable Development Goals**



**3. Ashoka University:**

**About the project -**

Ashoka University aimed to enhance the adaptability of its graduate students to prepare them for the evolving job market, by facilitating a liberal arts degree that is structured to foster learning and collaborative efforts

**HDFC AMC’s Objective -**

The aim was to foster educational system that is a strategic investment in the future of India's higher education ecosystem by way of supporting liberal arts.

**Key Findings -**

**Impact:** HDFC AMC’s support for constructing a lecture hall at Ashoka University has benefited 2,600 students and 150 faculty members.

**Inclusive Design:** The hall’s inclusive design caters to individuals with disabilities and includes modern technological infrastructure, facilitating interactive and collaborative learning.

**Enhanced Experience:** Students and faculty have reported enhanced learning experiences and operational efficiency due to the new facility.

**Sustainable Development Goals**



- 4. (a) **Average net profit of the company as per sub-section (5) of section 135.** - ₹ 15,64,52,17,392/-
- (b) **Two percent of average net profit of the company as per sub-section (5) of section 135.** - ₹ 31,29,04,348/-
- (c) **Surplus arising out of the CSR Projects or programmes or activities of the previous financial years.** - NIL
- (d) **Amount required to be set-off for the financial year, if any.** - NIL
- (e) **Total CSR obligation for the financial year [(b)+(c)-(d)].** - ₹ 31,29,04,348/-
- 5. (a) **Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).** - ₹ 31,11,38,668/-
  - (i) **Details of CSR amount spent against ongoing projects for the financial year:** NIL
  - (ii) **Details of CSR amount spent against other than ongoing projects for the financial year:** ₹ 31,11,38,668/-



- (b) Amount spent in Administrative Overheads. - ₹ 10,57,680/-
- (c) Amount spent on Impact Assessment, if applicable – ₹ 7,08,000/-
- (d) Total amount spent for the Financial Year [(a)+(b)+(c)]. - ₹ 31,29,04,348/-
- (e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount.	Date of transfer.	Name of the Fund	Amount	Date of transfer.
₹ 31,29,04,348/-*	NIL	NA	-	-	-

\* This amount includes: (i) amounts spent for other projects (₹ 31,11,38,668/-); (ii) amount spent as administrative Overheads (₹ 10,57,680); and (iii) amount spent on Impact Assessment (₹ 7,08,000)

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

1	2	3
Sr. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	₹ 31,29,04,348/-
(ii)	Total amount spent for the Financial Year	₹ 31,29,04,348/-
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	NIL
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	NIL

## 7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

1	2	3	4	5	6		7	8
Sr. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹) (at the beginning of the reporting financial year)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
1	FY-2020-21	₹ 17,29,60,000/-	NIL	NIL	NIL	NIL	NIL	NA
2	FY-2021-22	₹ 5,24,43,660/-	NIL	NIL	NIL	NIL	NIL	NA
3	FY-2022-23	NIL	NIL	NIL	NIL	NIL	NIL	NA

## 8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

YES  No

If Yes, enter the number of Capital assets created/ acquired

**Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:**

Sr. No.	Short particulars of the property or asset(s)[including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ authority/ beneficiary of the registered owner		
1	2	3	4	5	6		
					CSR Registration Number, if applicable	Name	Registered Address
1	<b>200 Water Tank Lofts</b> - Flats 1701 to 2412, Building 5D, MHADA Transit Camp Bombay Dyeing Mill Compound, Bhoiwada,Cemetery Lower parel, Mumbai - 400021	400021	18 <sup>th</sup> Sep 2023	20,20,795	CSR00004479	Rotary Club Bombay Charities Trust No. 3	97-B, Mittal Tower, Free Press Journal Marg, Nariman Point, Mumbai -400021
2	<b>4 Tata Ace Electric Vehicles</b> - C-6 - C-11, Mahal Yogna, Goner Road, Jagatpura, Jaipur - 302017	302017	31 <sup>st</sup> Jan 2024	38,42,415	CSR00000286	Akshay Patra Foundation	72, 3rd Floor, 3rd Main, 1st and, 2nd-stage, Yeswanthpur, Industrial Suburb, Ward No 10, Bangalore-560 022
3	<b>Vessels</b> - 184 C-6 - C-11, Mahal Yogna, Goner Road, Jagatpura, Jaipur - 302017	302017	13 <sup>th</sup> Mar 2024	7,09,946			
4	<b>2 Bolero CNG Vehicles</b> Khasara No. 149/1, Village - Lodhauri Moza Ajnokh, Post - Barsana, Tehsil- Chhata Mathura- 281405	281405	6 <sup>th</sup> Feb 2024	22,08,673			
5	<b>Vessels</b> -175 Khasara No. 149/1, Village - Lodhauri Moza Ajnokh, Post - Barsana, Tehsil- Chhata Mathura- 281405	281405	4 <sup>th</sup> Mar 2024	6,49,481			
6	<b>4 Philips MX550 Multiparameter Patient Monitor</b> - Kanchi Kamakoti CHILDS Trust Hospital, 12A Nageswara Road, Nungambakkam, Chennai-600034	600034	10 <sup>th</sup> Oct 2024	31,50,000	CSR00002494	The CHILDS Trust	Kanchi Kamakoti CHILDS Trust Hospital, 12A Nageswara Road, Nungambakkam, Chennai-600034
7	<b>Barkey Autoline 4R LF CCRT Pediatric Warmer Sleeve</b> - Kanchi Kamakoti CHILDS Trust Hospital, 12A Nageswara Road, Nungambakkam, Chennai-600034	600034	14 <sup>th</sup> Feb 24	2,41,984			
8	<b>Philips SpO2 Reusable Sensor M1196A</b> - Kanchi Kamakoti CHILDS Trust Hospital, 12A Nageswara Road, Nungambakkam, Chennai-600034	600034	18 <sup>th</sup> Mar 24	8,194			

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

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

**Deepak S. Parekh**  
 DIN: 00009078  
 Chairman of ESG & CSR Committee

**Navneet Munot**  
 DIN: 05247228  
 Managing Director & Chief Executive Officer

## Annexure III

# Disclosures on Managerial Remuneration

Details of remuneration as required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided below:

### Ratio of remuneration of each director to the median employees' remuneration for FY 2023-24

Name	Designation	Ratio of remuneration to the median employees' remuneration
Mr. Navneet Munot	Managing Director & Chief Executive Officer	76.5:1
Mr. Deepak S. Parekh	Non-Executive - Non Independent Director	4.8:1
Mr. Keki Mistry <sup>1</sup>	Non-Executive - Non Independent Director	1.1:1
Ms. Renu Sud Karnad	Non-Executive - Non Independent Director	4.19:1
Mr. Rushad Abadan <sup>2</sup>	Non-Executive - Non Independent Director	-
Mr. V. Srinivasa Rangan <sup>3</sup>	Non-Executive - Nominee Director	-
Mr. Dhruv Kaji	Non-Executive - Independent Director	4.8:1
Mr. Jairaj Purandare	Non-Executive - Independent Director	4.6:1
Mr. Sanjay Bhandarkar	Non-Executive - Independent Director	4.9:1
Mr. Parag Shah	Non-Executive - Independent Director	4:1
Ms. Roshni Nadar Malhotra	Non-Executive - Independent Director	3:1

<sup>1</sup>Mr. Keki Mistry ceased to be Non-Executive Director of the company w.e.f. June 26, 2023

<sup>2</sup>Mr. Rushad Abadan ceased to be Non-Executive Director of the company w.e.f. the close of business hours of April 18, 2023.

<sup>3</sup>Mr. V. Srinivasa Rangan appointed as Non-Executive Director of the company (Nominee of HDFC Bank Limited) w.e.f. January 12, 2024

Note:

The Company has considered fixed pay and performance bonus / commission for the computation of ratios. Fixed pay includes – salary, allowances, as well as value of perquisites excluding retiral benefits.

### Percentage increase in the remuneration of each director and key managerial personnel in FY 2023-24

#### Key Managerial Personnel

Name	Designation	Increase in Remuneration (%)
Mr. Navneet Munot	Managing Director & Chief Executive Officer	9.29%
Mr. Naozad Sirwalla	Chief Financial Officer	11.50%
Ms. Sylvia Furtado	Company Secretary	9.42%

#### Non-Executive Directors

There was no change in the sitting fees paid to the Non-Executive Directors for attending meetings of board/committees. The Commission payable to each Non-Executive Director for FY 2023-24 is ₹ 25 lacs, which is same as last year and this Commission will be paid after the financial statements are approved by the Shareholders at the Annual General Meeting scheduled to be held on July 25, 2024.

Further, details on remuneration for all the directors are provided in Corporate Governance Report which is a part of this Annual Report.

#### Percentage increase in the median remuneration of employees in FY 2023-24

The percentage increase in the median remuneration of employees in FY 2023-24 was 16.28%.

**Number of permanent employees on the rolls of the Company**

The Company had 1,509 permanent employees as of March 31, 2024.

**Average percentile increase already made in salaries of employees other than managerial personnel in last financial year and its comparison with the percentile increase in managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

The average increase in the salaries of all employees for FY 2023-24 was 14.43%. The average increase in remuneration of managerial personnel was 9.67% and non-managerial personnel was 14.72%.

The criteria for remuneration evaluation for all Non-Managerial Personnel is based on an appraisal process which is conducted on semi-annual basis and the remuneration of the managerial personnel is based as per the Nomination & Remuneration Policy. The increase in remuneration is an outcome of a combination of the overall performance of the Company and individual's performance. The Company reiterates that there were no exceptional circumstances which warranted an increase in managerial remuneration which was not justified by the overall performance of the Company.

**Affirmation that the remuneration is as per the remuneration policy of the Company**

Yes

# Business Responsibility & Sustainability Report

## Principle 1

93

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable



## Principle 6

108

Businesses should respect and make efforts to protect and restore the environment



## Principle 2

96

Businesses should provide goods and services in a manner that is sustainable and safe



## Principle 7

113

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent



## Principle 3

98

Businesses should respect and promote the well-being of all employees, including those in their value chains



## Principle 8

114

Businesses should promote inclusive growth and equitable development



## Principle 4

103

Businesses should respect the interests of and be responsive to all its stakeholders



## Principle 9

116

Businesses should engage with and provide value to their consumers in a responsible manner



## Principle 5

105

Businesses should respect and promote human rights



## Section A- General Disclosures

### I. Details of the listed entity:

Sr. No	Particulars	Details
1	Corporate Identity Number (CIN) of the Company	L65991MH1999PLC123027
2	Name of the Listed Entity	HDFC Asset Management Company Limited ('HDFC AMC' / 'the Company')
3	Year of Incorporation	1999
4	Registered Office Address	HDFC House, 2nd Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai – 400 020
5	Corporate Address	HDFC House, 2nd Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai – 400 020
6	E-mail	<a href="mailto:shareholders.relations@hdfcfund.com">shareholders.relations@hdfcfund.com</a>
7	Telephone	+91 22 66316333
8	Website	<a href="http://www.hdfcfund.com">www.hdfcfund.com</a>
9	Financial Year for which reporting is done	FY 2023-24
10	Name of the Stock Exchange(s) where shares are listed	BSE Limited (BSE) & National Stock Exchange of India Limited (NSE)
11	Paid-up Capital	₹ 106.74 Crore
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Kartik Parekh Joint Assistant Vice President- Investor Relations Telephone no- +91 22 66316333 E-mail id- <a href="mailto:kartikp@hdfcfund.com">kartikp@hdfcfund.com</a>
13	Reporting boundary	<p>The disclosures made under this report are on standalone basis. The Business Responsibility and Sustainability Reporting (BRSR) is in conformance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.</p> <p>There is a restatement due to re-computation of a BRSR attribute on the basis of the approach and methodology adopted for the disclosures of FY 2023-24. The restatement would enable completeness and comparability of information for the current year and previous year. The reason relating to the restatement has been explained as a footnote under the relevant attribute of the report.</p>
14	Name of assurance provider	B S R & Co. LLP
15	Type of assurance obtained	Reasonable Assurance on BRSR Core attributes

### II. Products/Services

#### 16. Details of Business Activities

Sr. No	Description of Main Activity	Description of Business Activity	% of Turnover
1.	Financial & Insurance Service	Fund Management Services	99.85
2.	Financial & Insurance Service	Financial Advisory, Brokerage & Consultancy Services	0.15

#### 17. Products/Services sold by the entity

Sr. No	Product/Service	NIC Code	% of Turnover contributed
1.	The Company offers a wide range of savings and investment products ranging from mutual funds, including both actively managed and passive options, to portfolio management services and alternative investment opportunities catering to the needs of a large and diverse customer base.	66301	100



### III. Operations

#### 18. Number of locations where plants and/or operations/offices of the entity are situated

Location	Number of Plants	Number of Offices	Total
National	NA*	253	253
International#	NA*	1	1

\*The Company is into financial services and does not undertake any manufacturing activity

# Representative Office in Dubai

#### 19. Markets served by the entity

##### a. Number of locations

Locations	Number
National (No. of States) *	36
International (No. of Countries)	-

\*Includes union territories

##### b. What is the contribution of exports as a percentage of the total turnover of the entity?

NIL

##### c. A brief on types of customers

The Company offers a wide range of mutual fund and alternative investment products across asset classes to large and diverse customer base. The Company closed FY 23-24 with 96 Lakh unique customers, 166 Lakh live accounts serviced through 254 branches. Nearly 22% of all MF investors in India have chosen to invest with HDFC AMC. In terms of Monthly Average Assets Under Management (MAAUM) for March 2024, individual investors contribute approximately 71%, while institutional investors account for 29%. Geographically, 19% of MAAUM is sourced from B30\* cities, with the remaining 81% coming from T30\* cities. With a 13.3% market share of individual investor MAAUM for March 2024, the Company has established itself as the premier choice for individual investors.

\*T30 refers to the top 30 geographical locations in India and B30 refers to the locations beyond the top 30.

### IV. Employees

#### 20. Details as at March 31, 2024

##### a. Employees (including differently abled):

Particulars	Total (A)	Male		Female	
		No (B)	% (B/A)	No (C)	% (C/A)
Permanent* (D)	1,509	1,090	72%	419	28%
Other than Permanent (E)	541	285	53%	256	47%
<b>Total employees (D + E)</b>	<b>2,050</b>	<b>1,375</b>	<b>67%</b>	<b>675</b>	<b>33%</b>

\*active employees+ employees serving notice

The entire workforce of the Company is categorized as 'Employees' and none as 'Workers'. Therefore, the information in BRSR under the 'Workers' category is not applicable.

##### b. Differently abled employees

Particulars	Total (A)	Male		Female	
		No (B)	% (B/A)	No (C)	% (C/A)
<b>Differently Abled Employees</b>					
Permanent (D)	2	1	50%	1	50%
Other than Permanent (E)	2	2	100%	-	-
<b>Total differently abled employees (D + E)</b>	<b>4</b>	<b>3</b>	<b>75%</b>	<b>1</b>	<b>25%</b>

**21. Participation/Inclusion/Representation of women**

Particulars	Total (A)	No & % of Females	
		No (B)	% (B/A)
Board of Directors	9	2	22.22%
Key Management Personnel	3	1	33.33%

Note: Details as at March 31, 2024

**22. Turnover rate for permanent employees**

Particulars	FY 23-24			FY 22-23			FY 21-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	13%	15%	14%	18%	24%	20%	16%	23%	18%

**V. Holding, Subsidiary and Associate Companies (including joint ventures)****23. (a) Names of holding / subsidiary / associate companies / joint ventures (As at March 31, 2024)**

Sr. No	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held in listed entity
1	HDFC BANK LIMITED*	Holding Company	52.55%
2	HDFC AMC International (IFSC) Limited	Wholly Owned Subsidiary ('WOS')	100%

\* Note: HDFC Bank Limited is the Holding Company of HDFC Asset Management Company Limited effective July 01, 2023 pursuant to the Composite scheme of amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, wholly owned subsidiaries of Housing Development Finance Corporation Limited ('HDFC Ltd') with and into HDFC Ltd; and (ii) HDFC Ltd with and into HDFC Bank.

Does the entity indicated at column A above, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)

The Holding Company has its own Business Responsibility (BR) initiatives and generally do not participate in BR initiatives of the Company. The WOS was incorporated on May 27, 2022 and is in process of commencing its operations.

**VI. CSR Details**

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes
- (ii) Turnover: ₹ 2,584 Crore
- (iii) Net worth: ₹ 7,079 Crore

**VII. Transparency and Disclosures Compliances****25. Complaints/ Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGRBC)**

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 23-24			FY 22-23		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	-	-	-	-	-	-	-
Investors (other than shareholders)	-	-	-	-	-	-	-
Shareholders <sup>1</sup>	Yes	4	0	-	3	0	-
Employees and workers <sup>2</sup>	Yes	3	0	-	0	0	-

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 23-24			FY 22-23		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Customers <sup>3</sup>	Yes	1,858	6	-	2,190	12	-
Distributors (Value Chain Partners) <sup>4</sup>	Yes	4	0	-	8	0	-

1 <https://www.hdfcfund.com/information/shareholders-information-and-helpdesk> Shareholders can also write to [shareholders.relations@hdfcfund.com](mailto:shareholders.relations@hdfcfund.com)

2 Internal polices placed on the intranet and some of the policies guiding company's conduct with its stakeholders on <https://www.hdfcfund.com/about-us/governance/codes-policies>.

3 <https://www.hdfcfund.com/contact-us/investor-relationship-officer>

3 <https://www.hdfcfund.com/information/grievances-redressal-mechanism>

4 Distributors can write to us at [partners@hdfcfund.com](mailto:partners@hdfcfund.com) or [mfonlinefeedback@hdfcfund.com](mailto:mfonlinefeedback@hdfcfund.com)

## 26. Overview of the entity's material responsible business conduct issues

Various material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to the Company's business are as indicated below:

Sr. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Responsible Investing	Opportunity/ Risk	As an institutional investor, the Company has a duty to act in the best long-term interests of its customers along with creating value. In this fiduciary role, ESG issues can also impact the performance of investment portfolios.	a. The Company has a robust investment philosophy, efficient risk management, and sound governance practices. b. The Company's investment team monitors ESG related factors in investee companies. c. The Company has also adopted a stewardship code in line with the regulatory requirements. d. The Company has become signatory of the United Nations- supported Principles for Responsible Investment. e. The Company has adopted the globally recognised CFA Institute Asset Manager Code.	Positive: Embedding ESG considerations in investment decisions reduces portfolio risks. Negative: Reputational risks, in case the Company is unable to meet the stakeholder expectations.
2.	Financial Literacy	Opportunity	Indians have predominantly saved money in traditional fixed income instruments/ lockers which may or may not be able to deliver positive inflation adjusted returns or in unregulated instruments which may be high risk to capital.	The Company aims at inculcating the financial saving mindset by encouraging Indians to invest in mutual funds against traditional methods by launching investor awareness campaigns.	Positive: a. Enabling wealth creation for every Indian b. Connect with wider audience c. Increase in financial literacy

Sr. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
3.	Data Security & Customer Privacy	Risk	The Company relies heavily on its technology infrastructure. As majority of transactions are processed digitally, it increases cyber/information security risk.	<ul style="list-style-type: none"> <li>a. The Company has a strong Cyber Risk Management framework wherein cyber risk and its mitigation are monitored by the Information Technology &amp; Security Committee and Risk Management Committee</li> <li>b. The Company sensitises employees, customers and other stake holders on cyber frauds, data privacy and other related concerns.</li> <li>c. Identified personnel are regularly trained and limited access is provided to various members of the team to avoid fraudulent use of critical information.</li> </ul>	Negative: <ul style="list-style-type: none"> <li>a. Reputational risks</li> <li>b. Information Security and Cyber risk</li> <li>c. Compliance risk.</li> </ul>
4.	Digitisation	Opportunity	The demand for and acceptance of digital transactions is increasing, driven by government initiatives like Digital India, low-cost internet data, widespread smartphone adoption and India's biometric identity card system (AADHAR)	The Company has consistently invested in technology, building a robust digital environment within the organization to minimize reliance on paper-based transactions and communication.	Positive: <ul style="list-style-type: none"> <li>a. Cost efficiencies</li> <li>b. Better customer reach &amp; service through digital operations</li> <li>c. Increased penetration in B30 cities</li> </ul>

### Section B- Management & Process Disclosures

The National Guidelines for Responsible Business Conduct (NGRBC) as prescribed by the Ministry of Corporate Affairs advocates nine principles referred as P1-P9 as given below:

<p><b>Principle 1:</b></p> <p>Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable</p>	<p><b>Principle 2:</b></p> <p>Businesses should provide goods and services in a manner that is sustainable and safe</p>	<p><b>Principle 3:</b></p> <p>Businesses should respect and promote the well-being of all employees, including those in their value chains</p>
<p><b>Principle 4:</b></p> <p>Businesses should respect the interests of and be responsive to all its stakeholders</p>	<p><b>Principle 5:</b></p> <p>Businesses should respect and promote human rights</p>	<p><b>Principle 6:</b></p> <p>Businesses should respect and make efforts to protect and restore the environment</p>
<p><b>Principle 7:</b></p> <p>Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent</p>	<p><b>Principle 8:</b></p> <p>Businesses should promote inclusive growth and equitable development</p>	<p><b>Principle 9:</b></p> <p>Businesses should engage with and provide value to their consumers in a responsible manner</p>

## Policy and Management Processes

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
	Ethics & Transparency	Product Responsibility	Well-being of Employees	Responsiveness to Stakeholders	Respect for Human Rights	Environment Protection	Public Policy Advocacy	Inclusive Growth	Customer Engagement
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	No <sup>1</sup>	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes (as applicable)								
c. Web Link of the Policies, if available	<a href="https://www.hdfcfund.com/about-us/corporate-governance/code-policy">https://www.hdfcfund.com/about-us/corporate-governance/code-policy</a> Some policies being internal documents are available to the employees through the company's intranet/HRMS								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes (as applicable)								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	The Company has not mandated any vendors, suppliers, business partners etc. to participate in the BR initiatives of the Company. However, they are encouraged to adopt BR initiatives expected from responsible business entities.								
4. Name of the national and international codes/ certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle	<ul style="list-style-type: none"> <li>• Signatory of the United Nations-supported Principles for Responsible Investment.</li> <li>• ISO 27001:2013 (Information security process and practices) - P2, P9</li> </ul>								

### Notes:

- 1 The Company may share its expertise to help in the formulation of public policy but it does not directly engage in advocacy activities and hence does not have a specific policy for this purpose. The Company actively engages in investor education programmes for mutual funds in line with AMFI guidelines. Further, the Company, through AMFI, has advocated various governance, administration, economic and educational reforms.

**Principle-wise Polices**

Principle	Particulars	Policies
P1	Ethics & Transparency	<ul style="list-style-type: none"> <li>Whistle Blower Policy</li> <li>Policy on Conflict of Interest</li> <li>Social Media Policy</li> <li>Anti-Bribery &amp; Anti-Corruption Policy</li> <li>Code of Conduct for Directors &amp; Senior Management Personnel</li> <li>AML/CFT &amp; KYC Policy</li> <li>Policy on Enterprise Risk Management</li> <li>Environmental, Social &amp; Governance Policy ('ESG Policy')</li> <li>Nomination &amp; Remuneration Policy</li> <li>Policy for Determination of Materiality of Events</li> <li>Policy on Related Party Transactions</li> <li>Code of Practices &amp; Procedures for Fair Disclosure of Unpublished Price Sensitive Information</li> <li>Outsourcing Policy</li> <li>Voting Policy</li> <li>Investment Valuation Policy and Procedures</li> <li>Stewardship Code</li> <li>Information Security Policy</li> <li>Fraud Prevention Policy</li> </ul> <p>Other internal policies that elucidate ethical behavior, transparency and accountability</p>
P2	Product Responsibility	<ul style="list-style-type: none"> <li>ESG Policy</li> </ul>
P3	Well-being of Employees	<ul style="list-style-type: none"> <li>Policy on Sexual Harassment of Women at Workplace</li> <li>Whistle Blower Policy</li> <li>ESG Policy</li> <li>Nomination &amp; Remuneration Policy</li> <li>Policy provisions for Safety, Health &amp; Wellbeing*</li> <li>Employee Manual</li> </ul>
P4	Responsive to stakeholders, particularly the marginalised	<ul style="list-style-type: none"> <li>Corporate Social Responsibility Policy</li> <li>Voting Policy</li> <li>Investment Valuation Policy and Procedures</li> <li>Stewardship Code</li> <li>ESG Policy</li> <li>Policy on Enterprise Risk Management</li> </ul>
P5	Respect for Human Rights	<ul style="list-style-type: none"> <li>Policy on Sexual Harassment of Women at Workplace</li> <li>Whistle Blower Policy</li> <li>ESG Policy</li> <li>Equal Opportunity Policy</li> <li>Human Rights Policy</li> </ul>
P6	Environmental Protection	<ul style="list-style-type: none"> <li>Business Continuity Policy</li> <li>ESG Policy</li> <li>Policy on Enterprise Risk Management</li> </ul>
P7	Public Policy Advocacy	<p>The Company may share its expertise to help in the formulation of public policy, but it does not directly engage in advocacy activities.</p> <p>The Company actively engages in investor education programmes for mutual funds in line with AMFI guidelines. Additionally, the senior leadership team takes active part in various committees of AMFI and SEBI aimed at spreading financial literacy, increasing investor awareness, among others. Also, the Company, through AMFI, has advocated various governance, administration, economic and educational reforms.</p>
P8	Inclusive Growth	<ul style="list-style-type: none"> <li>CSR Policy</li> <li>ESG Policy</li> </ul>
P9	Customer Engagement	<ul style="list-style-type: none"> <li>Customer Query &amp; Grievance Redressal Policy</li> <li>Information Security Policy</li> <li>ESG Policy</li> <li>Business Continuity Policy</li> <li>Policy on Enterprise Risk Management</li> <li>Cyber Security Policy</li> <li>Social media Policy</li> <li>Cyber Crisis Management Policy</li> </ul>

\*Part of Employee manual



**5. Specific commitments, goals and targets set by the entity with defined timelines.**

- The Company aspires to be a wealth creator for every Indian while shaping the savings and investment landscape.
- The Company recognises its role in creating a positive impact in the lives of communities by identifying the core focus areas and achieving these through corporate social responsibility activities and investor awareness programmes for improving financial literacy.
- The Company is striving to reduce its environmental impact.
- The Company promotes Diversity, Equity and Inclusion (DE&I) culture at the workplace and at the same time believes in hiring the right talent based on merit.
- The Company believes in up-skilling its human capital for holistic development of its employees and to align with the changing business environment.

**6. Performance of the entity against the specific commitments, goals and targets along with reasons in case the same are not met**

**Spreading Financial Literacy**

- The Company conducted over 3,000 Investor Awareness Programs covering more than 2,70,000 participants, creating awareness on mutual funds.
- The Company has conducted over 900 investor awareness programs under #BarniSeAzadi campaign, since the launch of this initiative, with the intent of promoting financial independence.
- The Company conducted an investor education initiative that focuses on women investors and their specific financial needs and goals: Fem-power.

**Inclusive growth through CSR Initiatives**

The Company has contributed towards healthcare, education, environmental sustainability and sports development through its CSR activities:

- Over 2,48,000 children provided access to foundational learning and over 5,500 teachers trained
- Over 3,000 cancer patients provided with financial aid for initial diagnosis & treatment.
- Over 11,700 children given access to nutritious meals & quality education.
- 100 flats furnished for cancer patients undergoing treatment at TATA Memorial Hospital.

- Over 13,600 cancer patients & their attendants availed the daily transport service.

**Energy & Waste management**

- Over 1,900 Kgs of e-waste processed in an environmentally friendly manner.
- 4,000+ Kgs of plastic waste was processed in an environmentally friendly manner under our NurtureNature campaign.
- 90% of transactions are supported by integrated online platform.
- On boarding new applications to cloud platform under Agile infrastructure initiative to reduce carbon footprint.
- HDFC AMC as part of its CSR Initiatives towards Environmental Sustainability has supported the development and sustention of over 59,000 sq.ft. of "Biodiversity Park".
- The Company procured sustainable stationery products.
- The Company has started tracking the Scope 1, 2 & 3 emissions since FY 2021-22.

- Deployment of timers for signage boards to save electricity.

**Workforce Diversity**

- ~33% of the Company's work force are women.
- ~27% of the leadership team comprise of women.
- Differently abled candidates are part of the workforce.

**Up-skilling**

- Over 64,000 employee training manhours clocked in FY 2023-24.
- ~1,000 employees attended ESG training on Climate Change and Energy Literacy.
- 11 Ethics workshops conducted for employees.
- Conducted 1,336 distributor training/ awareness sessions (326 soft-skills and 1,010 technical programs) covering a wide range of topics that attracted around 75,000 participants.
- NISM workshops: 509 workshops have been conducted in the financial year covering over 7,000 participants.
- HDFC AMC Certification: PGP Academy & Moody's 50+ hours course – Covering over 3,700 participants which included employees and distributors.

## Governance, leadership and oversight

### 7. Statement by director responsible for the business responsibility & sustainability report, highlighting ESG related challenges, targets and achievements

At HDFC AMC, our commitment to excellence is anchored in the principles of integrity, effective governance, and a client-centric approach. These values are at the heart of our efforts to build a strong ESG framework, aligning with our mission to become "the wealth creator for every Indian" and our vision to be "the most respected asset manager in the world." This dedication is also reflected in our recognition conferred by Great Place To Work® (GPTW) India, and we are now certified as a great workplace signifying our strong organizational culture of high-trust and employee satisfaction.

Our ESG and CSR Committee of the Board plays a crucial role in steering our ESG initiatives, offering strategic guidance and oversight. Our ESG mission, "To create sustainable wealth for every stakeholder by focusing on People, Planet, and Prosperity," reflects our dedication to fostering prosperity for a new India. Over the past year, we have implemented numerous initiatives to honor our fiduciary duty to investors and the broader community,

promote environmental sustainability, and advance social inclusion.

We are dedicated to integrating sustainability into our decision-making processes and remain committed to our ESG goals through collaborative efforts with all stakeholders. As a responsible investor, we have reinforced our commitment to ESG principles by signing the United Nations-Supported Principles for Responsible Investment, Climate Action 100+ and adopting the CFA Institute Asset Manager Code.

Our ongoing mission is to continually improve our ESG practices and contribute to a sustainable future for everyone. By partnering with our stakeholders, we strive to make a positive impact on society and the environment, upholding our responsibilities as a leading asset manager.

### 8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies)

Name	Mr. Navneet Munot
DIN	05247228
Designation	Managing Director & Chief Executive Officer

### 9. Does the entity have a specified Committee of the Board/ Director responsible for decision-making on sustainability related issues? (Yes / No). If yes, provide details

Yes, the ESG and CSR Committee of the Board provides guidance, leadership and necessary oversight for ESG initiatives of the Company.

Name	Designation	DIN	Category
Mr. Deepak Parekh	Chairman	00009078	Non – Executive Director
Mr. Navneet Munot	Member	05247228	MD & CEO
Mr. Sanjay Bhandarkar	Member	01260274	Independent Director
Mr. Parag Shah	Member	00374944	Independent Director

### 10. Details of Review of NGRBCs by the Company

Subject for Review	Review of Principles Undertaken and their Frequency
Performance against above policies and follow up action	Relevant policies of the Company are reviewed periodically or on a need basis. The necessary changes to policies and procedures are implemented accordingly.
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	The Company is in compliance with the extant regulations as applicable.

### 11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency

The processes and compliances are subject to audits and inspections as applicable. The policies are reviewed on a periodical basis by the respective departments, and updated accordingly. The updated policies with changes recommended by the management are placed before the Board for its approval, as applicable. An internal assessment of workings of the policies has been carried out as stated above.

**12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:**

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/ human and technical resources available for the task (Yes/No)							Note 1		
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

- The Company may share its expertise to help in the formulation of public policy but it does not directly engage in lobbying or advocacy activities and hence does not have a specific policy for this purpose. The Company actively engages in investor education programmes for mutual funds in line with AMFI guidelines. Further, the Company, through AMFI, has advocated various governance, administration, economic and educational reforms.

**Section C: Principle wise performance disclosure**
**PRINCIPLE 1. Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**
**Essential Indicators**
**1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:**

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	1	Update on global ESG principles, standards, ratings and reporting, ESG journey in India, Introduction of reasonable assurance on BRSR Core.	100%
Key Managerial Personnel	9	ESG Workshop, Ethics Training, Prevention of Sexual Harassment, Cyber Security Awareness, Training/awareness initiatives comprising presentations regarding applicable laws/regulations, roles/responsibilities, insights of SEBI orders/guidance, internal policies/codes and sharing periodic refresher materials on do's and don'ts covering policies viz. Polling, Stewardship Code, Voting Policy, Conflict of Interest Policy, Securities Dealing Code(s), Social Media Policy, Unauthenticated news.	100%
Employees other than BOD and KMPs	68	ESG Workshop, Ethics Training, Prevention of Sexual Harassment, Cyber Security Awareness, Anti Money Laundering, Risk Management, Training/ awareness initiatives comprising presentations regarding applicable laws/regulations, roles/responsibilities, insights of SEBI orders/guidance, internal policies/codes and sharing periodic refresher materials on do's and don'ts covering policies viz. Polling, Stewardship Code, Voting Policy, Conflict of Interest Policy, Securities Dealing Code(s), Social Media Policy, Unauthenticated news.	100%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year,

Monetary					
Type	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine					
Settlement			NIL		
Compounding fee					

Non-Monetary				
Type	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment				
Punishment			NIL	

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
	Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web link to the policy.

Yes. Additionally, anti-corruption and anti-bribery guidelines are part of employee manual. The Company is committed to conduct business by following the highest ethical standards. All forms of bribery and corruption are prohibited. The Company conducts its business in adherence to all statutory and regulatory requirements.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

Particulars	FY 23-24	FY 22-23
Directors	NIL	NIL
KMPs	NIL	NIL
Employees	NIL	NIL

6. Details of complaints with regard to conflict of interest:

Particulars	FY 23-24		FY 22-23	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	NIL	-	NIL	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	NIL	-	NIL	-

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions on cases of corruption and conflicts of interest.

NIL for FY 2023-24

**8. Number of days of accounts payables ((Accounts payable \*365) / Cost of goods/services procured) in the following format:**

Particulars	FY 23-24	FY 22-23
Number of days of accounts payables*	49	49

\* Number of days of accounts payable is calculated based on average accounts payable which majorly comprises of unbilled dues.

**9. Open-ness of business**

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 23-24	FY 22-23
Concentration of Purchases*	a. Purchases from trading houses as % of total purchases	-	-
	b. Number of trading houses where purchases are made from	-	-
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	-	-
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	-	-
	b. Number of dealers / distributors to whom sales are made	-	-
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	-	-
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	8.19%	7.56%
	b. Sales (Sales to related parties / Total Sales)	-	-
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	-	-
	d. Investments (Investments in related parties / Total Investments made)^	0.85%	0.09%

\*HDFC AMC is into financial service business and has not directly procured any goods or services through trading house.

Interpretation of Trading House as per guidance given under the Income Tax Act, 1961, refers to a business that primarily engages in trading and export of various goods or products. Such businesses often play a crucial role in facilitating international trade by sourcing, purchasing, and selling goods to international markets.'

^Investments consist of gross investments made during the year.

**Leadership Indicators**

**1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year**

Total number of awareness programmes held	Topics/ principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
1,336	Customer first, spreading financial literacy, other technical & Soft-skills, programs	74,826 participants

**2. Does the entity have processes in place to avoid/ manage conflict of interest involving members of the Board/KMPs? (Yes/No) If yes, provide details of the same.**

The Company has Conflict of Interest Policy (CoI) policy to avoid conflict of interest involving Board and KMP. Further, pursuant to SEBI Listing Regulations senior management confirms to the Board of Directors that there were no material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large.

The Company has CoI policy to enable compliance with the provisions of the acts and regulations applicable to its business.

The Company has Conflict Resolution Committee (CRC), which includes the Managing Director, Chief Compliance Officer, Company Secretary and the respective Head of Departments based on the subject matter of the Conflict of Interest for managing and dealing with CoI situations within the Company.

The Company has also formulated the policy on related party transactions for providing guidelines in relation to identification of related parties, materiality of Related Party Transaction(s) and on dealing with transactions with related party.

**Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe**

**Essential Indicators**

- Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

Particulars	FY 23-24	FY 22-23	Details of improvements in environmental and social impacts
R&D			Refer note below
Capex			

Note: The Company is primarily into financial services, hence the relevance of the above is largely restricted to capital expenditure towards information technology. Capital expenditure incurred towards IT hardware and software (excluding Right to Use assets) was 50.06% of total capital expenditure investments in FY 23-24 vs 62.21% in FY 22-23. The Company intends to continue identifying and acting on opportunities to reduce its impact on the environment.

- Whether Extended Producer Responsibility (EPR) is applicable to the entity’s activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

No. The Company does not have any physical products as part of its offerings.

- a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

As the Company is in the business of providing a wide range of savings and investment products, consumption of resources is limited to running of operations. The Company follows sustainable sourcing practices wherever feasible, including but not limited to green standard compliant hardware, Environmental Management System ISO 14001:2015 certified data centres, inverter AC’s, recycled paper diaries, energy efficient fittings, glass bottles, among others.

- b. If yes, what percentage of inputs were sourced sustainably?**

Refer response to point 2.a.

- Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) Other waste**

Given the nature of the business, the Company has limited scope on these parameters. However, the Company realises that there is a pressing need to manage waste in an eco-friendly manner. To achieve these objectives, the Company encourages reuse/recycle wherever possible. The Company engages with certified e-waste handler for the disposal of e-waste.

**Leadership Indicators**

- Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

The primary business activity of the Company is asset management. It is a service-oriented business primarily involved in managing the investment of retail & institutional investors across asset classes and servicing their requirements across the life cycle of their journey with the Company.

The investment life cycle is a sequential process ranging from sourcing clients to onboarding them, providing investment solutions and hassle-free customer service to the clients during their journey with us. A brief description of the client life cycle is provided below:

*Sourcing:*

Clients can invest in our schemes either directly or through the distribution partners. They can transact through the physical mode or through our electronic portal. A client can submit his/her physical applications at multiple touch points like our investor service centers, Registrar and Transfer Agent (RTA) i.e. CAMS branches or to the distribution partners. The Company works with a diverse set of distribution partners and currently has over 85,000 empaneled distributors which include mutual fund



distributors, national distributors, banks, investment advisers and fintech firms. While we continue to source business across channels, the focus is on driving the adoption of digital platforms. The Company has witnessed significant growth in electronic transactions vis-à-vis physical paper-based transactions. The Company provides end-to-end digital onboarding solutions for investors and its distributors. The Company has enabled its partners with both tools and educational webinars on digital medium and it also runs extensive education series for its partners on how to build digital presence.

*Onboarding:*

As a first step, to begin transactions with us, clients have to be KYC compliant. Clients have access to multiple options where they can complete their KYC while providing their investment applications. The Company has tied up with KYC Registration Agencies (KRA) to update and access client KYC information which provides a seamless experience for the customer. The Company uses CKYCR, which is a government authorized registry where it can access as well as update customers' KYC records. With Aadhaar based e-KYC service, the Company has provided investors with the option to complete KYC online and start investing directly through digital channels.

*Transactions:*

The RTA, CAMS, forms the backbone for transaction processing, assisted by an able front office team at the head office/branches. Investment in cutting-edge technology has enabled increased scale and speed in processing transactions and digital fetch tools help in faster authentication of supporting documentation. Transaction bot and WhatsApp have now been added to provide instant access for transactions.

*Service:*

The Company supports service requests from clients such as change of bank account details, nominee updating, change of tax status etc. both physically as well as electronically throughout the life cycle of the client. We also proactively send reminders to the clients to update contact details, and conform to changing regulatory

requirements like FATCA/CRS, PAN Aadhaar linking etc. from time to time.

*Grievance Redressal Mechanism:*

As part of the Grievance Redressal Policy, the Company has a Complaint Management Platform to record and redress grievances/feedback from customers, which helps in ensuring standard operating procedures and enhanced service standards. The Corporate Client Service (CCS) team oversees and ensures that customer grievances are addressed in a timely manner and that responses sent are appropriate and meets the requirements of customers.

- 2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Not applicable

- 3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Not applicable

- 4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format.**

Not applicable, as the Company do not offer any physical products.

- 5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Not applicable, as the Company do not offer any physical products.

**Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains****Essential Indicators****1. a. Details of measures for the well-being of employees:**

Category	Total (A)	Health Insurance		Life/Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities*	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent Employees</b>											
Male	1,090	1,090	100%	1,090	100%	NA	NA	1,090	100%	NA	NA
Female	419	419	100%	419	100%	419	100%	NA	NA	NA	NA
<b>Total</b>	<b>1,509</b>	<b>1,509</b>	<b>100%</b>	<b>1,509</b>	<b>100%</b>	<b>419</b>	<b>100%</b>	<b>1,090</b>	<b>100%</b>	<b>NA</b>	<b>NA</b>
<b>Other than Permanent Employees^</b>											
Male	285	285	100%	285	100%	NA	NA	NA	NA	NA	NA
Female	256	256	100%	256	100%	256	100%	NA	NA	NA	NA
<b>Total</b>	<b>541</b>	<b>541</b>	<b>100%</b>	<b>541</b>	<b>100%</b>	<b>256</b>	<b>100%</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

\* There are no day-care facilities on our premises. However, we can make necessary provisions for those who require such facilities.

^ Wellbeing measures for other than permanent employees are taken care by the respective value chain partners.

**1. b. Details of measures for the well-being of workers:**

Not applicable.

**1. c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format**

Particulars	FY 23-24	FY 22-23
Cost incurred on well-being measures as a % of total revenue of the company*	<b>0.18%</b>	0.16%

\* The above-mentioned disclosure excludes spends relating to other than permanent employees. The wellbeing measures for other than permanent employees are managed by respective value chain partners.

**2. Details of retirement benefits for current and previous financial year**

Benefits	FY 23-24		FY 22-23	
	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	Y	100%	Y
Gratuity	100%	N.A.	100%	N.A.
ESI	100%	N.A.	100%	N.A.
NPS*	100%	9%*	100%	10%*

\* Availed

**3. Accessibility of workplaces**

**Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.**

Most of our offices are located in commercial premises which are on the ground floor or have elevators and infrastructure for differently abled persons.

**4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

Yes, conspicuously displayed at all business locations in accordance with the provisions of the Act.

**5. Return to work and retention rates of permanent employees and workers that took parental leave.**

Gender	Permanent Employees	
	Return to Work rate in %	Retention rate in %
Male	100%	NA*
Female	100%	80%
<b>Total</b>	<b>100%</b>	<b>80%</b>

\*Paternity leave was introduced in April 2023 hence a 12-month period has not passed since returning from Paternity Leave

**6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

Particulars	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Employees	
Other than Permanent Employees	Yes

The Company has always followed an open door policy, wherein any employee irrespective of hierarchy have access to the business heads, HR, Legal & Compliance, senior management or other such members.

The Company has adopted a third-party web-based reporting tool which provides a secure and confidential platform to report genuine concerns and can be accessed by all employees/ Directors/ stakeholders for lodging a complaint or expressing genuine concerns.

In addition to that, a Whistle-Blower Policy has been formulated for employees and Directors to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company’s Code of Business Conduct and Ethics Policy.

The Company has zero tolerance for sexual harassment at the workplace and is compliant with provisions relating to the constitution of Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company also has various online training modules and awareness programmes which sensitise its employees on such issues.

The Company is committed to redressing every grievance of its employees in a fair and just manner. The Company provides various channels of grievance redressal and safeguards employees against any form of victimisation.

**7. Membership of employees and worker in association(s) or Unions recognised by the listed entity.**

Category	FY 23-24			FY 22-23		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
<b>Total Permanent Employees</b>						
- Male						
- Female						

Employees do not have any representative union or association.

**8. Details of training given to employees**

Category	FY 23-24					FY 22-23				
	Total (A)	On Health and Safety Measures		On Skill Upgradation		Total (D)	On Health and Safety Measures		On Skill Upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Male	1,090	1,088	99.8%	1,090	100%	924	870	94.2%	853	92.3%
Female	419	412	98.3%	417	99.5%	357	338	94.7%	331	92.7%
<b>Total</b>	<b>1,509</b>	<b>1,500</b>	<b>99.4%</b>	<b>1,507</b>	<b>99.9%</b>	<b>1,281</b>	<b>1,208</b>	<b>94.3%</b>	<b>1,184</b>	<b>92.4%</b>

**9. Details of performance and career development reviews of employees**

Category*	FY 23-24			FY 22-23		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
<b>Employees</b>						
Male	1,090	1,044	95.8%	924	864	93.5%
Female	419	396	94.5%	357	336	94.1%
<b>Total</b>	<b>1,509</b>	<b>1,440</b>	<b>95.4%</b>	<b>1,281</b>	<b>1,200</b>	<b>93.7%</b>

\*Note: All eligible employees have undergone the performance appraisal review process.

Remuneration for employees is as per the Nomination & Remuneration Policy of the Company. The criteria for the evaluation of remuneration for all employees is based on an appraisal process which includes a mid-year review and annual appraisal of performance. The increase in remuneration is factored after compensation benchmarking, individual performance and overall company performance.

**10. Health and Safety management system:**

a. *Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?*

Employee well-being continues to be a priority of the Company. The company has tied up with health care service provider which offers 24x7 online medical consultations for employees and their family members. Employees have access to online fitness programs and weight loss programs. Regular wellness and wellbeing webinars covering physical, mental and emotional health are conducted.

Periodic trainings on fire safety and fire-fighting equipment are provided along with evacuation drills. The Company replaced Biometric access control with Face Reader access at HO.

b. *What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?*

While this is not directly applicable given the nature of business, we conduct regular workplace inspections to mitigate any potential hazards.

c. *Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)*

This is not directly applicable given the nature of business. However, the organization extends 24x7 online medical consultation facilities for employees. In case of an unforeseen incident, the organization covers employees through the mediclaim cover extended to employees. In an extreme case of a fatality occurring due to a work-related hazard the organization has covered all employees under life and personal accident insurance.

d. *Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)*

The Company provides facilities like medical consultations and regular health check-ups. The Company has partnered with a health care service provider, which offers 24x7 online medical consultations, fitness and well-being programmes. Additionally, the Company organises regular health check-up for its employees. The Company also provides its employees with group term life and personal accident cover in addition to medical insurance.

### 11. Details of safety related incidents, in the following format:

Safety Incidents/Numbers	Category	FY 23-24	FY 22-23
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	NIL	NIL
Total recordable work-related injuries			
No. of fatalities			
High consequence work-related injury or ill-health (excluding fatalities)			

### 12. Describe the measures taken by the entity to ensure a safe and healthy work place.

Employee well-being and psychological safety continue to be a priority for the Company. The Company has tied up with health care service provider which offers 24x7 online medical consultations for employees and their family members. Employees have access to online fitness programs and weight loss programs. Regular wellness and wellbeing webinars covering physical, mental and emotional health are conducted. The Company also provides its employees with group term life and personal accident cover in addition to medical insurance.

At the time of joining all employees undergo a comprehensive health screening. The organization also organizes regular complimentary health screening for employees.

The Company engages the services of housekeeping agencies to ensure the work place is clean and hygienic. In fact, ensuring good hygiene is documented as a part of the role of each Branch Manager. Fire drills and quality assurance audits are conducted in the office premises to ensure the maintenance of safety standards. Indoor air quality treatment is carried out to mitigate biological contamination to ensure better and hygienic indoor environment. This ensures preventive maintenance against any air and surface contamination. To maintain a safe workplace the Company has a zero-tolerance policy to any form of harassment. The Company has implemented the following policies and mechanisms to promote a safe workplace –

- Policy on prevention of sexual harassment of women at the workplace (Prevention, Prohibition and Redressal) Act 2013,
- Equal Opportunity Policy framed pursuant to Rights of Persons with Disabilities Act (RPWD)
- Whistle Blower mechanism
- Grievance Redressal mechanism

### 13. Number of complaints on the following made by employees and workers

Type	FY 23-24			FY 22-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	NIL	NIL	-	NIL	NIL	-
Health & Safety	NIL	NIL	-	NIL	NIL	-

### 14. Assessments for the year

Type	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%*
Working Conditions	These parameters are currently not explicitly assessed or measured

\*The Company has entered into preventive periodic maintenance contracts which includes firefighting equipment. The Company has also appointed quality assurance auditors.

### 15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of Health & Safety practices and working conditions.

Not Applicable.

**Leadership Indicators**

**1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)**

Yes, the Company provides its employees with group term life cover, personal accident cover, future service gratuity in addition to medical insurance. Benefits like provident fund, gratuity, leave encashment etc., are settled on a priority basis. Our Gratuity offerings are significantly better than statutory prescribed limits. The Company has a policy for mid to junior level staff wherein company extends monetary support to families of deceased employees and employment opportunity to meritorious family members.

**2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

The Company has made it a contractual obligation for its value chain partners to fully deliver on their statutory requirements. We have also appointed an independent auditor to audit vendors with respect to compliance with all statutory obligations.

**3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

Category	Total no. of affected employees		No. of employees that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 23-24	FY 22-23	FY 23-24	FY 22-23
Employees	-	-	NA	NA

**4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

The Company has not undertaken any retrenchment of employees owing to business exigencies or employees not having the requisite skills to do the required job. In line with the spirit of applicable law, as and when such step is required to be taken due to business environment or force majeure circumstances, the Company will actively consider undertaking such activities for outgoing employees.

The Company believes in hiring well qualified talent on merit and continuously upskills the work force to align with the changing business environment. In light of this, the need for this transition assistance programmes is not envisaged currently.

**5. Details on assessment of value chain partners:**

Type	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	These parameters are currently not assessed.
Working Conditions	

**6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

Not applicable



## PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

### Essential Indicators

#### 1. Describe the processes for identifying key stakeholder groups of the entity.

The Company believes healthy stakeholder relationships are key to long-term value creation. Any individual, group or institution that adds value to the Company or who are/ could be impacted are identified as a key stakeholder.

#### 2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Key Stakeholder	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	<ul style="list-style-type: none"> <li>Website: <a href="https://www.hdfcfund.com">https://www.hdfcfund.com</a></li> <li>Call Center</li> <li>Mail ID: <a href="mailto:hello@hdfcfund.com">hello@hdfcfund.com</a></li> <li>HDFC MF investor App</li> <li>WhatsApp</li> <li>Chat Bot</li> <li>Satisfaction surveys</li> <li>HDFC MF Branches</li> <li>HDFC MF empaneled distributors.</li> </ul>	Ongoing and need based	<ul style="list-style-type: none"> <li>Product and scheme information</li> <li>Service queries</li> <li>Enhanced Reach</li> <li>Education and awareness programs</li> <li>Regulatory updates and compliance</li> <li>New fund launches</li> </ul>
Distribution partners	No	<ul style="list-style-type: none"> <li>Websites</li> <li>Call Center</li> <li>Mail ID: <a href="mailto:partners@hdfcfund.com">partners@hdfcfund.com</a> <a href="mailto:mfonlinefeedback@hdfcfund.com">mfonlinefeedback@hdfcfund.com</a></li> <li>CONNEXT App</li> <li>HDFC MF partners App</li> <li>WhatsApp</li> <li>Chat Bot</li> <li>Satisfaction surveys</li> <li>HDFC MF Branches</li> </ul>	Ongoing and need based	<ul style="list-style-type: none"> <li>Product and scheme information</li> <li>Enhanced Reach</li> <li>Service queries</li> <li>Trainings and awareness programs</li> <li>Regulatory updates and compliance</li> <li>New fund launches</li> </ul>
Employees	No	<ul style="list-style-type: none"> <li>One on One Meetings</li> <li>Emails</li> <li>CEO town halls</li> <li>Team meetings</li> <li>Leadership connect</li> <li>Engagement surveys</li> </ul>	Ongoing and need based	<ul style="list-style-type: none"> <li>Rewards and recognition</li> <li>Sense of ownership and alignment to the vision &amp; mission</li> <li>Training and career development</li> <li>Health, safety and wellbeing</li> <li>Organisational developments</li> <li>Performance appraisal</li> <li>Awareness initiatives and engagement</li> </ul>
Shareholders	No	Quarterly earnings calls, audio recording of earnings call, investor presentation, Annual General Meeting, intimation to stock exchanges, annual/ quarterly financials and investor meetings / conferences, press release, annual reports, email, SMS, newspaper, advertisement, notices, website, transcripts etc.	At least quarterly and need based	To stay abreast of developments in the Company, performance of the Company and the sector. Address concerns/grievances
Regulatory Bodies	No	Emails, one-on-one meetings, conference calls, video conferencing, websites	Need based	Discussions with regard to various approvals, circulars, guidelines, suggestions, amendments, etc

Key Stakeholder	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
AMFI	No	Emails, physical meetings, conference calls, video conferencing, websites	Ongoing & Need based	Discussions with regard to various guidelines/investor education and reporting
Communities & Implementing Agencies/ NGOS	Yes	Emails, physical meetings, and conference calls	Need based	Monitoring & Implementing the CSR projects and activities
Registrar and Transfer Agent	No	Physical meetings, emails and other digital platforms	Ongoing and need based	Ensure smooth operations and seamless client experience
Vendors, Bankers, Custodians and others in value chain	No	Physical meetings, Digital platforms, emails	Ongoing and need based	Product & Service quality and support, contract commercial and technical terms & conditions, custodial services, statutory compliances
Media	No	Newspaper, advertisement, email, annual reports, website, press release and other meetings	Need based	To stay abreast on the developments of the Company

## Leadership Indicators

### 1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The Company encourages constant and proactive engagement with its stakeholders to better communicate its strategies and performance. There are various platforms through which the company provides an opportunity for stakeholders to interact with the Board/Management, viz. Annual General Meeting, quarterly earnings conference calls on financial results, designated e-mails. The Company has ESG and Corporate Social Responsibility (CSR) Committee of the Board for fulfilling responsibilities with regard to, including but not limited to environmental and social topics. The Company also has Stakeholders Relationship and Unit holder Protection Committee (formerly Stakeholders Relationship Committee) of the Board which is broadly responsible for reviewing the activities carried out by the investor service centres and their adherence to service standards, reviewing the steps taken by the Company to redress the grievances of the investors amongst others. The Board is kept well-informed on various developments and feedback on the same is sought from the Directors/Senior Management.

### 2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from

### stakeholders on these topics were incorporated into policies and activities of the entity.

Customer complaints / grievances / suggestions are reviewed for a root cause analysis, which also gives an opportunity to the company to improve its services. The Company has identified key ESG focus areas through materiality assessment exercise, conducted in consultation with internal stakeholders.

### 3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalised stakeholder groups.

As an investment manager, with the aim to also serve the bottom-of-the-pyramid customers, the Company reduced the minimum subscription amount for digital SIP & Lumpsum transactions to ₹ 100. The Company has also initiated multilingual options for some of its email communications. The Company extended its #BarniSeAzadi campaign -first launched in 2021 – to continue promoting financial literacy.

The Company introduced the HDFC Charity Fund for Cancer Cure, a unique mutual fund scheme which allows investors to contribute towards cancer care.

Majority of the CSR projects undertaken by the Company are aimed at benefitting the vulnerable / marginalised sections of the society. The details of the Company's CSR initiatives project/programmes and activities are available in the Annual report. The CSR Policy of the Company is uploaded on its website and can be viewed at <https://www.hdfcfund.com/about-us/corporate-profile/csr>

## Principle 5: Businesses should respect and promote human rights

### Essential Indicators

#### 1. Employees and workers who have been provided training on human rights issues and policy (ies) of the Company:

Category	FY 23-24			FY 22-23		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Permanent	1,509	1,509	100%	1,281	1,281	100%
Other than permanent	541	541	100%	494	494	100%
<b>Total Employees</b>	<b>2,050</b>	<b>2,050</b>	<b>100%</b>	<b>1,775</b>	<b>1,775</b>	<b>100%</b>

The Company promotes a culture of fairness and inclusion. It is the policy and practice of the Company to provide equal employment opportunity to all persons. The Company's value system encourages dignity of labour. Its policies and managerial framework ensure that all fundamental and human rights of employees are fully protected.

Policies and processes like POSH, Whistleblower, Grievance Redressal, Equal Employment Opportunity, Code of Conduct etc. are in place to protect human rights of employees. The Company policies are well defined and are educated, trained and disseminated through the electronic medium and employees are educated, trained on the same.

#### 2. Details of minimum wages paid to employees and workers:

Category	FY 23-24					FY 22-23				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Permanent	1,509	-	-	1,509	100%	1,281	-	-	1,281	100%
Male	1,090	-	-	1,090	100%	924	-	-	924	100%
Female	419	-	-	419	100%	357	-	-	357	100%
Other than Permanent	541	-	-	541	100%	494	-	-	494	100%
Male	285	-	-	285	100%	259	-	-	259	100%
Female	256	-	-	256	100%	235	-	-	235	100%

#### 3. Details of remuneration/salary/wages

##### a. Median remuneration/ wages:

Category	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors	6	50,50,000	2	39,00,000
Key Managerial Personnel <sup>^</sup>	2	5,11,41,979	1	1,05,32,824
Employees other than BoD and KMP*	800	12,17,857	302	8,39,733

<sup>^</sup> Includes MD, CFO and CS

\* Includes only employees who have worked for the entire 12-month period

Note: - Expenses towards gratuity and leave encashment provisions are determined actuarially on an overall basis at the end of each year and accordingly, have not been considered in the above information. Perquisite value of stock options is excluded.

Gaps in median salary between genders is due to different proportion of men & women across experience levels and grades.

- b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

Particulars	FY 23 - 24	FY 22 - 23
Gross wages paid to females as % of total wages	21.38%	20.12%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, there are various committees responsible for human rights impacts and issues. For instance, the Company has zero tolerance for sexual harassment at workplace and is compliant with provisions relating to the constitution of Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has appointed a Nodal Officer who acts as a single point contact related to human rights issues.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Respect for human rights is considered as one of the fundamental and core values of the Company. The Company strives to support, protect and promote human rights to ensure fair and ethical business and employment practices are followed. There are committees and policies formed to handle grievances and complaints related to human rights issues and the details are placed on the HRMS of the Company.

The Company has zero tolerance towards and prohibits all forms of child labour, slavery, forced labour, physical, sexual, psychological or verbal abuse.

6. Number of complaints on the following made by employees and workers:

Particulars	FY 23-24			FY 22-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	-	0	0	-
Discrimination at Workplace	3	0	-	0	0	-
Child Labour	0	0	-	0	0	-
Forced Labor/Involuntary Labour	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other Human Rights Related Issues	0	0	-	0	0	-

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

Particulars	FY 23-24	FY 22-23
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	-	-
Complaints on POSH as a % of female employees / workers	-	-
Complaints on POSH upheld	-	-

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Company is committed to maintaining safe and harmonious business environment and workplace for everyone, irrespective of the ethnicity, region, sexual orientation, race, caste, gender, disability, work, designation and such other parameters. The Company ensures sensitisation to important social factors like diversity and inclusion, workplace practices and prohibition of economic, racial or physical inequalities. The Company strives to support, protect and promote human rights to ensure fair and ethical business and employment practices are followed.

There are committees and policies formed to handle grievances and complaints related to human rights issues viz Internal Committee under the Sexual Harassment of Women at Workplace, Whistle Blower Policy, etc and the details are placed on the intranet of the Company.

For instance, 6 (six) Internal Committees (IC) for different zones were constituted in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 with women employees being a majority and an external member. The Policy, IC Members’ details and the penal consequences of violating the said Act/ Policy are displayed at all offices/ ISCs and on the intranet of the Company. Regular employee awareness sessions are conducted to generate awareness about the policy, reporting mechanism and prevention of sexual harassment at the workplace. The Company also has a well-defined Whistle Blower policy which ensures confidentiality and protection from any form of retaliation.

**9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

Yes, in certain business agreements and contracts where relevant.

**10. Assessments for the year**

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labour	100%
Forced Labour/Involuntary Labour	-
Sexual Harassment	100%
Discrimination at workplace	100%
Wages	100%
Others	-

**11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.**

No significant risk was identified as an outcome of the above-mentioned assessments/audits.

**Leadership Indicators**

**1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.**

The Company creates awareness about the Code of Conduct/policies to sensitise its employees. Employees of the organisation undergo various training programmes and some of the modules are mandatory for the new recruits which cover guidelines on Prevention of Sexual Harassment (POSH), information security, etc.

The Company strives to support, protect and promote human rights to ensure fair and ethical business and employment practices are followed, for instance 6 (six) Internal Committees (IC) for different zones were constituted in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, with women employees being a majority and an external member. The Policy, IC Members’ details and the penal consequences of violating the said Act/ Policy are displayed at all offices/ ISCs and on the intranet of the Company.

**2. Details of the scope and coverage of any Human rights due-diligence conducted.**

Refer response no 8 of essential indicator & 1 of leadership indicator.

**3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Most of our offices are located in commercial premises which are on the ground floor or have elevators and infrastructure for differently abled persons.

## 4. Details on assessment of value chain partners:

Particulars	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	These parameters are currently not assessed
Discrimination at Workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Other Human Rights Related Issues	

## 5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not applicable in view of point no 4.

**Principle 6: Businesses should respect and make efforts to protect and restore the environment****Essential Indicators**

## 1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 23-24	FY 22-23
<b>From renewable sources</b>		
Total electricity consumption in GJ (A)	-	-
Energy fuel consumption in GJ (B)	-	-
Energy consumption through other sources in GJ (C)	-	-
<b>Total energy consumed from renewable sources in GJ (A+B+C)</b>	-	-
<b>From non – renewable sources</b>		
Total electricity consumption in GJ (D)	14,209	13,384
Total fuel consumption in GJ (E)	3,651	1,863
Energy consumption through other sources in GJ (F)	-	-
<b>Total energy consumed from non – renewable sources in GJ (D+E+F)</b>	<b>17,860</b>	<b>15,247</b>
<b>Total energy consumed in GJ (A+B+C+D+E+F)</b>	<b>17,860</b>	<b>15,247</b>
Energy intensity per rupee of turnover (GJ/ INR in Cr.) (Total energy consumed/ Revenue from operations)	6.91	7.04
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (GJ/ INR in Cr.) <sup>^</sup> (Total energy consumed / Revenue from operations adjusted for PPP)	158.11	161.00
Energy intensity in terms of physical output*	-	-

\*HDFC AMC being in financial services business, energy intensity in terms of physical output is not applicable to the Company.

<sup>^</sup>The revenue from operations has been adjusted for PPP based on the PPP conversion factor published by World Bank.

Note: if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes. Independent assurance has been carried out by B S R & Co. LLP

## 2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not applicable



**3. Provide details of the following disclosures related to water:**

Parameter	FY 23-24	FY 22-23
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	7,184	6,387
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	7,184	6,387
Total volume of water consumption (in kilolitres)	7,184	6,387
Water intensity per rupee of turnover (KL / INR in crores) (Total water consumption / Revenue from operations)	2.78	2.95
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (KL / INR in crores)^ (Total Water Consumption / Revenue from Operations adjusted for PPP)	63.60	67.44
Water intensity in terms of physical output*	-	-

\*HDFC AMC being in financial services business, water intensity in terms of physical output is not applicable to the Company.

^The revenue from operations has been adjusted for PPP based on the PPP conversion factor published by World Bank.

The Company, being an asset management company, has various branches across the country. The water consumption is predominantly for human consumption. All offices/branches of the Company are operated from leased premises. The Company has water meters in two of its significant leased premises from which data for water withdrawals/consumption is obtained based on the details provided periodically by lessor to the Company. For other leased premises (branches) the withdrawals/consumption values (litres per person per day) have been calculated by extrapolating the actual data for the withdrawals/consumption of FY 2023-2024 of a representative premise for which actual withdrawals/consumption data is available.

Note: If any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. Independent assurance has been carried out by BSR & Co. LLP.

**4. Provide the following details related for water discharge:**

Parameter	FY 23-24	FY 22-23
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) To Surface Water		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) To Groundwater		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) To Seawater		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third parties		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. Independent assurance has been carried out by B S R & Co. LLP

**5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

As the Company's usage of water is restricted to human consumption purposes only, the Company has not implemented a mechanism for zero liquid discharge. However, the Company has taken various initiatives to consume water judiciously like sensors taps at its head office, where water consumption is high and aerator taps in most of the offices.

**6. Please provide details of air emissions (other than GHG emissions) by the entity**

Parameter	Please specify the unit	FY 23-24	FY 22-23
NO <sub>x</sub>			
SO <sub>x</sub>			
Particulate matter (PM)			
Persistent organic pollutants (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			

The Company uses DG sets only during power outages and hence the air emissions of pollutants (other than GHGs) are not material.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Not applicable

**7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity:**

Parameter	Unit	FY 23-24	FY 22-23
Total Scope 1 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	tCO <sub>2</sub> e	267	135
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	tCO <sub>2</sub> e	2,826	2,497
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	tCO <sub>2</sub> e/ INR in Cr.	1.20	1.21
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions/ Revenue from operations adjusted for PPP) <sup>^</sup>	tCO <sub>2</sub> e/ INR in Cr.	27.38	27.79
Total Scope 1 and Scope 2 emission intensity in terms of physical output*		-	-

\*HDFC AMC being in financial services business, emission intensity in terms of physical output is not applicable to the Company.

<sup>^</sup>The revenue from operations has been adjusted for PPP based on the PPP conversion factor published by World Bank.

Scope 1 emission have been calculated using the emissions factors published by IPCC. Scope 2 emission factor is from the CO<sub>2</sub> Baseline Database for the Indian Power Sector published by the Central Electricity Authority of India (CEA).

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. Independent assurance has been carried out by B S R & Co. LLP

**8. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.**

The Company is shifting towards green methods of conducting business, such as shifting towards electronic transactions by creating a robust digital infrastructure, eliminating paper reports and forms wherever possible, recycling and reducing waste in all premises, etc. Kindly refer to initiatives mentioned in point no. 4 under leadership indicators of this principle

**9. Provide details related to waste management by the entity**

Parameter	FY 23-24	FY 22-23
Total waste generated & safely disposed (in metric tonnes)		
Plastic waste (A)	-	-
E – Waste (B)	<b>1.965</b>	<b>0.685</b>
Bio – Medical Waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery Waste (E)	-	-
Radioactive Waste (F)	-	-
Other Hazardous Waste. Please specify, if any (G)	-	-
Other Non - Hazardous waste. Please specify, if any. (H) (Break up by composition i.e. by material relevant to the sector)	-	-
<b>Total (A+B+C+D+E+F+G+H)</b>	<b>1.965</b>	<b>0.685</b>
Waste intensity per rupee of turnover (metric tonnes / INR in crores) (Total waste generated / Revenue from Operations)	<b>0.00076</b>	0.00032
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (metric tonnes / INR in crores) (Total waste generated / Revenue from Operations adjusted for PPP)^	<b>0.01740</b>	0.00723
Waste Intensity in terms of physical output*	-	-
For each category of waste generated, total waste recovered through recycling, re – using or other recovery operations (in metric tonnes)		
Category of Waste		
(i) Recycled	<b>1.965</b>	<b>0.685</b>
(ii) Reused	-	-
(iii) Other recovery operations	-	-
<b>Total</b>	<b>1.965</b>	<b>0.685</b>
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of Waste		
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

\*HDFC AMC being in financial services business, waste intensity in terms of physical output is not applicable to the Company.

^The revenue from operations has been adjusted for PPP based on the PPP conversion factor published by World Bank.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. Independent assurance has been carried out by B S R & Co. LLP

**10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

Not applicable

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required.

Sr. No	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any
The Company does not have any offices in ecologically sensitive areas			

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year

Name and brief details of project.	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant web link
Not Applicable					

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances.

S. No	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
Not applicable				

**Leadership Indicators**

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres)

Not applicable

2. Please provide details of total Scope 3 emissions and its intensity.

Parameter	Unit	FY 23-24	FY 22-23
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	tCO <sub>2</sub> e	12,992	16,270
Total Scope 3 emissions per rupee of turnover	tCO <sub>2</sub> e / INR in crores	5.03	7.51

The reported Scope 3 emissions include those associated with the following GHG Protocol categories: Purchased Goods & Services, Capital Goods, Fuel and Energy related activities (not covered in Scope 1 or Scope 2), Waste generated in operations, Business travel and Employee commute. Scope-3 Categories: 1 and 2 have been further refined to enhance alignment with GHG protocol guidelines. Additionally, the methodology for Category 6: Business Travel has been updated to a distance-based approach from a spend-based approach.

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct and indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.

Not applicable

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives:

The Company is into service-oriented business primarily involved in the flow of information and financial transactions and hence the Company’s carbon footprint is limited to the use of consumables, such as paper, plastic, office equipment, water and energy. The Company has taken some initiatives as described below in view of the same.

Sr. No	Initiative undertaken	Details of the initiative (Web link, if any, may be provided along-with summary)	Outcome of the initiative
1	E-waste management	E-waste processed in an eco-friendly manner	1,965 kgs of e-waste was processed in an ecofriendly manner
2.	Agile Infrastructure	Ready to use infrastructure for new application deployments	Faster deployment of applications, enhanced performance & efficient use of infrastructure. The applications are powered on as per need. The service provider data center also uses electricity sourced from green energy providers thereby reducing the carbon footprint
3.	Nurture Nature	Repurposed 250 gms of plastic for every online SIP in our open-ended equity-oriented and Gold/Silver schemes which were registered for a specific tenure	4,000+ Kgs of plastic waste was processed in an environment friendly manner
4.	Robust digital environment	The Company has consistently invested in technology and built a robust digital environment in the organization	90% of transactions were executed digitally in FY 23-24
5.	Timers for signage boards	Deployment of timers for signage boards	Less Power Consumption
6.	Bio-diversity park	As part of its CSR Initiatives towards Environmental Sustainability, the company supported the development & sustantation of "Biodiversity Park"	Environmental sustainability

**5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

Yes, the Company has devised a disaster recovery and business continuity plan with strategies like utilising branches as alternate sites, remote working and IT disaster recovery site, which are tested on a regular basis. Critical data is replicated every hour to both the intra-city and inter-city sites, while non-critical user data is replicated every 24 hours to the Far DR site. All databases are replicated to DR site as per the RPO (Recovery Point Objective). These plans also cover the entire operations of the Company, and these are periodically tested and results are placed before the Board of Directors.

**6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?**

Not applicable.

**7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

Not applicable.

**Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

**Essential Indicators**

**1. a. Number of affiliations with trade and industry chambers/ associations.**

The Company is member of Six trade and industry chambers/associations.

**b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to:**

Sr. No	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Association of Mutual Funds in India (AMFI)	National
2	Indian Association of Alternative Investments Funds (IAAIF)	National
3	Bombay Chamber of Commerce and Industry	State
4	Association of Portfolio Managers in India ("APMI")	National
5	Indian Venture and Alternate Capital Association (IVCA)	National
6	United Nations-Supported Principles for Responsible Investment (UNPRI)	International

**2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of authority	Brief of the case	Corrective action taken
No material instances reported		

**Leadership Indicators**

**1. Details of public policy positions advocated by the entity:**

Sr. No	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web link, if available
1.	The Company is the member of Association of Mutual Fund of India (“AMFI”). AMFI is dedicated to developing the Indian mutual fund industry by protecting the interest of investors/ unitholders, creating awareness about mutual funds, recommending and promoting best business practices and code of conduct, etc.	Senior leadership team actively participates in several important committees of AMFI, covering areas like ARN, ETF, Operations and Compliance, Risk, Equity, Valuation, and Technology. Their involvement extends beyond these areas to include initiatives such as promoting financial literacy and enhancing investor awareness. Additionally, the Company has been a strong advocate for governance, administration, economic, and educational reforms through its association with AMFI.	Yes	Ongoing & Need based	<a href="https://www.amfindia.com/">https://www.amfindia.com/</a>
2.	The Company is the member of Association of Portfolio Managers in India APMI. (“APMI”). APMI strives to protect and promote the interests of the portfolio management industry and its investors, to define and maintain high professional and ethical standards, etc.	Senior leadership team of the Company takes active part in various forums.	Yes	Ongoing and Need based	<a href="https://www.apmiindia.org/">https://www.apmiindia.org/</a>

**Principle 8: Businesses should promote inclusive growth and equitable development**

**Essential Indicators**

**1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not applicable*					

\*Social Impact Assessments (SIA) w.r.t. Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.



**2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity.**

Sr. No	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
Not applicable						

**3. Describe the mechanisms to receive and redress grievances of the community**

Not Applicable

**4. Percentage of input material (inputs to total inputs by value) sourced from suppliers**

Particulars	FY 23-24	FY 22-23
Directly sourced from MSMEs/ small producers	18.10%	14.08%
Directly from within India	98.14%	96.85%

The disclosure for FY 2022-23 has been restated due to a change in approach and methodology to calculate purchases of input material and this helps ensure comparability of information with the current year. The methodology for computation of purchases has been changed basis the additional guidance available under BRSR Core framework dated 12 July 2023.

**5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost**

Location	FY 23-24	FY 22-23
Rural	0.07%	0.04%
Semi-urban	1.76%	1.60%
Urban	16.56%	15.19%
Metropolitan	81.61%	83.17%

**Leadership Indicators**

**1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above)**

Details of negative social impact identified	Corrective action taken
Not applicable in view of Question 1 of Essential Indicators	

**2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies**

Sr. No	State	Aspirational District	Amount spent (In INR)
1	Madhya Pradesh	Khandwa & Vidisha	2,37,74,594
2	Maharashtra	Nandurbar, Washim, Gadchiroli & Osmanabad	1,00,05,713

**3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)**

**(b) From which marginalised /vulnerable groups do you procure?**

**(c) What percentage of total procurement (by value) does it constitute?**

Given the nature of the business, purchases from suppliers in the aforementioned groups are limited. During FY 2023-24, the Company procured notebooks made of recycled paper from the Akanksha Foundation, a non-profit organization in India that works with children from low-income communities.

For % of materials sourced from MSMEs/small producers, please refer to answer of Q4 - Principle 8, Essential Indicator.

#### 4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge

Sr. No	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
				Not applicable

#### 5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the case	Corrective action taken
		Not applicable

#### 6. Details of beneficiaries of CSR Projects

Sr. No	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
<b>1</b>	<b>CSR Projects for Healthcare</b> <ul style="list-style-type: none"> <li>Indian Cancer Society – Cancer Cure Fund (Cancer Support)</li> <li>Indian Cancer Society – Arun Kurkure Initiation &amp; Treatment Fund (AKITF) (Cancer Support)</li> <li>Deepsikha – Cancer Support</li> <li>Rotary Club of Bombay – Dharamshala Project- Cancer Support</li> </ul>	Cancer Patients & attendants – <b>17,173</b>	100%
	Kanchi Kamakoti CHILDS Trust Hospital	Critically ill Babies & Children - <b>35</b>	80%
<b>2</b>	<b>CSR Projects for Education</b> <ul style="list-style-type: none"> <li>Parivaar Seva Kutirs in Madhya Pradesh – Overall development &amp; nutrition</li> <li>Sampark Foundation -Foundational Learning</li> <li>Muktangan – Access to holistic and inclusive quality education through the “Total Systems Approach”</li> </ul>	Students – <b>2,48,921</b> Teachers – <b>5,579</b>	100%
<b>3</b>	<b>CSR Projects for Sports</b> Olympic Gold Quest – Training, Coaching, Equipment and Sports Science	Athletes- <b>54</b> Para Athletes- <b>18</b>	-

HDFC AMC as part of its CSR Initiatives towards Environmental Sustainability has supported the development & sustenance of “Biodiversity Park” for creation of an urban forest using the Akira Miyawaki technique and rejuvenation of waterbody. The project spreads over a 59,000 sq. ft area of the Kalina Campus of the University of Mumbai. HDFC AMC as part of its CSR Initiatives towards Education & Healthcare has supported the Akshaya Patra foundation towards the Mid-Day Meal Program for school children.

better informed, it is imperative that Company’s frontline service support is agile, well-trained and customer centric. The Company relentlessly educates its staff on these objectives.

#### *Mechanism to receive the Consumer complaints and feedback*

As part of our endeavor in offering the best of products and ensuring high service standards, we believe that our customers should be able to seamlessly contact us to offer their comments on our products/services and also to air their grievances. The Company has put in place a Customer Query & Grievance Redressal Policy and set up processes and technology supported infrastructure to support this function. As part of the policy, the management continuously reviews the grievances to systemically strengthen its processes leading to progressive reduction in complaints. The following are the various avenues for the customer to contact/write to us, depending on their convenience.

### Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner

#### Essential Indicators

#### 1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

At HDFC AMC, providing excellent service has been the cornerstone of customer centricity. The Company always endeavors to raise those standards that truly reflect the brand. In a world where customers are increasingly

*E-mail:*

Investors can email us at our corporate email id - [hello@hdfcfund.com](mailto:hello@hdfcfund.com) for any queries, complaints or feedback they have. They can also post their grievances/feedback/queries/complaints on the 'Write to Us' link available on the website (<https://www.hdfcfund.com/contact-us/get-in-touch>). Alternatively, they can also write to the RTA CAMS on [enq\\_h@camsonline.com](mailto:enq_h@camsonline.com).

*Call centre:*

Investors can call us from 9.00 am to 6.00 pm (Monday to Friday) and 9.00 am to 1.00 pm (Saturday) on the toll-free numbers 1800 3010 6767/ 1800 419 7676. Investors calling from abroad can call us on +91 44 33462406.

*SMS:*

Investor can SMS 'HDFCFMF' to 56767.

*Escalation:*

The Company has a well-defined escalation matrix. Investors can choose to route their query through these escalation levels should they feel that they have not received a satisfactory response at the initial stage.

Following matrix (Link) is available for investor to raise grievances

<https://www.hdfcfund.com/information/grievances-redressal-mechanism>

*Customer Satisfaction Surveys:*

As a part of feedback mechanism, company conducts satisfaction survey for customers to understand the feedback on processes, services rendered & various touch points.

*Mechanism to respond to consumer complaints:*

All queries and complaints received across various touch points are processed through the central Customer Relationship Management application which has a rule-based allotment logic for disseminating the same amongst our branches and central staff who will provide the final response to the customers. There are defined service levels assigned for each type of complaint.

The Company regularly undertakes Root Cause Analysis of the top complaint types with the help of the service team at branches who are supported by the Corporate Client Services (CCS) team at the corporate office. Regional Service Managers (RSMs), who focus on service delivery across various regional offices, conduct periodic visits to branches and engage with the staff and augment support to the branches, besides seeking feedback. The CCS team engages with these RSMs to work on the feedback and also trains them routinely. Service delivery and quality assessment are measured, using multiple parameters like turnaround time, repeat complaints, escalations etc. which are evaluated on a periodic basis to improve and provide seamless delivery.

The Compliance team also oversees redressal of customer grievances.

The Company has put in place a Stakeholders Relationship and Unitholder Protection Committee (SR&UHPC) which reviews the activities carried out by the Investor Service Centers (ISCs) / branches of the Company and their adherence to service standards, reviews the steps taken by the Company to redress the grievances of the investors and the cases, if any, pending before the Courts/ Forums/ Regulatory Authorities against the Company etc.

It is important that all stakeholders who work towards enhancing customer experience should work in tandem. The RTA, CAMS, forms the backbone of service delivery chain. The Company works closely with CAMS to ensure smooth operations and seamless client experience.

**2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

Particulars	As a percentage to total turnover
Environmental and social parameters relevant to the product	
Safe and responsible usage	Not applicable
Recycling and/or safe disposal	

**3. Number of consumer complaints in respect of the following:**

Particulars	FY 23-24			FY 22-23		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Cyber-security	-	-	-	-	-	-
Delivery of essential services	1,858	6	-	2,190	12	-
Restrictive Trade Practices	-	-	-	-	-	-
Unfair Trade Practices	-	-	-	-	-	-
Other	-	-	-	-	-	-

**4. Details of instances of product recalls on account of safety issues**

Particulars	Number	Reasons for recalls
Voluntary recalls		
Forced recalls		Not Applicable

**5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

Yes, the Company has Board approved Information Security Policy, Cyber Security Policy, Cyber Crisis Management Policy and Business Continuity Policy. Given the rapid technological and digital advancement, cyber risks are inevitable. The Company has a strong Cyber Risk Management framework wherein cyber risk and its mitigation are monitored by the Information Technology & Security Committee and Risk Management Committee.

Key areas covered under the cyber risk management include strong adherence to the Board approved Information and Cyber Security policies, compliance with SEBI guidelines and ISO 27001 standards to ensure that the Company is in line with industry best practices. The Company maintains a robust cyber security architecture and has in place a cyber-resilience framework to protect the integrity of data and guard against breaches of privacy. The Company also trains employees on cyber security.

The Company ensures that cyber security controls and practices are embedded into the business process and it follows concept of 'Security by Design'. Enhanced cyber security practices and effective governance have resulted in matured cyber security frameworks. IT assets are reviewed and audited regularly by independent agencies. Systems are subject to intense scrutiny and validations

in the systems audit. Proactive measures are taken to ensure that they are adequately protected against external threats.

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

NIL

**7. Information relating to data breaches:**

- a. Number of instances of data breaches
- b. Percentage of data breaches involving personally identifiable information of customer
- c. Impact, if any, of the data breaches

The Company did not witness any instances of data breaches during the year. A cyber incident was detected during the year which pertained to and was in connection with an old cyber-incident. The Company ascertained that there is no misuse by any person on account of the old cyber incident. The Company does not perceive a material risk regarding this incident as the Company has strong Cyber security framework and established / robust Data leakage and Protection safeguards.

**Leadership Indicators**

**1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available)**

The information on products & services of the Company is available through various touchpoints as follows:

- Website: [www.hdfcfund.com](http://www.hdfcfund.com)
- Company’s Mobile applications- HDFC MF Online – Investors, and HDFC MF Online – Partners
- All leading Fintech Platforms
- Distributors / RIA
- MF Central: [www.mfcentral.com](http://www.mfcentral.com)
- Call centre @ 1800 3010 6767 / 1800 419 7676
- HDFC Mutual Fund Branches
- CAMS Service Centres
- CAMS investor portal: [mycams.camsonline.com](http://mycams.camsonline.com)

**2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

The Company complies with all disclosure requirements relating to its products and services, as per AMFI/SEBI guidelines on product labelling within risk and disclosure categories. The Company on a monthly basis provides disclosure of Riskometers’ which covers scheme-wise risks and is available on Company’s Website. Additionally, the Riskometer is also updated as and when it is warranted by the scheme. An addendum is issued in this case. The Company also has product literatures which has riskometer for various product schemes.

For the safety of customer, the Company sends communication to educate and advise customers on guarding themselves against financial frauds.

As part of the Go Green initiative in Mutual Funds, and providing information to investors in a cost effective yet transparent manner, following steps have been implemented:

- The Company does not encourage printing of physical account statements at branches and instead request clients / distributors to opt for statements through electronic mode.

- Customers are able to raise and process most of their service requests electronically with the confirmations also being sent to them electronically.

- Latest NAVs of all schemes have been prominently disclosed under a separate head on our website and is also provided through SMS & call center upon request.

**3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

The Company has devised a robust Disaster Recovery (DR) and Business Continuity Plan (BCP) which covers entire operations of the AMC. Communications on any disruption/ discontinuation of essential services, albeit rare, are intimated to customers through emails, call centres, the Company’s website and other modes of electronic communication.

In case of any disruption of services either planned or unplanned related to digital platforms (Website, mobile app etc.), the company informs the customers with reason for unavailability through alternate channels.

**4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.**

The Company has always believed in being transparent with its customers by providing all the relevant details. Product communication is done through SMS, mails and other platforms. The Company also displays the following documents on the website:

- Fact sheet
- Scheme performance
- Product literature

**Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

Yes, the Company conducts surveys to gather customer feedback through the Customer Satisfaction (CSAT) survey. These surveys are conducted separately for both financial and non-financial transactions. Our goal is to capture customer feedback on various processes, their transaction experiences, interactions with different touchpoints, and suggestions for improvement. Based on the feedback received, a dedicated team works on actionable areas and implements improvements. The management reviews these efforts periodically.

# Independent Practitioners' Reasonable Assurance Report

**To the Directors of HDFC Asset Management Company Limited**

**Assurance report on the sustainability disclosures in the Business Responsibility and Sustainability Reporting (BRSR Core attributes) of HDFC Asset Management Company Limited (the 'Company') for the period 1 April 2023 to 31 March 2024.**

The BRSR Core attributes are included in the Business Responsibility and Sustainability Reporting of the Company for the period 1 April 2023 to 31 March 2024.

**Opinion**

We have performed a reasonable assurance engagement on whether the Company's sustainability disclosures in the BRSR Core attributes (refer to Appendix 1) for the period 1 April 2023 to 31 March 2024 have been prepared in accordance with the reporting criteria (refer table below).

BRSR Core attributes subject to assurance	Period subject to assurance	Reporting criteria
BRSR Core attributes (refer Appendix 1)	1 April 2023 to 31 March 2024	<ul style="list-style-type: none"> <li>Regulation 34(2)(f) of the Securities and Exchange Board of India (SEBI) Listing Obligations and Disclosure Requirements (SEBI LODR)</li> <li>Guidance note for BRSR format issued by SEBI</li> </ul>

This engagement was conducted by a multidisciplinary team including assurance practitioners, engineers and environmental and social practitioners.

In our opinion, the Company's BRSR Core attributes for the period 1 April 2023 to 31 March 2024, subject to reasonable assurance are prepared, in all material respects, in accordance with the Regulation 34(2)(f) of the Securities and Exchange Board of India (SEBI) Listing Obligations and Disclosure Requirements (SEBI LODR) and basis of preparation set out in Section A: General Disclosures 13 of the Business Responsibility and Sustainability Reporting of the Company.

**Basis for opinion**

We conducted our engagement in accordance with Standard on Sustainability Assurance Engagements (SSAE) 3000, "Assurance Engagements on Sustainability Information" issued by the Sustainability Reporting Standards Board of the Institute of Chartered Accountants of India ('ICAI'). Our responsibilities under those standards are further described in the "Our responsibilities" section of our report.

We are required to comply with the independence and other ethical requirements of the Code of Ethics issued by the ICAI.

Our firm applies Standard on Quality Control (SQC) 1, "Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" issued by the ICAI. This standard requires the firm to maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

Management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report but does not include the BRSR Core attributes and assurance report thereon. The Company's Annual Report is expected to be made available to us after the date of this assurance report.

Our reasonable assurance opinion on the BRSR Core attributes does not cover the other information and we will not express any form of assurance opinion thereon.

In connection with our assurance on the BRSR Core attributes, our responsibility is to read the other information identified above when it becomes available, and in doing so, consider whether other information is materially inconsistent with the BRSR Core attributes or our knowledge obtained in the assurance, or otherwise appears to be materially misstated.



When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe actions applicable under the applicable laws and regulations.

**Other matter**

The BRSR Core attributes for the period 1 April 2022 to 31 March 2023 was not subject to limited/reasonable assurance engagement and, accordingly, we do not express an opinion, or provide any assurance on such information.

Our opinion is not modified with respect to this matter.

**Intended use or purpose**

The BRSR Core attributes and our reasonable assurance report are intended for users who have reasonable knowledge of the BRSR Core attributes and the reporting criteria and who have read the information in the BRSR Core attributes with reasonable diligence and understand that the BRSR Core attributes are prepared and assured at appropriate levels of materiality.

Our opinion is not modified in respect of this matter.

**Responsibilities for the BRSR Core attributes**

The management of the Company acknowledge and understand their responsibility for:

- designing, implementing and maintaining internal controls relevant to the preparation of the BRSR Core attributes are free from material misstatement, whether due to fraud or error;
- selecting or establishing suitable criteria for preparing the BRSR Core attributes, taking into account applicable laws and regulations, if any, related to reporting on the BRSR Core attributes, identification of key aspects, engagement with stakeholders, content, preparation and presentation of the BRSR Core attributes in accordance with the reporting criteria;
- disclosure of the applicable criteria used for preparation of the BRSR Core attributes in the relevant report/statement;
- preparing/properly calculating the BRSR Core attributes in accordance with the reporting criteria;

- ensuring the reporting criteria is available for the intended users with relevant explanation;
- establishing targets, goals and other performance measures, and implementing actions to achieve such targets, goals and performance measures;
- responsible for providing the details of the management personnel who takes ownership of the BRSR Core attributes disclosed in the report;
- ensuring compliance with law, regulation or applicable contracts;
- making judgements and estimates that are reasonable in the circumstances;
- identifying and describing any inherent limitations in the measurement or evaluation of information subject to assurance in accordance with the reporting criteria;
- preventing and detecting fraud;
- selecting the content of the BRSR Core attributes, including identifying and engaging with intended users to understand their information needs;
- informing us of other information that will be included with the BRSR Core attributes;
- supervision of other staff involved in the preparation of the BRSR Core attributes.

Those charged with governance are responsible for overseeing the reporting process for the Company’s BRSR Core attributes.

**Inherent limitations in preparing the BRSR Core attributes**

The preparation of the Company’s BRSR information requires the management to establish or interpret the criteria, make determinations about the relevancy of information to be included, and make estimates and assumptions that affect the reported information.

Measurement of certain amounts and BRSR Core metrics, some of which are estimates, is subject to substantial inherent measurement uncertainty, for example, GHG emissions, water footprint, energy footprint. Obtaining sufficient appropriate evidence to support our opinion does not reduce the uncertainty in the amounts and metrics.

## Our responsibilities

We are responsible for:

- Planning and performing the engagement to obtain reasonable assurance on the sustainability disclosures in the BRSR Core attributes are free from material misstatement, whether due to fraud or error, in accordance with the reporting criteria in line with the section above.
- Forming an independent opinion, based on the procedures we have performed and the evidence we have obtained, and
- Reporting our reasonable assurance opinion to the Directors of HDFC Asset Management Company Limited.

## Exclusions

Our assurance scope excludes the following and therefore we will not express an opinion on the same:

- Operations of the Company other than those mentioned in the "Scope of Assurance".
- Aspects of the BRSR and the data/information (qualitative or quantitative) other than the BRSR Core attributes.
- Data and information outside the defined reporting period i.e., 1 April 2023 to 31 March 2024.
- The statements that describe expression of opinion, belief, aspiration, expectation, aim, or future intentions provided by the Company.

## Summary of the work we performed as the basis for our opinion.

We exercised professional judgement and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence that is sufficient and appropriate to provide a basis for our reasonable assurance opinion.

## Reasonable assurance opinion

The nature, timing, and extent of the procedures selected depended on our judgement, including an assessment of the risks of material misstatement of the information subject to reasonable assurance, whether due to fraud or error. We identified and assessed the risks of material misstatement through understanding the information subject to reasonable assurance and the engagement circumstances. We also obtained an understanding of the internal control relevant to the information subject to reasonable assurance in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of internal controls. In carrying out our engagement, we:

- assessed the suitability of the criteria used by the Company in preparing the reasonable assurance information;
- evaluated the appropriateness of reporting policies, quantification methods and models used in the preparation of the information subject to reasonable assurance and the reasonableness of estimates made by the Company; and
- evaluated the overall presentation of the information subject to reasonable assurance.

For **BSR & Co. LLP**

Chartered Accountants

Firm registration No. 101248W/W-100022

**Kapil Goenka**

Partner

Membership No: 118189

ICAI UDIN: 24118189BKDBDQ1963

Mumbai

25 June 2024

## Appendix – 1

### BRSR Core attributes - Reasonable assurance for FY 2023-24

Sr No	BRSR indicator	Description of indicator
1	Section C – Principle 1 – E8	Number of days of accounts payable
2	Section C – Principle 1 – E9	Concentration of purchases & sales done with trading houses, dealers, and related parties Loans and advances & investments with related parties
3	Section C – Principle 3 – E1(c)	Spending on measures towards well-being of employees and workers – cost incurred on wellbeing measures as a % of total revenue of the company
4	Section C – Principle 3 – E11	Details of safety related incidents including lost time injury frequency rate, recordable work-related injuries, no. of fatalities
5	Section C – Principle 5 – E3(b)	Gross wages paid to females as % of wages paid
6	Section C – Principle 5 – E7	Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, including complaints reported, complaints as a % of female employees, and complaints upheld
7	Section C – Principle 6 – E1	Details of total energy consumption (in Joules or multiples) and its intensity
8	Section C – Principle 6 – E3	Total volume of water withdrawal by source and water consumption in Kilolitres and its intensity
9	Section C – Principle 6 – E4	Water discharge by destination and level of treatment (in kilolitres)
10	Section C – Principle 6 – E7	Details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity
11	Section C – Principle 6 – E9	Details related to waste generated by category, waste recovered through recycling, re-using or other recovery operations, waste disposed by nature of disposal method and its intensity
12	Section C – Principle 8 – E4	Input material sourced from following sources as % of total purchases – Directly sourced from MSMEs/ small producers and from within India
13	Section C – Principle 8 – E5	Job creation in smaller towns – Wages paid to persons employed in smaller towns (permanent or non-permanent /on contract) as % of total wage cost
14	Section C – Principle 9 – E7	Instances involving loss / breach of data of customers as a percentage of total data breaches or cyber security events

# Corporate Governance Report

## Philosophy on the Code of Governance

Corporate Governance at HDFC AMC has been a continuous journey and we believe that effective Corporate Governance is a key component to enhance and maintain stakeholders' value. As we navigate the dynamic landscape of asset management business, we remain dedicated to good corporate governance practices, underpinned by an unwavering commitment to ethics, integrity, transparency and respect for all stakeholders.

We recognize the trust bestowed upon us by our investors, and we respect this trust with integrity and accountability in all aspects of our operations and take confident strides towards achieving our vision of becoming the **"most respected asset manager" in the world and mission to be the "wealth creator for every Indian."**

We believe in the intrinsic value of environmental, social, and governance (ESG) measures, integrating them seamlessly into our business practices to drive sustainable growth and create long-term value for our investors and society at large.

At HDFC, ethics are not just a requirement – they are the foundation of our identity and the compass that guides us toward a future of sustainable growth and enduring success. We are dedicated to fostering mutually beneficial relationships built on mutual respect, fairness and shared prosperity, aligning our interests with those of our stakeholders to drive sustainable growth and positive societal impact.

Our Board of Directors are dedicated to sound principles of Corporate Governance in the Company and are the ultimate custodians of governance. They evaluate and review the Company's strategic business plans, effectiveness of policies mandated under various regulations.

## Board of Directors

The Company's Board is diverse with a mixed blend of expertise, professional and experience. It comprises 9 (nine) members as on March 31, 2024, of which 8 (eight) are Non-Executive Directors including the Chairman and one Executive Director i.e., the Managing Director & Chief Executive Officer (CEO). Of the 8 (eight) Non-Executive Directors, 5 (five) are Independent Directors. None of the Directors of your Company are related to each other or are debarred from holding the office of director by SEBI or any other authority. They have also confirmed that they satisfy the fit and proper criteria as prescribed under the applicable regulations. The composition of the Board is in conformity with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Companies Act, 2013 ("the Act").

For a brief profile of the Board members, refer to page 34 of this Annual Report.

## Directorship and membership on the board/board committees of other public companies:

Name of Director	Category	As on March 31, 2024				
		Number of Directorships*	Number of committees**		Listed Entities	
			Member	Chairman	Name of the Company	Nature of Directorship
Mr. Deepak S. Parekh	Non-Executive Non-Independent Director	4	-	-	1. Siemens Limited	Non – Executive and Non-Independent Director (Chairman)
					2. HDFC Life Insurance Company Limited ^	Non – Executive Director (Chairman)
Mr. V. Srinivasa Rangan*	Non-Executive Non-Independent Director	3	-	-	HDFC Bank Limited	Whole Time Director
Ms. Renu Sud Karnad	Non-Executive - Non Independent Director	6	6	2	1. HDFC Bank Limited	Non – Executive and Non-Independent Director
					2. GlaxoSmithKline Pharmaceuticals Limited	Non-Executive Director (Chairperson)
					3. EIH Limited	Independent Director

Name of Director	Category	As on March 31, 2024				
		Number of Directorships*	Number of committees**		Listed Entities	
			Member	Chairman	Name of the Company	Nature of Directorship
Mr. Dhruv Kaji	Non-Executive - Independent Director	3	5	1	1. Network18 Media & Investments Limited	Independent Director
					2. Ceinsys Tech Limited	Independent Director
					3. TV18 Broadcast Limited	Independent Director
Mr. Jairaj Purandare	Non-Executive - Independent Director	3	3	3	1. Piramal Pharma Limited	Independent Director
					2. CIE Automotive India Limited	Independent Director
Mr. Sanjay Bhandarkar	Non-Executive - Independent Director	6	5	4	1. The Tata Power Company Limited	Independent Director
					2. Chemplast Sanmar Limited	Independent Director
Mr. Parag Shah	Non-Executive - Independent Director	3	1	-	-	-
Ms. Roshni Nadar Malhotra	Non-Executive Independent Director	1	1	-	HCL Technologies Limited	Non-Executive Director
Mr. Navneet Munot - Managing Director & Chief Executive Officer	Executive Director	1	-	-	-	-

**Notes:**

^ Ceased to be the Chairman and Non-Executive Director w.e.f. close of the business hours of April 18, 2024.

- Mr. Rushad Abadan ceased to be Non-Executive Director of the company w.e.f. the close of business hours of April 18, 2023.

- Mr. Keki Mistry ceased to be Non-Executive Director of the company w.e.f. June 26, 2023.

- Mr. V. Srinivasa Rangan appointed as Non-Executive Director of the company (Nominee of HDFC Bank Limited) w.e.f. January 12, 2024

\*Excludes directorship in Private Limited Companies, Foreign Companies and Section 8 Companies. Also excludes directorship in the Company.

\*\*Membership and Chairmanship in Audit Committee and Stakeholders Relationship Committee in all public limited companies have been considered. Also, excludes chairmanship and membership in the Company.

### Skills/Expertise/Competence of the Board of Directors

The Board identified, inter alia, the following core skills/expertise/competencies to ensure the Board's effective composition to discharge its responsibilities and duties required to govern your Company and also be compliant with the applicable regulations.

Name of the Director	Qualification	Field of specialisation
Mr. Deepak S. Parekh, Chairman	Fellow of the Institute of Chartered Accountants (England & Wales)	- International Expertise/Strategic Planning - Risk Management Expertise - Financial Expertise - Marketing Expertise - Operational Expertise - Industry Expertise - Regulatory Expertise - Mergers and Acquisitions
Ms. Renu Sud Karnad	Master's degree in Economics from University of Delhi; Bachelor's degree in Law from the University of Mumbai. Parvin Fellow – Woodrow Wilson School of International Affairs, Princeton University, US	- Risk Management Expertise - Financial Expertise - Legal Expertise - Industry Expertise
Mr. V. Srinivasa Rangan	Bachelor's degree in Commerce from University of Delhi, Associate of The Institute of Chartered Accountants of India (ICAI), Graduate member of the Institute of Cost Accountants of India	- Risk Management Expertise - Financial Expertise - Legal Expertise - Regulatory Expertise - Strategic Planning

Name of the Director	Qualification	Field of specialisation
Mr. Dhruv Kaji	Bachelor's degree in Commerce (University of Mumbai) and Associate Member of Institute of Chartered Accountants of India	- International Expertise/ Strategic Planning - Financial Expertise - Operational Expertise - Mergers and Acquisitions
Mr. Jairaj Purandare	B.Sc. (Hons), University of Mumbai; Fellow Member of Institute of Chartered Accountants of India	- International Expertise/ Strategic Planning - Financial Expertise - Operational Expertise - Industry Expertise - Regulatory Expertise
Mr. Sanjay Bhandarkar	B. Com., University of Pune; MBA, XLRI Jamshedpur	- Technology/Digital Media Expertise - Risk Management Expertise - Financial Expertise - Regulatory Expertise
Mr. Parag Shah	Bachelor's degree in Science (Computer Engineering) from the Illinois Institute of Technology; graduate of the General Management Program of the Harvard Business School	- International Expertise/ Strategic Planning - Technology/Digital Media Expertise - Financial Expertise - Industry Expertise - Mergers and Acquisitions
Ms. Roshni Nadar Malhotra	MBA from the Kellogg Graduate School of Management, Northwestern University	- International Expertise/ Strategic Planning - Financial Expertise - Marketing Expertise
Mr. Navneet Munot	Master's degree in Commerce; Chartered Accountant; Chartered Financial Analyst; Chartered Alternative Investment Analyst; Certified Financial Risk Manager	- International Expertise/Strategic Planning - Risk Management Expertise - Financial Expertise - Marketing Expertise - Legal Expertise - Operational Expertise

## Responsibilities

Your Company has a well-defined framework that enables the Board to provide strategic direction and effective oversight of the Management. The Board also ensures that your Company's existing corporate governance practices are enhanced by incorporating values of fair business practices, transparency for promoting a culture of corporate and social responsibility. To focus on crucial issues, various Committees are constituted under the supervision of the Board with specific delegated responsibilities.

The Board believes that the corporate governance practices adopted by your Company empowers the executive to effectively manage the Company's affairs. The decision-making powers entrusted to the executive management with proper oversight and guidance by the Board enables the Company to achieve its vision, stakeholder aspirations and societal expectations. Codes and policies mandated as per the applicable laws have been implemented in spirit and letter by the Company.

## Independent Directors

Independent Directors are appointed / re-appointed based on the recommendation of the Nomination & Remuneration

Committee (NRC) and approval of the Board. As required under the Listing Regulations, for every appointment of Independent Director, the NRC evaluates the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, the NRC identifies the candidate for appointment as an Independent Director. Re-appointments are made based on evaluation of their contributions.

Accordingly, following independent directors viz. Mr. Dhruv Kaji, Mr. Jairaj Purandare, Mr. Sanjay Bhandarkar, Mr. Parag Shah and Ms. Roshni Nadar Malhotra, were re-appointed at the 24<sup>th</sup> AGM held on June 26, 2023 for a second term of 5 (five) consecutive years on the Board of your Company.

All the Independent Directors have confirmed that they meet the criteria as mentioned under Listing Regulations and Section 149 of the Act. The maximum tenure of Independent Directors is in accordance with the Act and other applicable Regulations.

Based on the declarations received from the Independent Directors, the Board is of the opinion that, all the Independent Directors fulfil the conditions specified in the Act, Listing Regulations and are independent of the Management.



### Meeting of Independent Directors

Independent Directors are mandated to hold at least one meeting in a financial year, where Non-Independent Directors are not present. In such meetings, the Independent Directors review the performance of Non-Independent Directors and the Board as a whole; the Chairman of the Company taking into account the views of Executive/Non-Executive Directors; and assess the quality, quantity and timely flow of information between your Company’s management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

During FY 2023-24, the Independent Directors met once on March 19, 2024.

### Familiarisation Programme

As part of the Familiarisation Programme, the Directors of the Company are updated on regular basis with changes in the Mutual Fund industry, regulatory developments and different business practices adopted in the Industry. The programme also includes an overview and outlook of the Indian economy, markets, trends, risk management mechanism, among others. An orientation programme is conducted for the newly inducted Independent Directors to introduce them to the business practices, codes and policies, compliance practices, corporate culture of the Company including the mutual fund business, regulatory developments affecting the Company. During the year, the Company had organized a full day strategy meet wherein external consultants were invited for presenting the way forward for asset management industry. Further, there was a session kept for the directors on Environmental, Social and Governance ('ESG') w.r.t. global ESG principles, standard and ratings; ESG journey in India and introduction of reasonable assurance on Business Responsibility and Sustainability Report (BRSR) Core.

An overview of the familiarisation programme during the year is available on your Company’s website at <https://www.hdfcfund.com/about-us/corporate-governance/code-policy>.

### Particulars of Senior Management Personnel as on March 31, 2024 (including the changes therein):

Name of Senior Management Personnel ("SMP")	Designation
Mr. Alok Sheopurkar	Head - Human Resources
Mr. Chirag Setalvad	Head - Equities
Dr. Leena Vijayvargiy	Chief Risk Officer
Mr. Mitul Chandrakant Patel	Head - PMS Investments
# Ms. Mudeita Patrao	Head - Digital
Mr. Naozad Sirwalla	Chief Financial Officer

Name of Senior Management Personnel ("SMP")	Designation
Mr. Naveen Gogia	Co - Head - Sales and Distribution, Co - Head - International Business and Head - Public Relations
Mr. Rajiv Maniar	Co - Head - Sales and Distribution
Mr. Sameer Seksaria	Head - Corporate Client Services
Mr. Shobhit Mehrotra	Head - Fixed Income
Mr. Simal Kanuga	Head - PMS Sales, New Initiatives and Product Development, Co-Head - International Business and Chief Investor Relations Officer (AMC)
Ms. Supriya Hemant Sapre	Chief Compliance Officer
*Ms. Sylvia Furtado	Company Secretary and Head - Legal
Mr. V Suresh Babu	Head - Operations

Note:

# On May 24, 2024, Ms. Mudeita Patrao resigned as Head – Digital effective June 21, 2024.

\* On June 6, 2024, Ms. Sylvia Furtado, resigned as Company Secretary & Head-Legal w.e.f. close of business hours of July 15, 2024.

- Ms. Sonali Chandak has been appointed as Company Secretary & Head-Legal w.e.f. July 16, 2024.

- Mr. Harish Narayanan has been appointed as Chief Digital & Marketing Officer w.e.f. June 3, 2024.

- Mr. Amaresh Jena, Head - Marketing and Digital Business resigned as SMP w.e.f. close of business hours of September 8, 2023.

### Board meetings

The meetings of the Board of Directors and its Committees are normally held at your Company’s Registered Office in Mumbai. Video conferencing facilities are made available to conduct such meetings in case physical presence is not possible.

The Chairman ensures that the meeting is conducted in such way that the business for which it was convened is properly attended to, and that all those entitled to may express their views and that the decisions taken by the meeting adequately reflect the views of the meeting as a whole. He summarises the discussions to ensure that members are in agreement with the Board’s view on the issues discussed.

At the Board/Committee meetings, the Managing Director & Chief Executive Officer and Senior Management, who are invited to those meetings, make presentations on various matters including the financial results, operations related issues, risk management, the economic and regulatory changes.

During the financial year, nine (9) Board meetings were held i.e. on April 25, 2023; May 8, 2023; June 26, 2023; July 24, 2023; September 21, 2023; October 12, 2023; November 17, 2023; January 11, 2024 and March 19, 2024.

**Attendance at 9 (nine) Board meetings held during FY 2023-24 and at the last AGM**

Name of the Director	Number of Board meetings		Attendance at the 24 <sup>th</sup> AGM
	Held during tenure	Attended	
Mr. Deepak S. Parekh	9	9	YES
Mr. Keki M. Mistry <sup>1</sup>	3	3	YES
Mr. V. Srinivasa Rangan <sup>2</sup>	1	1	-
Ms. Renu Sud Karnad	9	9	YES
Mr. Dhruv Kaji	9	9	YES
Mr. Jairaj Purandare	9	9	YES
Mr. Sanjay Bhandarkar	9	9	YES
Mr. Parag Shah	9	9	YES
Ms. Roshni Nadar Malhotra	9	7	YES
Mr. Navneet Munot	9	9	YES

<sup>1</sup> Mr. Keki Mistry ceased to be Non-Executive Director of the company w.e.f. June 26, 2023.

<sup>2</sup> Mr. V. Srinivasa Rangan appointed as Non-Executive Director of the company (Nominee of HDFC Bank Limited) w.e.f. January 12, 2024.

To enable better and more focused attention on the affairs of the Company, the Board delegates particular matters to committees of the Board set up for the purpose. The composition and functioning of these board committees is in compliance with the applicable provisions of the Act and Listing Regulations.

There have been no instances where the Board has not accepted any recommendation of any Committee of the Board which is mandatorily required, during the financial year.

**Audit Committee**

The Audit Committee consists of 4 (four) Non-Executive Directors of which three are Independent Directors, who are well-versed with accounting, financial matters and corporate laws. The Chairman of the Audit Committee was also present at the last AGM of the Company.

During the year, 7 (seven) Audit Committee meetings were held i.e. on April 25, 2023; June 26, 2023; July 24, 2023; October 12, 2023; November 17, 2023; January 11, 2024 and March 19, 2024.

Audit Committee composition and attendance of members at the 7 (seven) meetings held in FY 2023-24:

Name of the Director	Number of meetings	
	Held during tenure	Attended
Mr. Dhruv Kaji (Chairman)	7	7
Mr. Jairaj Purandare	7	7
Mr. Keki M. Mistry <sup>1</sup>	2	2
Mr. Sanjay Bhandarkar	7	7
Mr. V. Srinivasa Rangan <sup>2</sup>	1	1

<sup>1</sup> Mr. Keki Mistry ceased to be member of the Committee w.e.f. June 26, 2023.

<sup>2</sup> Mr. V. Srinivasa Rangan appointed as member of the Committee w.e.f. January 12, 2024.

The Company Secretary acts as the Secretary to the Audit Committee. The Committee invites the Managing Director & Chief Executive Officer, Chief Financial Officer, Head – Corporate Client Services, Head – Operations, Chief Compliance Officer, other executives of the Company as it considers appropriate, representatives of statutory auditor and representatives of internal auditor to attend the meetings of the Committee.

The terms of reference for the Audit Committee broadly includes:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements and the auditors' report thereon, before submission to the Board for approval, with particular reference to:
  - matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
  - changes, if any, in accounting policies and practices and reasons for the same
  - major accounting entries involving estimates based on the exercise of judgement by management

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>d) significant adjustments made in the financial statements arising out of audit findings</li> <li>e) compliance with listing and other legal requirements relating to financial statements</li> <li>f) disclosure of any related party transactions</li> <li>g) modified opinion(s) in the draft audit report.</li> </ul>   | <ul style="list-style-type: none"> <li>shareholders (in case of non-payment of declared dividends) and creditors.</li> </ul>   |
| <ul style="list-style-type: none"> <li>5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.</li> <li>6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.</li> <li>7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.</li> <li>8. Approval or any subsequent modification of transactions of the Company with related parties.</li> <li>9. Scrutiny of inter-corporate loans and investments.</li> <li>10. Valuation of undertakings or assets of the Company, wherever it is necessary.</li> <li>11. Evaluation of internal financial controls and risk management systems.</li> <li>12. Reviewing with management, performance of statutory and internal auditors, and adequacy of the internal control systems.</li> <li>13. To formulate the scope, functioning, periodicity and methodology for conducting the internal audit in consultation with the Internal Auditor.</li> <li>14. Discussion with internal auditors any significant findings and follow up there on.</li> <li>15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.</li> <li>16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.</li> <li>17. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders,</li> </ul> | <ul style="list-style-type: none"> <li>18. Reviewing the functioning of the Whistle Blower Mechanism.</li> <li>19. Approval of appointment of Chief Financial Officer.</li> <li>20. Reviewing the compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and verify that the systems for internal control are adequate and are operating effectively.</li> <li>21. Review, approve, recommend, as applicable, financial reporting process, accounting policy issues for the Schemes including any proposed changes to the accounting policies and practice with respect to transactions with related parties of HDFC Mutual Fund, etc.</li> <li>22. Review the audit opinion issued by the statutory auditors.</li> <li>23. Consider and recommend adoption of financial statements including half yearly unaudited financial results prepared for the Scheme.</li> <li>24. Review the system of internal controls and the audit processes for the Mutual Fund operations, including observations, rectifications if suggested by internal / external auditors are acted on.</li> <li>25. Review of the internal auditors' reports, recommend and forward observations to the Trustee board.</li> <li>26. Recommending for approval, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor of the Mutual Fund, Internal Auditor of the Mutual Fund, etc. and the fixation of fees for audit and any other services rendered by the Statutory Auditors with respect to the Mutual Fund including the scope of the Internal audit.</li> <li>27. Reviewing the Internal Audit Reports of the Schemes of Mutual Fund (including Internal Audit Report of critical activities outsourced by the AMC such as Custodian, Fund Accounting, the Registrar and Transfer Agent activity, etc.).</li> <li>28. Reviewing the findings of any internal investigations by the AMC / internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature or issues highlighted or referred through whistle blower complaints, etc.</li> <li>29. Reviewing Regulatory Inspection Reports.</li> </ul> |

30. Reviewing implementation status of all outstanding action points arising out of Internal Audit Reports, Statutory Audit Reports, Systems Audit Reports, Inspection Reports etc.
31. Reviewing the adequacy of the internal control systems, including defining metrics for measuring internal controls, seeking comments of the internal auditors about Internal Control Systems, etc. and the steps taken towards improving the effectiveness of internal control system including through automation.
32. Interacting with the statutory and internal auditors of the Mutual Fund, at least once annually without engagement of management of the AMC. Besides the mandatory requirement specified, such interactions may be held whenever felt necessary by the Independent Directors of the Audit Committee.
33. Evaluating various internal control measures in terms of applicable SEBI (Mutual Funds) Regulations, 1996 and various circulars issued thereunder.
34. Reviewing periodic report on compliance with applicable laws and regulations pertaining to the Mutual Fund operation, including the details of non-compliance along with the corrective actions, as applicable.
35. Reviewing the Annual Compliance Report in relation to the "Policy on Prohibition of Insider Trading" of the AMC for Mutual Fund.
36. Assess that the AMC has been managing the mutual fund schemes independently of other activities and have taken adequate steps to ensure that the interest of investors of one scheme are not being compromised with those of any other scheme or of other activities of the asset management company.
37. consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholder; and.
38. Any other matters/authorities/responsibilities/powers assigned as per the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Mutual Funds) Regulations, 1996 and Rules/ circulars issued thereunder, as amended from time to time.

## Nomination & Remuneration Committee

During FY 2023-24, 3 (three) Nomination & Remuneration Committee meetings were held on April 18, 2023; April 25, 2023 and January 10, 2024.

## Composition of Nomination & Remuneration Committee and attendance of members in meetings:

Name of the Director	Number of meetings	
	Held during tenure	Attended
Mr. Jairaj Purandare (Chairman)	3	3
Mr. Dhruv Kaji	3	3
Mr. Deepak S. Parekh	3	3
Mr. Parag Shah	3	3

The Company Secretary acts as the Secretary to the Committee.

The broad terms of reference of the Nomination & Remuneration Committee includes:

1. Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every Director's performance.
2. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
3. Formulate criteria for evaluation of performance of Independent Directors and the Board of Directors.
4. Devise a policy on diversity of Board of Directors.
5. Review and recommend compensation payable to the Managing Director/Whole Time Directors of the Company including any variation therein from time to time and administer the Company's stock option plans subject to the applicable law.
6. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
7. To recommend to the Board, all remuneration, in whatever form, payable to senior management.
8. Any other matters/authorities/responsibilities/powers assigned as per Companies Act 2013, Rules made thereunder and Listing Regulations, as amended from time to time.

## Remuneration of Directors

### Nomination & Remuneration Policy

The Nomination & Remuneration Policy, including the criteria for remunerating Non-Executive Directors is recommended by the Nomination & Remuneration Committee and approved

by the Board. The objective of the policy is to lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management, Key Managerial positions and to determine their remuneration. The Nomination & Remuneration Policy can be accessed on your Company's website <https://www.hdfcfund.com/about-us/corporate-governance/code-policy>

### Non-Executive Directors

The remuneration paid to Non-Executive Directors consists of sitting fees and commission. Further, the expenses for

participation in the Board and other meetings are reimbursed to the Directors. Further, in accordance with Regulation 27(1) read with Part E of Schedule II of Listing Regulations, the Company reimburses the Chairman the expenses incurred by him towards the fuel and car maintenance for his services offered for official purposes to the Company. Stock Options may be granted to the Non-Independent Directors as approved by the Committee. No stock options are granted to Independent Directors.

There were no other pecuniary relationships or transactions of Non-Executive Director vis-à-vis the Company.

### Details of the remuneration and shareholding of Directors of the company for the FY 2023-24 are as follows:

Name of Directors	Salary (in ₹) <sup>^</sup>	Perquisites (in ₹)	Sitting fees (in ₹)	*Commission (in ₹)	Total (in ₹)	Shareholding
Mr. Deepak S. Parekh	-	-	26,00,000	25,00,000	51,00,000	2,24,000
Mr. Keki M. Mistry <sup>1</sup>	-	-	6,00,000	6,25,000	12,25,000	1,02,000
Ms. Renu Sud Karnad	-	-	20,00,000	25,00,000	45,00,000	1,68,320
Mr. Rushad Abadan <sup>2</sup>	-	-	-	-	-	-
Mr. Dhruv Kaji	-	-	27,00,000	25,00,000	52,00,000	-
Mr. Jairaj Purandare	-	-	25,00,000	25,00,000	50,00,000	-
Mr. Sanjay Bhandarkar	-	-	28,00,000	25,00,000	53,00,000	-
Mr. Parag Shah	-	-	18,00,000	25,00,000	43,00,000	-
Ms. Roshni Nadar Malhotra	-	-	8,00,000	25,00,000	33,00,000	-
Mr. V. Srinivasa Rangan <sup>3</sup>	-	-	-	-	-	-
<sup>#</sup> Mr. Navneet Munot	4,58,03,124	2,66,320	-	3,86,81,200	8,47,50,644	-

Notes:

<sup>1</sup> Ceased to be Non-Executive Director of the company w.e.f. June 26, 2023

<sup>2</sup> Ceased to be Non-Executive Director of the company w.e.f. April 18, 2023

<sup>3</sup> Appointed as Non-Executive Director of the company w.e.f. January 12, 2024

\*The Commission for the financial year ended March 31, 2024 will be paid to Non-Executive and Independent Directors, subject to deduction of tax, after adoption of financial statements at the upcoming AGM of the Company scheduled to be held on July 25, 2024.

<sup>^</sup> Salary includes contribution to Provident Fund made by the Company.

<sup>#</sup>Expenses towards gratuity and leave encashment provisions are determined actuarially on an overall basis at the end of each year and accordingly, have not been considered in the above information.

During the FY 2023-24, No directors were granted employee stock options except Mr. Navneet Munot who had been granted 65,700 options by the Company.

### Managing Director and Chief Executive Officer

The break-up of the pay scale, commission and quantum of perquisites including, employer's contribution to provident fund, gratuity, club fees, etc., is decided and approved by the Board on the recommendation of the Nomination & Remuneration Committee and is within the overall remuneration approved by the shareholders. Stock Options are granted to the Managing Director & Chief Executive Officer ('CEO') of the Company as approved by the Nomination & Remuneration Committee. The annual increment of the Managing Director & CEO is linked to his performance and is

decided and approved by the Board on the recommendation of the Nomination & Remuneration Committee. Terms of the service, the notice period and severance fees are as per the terms of agreement entered into by him with the Company.

### Evaluation of the Board and Directors

During the year, the Board carried out an annual evaluation of its own performance, performance of the board committees and individual directors pursuant to the provisions of the Act and Listing Regulations. The Board on the recommendations of the Nomination & Remuneration Committee approved the



criteria for annual evaluation which were broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India vide its Master Circular dated July 11, 2023.

Each board member was required to fill the board evaluation questionnaire online and the questionnaire were divided into different sections viz. Evaluation of Non – Executive / Independent Directors; Evaluation of Board as a whole; Evaluation of Board Committees; Evaluation of Chairman and Evaluation of Executive Director.

Evaluation criteria for Board/Committees were on the parameters like attendance, participation and ability to contribute at the meeting, Board as a whole i.e. its structure, diversity, experience, functioning, Board members’ understanding of their roles and responsibilities, quality of decision making of the Board and its effectiveness.

The responses received from the Directors with respect to the Board evaluation questionnaire were reviewed, discussed at separate meetings of Independent Directors, Nomination & Remuneration Committee and also the Board, and the suggestions provided by the directors were noted. Performance of the committees was evaluated on the basis of their effectiveness in carrying out their respective mandates. The Chairman’s performance evaluation was carried out by Independent Directors at a separate meeting.

All the directors participated in the board evaluation and review exercise including the peer evaluations excluding the director being evaluated. All the directors participated in the board evaluation except for Mr. V Srinivasa Rangan and review exercise including the peer evaluations excluding the director being evaluated.

The directors provided a recommendation to induct a Director with Information Technology background on the Board of the Company. Further, the Directors have evaluated the performance of Mr. Navneet Munot, Managing Director & Chief Executive Officer (‘CEO’) of the Company and basis which recommended his re-appointment for a period of five years effective from July 1, 2024 up to June 30, 2029, subject to approval of the shareholders.

During the year, the Company took adequate steps to implement observations arising from Board evaluation exercise for FY 2022-23 viz. executives’ performance, remuneration, succession planning and continuing Professional Development sessions for the directors of the Company.

The Board noted the evaluation results and were satisfied with the overall engagement and effectiveness of the Board and its various Committees.

## Stakeholders Relationship & Unit holder Protection Committee

During FY 2023-24, five (5) Stakeholders Relationship & Unitholders Protection Committee meetings were held on April 25, 2023; July 24, 2023; October 12, 2023; January 11, 2024 and March 19, 2024.

### Composition of the Committee and attendance of the members in meetings

Name of the Director	Number of meetings	
	Held during tenure	Attended
Mr. Sanjay Bhandarkar <sup>1</sup> (Chairman)	5	5
Mr. Deepak S. Parekh	5	5
Mr. Dhruv Kaji	5	5
Mr. Jairaj Purandare	5	5
Ms. Renu Sud Karnad <sup>2</sup>	5	5
Mr. Parag Shah <sup>3</sup>	2	2

<sup>1</sup> Appointed as Chairman of the Committee w.e.f. January 11, 2024 pursuant to SEBI Circular dated July 7, 2023.

<sup>2</sup> Ceased as Chairperson of the Committee w.e.f. January 11, 2024.

<sup>3</sup> Appointed as member of the Committee w.e.f. January 11, 2024.

During the year under review, pursuant to SEBI circular no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/117 dated July 7, 2023, the Stakeholders Relationship Committee was renamed as Stakeholders Relationship and Unit Holder Protection Committee (SRUPC) and has adopted revised terms of reference as detailed below:

- To review of unclaimed dividend and redemptions and measures taken by the Company to reduce the quantum of such unclaimed amount.
- To review of, transfer, transmission, nomination process and adherence to service standards adopted with respect to various services adopted by the Company being rendered by the RTA of HDFC Mutual Fund.
- Review of measures taken for ensuring timely receipt of dividend and redemption proceeds, annual reports, and other regulatory communications/disclosures.
- To review other activities carried out by the Company under Regulation 24(b) of MF Regulations and its impact on the unit holders.
- To review of all investors/scheme compensation to ensure they are fair and appropriate and review instances of market abuse by employees of the Company.



6. To recommend policy on utilization of investor education and awareness funds.
7. To review of various investor education and awareness steps taken by the Company including effective utilization of the funds in relation to the above on periodic basis.
8. To review of measures taken by the Company for exit options, voting and obtaining consents as prescribed under the MF Regulations.
9. To review of complaints / grievances handling mechanism including reported instances of mis selling and frauds, if any. Analyse the root cause of investor complaints, identify market conduct, issues and advise the management appropriately about rectifying systemic issues, if any.
10. To review of unit holder complaints and grievances with ageing of outstanding complaints on a periodical basis.
11. To review measures and steps taken to reduce unit holder complaints.
12. To review the various compliance issues relating to protection of the interests of the unit holders.
13. To ensure that the Company adopts a standard operating procedure for its processes including timeframe for processing and confirmation of financial and non-financial transactions, treats unit holders fairly and equally and there is no preferential treatment given to different classes of investors.
14. To ensure compliances with applicable laws with respect to resolving, reporting and disclosures of complaints and grievances.
15. To ensure timeliness and adequacy of disclosures of material information to the investors.
16. To ensure that all conflicts are adequately managed and/ or disclosed as per the conflict-of-interest policy.
17. To ensure that the Company has approved internal policy for measurement of various parameters (such as cases of investor compensation, investor complaints, fraud incidents impacting any investor/ scheme, consistent underperformance of any scheme, number of incidents where the agreed Turn Around Time (TAT) has exceeded with respect to investor related transactions such as redemptions/ redressal of investor complaints/ non-financial transactions, etc., system issues/ incidents/ BCP events impacting investors, data privacy / cyber security incidents impacting investors) through appropriate UP metrics.
18. To approve the UP metrics along with the targeted level / benchmark for each parameter, where possible.
19. To review the reports generated with respect to the Unitholder Protection metrics at least once in a half year.
20. To brief board of directors of the Company on the proceedings of the meeting and minutes of the meeting also be placed before the board of directors of Trustee Company.
21. To report its findings to the board of directors of Company along with recommendations for action.
22. To recommend relating to protection of interest of investors as well as monitor its implementation.
23. To review the steps taken by the Company to redress the grievances of the mutual fund investors and the cases, if any, pending before the Courts/ Forums/Regulatory Authorities against the Company / Mutual Funds.
24. To review the activities carried out by the investor service centres of the Company and their adherence to service standards.
25. To consider and resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates and general meetings, etc.
26. To review the measures taken for effective exercise of voting rights by shareholders.
27. To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent with respect to shares of the Company.
28. To review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
29. To carry out any other roles and responsibilities as mandated by the Board of Directors from time to time and / or enforced by any statutory authority including any modification or amendment as may be applicable."

### Compliance Officer

Pursuant to Listing Regulations, Ms. Sylvia Furtado, Company Secretary of the Company is the Compliance Officer.

There was no investor complaint at the beginning of the financial year. During the year under review, the Company received 4

(four) complaints from shareholders/SEBI/ Stock Exchanges/ MCA. There were no complaint pending as on March 31, 2024. The Complaints were redressed to the satisfaction of the shareholders. There were no transfer requests received by the Company during the year.

### Environmental, Social and Governance & Corporate Social Responsibility Committee (Formerly Corporate Social Responsibility Committee)

During FY 2023-24, three (3) Environmental, Social and Governance & Corporate Social Responsibility Committee ("ESG & CSR Committee") meetings were held on April 25, 2023; July 24, 2023 and January 11, 2024.

### Composition of the Committee and attendance of the Members in meetings

Name of the Director	Number of meetings	
	Held during tenure	Attended
Mr. Deepak S. Parekh (Chairman)	3	3
Mr. Navneet Munot	3	3
Mr. Parag Shah	3	3
Mr. Sanjay Bhandarkar <sup>1</sup>	2	2

<sup>1</sup>Mr. Sanjay Bhandarkar appointed as member of the Committee w.e.f. April 25, 2023.

The ESG & CSR Committee is responsible for formulating the Corporate Social Responsibility Policy, recommending the amount of expenditure to be incurred on CSR activities, and reviewing and approving projects/programmes to be supported by your Company. The ESG & CSR Committee in addition to the above also oversee the development and implementation of the Company's Environmental, Social & Governance framework.

For details of CSR activities, refer to the Directors' Report.

### Risk Management Committee

The Company has constituted the Risk Management Committee in line with the Listing Regulations and Risk Management Framework circular issued by SEBI vide its circular no. SEBI/HO/IMD/IMD-1 DOF2/P/CIR/2021/630 dated September 27, 2021. The Committee looks into various areas of risk management as specified in the aforesaid circular and internal controls pertaining to Mutual Fund and the Company.

During the year, four (4) Risk Management Committee meetings were held on April 25, 2023; July 24, 2023; October 12, 2023; and January 11, 2024.

### Composition of the Committee and attendance of the Members in meetings

Name of the Director	Number of meetings	
	Held during tenure	Attended
Mr. Deepak S. Parekh (Chairman)	4	4
Mr. Keki M. Mistry <sup>1</sup>	1	1
Ms. Renu Sud Karnad	4	4
Mr. Sanjay Bhandarkar	4	4
Mr. V. Srinivasa Rangan <sup>2</sup>	Nil	-

<sup>1</sup>Mr. Keki Mistry ceased to member of the Committee w.e.f. June 26, 2023.

<sup>2</sup>Mr. V. Srinivasa Rangan appointed as member of the Committee w.e.f. January 12, 2024.

The broad terms of reference of the Risk Management Committee includes:

1. Review and approve various mandatory risk management policies and framework both at AMC and scheme level, including but not limited to such as:
  - a. Risk Management Policy,
  - b. Investment policy,
  - c. Credit risk policy,
  - d. Liquidity risk policy,
  - e. Operational risk management policy (including Incident reporting and escalation matrix),
  - f. Outsourcing policy,
  - g. Cyber security and information security policy,
  - h. Business Continuity and Disaster Recovery Plan,
  - i. Such other policies as may be prescribed by SEBI from time to time

Any modifications to the policies approved by the Executive Risk Management Committee ("ERMC") shall be reviewed by the RMC of the AMC.

2. To review the appointment, removal and terms of remuneration of the Chief Risk Officer (if any) including any other officer(s) to be appointed from time to time as mandated by SEBI;
3. Review and approve the risk appetite, risk metric and tolerance limits for AMC and schemes.
4. Periodically review the risk appetite and risk metrics against actual risk of the AMC and scheme.
5. Review breaches to risk appetite and risk matrix / thresholds and approve the action plan for remediation.
6. Define mechanism for risk reporting on a quarterly basis by ERMC to the BRMC of the AMC.

7. Annually review and approve changes to the roles and responsibilities and Delegation of Power (“DoP”) as placed by the ERM C.
8. Periodically review material breaches in the code of conduct.
9. Monitor and review the resolution, strategies as recommended by the management and ERM C for the existing and emerging risks identified by them.
10. Review exceptions to key risks, if any, such as:
  - Results of stress testing (investment, credit and liquidity risks)
  - Outliers identified during “Early Warning Signals” review
  - Material alerts generated through the liquidity risks model at scheme level
  - Material deviations, issues and corrective actions as a result of periodic RCSA review
11. Report on outsourced vendor review and risks emanating from them along with the remediation plans.
12. Review and recommend the level and type of insurance cover against first and third party losses arising from errors and omissions.
13. Review evaluation of the loss / near miss incidents and fraud risk reports submitted by the ERM C.
14. Review major findings and corrective actions approved by CEO and CRO on various risks.
15. Formulate and approve a methodology for annual evaluation of the RMF, either through an auditor or by way of self-assessment.
16. Review the findings and action plan on the annual RMF compliance review.
17. Approve Terms of Reference for Executive Risk Management Committee (ERM C).
18. Delegate matters to CEO or the Executive Risk Management Committee, as required.
19. Review any other material deviations or exceptions and matters of concerns identified by the management / ERM C / previous BRMC meeting(s) along with action plans.
20. To implement the Risk Management framework for the Company as and when mandated under the SEBI (Mutual Fund) Regulations, 1996 or any other applicable provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015;
21. To review the Cyber security risk and business continuity plan of the Company;
22. Ensure and comply with such other matters specified by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 read with various amendments and clarifications issued by SEBI from time to time and SEBI Risk Management Circular dated 27th September 2021, as may be amended from time to time.
23. To review the appointment, removal and terms of remuneration of the Chief Risk Officer (if any) including any other officer(s) to be appointed from time to time.
24. Ensure and comply with such other matters specified by the SEBI (Mutual Funds) Regulations, 1996 or SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 or Companies Act, 2013, read with various amendments and clarifications issued by the said authorities, from time to time.

The minutes of meetings of all the Committees of the Board of Directors were placed before the Board.

## General Body Meetings

The Company held its last 3 (three) Annual General Meetings as under:

Nature of Meeting	Date	Time	Venue	Special Resolution passed
24 <sup>th</sup> General Meeting	June 26, 2023	3.00 p.m. (IST)	Through Video Conferencing / Other Audio Visual means	Re-appointment of Mr. Dhruv Kaji, Mr. Jairaj Purandare, Mr. Sanjay Bhandarkar, Mr. Parag Shah and Ms. Roshni Nadar Malhotra as Independent Directors of the Company.
23 <sup>rd</sup> General Meeting	June 29, 2022	3.00 p.m. (IST)	Through Video Conferencing / Other Audio Visual means	Re-appointment of Mr. Deepak S. Parekh as Non-Executive Director of the Company
22 <sup>nd</sup> Annual General Meeting	July 16, 2021	3.00 p.m. (IST)	Through Video Conferencing / Other Audio Visual means	-

## Postal Ballot

Pursuant to the provisions of Section 110 read with Section 108 and all other applicable provisions, if any, of the Act read with Rule 20 and Rule 22 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the Listing Regulations, Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, guidelines prescribed by the Ministry of Corporate Affairs (the "MCA"), Government of India, for holding general meetings / conducting postal ballot process through electronic voting (remote e-voting) and any other applicable laws and regulations, the approval of the Members for below mentioned resolution was obtained by means of Postal Ballot through e-voting:

Particulars	Postal Ballot Notice Dated January 11, 2024
Resolution	Approval for appointment of Mr. V. Srinivasa Rangan as a Non-Executive Director (Nominee of HDFC Bank Limited, Promoter of the Company)
e-voting	KFin Technologies Limited (KFinTech)
Scrutinizer	The Board of Directors had appointed Mr. Surjan Singh Rauthan (C.P. 3233), Proprietor of S. S. Rauthan & Associates, Practicing Company Secretaries, as the Scrutinizer, for conducting the Postal Ballot process in a fair and transparent manner.
Cut-off Date	Friday, January 26, 2024
Dispatch Date of Notice	Wednesday, January 31, 2024
E-voting period	Commenced on Thursday, February 1, 2024 at 9:00 A.M. (IST) and ended on Friday, March 1, 2024 at 5:00 P.M. (IST).

The Postal Ballot was conducted by the scrutinizer and a report was submitted to Ms. Sylvia Furtado, Company Secretary of the Company. The result of the voting conducted through Postal Ballot is as under:

Particulars	% of votes in favour	% of votes against
Appointment of Mr. V. Srinivasa Rangan as a Non-Executive Director (Nominee of HDFC Bank Limited, Promoter of the Company)	98.7254	1.2746

Accordingly, the Resolution as set out in the Postal Ballot Notice dated January 11, 2024 was passed with requisite majority on March 1, 2024. Please refer to notice of Postal Ballot at <https://www.hdfcfund.com/about-us/financial-information/annual-reports>. The details of the voting results of Postal Ballot in terms of the provisions of Regulation 44(3) of the Listing Regulations and the Scrutinizer's Report were submitted to the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited on March 1, 2024 and are also available on the website of the Company.

Further, from the financial year ended March 31, 2024 till the date of this report, no special resolution is proposed to be conducted through postal ballot.

## Means of Communication

**Quarterly/Half-yearly/Annual Results:** The Quarterly Results of your Company are published in the Business Standard, a national English daily with a wide circulation and the Navshakti (Marathi) newspaper. The results are also available on the website of the Company at [www.hdfcfund.com](http://www.hdfcfund.com).

**News Releases and Presentations:** News releases are first sent to the stock exchanges before their release to media for wider dissemination. Presentation made to Investors/ Analysts, Media, Institutional Investors, etc. are available on the stock exchanges where the shares of the Company are listed (BSE and NSE) as well as on the Company's website.

**Website:** The Company's website contains a separate section, AMC Shareholder where the latest shareholder information is available. It contains comprehensive information which is of interest to the shareholders including the financial results, Annual Reports, information disclosed to Stock Exchange, policies of the Company, etc.

**Annual Report:** The Annual Report containing Notice of Annual General Meeting, Audited Annual Accounts, Directors' Report, Corporate Governance Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MDA) Report, Business Responsibility and Sustainability Report (BRSR) and Reasonable Assurance of BRSR Core form part of the Annual Report. The Annual Report is also available on the Company's website.

**NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre:** The NSE and the BSE have developed web-based applications, NEAPS and BSE Listing Centre for corporates to electronically file compliances such as financial results, shareholding pattern and corporate governance report etc.

**SEBI Complaints Redress System (SCORES):** Shareholders complaints are also processed through a centralised web based complaint redressal system, SCORES. This system enables the Company to have a centralised database of the complaints and upload online action taken reports. Investors can also view the current status of and actions taken on their complaints.

**Online Dispute Resolution Portal (ODR Portal):** SEBI vide its Master Circular dated July 31, 2023 (updated as on August 4, 2023 and December 20, 2023) has provided an online dispute redressal forum/portal for redressing the unresolved queries of the shareholder(s).

Pursuant to above-mentioned master circular, post exhausting the option to resolve their grievances with the RTA/ Company directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal (<https://smartodr.in/login>) and the same can also be accessed through the Company's website <https://www.hdfcfund.com/contact-us/stakeholders-information-and-helpdesk>

**Web-based Query Redressal System:** Members may utilise the facility extended by the Registrar and Share Transfer Agent for redressal of queries, by visiting <https://ris.kfintech.com/clientservices/isc> and clicking on 'Post a Query' option for query registration through an identity registration process. Investors can submit their query provided on the above website, that would generate the query registration number. For accessing the status/response to the query submitted, the query registration number can be used at the option 'VIEW REPLY' after 24 hours. Investors can continue to put an additional query, if any, relating to the grievance till they get a satisfactory reply.

## Disclosures

### Related Party Transactions

During the FY 2023-24, the Company has not entered into any materially significant related party transaction that may have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in notes to financial statements.

Related Party Transactions Policy ensures proper approval and reporting of the concerned transactions between the Company and related parties. The Policy can be accessed at <https://www.hdfcfund.com/about-us/corporate-governance/code-policy>.

### Non-compliance/Penalties/Strictures Imposed

No penalties or strictures were imposed on the Company by the stock exchange(s) or SEBI or any statutory authority on any matter related to the capital markets during the last three years.

It may be noted that the Company receives administrative warnings/deficiency letters in the regular course of its business pertaining to Mutual Funds / Portfolio Management Services pursuant to regulatory inspections conducted by SEBI from time to time. Necessary corrective actions in this regard are taken by the Company.

### Disclosure of certain type of agreement binding the Company

There are no agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the Company or Holding or Subsidiary Company of the Company, among themselves or with the Company or with a third party, which either directly or indirectly had a potential to impact the management or control of the Company or had imposed any restrictions or created any liability upon the Company as specified in Clause 5A of Paragraph A of Part A of Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Whistle Blower Policy/Vigil Mechanism

This Policy has been formulated for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Business Conduct and Ethics Policy. The Company has adopted a third party web based reporting tool which provides a secure and confidential platform to report genuine concerns and can be accessed by all employees/ Directors/ stakeholders for lodging a complaint or expressing genuine concerns.

During the year, no person was denied access to the Audit Committee for expressing their concerns or reporting grievances under the Whistle Blower Policy and/or vigil mechanism.

The Policy is available at <https://www.hdfcfund.com/about-us/corporate-governance/code-policy>.

### Code for Prevention of Insider Trading

AMC Share Dealing Code ("Code") provides a framework which deals with the internal procedures and conduct in dealing with the securities of the Company. The Code has been formulated in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

Pursuant to the above, the Company has put in place adequate and effective system of internal controls to ensure compliance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015.



### Compliance with Mandatory and Adoption of Non-Mandatory Requirements

Your Company has complied with all the mandatory corporate governance requirements under the Listing Regulations. Specifically, your Company confirms compliance with Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations.

M/s. Bhandari & Associates, Practicing Company Secretaries, have certified that your Company has complied with the mandatory requirements as stipulated under the Listing Regulations. The certificate forms part of this Report.

Your Company has also obtained a certificate from M/s. Bhandari & Associates, Practicing Company Secretaries, confirming that none of the Directors on the Board of your Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/ Ministry of Corporate Affairs or any such statutory authority. The said certificate forms part of this Report.

Your Company has fulfilled the following non-mandatory requirements as prescribed in Part E of Schedule II Regulation 27(1) of Listing Regulations.

### Modified Opinion(s) in Audit Report

Your Company's financial statements have unmodified audit opinions.

### Separate posts of Chairperson and the Managing Director or the Chief Executive Officer

Your Company has appointed separate persons to the post of the Chairperson and the Managing Director.

### Reporting of Internal Auditor

The Internal Auditors of the Company report directly to the Audit Committee.

### Material Subsidiary

In accordance with Regulation 16(1)(c) of the Listing Regulations, your Company has formulated Policy for determining Material Subsidiary which is available at <https://www.hdfcfund.com/about-us/governance/codes-policies>. Your Company has a wholly owned subsidiary company namely "HDFC AMC International (IFSC) Limited" which was incorporated on May 27, 2022. However, presently the said subsidiary is not a material subsidiary.

### Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

As such, your Company is not exposed to any commodity price or material foreign exchange risk and hence the disclosure under Clause 9(n) of Part C of Schedule V of the Listing Regulations, in terms of the format prescribed vide SEBI Master Circular dated July 11, 2023, is not applicable.

### Fees Paid to Statutory Auditor

Details of fees paid to the Statutory Auditor, M/s. B S R & Co. LLP, Chartered Accountants and all entities in the network firm/ network entity, of which the Statutory Auditor is a part, for all services taken by your Company and its subsidiary, on a consolidated basis, during FY 2023-24 are as under:

Particulars	Amount (in Cr.)
Audit Fees	0.36
Tax audit fee	0.04
Taxation Matters	0.00
Reimbursement of Expenses	0.07
Limited Review Fees	0.21
Group Audit and Reviews	0.34
Other Services	0.31
<b>Total</b>	<b>1.33</b>

Notes:

- 1) The above amount includes amount accrued as payable at the year end.
- 2) The above details have been compiled based on the list of entities provided by the statutory auditors.
- 3) Fees for Other Services primarily includes fee towards assurance service as required under the Business Responsibility and Sustainability Report (BRSR) Core prescribed by Securities and Exchange Board of India

### Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)

Your Company has zero tolerance for sexual harassment at workplace and is compliant with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH).

During the year, the Internal Complaints Committee received no complaint pertaining to sexual harassment.



**Loans and advances**

The Company and its subsidiary have not given any Loans and advances in the nature of loan to firms/companies in which directors are interested.

**Code of Conduct**

Your Company has adopted a Code of Conduct for all employees including the members of the Board and Senior Management Personnel. All members of the Board and Senior Management Personnel have affirmed compliance with the said Code of Conduct for FY 2023-24.

The declaration to this effect signed by Mr. Navneet Munot, Managing Director (MD) & CEO of the Company forms part of this Report.

**MD/CFO Certification**

Necessary certification has been issued by Mr. Navneet Munot, MD & CEO and Mr. Naozad Sirwalla, CFO to the Board in terms of Regulation 17 read with Schedule II Part B of the Listing Regulations. A copy of this certificate forms part of this Report.

**Demat Suspense Account/Unclaimed Suspense Account**

The Company does not have any equity shares lying in Demat suspense account/unclaimed suspense account.

# General Shareholder Information

## 25<sup>th</sup> Annual General Meeting

Day/Date	: Thursday, July 25, 2024
Time	: 3.00 p.m. (IST)
Venue	: Annual General Meeting through Video Conferencing/ Other Audio Visual Means (VC/OAVM facility) [Deemed Venue for Meeting: Registered Office: "HDFC House", 2 <sup>nd</sup> Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai-400 020]
Financial Year	: April 1, 2023 to March 31, 2024

### Dividend Distribution Policy:

The Company ensures that an appropriate balance is maintained between adequately rewarding the shareholders and ensuring that adequate financial resources are available to fuel the growth aspirations of the Company. Company's Dividend Distribution Policy specifies the financial parameters that will be considered when declaring dividends, internal and external factors for declaring dividends and the circumstances under which shareholders can or cannot expect a dividend. The Policy is available on the website of the Company at <https://www.hdfcfund.com/about-us/governance/codes-policies>.

### Dividend Payment Date:

The Board of Directors at its meeting held on June 7, 2024 has declared Interim Dividend aggregating to ₹ 70/- per equity share of ₹ 5/- each. The dividend will be paid on or before June 30, 2024.

### Unclaimed Dividend

The details of the last date for claiming the unclaimed dividends from the Company, prior to transfer to IEPF are as under:

Financial Year	Date of payment	Last date to claim from the Company prior to transfer to IEPF
Interim dividend 2018-19	March 12, 2019	March 29, 2026
Final dividend 2018-19	July 17, 2019	August 18, 2026
Dividend 2019-20	July 24, 2020	August 26, 2027
Dividend 2020-21	July 17, 2021	August 18, 2028
Dividend 2021-22	June 30, 2022	July 31, 2029
Dividend 2022-23	June 27, 2023	July 27, 2030

### E-voting Period

Starts:- Sunday, July 21, 2024 at 10.00 a.m. (IST)

Ends: Wednesday, July 24, 2024 at 05.00 p.m. (IST)

Cut-off date for e-voting: Thursday, July 18, 2024. Shareholders holding shares as on cut-off date shall be eligible to vote either through remote e-voting or during the AGM.

## Listing Details

Name of Stock Exchange	Stock Code
<b>BSE Limited (BSE)</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.	541729
<b>National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, Plot No. C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai 400 051.	HDFCAMC

## ISIN for Depositories – INE127D01025

The Company has paid listing fees at both the exchanges and has complied with the listing requirements.

## Share Price data

The monthly high and low prices and volume of the shares traded on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) for the financial year ended March 31, 2024 are as under:

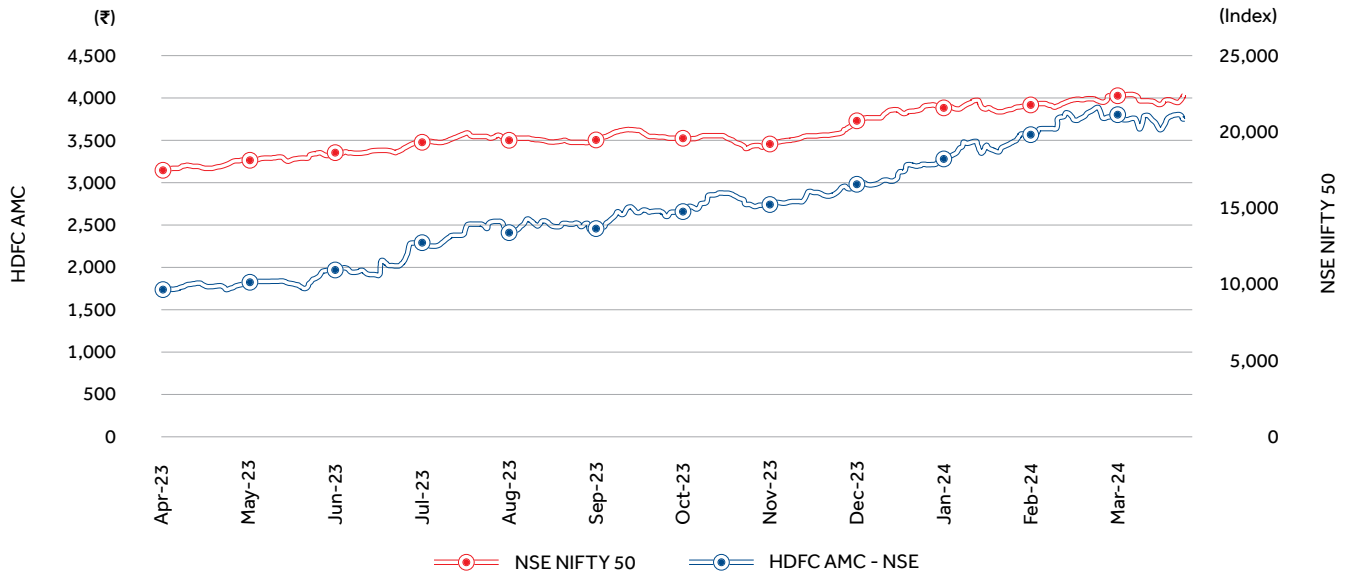
Months	BSE Limited			National Stock Exchange of India Limited		
	High	Low	No of Shares Traded	High	Low	No of Shares Traded
April 2023	1,821.1	1,705	1,81,708	1,821.65	1,705.10	57,51,610
May 2023	1,969	1,739	13,89,538	1,970.00	1,740.00	97,21,672
June 2023	2,307.15	1,886	2,28,96,051	2,349.90	1,885.55	2,63,39,873
July 2023	2,583.1	2,218.6	7,14,927	2,589.35	2,218.55	1,48,47,283
August 2023	2,638.65	2,372.2	6,41,095	2,639.90	2,371.55	2,44,13,862
September 2023	2,755	2,422.35	4,37,245	2,755.00	2,422.00	1,38,40,821
October 2023	2,929	2,619.3	5,72,347	2,930.00	2,618.00	1,31,64,146
November 2023	2,995	2,715.65	2,86,860	3,000.20	2,713.00	86,93,906
December 2023	3,289	2,852.85	5,63,967	3,290.45	2,924.65	97,89,480
January 2024	3,613.75	3,169.2	5,45,560	3,612.00	3,181.50	1,15,96,708
February 2024	4,066.1	3,518.4	3,17,133	4,066.50	3,513.15	1,12,96,778
March 2024	3,875	3,580.15	1,72,466	3,876.30	3,582.35	67,91,739

Source: BSE and NSE Website

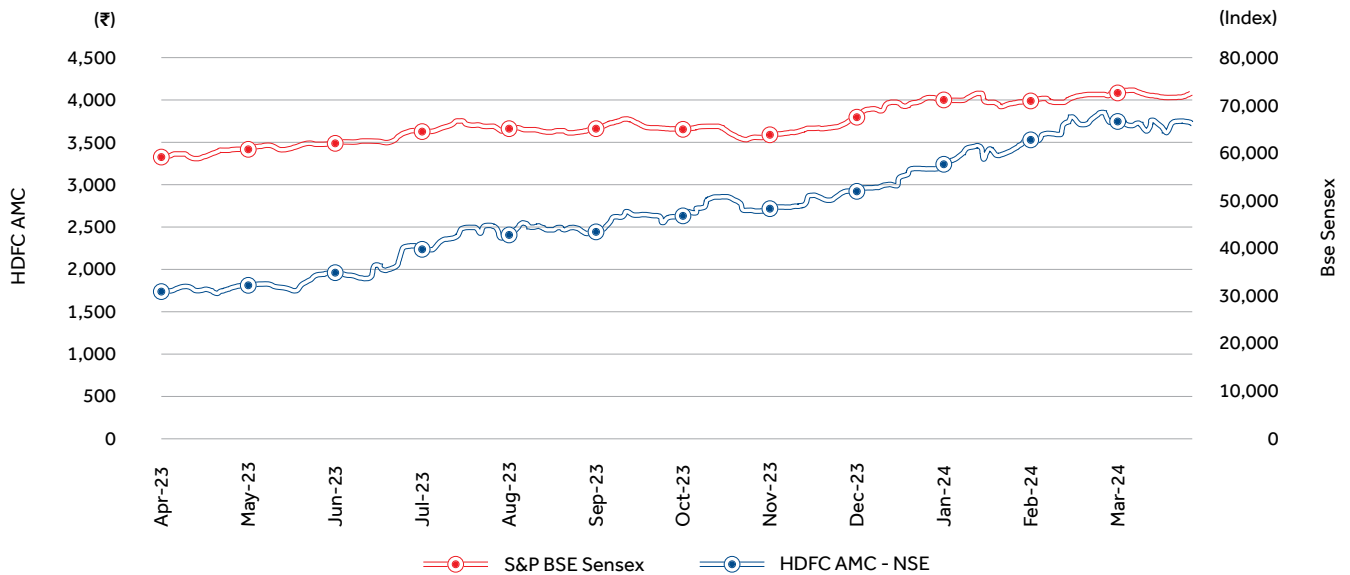
### Stock Performance in comparison to broad-based indices

The charts below show the comparison of the Company’s share price movement on NSE and BSE vis-à-vis the movement of the NSE Nifty 50 and S&P BSE Sensex indices respectively, for the financial year ended March 31, 2024:

#### HDFC AMC – NSE Vs NSE NIFTY 50



#### HDFC AMC – BSE Vs S&P BSE SENSEX



Sources: BSE and NSE Website

The Equity Shares of the Company were not suspended from trading anytime during the FY 2023-24.

#### **Registrar and Transfer Agent (RTA):**

##### **KFin Technologies Limited**

##### **(Formerly known as KFin Technologies Private Limited)**

Selenium Tower B, Plot 31-32,  
Financial District, Nanakramguda,  
Serilingampally Mandal,  
Hyderabad – 500 032, Telangana.

Website: <https://www.kfintech.comand/> or  
<https://ris.kfintech.com/>

E-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

Toll Free no.: 1- 800-309-4001

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, registration of e-mail id, non-receipt of dividend or any other query relating to shares, please write to our RTA at aforesaid address.

Members are requested to note that, as an ongoing endeavor to enhance Investor experience and leverage new technology, our registrar and transfer agents, KFIN Technologies Limited have been continuously developing new applications. Here is a list of applications that has been developed for our shareholders.

Shareholders Support Centre: A webpage accessible via any browser enabled system. Shareholders can use a host of services like Post a Query, raise a service request, Track the status of their DEMAT and REMAT request, Dividend status, Interest and Redemption status, Upload exemption forms (TDS), Download all ISR and other related forms.

URL: <https://ris.kfintech.com/clientservices/isc/default.aspx>

eSign Facility: Common and simplified norms for processing shareholders' service requests by RTAs and norms for furnishing PAN, KYC details and Nomination requires that eSign option be provided to shareholders for raising service requests. KFIN Technologies Limited is the only RTA which has enabled the option and can be accessed via the link below.

<https://ris.kfintech.com/clientservices/isr/isr1.aspx?mode=f3Y5zP9DDNI%3d>

KYC Status: Shareholders can access the KYC status of their folio. The webpage has been created to ensure that shareholders have the requisite information regarding their folios.

URL: <https://ris.kfintech.com/clientservices/isc/kycqry.aspx>

KPRISM: A mobile application as well as a webpage which allows users to access Folio details, Interest and Dividend status, FAQs, ISR Forms and full suite of other investor services.

URL: <https://kprism.kfintech.com/signin.aspx>.

The e-mail ID, [shareholders.relations@hdfcfund.com](mailto:shareholders.relations@hdfcfund.com), has been created for redressal of investor complaints and the same is disclosed on the Company's website.

### **Share Transfer System**

The Company's share transfer and related operations is operated through its Registrar and Share Transfer Agent (RTA) – KFin Technologies Limited.

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, transfer, transmission and transposition of securities shall be effected only in dematerialized form.

Shareholders may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the Listed Companies to issue securities in dematerialized form only and for processing service requests viz. issue of duplicate securities certificate, claim from Unclaimed Suspense Account; Renewal/ Exchange of securities certificate; Endorsement; Sub-division/ Splitting of securities certificate; Consolidation of securities certificates/folios; Transmission and Transposition, the shareholders holding shares in physical form, are required to make service requests by submitting a duly filled and signed prescribed Form ISR – 4, the format of which is available on the Company's website under the link at <https://www.hdfcfund.com/information/forms-physical-shareholders>.

In view of above, the Shareholders holding equity shares of the Company in physical form are requested to kindly get their equity shares converted into demat/ electronic form to get inherent benefits of dematerialisation and also considering that physical transfer of equity shares/ issuance of equity shares in physical form have been disallowed by SEBI.

### **Norms for updation of Know Your Customer (KYC) details for shares held in physical form**

SEBI vide its Circular dated November 17, 2023 has mandated all shareholders holding shares in physical form to furnish PAN (compulsorily linked with Aadhaar), nomination, contact details, bank account details and specimen signature to RTA.

Presently, the Company has only 1 (one) shareholder holding 2 (two) shares in physical form and whose KYC details are updated in the records of Registrar and Share Transfer Agent of the Company.

## Category wise Shareholding pattern as on March 31, 2024

Category of Shareholders	Number of Shares	% of Total Shares
Promoter	11,21,79,830	52.55
Individuals (includes HUFs)	1,68,20,798	7.88
FII/ QFIs/ FPIs	4,27,09,099	20.01
Mutual Funds	2,31,90,317	10.86
Financial institutions/Banks	200	0.00
Bodies corporate	10,76,343	0.51
NRIs/foreign nationals	8,82,329	0.41
Directors & their Relatives	4,95,231	0.23
Clearing members	34,677	0.02
Alternative Investment Funds	7,40,935	0.35
Qualified Institutional Buyers	1,52,93,599	7.16
NBFC	703	0.00
Trusts	6,675	0.00
Key Managerial Personnel	52,968	0.02
Central Government / State Government(s)	296	0.00
<b>Total</b>	<b>21,34,84,000</b>	<b>100.00</b>

## Distribution of Shareholding as on March 31, 2024

SR. no	Category (Shares)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1 - 5000	4,35,512	99.85	1,44,90,013	6.79
2	5001 - 10000	221	0.05	16,20,042	0.76
3	10001 - 20000	143	0.03	20,04,434	0.94
4	20001 - 30000	56	0.01	13,96,601	0.65
5	30001 - 40000	42	0.01	14,66,760	0.69
6	40001 - 50000	29	0.01	13,41,118	0.63
7	50001 - 100000	79	0.02	56,70,701	2.65
8	100001 - 200000	42	0.01	59,49,625	2.79
9	200001 and above	59	0.01	17,95,44,706	84.10
<b>TOTAL:</b>		<b>4,36,183</b>	<b>100.00</b>	<b>21,34,84,000</b>	<b>100.00</b>

## Dematerialization of Shares and Liquidity as on March 31, 2024

Particulars of Equity Holding	Equity Shares of ₹ 5/- each	
	Number	% of Total
Dematerialised form		
NSDL	20,57,38,376	96.37
CDSL	77,45,622	3.63
<b>Sub - total</b>	<b>21,34,83,998</b>	<b>100</b>
Physical form	2	0
<b>Total</b>	<b>21,34,84,000</b>	<b>100</b>



## Outstanding GDRs / ADRs/ Warrants or any convertible instruments

There are no outstanding GDRs / ADRs / Warrants or any convertible instruments as on March 31, 2024.

## Plant Locations –

The Company is engaged in the business of financial services and has no such plants, however we serve our customers and distribution partners in over 200 cities through our network of 254 Investor Service Centres (ISCs).

## Address for Correspondence with the Company

### HDFC Asset Management Company Limited

CIN: L65991MH1999PLC123027

Registered Address: "HDFC House", 2<sup>nd</sup> Floor,  
H. T. Parekh Marg, 165-166, Backbay Reclamation,  
Churchgate, Mumbai – 400020.

Tel.: 022 – 66316333 Fax: 022 – 66580203

Website: [www.hdfcfund.com](http://www.hdfcfund.com)

E-mail: [shareholders.relations@hdfcfund.com](mailto:shareholders.relations@hdfcfund.com)

List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad. – **Not Applicable**

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# Declaration by the Managing Director & Chief Executive Officer

[Regulation 34(3) read with Schedule V (Part D) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

To the Members of

### HDFC Asset Management Company Limited

I, Navneet Munot, Managing Director & Chief Executive Officer of HDFC Asset Management Company Limited, hereby confirm that all the members of the Board of Directors and Senior Management have affirmed compliance with the Code of Conduct of the Board of Directors and Senior Management of the Company.

**Navneet Munot**

**Managing Director & Chief Executive Officer**

Place: Mumbai

Date: June 07, 2024

# MD / CFO Certificate

The Board of Directors

**HDFC Asset Management Company Limited**

HDFC House, H. T. Parekh Marg,

165-166 Backbay Reclamation,

Churchgate, Mumbai 400020.

Sub: **Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015**

Dear Sir(s)/ Madam(s),

This is to confirm and certify that –

1. We have reviewed financial statements including consolidated financial statement and the cash flow statement for the year ended March 31, 2024 and that:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit committee
  - i. Significant changes in internal control over financial reporting during the year;
  - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Naozad Sirwalla**

Chief Financial Officer

**Navneet Munot**

Managing Director & Chief Executive Officer

Place: Mumbai

Date: June 07, 2024

# Bhandari & Associates

## Company Secretaries

901, Kamla Executive Park, Off. Andheri Kurla Road,

J. B. Nagar, Andheri East. Mumbai- 400 059

Tel: +91 22 4221 5300 Fax: +91 22 4221 5303

Email: [bhandariandassociates@gmail.com](mailto:bhandariandassociates@gmail.com) / [mumbai@anilashok.com](mailto:mumbai@anilashok.com)

To,

The Members,

### **HDFC Asset Management Company Limited**

CIN: L65991MH1999PLC123027

We have examined the compliance of conditions of Corporate Governance by HDFC Asset Management Company Limited ('the Company') for the financial year ended **March 31, 2024** as stipulated in chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['Listing Regulations'].

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in Chapter IV of the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

### For **Bhandari & Associates**

Company Secretaries

Unique Identification No.: P1981MH043700

Peer Review Certificate No.: 611/2019

### **S. N. Bhandari**

Partner

FCS No.: 761; C P No.: 366

Mumbai | May 21, 2024

UDIN: F000761F000408531

# Bhandari & Associates

## Company Secretaries

901, Kamla Executive Park, Off. Andheri Kurla Road,

J. B. Nagar, Andheri East. Mumbai- 400 059

Tel: +91 22 4221 5300 Fax: +91 22 4221 5303

Email: [bhandariandassociates@gmail.com](mailto:bhandariandassociates@gmail.com) / [mumbai@anilashok.com](mailto:mumbai@anilashok.com)

## Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34(3) and clause 10(i) of Para C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
The Members,  
**HDFC Asset Management Company Limited**  
"HDFC House", 2nd Floor,  
H.T Parekh Marg,  
165-166, Backbay Reclamation,  
Churchgate  
Mumbai – 400020

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **HDFC Asset Management Company Limited**, having CIN L65991MH1999PLC123027 and having its registered office at "HDFC House", 2nd Floor, H.T Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai – 400020 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with clause 10(i) of Para C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications [including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)] as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended on **March 31, 2024** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment
1.	Mr. Deepak S. Parekh	00009078	04/07/2000
2.	Ms. Renu Sud Karnad	00008064	04/07/2000
3.	Mr. V. Srinivasa Rangan	00030248	12/01/2024
4.	Ms. Roshni Nadar Malhotra	02346621	27/04/2019
5.	Mr. Jairaj Purandare	00159886	31/10/2018
6.	Mr. Dhruv Subodh Kaji	00192559	31/10/2018
7.	Mr. Parag Shah	00374944	22/01/2019
8.	Mr. Sanjay Bhandarkar	01260274	31/10/2018
9.	Mr. Navneet Munot	05247228	16/02/2021

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

### For Bhandari & Associates

Company Secretaries

Unique Identification No.: P1981MH043700

Peer Review Certificate No.: 611/2019

### S. N. Bhandari

Partner

FCS No.: 761; C P No.: 366

Mumbai | May 21, 2024

UDIN: F000761F000408498



## Financial Statements

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# Independent Auditor's Report

To the Members of HDFC Asset Management Company Limited

Report on the Audit of the Standalone Financial Statements

## Opinion

We have audited the standalone financial statements of HDFC Asset Management Company Limited (the "Company") which comprise the standalone balance sheet as at March 31, 2024, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including material accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

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 Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Key Audit Matter

See Note 3.5 and 19 to standalone financial statements

### The key audit matter

Investment Management Fee is a significant account balance in the Standalone Statement of Profit and Loss. Investment management fees from the Mutual fund consists of fees from various schemes which invest in different categories of securities in the market like Equity, Debt etc.

We have identified revenue from investment management service as a key audit matter since:

1. The calculation of investment management fees is a percentage of the assets under management ('AUM') managed by the Company. There is a process wherein approved fee rates is a manual input in the system for computation of Investment Management Fee income. AUM is calculated by the system on a daily basis for each scheme.

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the 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 Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

## Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### How the matter was addressed in our audit

In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:

### Testing of Design and Operating Effectiveness of controls:-

- i. Understood and evaluated the design and implementation of authorisation controls and other key controls relating to recognition of investment management fee;
- ii. Test checked the operating effectiveness of authorisation controls, and other key controls over recognition of investment management fee.



**The key audit matter**

2. Multiple schemes of HDFC Mutual Fund require effective monitoring over key financial terms and conditions being captured and applied accurately. Any discrepancy in such computations could result in misstatement of investment management fee recognised in the Standalone financial statements

**How the matter was addressed in our audit****Substantive tests:**

- iii. Evaluated the appropriateness of revenue recognition in respect of investment management fee income based on the requirements of Ind AS 115;
- iv. Obtained and tested arithmetical accuracy of investment management fee calculations and reconciled investment management fee to amounts included in standalone financial statements for completeness of income recognition;
- v. Test checked that investment management fee rates were approved by authorised personnel before being manually entered in the system;
- vi. Obtained and read the investment management fee certification reports, issued by the statutory auditors of mutual fund schemes for such work and reconciled the certified amounts with the accounting records;
- vii. Test checked the investment management fee invoices and reconciled with the accounting records;
- viii. Test checked the receipts of money of Investment Management fee income in the bank statements;
- ix. Evaluated the adequacy of disclosures relating to the investment management fee earned by the Company.

**Other Information**

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

### **Management's and Board of Directors Responsibilities for the Standalone Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the

Act with respect to the preparation of these standalone financial statements that give a true and fair view of the Standalone state of affairs, statement of profit/ loss and other comprehensive income, statement of changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 statements 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, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting

unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the 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 part of an audit in accordance with SAs, we exercise professional judgement 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 Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial

statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

- 2 A. As required by Section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows 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 Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a) The Company has disclosed the impact of pending litigations as at March 31, 2024 on its financial position in its standalone financial statements - Refer Note 30(a) to the standalone financial statements.
  - b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses during the year.
  - c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - d) (i) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 37(vi) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (ii) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 37(vi) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

- e) The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 33 to the standalone financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

- f) Based on our examination which included test checks, the Company has used accounting softwares for maintaining its books of account which, along with access management tools, as applicable have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective softwares. Further, during the course of our

audit, we did not come across any instance of audit trail feature being tampered with.

- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No.: 101248W/W-100022

**Kapil Goenka**

Partner

Membership No.: 118189

ICAI UDIN: 24118189BKDBBU1620

Place: Mumbai

Date: April 19, 2024

# Annexure A to the Independent Auditor's Report

on the Standalone Financial Statements of HDFC Asset Management Company Limited for the year ended March 31, 2024

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified every year. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company is a service company, primarily rendering asset management services. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits from Banks and financial institutions on the basis of security of current assets at any point of time during the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. The Company has made investments in companies, in respect of which the requisite information is as below. The Company has not made any investments in firms, limited liability partnership or any other parties.
  - (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity. Accordingly, provisions of clauses 3(iii)(a)(c)(d)(e) and (f) of the Order are not applicable to the Company.
  - (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made during the year and the terms and conditions on which these are made during the year are, *prima facie*, not prejudicial to the interest of the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective July 01, 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted/accrued in the books of account in respect

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax and Income tax which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	27,05,330	A.Y. 2008- 2009	High Court of Bombay
Income Tax Act, 1961	Income Tax	8,69,200	A.Y. 2009- 2010	Commissioner of Income Tax Appeal
Income Tax Act, 1961	Income Tax	7,41,820	A.Y. 2010- 2011	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	1,51,69,450	A.Y. 2012- 2013	Commissioner of Income Tax Appeal
Income Tax Act, 1961	Income Tax	1,71,38,730	A.Y. 2013- 2014	Commissioner of Income Tax Appeal
Income Tax Act, 1961	Income Tax	25,18,810	A.Y. 2014- 2015	Commissioner of Income Tax Appeal
Income Tax Act, 1961	Income Tax	12,67,740	A.Y. 2016- 2017	Commissioner of Income Tax Appeal
Income Tax Act, 1961	Income Tax	1,10,37,950	A.Y. 2017- 2018	Commissioner of Income Tax Appeal
Income Tax Act, 1961	Income Tax	2,39,80,151	A.Y. 2018- 2019	Commissioner of Income Tax Appeal
CGST Act, 2017 (Delhi State)	Goods Services Tax	17,81,964	FY 2017- 18	Appellate Authority of GST

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance

of undisputed statutory dues including Goods and Service Tax, Provident Fund, Income-Tax or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Income-Tax or Cess or other statutory dues were in arrears as at March 31, 2024 for a period of more than six months from the date they became payable.

sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary as defined under the Act.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiary (as defined under the Act).

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures



- during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) We have taken into consideration the whistle-blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- Also refer to the Other Information paragraph of our main audit report which explains that the other information comprising the information included in Annual report is expected to be made available to us after the date of this auditor's report.
- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No.: 101248W/W-100022

**Kapil Goenka**

Partner

Place: Mumbai

Membership No.: 118189

Date: April 19, 2024

ICAI UDIN: 24118189BKDBBU1620

# Annexure B to the Independent Auditor's Report

on the Standalone Financial Statements of HDFC Asset Management Company Limited for the year ended March 31, 2024

## Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

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

### Opinion

We have audited the internal financial controls with reference to financial statements of HDFC Asset Management Company Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2024, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 with reference to financial statements.

### Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies

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

### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

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

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

For **BSR & Co. LLP**  
Chartered Accountants  
Firm's Registration No.: 101248W/W-100022

**Kapil Goenka**  
Partner

Place: Mumbai

Date: April 19, 2024

Membership No.: 118189

ICAI UDIN: 24118189BKDBBU1620

# Standalone Balance Sheet

as at March 31, 2024

Particulars	Note No.	₹ (in Crore)	
		As at March 31, 2024	As at March 31, 2023
<b>Assets</b>			
<b>I Financial Assets</b>			
a Cash and Cash Equivalents	4	10.21	3.12
b Bank Balance other than (a) above	5	0.96	0.89
c Receivables			
(i) Trade Receivables	6	93.27	183.74
(ii) Other Receivables	7	13.18	12.59
d Investments	8	7,190.03	6,079.16
e Other Financial Assets	9	21.16	31.18
<b>Sub-total - Financial Assets</b>		<b>7,328.81</b>	<b>6,310.68</b>
<b>II Non Financial Assets</b>			
a Current Tax Assets (net)		31.04	30.46
b Property, Plant and Equipment	10	136.34	137.59
c Intangible Assets Under Development	10	0.87	2.14
d Goodwill	10	6.04	6.04
e Other Intangible Assets	10	8.92	6.84
f Other Non Financial Assets	11	45.53	42.78
<b>Sub-total - Non Financial Assets</b>		<b>228.74</b>	<b>225.85</b>
<b>Total Assets</b>		<b>7,557.55</b>	<b>6,536.53</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
<b>I Financial Liabilities</b>			
<b>A Payables</b>			
Trade Payables			
(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises	12	1.08	-
(ii) Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises	12	37.71	34.38
<b>B Other Financial Liabilities</b>	13	206.79	206.06
<b>Sub-total - Financial Liabilities</b>		<b>245.58</b>	<b>240.44</b>
<b>II Non Financial Liabilities</b>			
a Current Tax Liabilities (net)		6.26	18.39
b Provisions	14	16.38	12.57
c Deferred Tax Liabilities (net)	15	115.56	100.77
d Other Non Financial Liabilities	16	94.70	55.95
<b>Sub-total - Non Financial Liabilities</b>		<b>232.90</b>	<b>187.68</b>
<b>Total Liabilities</b>		<b>478.48</b>	<b>428.12</b>
<b>III Equity</b>			
a Equity Share Capital	17	106.74	106.71
b Other Equity	18	6,972.33	6,001.70
<b>Sub-total - Equity</b>		<b>7,079.07</b>	<b>6,108.41</b>
<b>Total Liabilities and Equity</b>		<b>7,557.55</b>	<b>6,536.53</b>

See summary of material accounting policies and accompanying notes which form an integral part of the standalone financial statements  
As per our report attached of even date

For **BSR & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No.: 101248W/W-100022

**Kapil Goenka**  
Partner  
Membership No.: 118189  
Mumbai, April 19, 2024

For and on behalf of the Board of Directors

**Deepak S. Parekh**  
Chairman  
(DIN: 00009078)

**Naozad Sirwalla**  
Chief Financial Officer

**Navneet Munot**  
Managing Director & Chief Executive Officer  
(DIN: 05247228)

**Sylvia Furtado**  
Company Secretary  
(ACS: 17976)

# Standalone Statement of Profit and Loss

for the year ended March 31, 2024

Particulars	Note No.	₹ (in Crore except per equity share data)	
		For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Revenue from Operations</b>			
Asset Management Services	19	2,584.37	2,166.81
<b>Other Income</b>	20	578.06	315.80
<b>Total Income</b>		<b>3,162.43</b>	<b>2,482.61</b>
<b>Expenses</b>			
Finance Costs	28	9.09	9.69
Fees and Commission Expenses		2.48	3.68
Employee Benefits Expenses	21	353.46	312.67
Depreciation, Amortisation and Impairment	10	52.26	53.34
Other Expenses	22	266.95	232.62
<b>Total Expenses</b>		<b>684.24</b>	<b>612.00</b>
<b>Profit Before Tax</b>		<b>2,478.19</b>	<b>1,870.61</b>
<b>Tax Expense</b>			
Current Tax	25	517.52	421.26
Deferred Tax Charge/(Credit)	25	14.79	25.43
<b>Total Tax Expense</b>		<b>532.31</b>	<b>446.69</b>
<b>Profit After Tax</b>		<b>1,945.88</b>	<b>1,423.92</b>
<b>Other Comprehensive Income</b>			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement gain/(loss) of the defined benefit plans		(2.13)	0.56
(ii) Income tax relating to items that will not be reclassified to profit or loss			
- Tax on Remeasurement of the defined benefit plans		0.54	(0.14)
<b>Total Other Comprehensive Income</b>		<b>(1.59)</b>	<b>0.42</b>
<b>Total Comprehensive Income</b>		<b>1,944.29</b>	<b>1,424.34</b>
<b>Earnings Per Equity Share (Face Value ₹ 5) (see note 27)</b>			
- Basic		91.15	66.75
- Diluted		91.04	66.73

See summary of material accounting policies and accompanying notes which form an integral part of the standalone financial statements  
As per our report attached of even date

For and on behalf of the Board of Directors

For **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

**Kapil Goenka**

Partner

Membership No.: 118189

Mumbai, April 19, 2024

**Deepak S. Parekh**

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Chief Financial Officer

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Managing Director & Chief Executive Officer

(DIN: 05247228)

**Sylvia Furtado**

Company Secretary

(ACS: 17976)

# Standalone Statement of Changes in Equity

for the year ended March 31, 2024

## A. EQUITY SHARE CAPITAL

Particulars	₹ (in Crore)		
	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
<b>Equity Shares of ₹5 each (March 31, 2023: ₹5 each), fully paid up</b>			
As at March 31, 2023	106.64	0.07	106.71
As at March 31, 2024	106.71	0.03	<b>106.74</b>

## B. OTHER EQUITY

Particulars	Share Application Money - Pending allotment	Reserves and Surplus					Total
		Capital Redemption Reserve	Securities Premium	General Reserve	Share Options Outstanding Account	Retained Earnings	
<b>Opening balance as at April 01, 2022</b>	<b>0.00</b>	<b>52.41</b>	<b>591.52</b>	<b>174.97</b>	<b>72.68</b>	<b>4,531.82</b>	<b>5,423.40</b>
Profit for the year	-	-	-	-	-	1,423.92	1,423.92
Other Comprehensive Income - Remeasurement gain/(loss) of the defined benefit plans (net of tax)	-	-	-	-	-	0.42	0.42
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,424.34</b>	<b>1,424.34</b>
Final Equity Dividend Paid	-	-	-	-	-	(895.86)	(895.86)
Transfer from Share Options Outstanding Account to Securities Premium (towards options exercised)	-	-	1.42	-	(1.42)	-	-
Additions during the year	9.78	-	9.71	-	40.11	-	59.60
Utilised during the year	(9.78)	-	-	-	-	-	(9.78)
<b>Changes during the year</b>	<b>-</b>	<b>-</b>	<b>11.13</b>	<b>-</b>	<b>38.69</b>	<b>528.48</b>	<b>578.30</b>
<b>Closing balance as at March 31, 2023</b>	<b>-</b>	<b>52.41</b>	<b>602.65</b>	<b>174.97</b>	<b>111.37</b>	<b>5,060.30</b>	<b>6,001.70</b>
<b>Opening balance as at April 01, 2023</b>	<b>-</b>	<b>52.41</b>	<b>602.65</b>	<b>174.97</b>	<b>111.37</b>	<b>5,060.30</b>	<b>6,001.70</b>
Profit for the year	-	-	-	-	-	1,945.88	1,945.88
Other Comprehensive Income - Remeasurement gain/(loss) of the defined benefit plans (net of tax)	-	-	-	-	-	(1.59)	(1.59)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,944.29</b>	<b>1,944.29</b>
Final Equity Dividend Paid	-	-	-	-	-	(1,024.65)	(1,024.65)
Transfer from Share Options Outstanding Account to Securities Premium (towards options exercised)	-	-	0.58	-	(0.58)	-	-
Transfer from Share Options Outstanding Account to Retained Earnings (towards options lapsed after vesting)	-	-	-	-	(0.00)	0.00	-
Additions during the year	3.97	-	3.94	-	47.05	-	54.96
Utilised during the year	(3.97)	-	-	-	-	-	(3.97)
<b>Changes during the year</b>	<b>-</b>	<b>-</b>	<b>4.52</b>	<b>-</b>	<b>46.47</b>	<b>919.64</b>	<b>970.63</b>
<b>Closing balance as at March 31, 2024</b>	<b>-</b>	<b>52.41</b>	<b>607.17</b>	<b>174.97</b>	<b>157.84</b>	<b>5,979.94</b>	<b>6,972.33</b>

See summary of material accounting policies and accompanying notes which form an integral part of the standalone financial statements

As per our report attached of even date

For and on behalf of the Board of Directors

For **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

**Kapil Goenka**

Partner

Membership No.: 118189

Mumbai, April 19, 2024

**Deepak S. Parekh**

Chairman

(DIN: 00009078)

**Naozad Sirwalla**

Chief Financial Officer

**Navneet Munot**

Managing Director & Chief Executive Officer

(DIN: 05247228)

**Sylvia Furtado**

Company Secretary

(ACS: 17976)



# Standalone Statement of Cash Flows

for the year ended March 31, 2024

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>A. Cash Flow from Operating Activities</b>		
<b>Profit Before Tax*</b>	2,478.19	1,870.61
<b>Add/(Less): Adjustments for</b>		
Depreciation, Amortisation and Impairment	52.26	53.34
Finance Costs	9.09	9.69
Share Based Payments to Employees	47.05	40.11
(Profit)/Loss on Sale of Investments (net)	(15.48)	(21.21)
Fair Value (Gain)/Loss on Investments	(531.18)	(260.07)
Net (Gain)/Loss on foreign currency transactions and translations	(0.00)	(0.01)
(Profit)/Loss on Derecognition of Property, Plant and Equipment and Other Intangible Assets (net)	(0.05)	(0.11)
Investment Income from Financial Instruments	(25.39)	(28.91)
Other Interest Income	(2.21)	(1.95)
<b>Operating Profit before working capital changes</b>	<b>2,012.28</b>	<b>1,661.49</b>
<b>Adjustments for:</b>		
(Increase)/Decrease in Trade Receivables	90.48	(109.21)
(Increase)/Decrease in Other Receivables	(0.59)	(6.61)
(Increase)/Decrease in Other Financial Assets	(0.22)	(0.04)
(Increase)/Decrease in Other Non Financial Assets	(3.28)	(12.47)
Increase/(Decrease) in Trade Payable	4.43	5.15
Increase/(Decrease) in Other Financial Liabilities	6.17	0.88
Increase/(Decrease) in Provisions	3.81	0.78
Increase/(Decrease) in Other Non Financial Liabilities	36.62	19.56
<b>Cash generated from/(used in) operations</b>	<b>2,149.70</b>	<b>1,559.53</b>
Income Tax Paid	(529.69)	(410.21)
<b>Net cash from/(used in) operating activities (A)</b>	<b>1,620.01</b>	<b>1,149.32</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment and Other Intangible Assets	(18.56)	(14.10)
Proceeds from Sale of Property, Plant and Equipment and Other Intangible Assets	0.05	0.12
Purchase of Investments	(3,634.80)	(3,310.33)
Proceeds from Sale of Investments	3,102.24	3,073.54
Investment in Subsidiary Company	(31.00)	(3.00)
Dividend Received	0.23	0.23
Interest Received	35.10	35.37
<b>Net cash from/(used in) investing activities (B)</b>	<b>(546.74)</b>	<b>(218.17)</b>

# Standalone Statement of Cash Flows

for the year ended March 31, 2024

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Issuance of Share Capital	3.97	9.78
Principal Element of Lease Payments	(36.41)	(34.13)
Interest Element of Lease Payments	(9.09)	(9.69)
Final Equity Dividend Paid	(1,024.65)	(895.86)
<b>Net cash from/(used in) financing activities (C)</b>	<b>(1,066.18)</b>	<b>(929.90)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>7.09</b>	<b>1.25</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>3.12</b>	<b>1.87</b>
Exchange differences on translation of foreign currency cash and cash equivalents	(0.00)	(0.00)
<b>Cash and Cash Equivalents at the end of the year</b>	<b>10.21</b>	<b>3.12</b>
<b>Cash and cash equivalents comprising of:</b>		
Balance with banks	10.21	3.12
<b>Total</b>	<b>10.21</b>	<b>3.12</b>
*Amount spent towards Corporate Social Responsibility expense as per Section 135(5) of the Companies Act, 2013 (see note 32)	31.29	31.68

**Note:** The above Standalone Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

See summary of material accounting policies and accompanying notes which form an integral part of the standalone financial statements  
As per our report attached of even date

For and on behalf of the Board of Directors

For **BS R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

**Deepak S. Parekh**

Chairman

(DIN: 00009078)

**Navneet Munot**

Managing Director & Chief Executive Officer

(DIN: 05247228)

**Kapil Goenka**

Partner

Membership No.: 118189

**Naozad Sirwalla**

Chief Financial Officer

**Sylvia Furtado**

Company Secretary

(ACS: 17976)

Mumbai, April 19, 2024

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## 1. Company overview

HDFC Asset Management Company Limited ('the Company') is a Public Limited Company domiciled in India and its registered office is situated at HDFC House, 2<sup>nd</sup> Floor, H.T Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai - 400 020. The Company has been incorporated under the Companies Act, 1956 on December 10, 1999 and was approved to act as the Asset Management Company for HDFC Mutual Fund by Securities and Exchange Board of India (SEBI) vide its letter dated July 03, 2000. HDFC Trustee Company Limited ('the Trustee') has appointed the Company to act as the investment manager of HDFC Mutual Fund.

The Company is also registered under the SEBI (Portfolio Managers) Regulations, 1993 and provides Portfolio Management Services. Further, the Company acts as an Investment Manager to HDFC AMC AIF-II, a trust registered with SEBI as a Category II Alternative Investment Fund under the SEBI (Alternative Investment Funds) Regulations, 2012.

HDFC Bank Limited ('HDFC Bank') has become the Holding Company and Promoter of HDFC Asset Management Company Limited, in place of Housing Development Finance Corporation Limited ('HDFC Ltd. '), with effect from July 01, 2023, pursuant to the Composite scheme of amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, wholly owned subsidiaries of HDFC Ltd. with and into HDFC Ltd.; and (ii) HDFC Ltd. with and into HDFC Bank.

On June 20, 2023, abrdn Investment Management Limited ('abrdn'), one of the promoters of the Company, sold its entire stake in the Company and subsequent to the approval granted by Stock Exchanges for reclassification of abrdn from the 'Promoter' category to 'Public' Category, effective September 18, 2023, abrdn ceases to be the promoter of the Company.

As at March 31, 2024, HDFC Bank Limited, the holding company owned 52.55% of the Company's equity share capital.

The equity shares of the Company have been listed on National Stock Exchange of India Limited and BSE Limited since August 06, 2018.

## 2. Basis of preparation and recent accounting developments

### 2.1 Basis of preparation

#### a) Statement of compliance

These standalone financial statements have been prepared and presented on going concern basis and in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act, as amended from time to time.

The standalone financial statements were approved for issue by the Company's Board of Directors on April 19, 2024.

Details of the Company's material accounting policies are included in Note 3.

#### b) Presentation of standalone financial statements

The Company presents its standalone balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 36.

#### c) Functional and presentation currency

Indian Rupee (₹) is the currency of the primary economic environment in which the Company operates and hence it is the functional currency of the Company. Accordingly, the management has determined that standalone financial statements should be presented in Indian Rupees (₹).

#### d) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are remeasured into the functional currency at the exchange rate prevailing on the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

denominated in foreign currencies at year end exchange rates are recognised in Standalone Statement of Profit or Loss. Non-monetary items that are measured in terms of historical cost in foreign currency are not re-translated.

**e) Rounding Off**

All amounts have been rounded-off to the nearest Crore up to two decimal places, unless otherwise indicated.

**f) Basis of measurement**

The standalone financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial instruments (as explained in the accounting policies below)	Fair value
Net defined benefit asset/ (liability)	Fair value of plan assets less present value of defined benefit obligations
Equity settled share based payments	Fair value of the options granted as on the grant date

**g) Use of estimates and judgements**

In preparing these standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management believes that these estimates are prudent and reasonable and are based upon the management’s best knowledge of current events and actions as on the reporting date. Actual results could differ from these estimates and differences between actual results and estimates are recognised in the periods in which the results/ actions are known or materialised. Revisions to accounting estimates are recognised prospectively.

**Assumptions and estimation uncertainties**

Information about critical judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:

- Note 3.3 (A) (iii) and 10 – estimates of useful lives and residual value of property, plant and equipment, and other intangible assets;
- Note 8 – impairment of investments in subsidiary;
- Note 10 – impairment test of non-financial assets: key assumptions underlying recoverable amounts including the recoverability of expenditure on intangible assets;
- Note 13 - determination of lease term and discount rate for lease liabilities;
- Note 23 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 24 – share based payments;
- Note 25 – recognition of deferred tax assets;
- Note 30 – recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources, if any;
- Note 35 – financial instruments – fair values, risk management and impairment of financial assets.

**h) Measurement of fair values**

A number of the Company’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. Measurement of fair values includes determining appropriate valuation techniques.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received on sale of asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

Valuation models that employ significant unobservable inputs require a higher degree of judgement and estimation in the determination of fair value. Judgement and estimation are usually required for selection of the appropriate valuation methodology, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and selection of appropriate discount rates.

The management regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 24 - share based payment
- Note 35 - financial instruments – fair values and risk management and impairment of financial assets.

## 2.2 Recent Accounting Developments:

### Standards issued/amended but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification on accounting standards which would have been applicable to the Company from April 01, 2024.

## 3. Material Accounting Policies

### 3.1 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### 3.2 Financial Instruments

#### (i) Recognition and initial measurement of financial assets and financial liabilities

All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

All the financial assets and financial liabilities are initially recognised at fair value. A financial asset or financial liability which is not recognised at Fair Value Through Profit or Loss, is initially measured at fair value plus or minus transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets carried at fair value through profit or loss are expensed in Standalone Statement of Profit and Loss. Trade receivables that do not contain a significant financing component are measured at transaction price.

#### (ii) Classification, Subsequent measurement, gains and losses of financial assets (other than investments in subsidiary)

##### Classification:

On initial recognition, a financial asset is classified as measured at

- Amortised Cost;
- Fair Value Through Other Comprehensive Income (FVOCI); or
- Fair Value Through Profit or Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, on initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in Other Comprehensive Income (OCI) (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset as at FVTPL that otherwise meets the requirements to be measured at amortised cost or at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)**

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset

on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cashflows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets.

**Subsequent measurement and gains and losses:**

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in the Standalone Statement of Profit and Loss. Any gain or loss on derecognition is recognised in the Standalone Statement of Profit and Loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment losses are recognised in the Standalone Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the Standalone Statement of Profit and Loss.



# Notes to Standalone Financial Statements

for the year ended March 31, 2024

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the Standalone Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Standalone Statement of Profit and Loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, any interest or dividend income, are recognised and are presented separately in the Standalone Statement of Profit and Loss

### (iii) Classification, subsequent measurement, gains and losses of Financial liabilities

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

Financial liabilities are classified as measured at amortised cost or FVTPL. A Financial Liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Standalone Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Standalone Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in the Standalone Statement of Profit and Loss.

### (iv) Derecognition of financial assets and financial liabilities

#### Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards

of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its standalone balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

#### Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

### (v) Impairment of financial instruments

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not classified as FVTPL or equity investments at FVOCI. Expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk or the assets have become credit impaired from initial recognition in which case, those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in the Standalone Statement of Profit and Loss.

#### Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows which the Company expects to receive).

#### Presentation of allowance for expected credit losses in the standalone balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

FVOCI, the loss allowance is charged to Standalone Statement of Profit and Loss and is recognised in OCI.

### Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counter party does not have assets or sources of income that could generate cash flows to repay the amounts. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

### (vi) Off-setting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the standalone balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

## 3.3 (A) Property, plant and equipment

### (i) Recognition and measurement

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is

probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price (after deducting trade discounts and rebates) including import duties and non-refundable taxes, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably.

### (ii) Subsequent expenditure

(iii) Depreciation

### (iii) Depreciation

Depreciation on property, plant and equipment is provided on straight-line basis as per the estimated useful life and in the manner prescribed in Schedule II of the Companies Act, 2013 except for certain assets.

Class of property, plant and equipment	Useful Life (no. of years)	
	As per the Companies Act, 2013	As per management's estimate
Buildings*	60	50
Computer Equipment:		
Server and Network*	6	4
Others	3	3
Furniture and Fixtures*	10	7
Electrical Installations*	10	7
Office Equipment	5	5
Vehicles*	8	4
Improvement of Rented Premises	Not specified	Over the lease term or 5 years, whichever is less

\*Based on technical advice, management is of the opinion that the useful lives of these assets reflect the period over which they are expected to be used.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted, if required.

Depreciation on additions/disposals is provided on a pro-rata basis i.e. from/up to the date on which asset is ready to use/disposed off.

#### (iv) Derecognition

The cost and related accumulated depreciation are eliminated from the standalone financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Standalone Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

#### (B) Goodwill

Goodwill was generated on acquisition of rights to operate, administer and manage the schemes of erstwhile Morgan Stanley Mutual Fund. Goodwill is not amortised but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses, if any.

#### (C) Other intangible assets

Other intangible assets including computer software are measured at cost and recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. Such other intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses, if any.

##### (i) Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Standalone Statement of Profit and Loss as incurred.

##### (ii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in the Standalone Statement of Profit and Loss. Computer Software is being amortised over a period of 3 years.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted, if required.

##### (iii) Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits are expected to arise from its continuous use, and the resultant gains or losses are recognised in the Standalone Statement of Profit and Loss.

#### (D) Intangible assets under development

The intangible assets under development includes cost of intangible assets that are not ready for their intended use on the date of balance sheet less accumulated impairment losses, if any.

#### 3.4 Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or goodwill is the higher of its value in use and its fair value. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to it.

An impairment loss is recognised if the carrying amount of an asset or goodwill exceeds its estimated recoverable amount. Impairment losses are recognised in the Standalone Statement of Profit and Loss.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.5 Revenue recognition

#### (i) Rendering of services

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115 - Revenue from Contracts with Customers, to determine when to recognise revenue and at what amount.

Revenue is measured based on the transaction price specified in the contract with a customer that

is allocated to that performance obligation. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. Revenue from contracts with customers is recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

If the consideration promised in a contract includes a variable amount, then Company estimates the non-constrained amount of consideration to which it will be entitled in exchange for rendering the promised services to a customer. The amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, or other similar items. The promised consideration can also vary if an entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

#### Nature of services

The Company principally generates revenue by providing asset management services to HDFC Mutual fund, Alternative Investment Fund (AIF) and other clients.

Services	Nature, timing of satisfaction of performance obligations and significant payment terms
Investment Management Services to mutual fund	<p>The Company has been appointed as the investment manager to HDFC Mutual Fund. The Company receives investment management fees from the mutual fund which is charged as a percent of the Assets Under Management (AUM) and is recognised on accrual basis. The maximum amount of management fee that can be charged is subject to applicable SEBI regulations.</p> <p>The contract includes a single performance obligation (series of distinct services) that is satisfied over time and the investment management fees earned are considered as variable consideration.</p>
Portfolio Management Services, Advisory Services and Investment Management Services to AIFs	<p>The Company provides portfolio management services and advisory services to its clients wherein a separate agreement is entered into with each client. The Company earns management fees which is generally charged as a percent of the Assets Under Management (AUM) and is recognised on accrual basis. The Company, in certain instances also has a right to charge performance fee to the clients if the portfolio achieves a particular level of performance as mentioned in the agreement with the client, to the extent permissible under applicable regulations. Generally, no upfront fee is charged to the clients.</p>

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

Services	Nature, timing of satisfaction of performance obligations and significant payment terms
	<p>The Company has also been appointed as the investment manager to HDFC AMC AIF-II. The Company is entitled for management fee as per the terms of Investment Management Agreement and any other fees as agreed.</p> <p>These contracts include a single performance obligation (series of distinct services) that is satisfied over time and the management fees and/or the performance fees earned are considered as variable consideration.</p>

## (ii) Recognition of dividend income, interest income or expense, gains and losses from financial instruments

Dividend income is recognised in the Standalone Statement of Profit and Loss on the date on which the Company's right to receive dividend is established.

Interest income or expense is recognised using the effective interest rate method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the financial asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the credit-impaired financial asset (i.e. the gross carrying amount less the allowance for expected credit losses). If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Interest income/expense on financial instruments at FVTPL is not included in fair value changes but presented separately.

The realised gains/losses from financial instruments at FVTPL represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its settlement price.

The unrealised gains/losses represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

## 3.6 Scheme expenses & Commission

Certain scheme related expenses and commission paid to mutual fund distributors were being borne by the Company till October 22, 2018. These expenses had been charged in accordance with applicable circulars and guidelines issued by SEBI and Association of Mutual Funds in India (AMFI) and had been presented under the respective expense heads in the Standalone Statement of Profit and Loss.

Pursuant to circulars issued by SEBI in this regard, with effect from October 22, 2018, all of these expenses, subject to certain permitted exceptions, are being borne by the respective schemes.

New Fund Offer (NFO) expenses on the launch of mutual fund schemes are borne by the Company and recognised in the Standalone Statement of Profit and Loss as and when incurred.

Any other brokerage or commission paid by the Company in line with the applicable regulations is being amortised over the contractual period.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## 3.7 Employee benefits

### (i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

### (ii) Share based payment transactions

The Employee Stock Option Scheme provides for the grant of options to acquire equity shares of the Company to its eligible employees and certain directors other than independent directors. The period of vesting and period of exercise are as specified within the schemes. The fair value at grant date of equity settled share based payment options granted to employees is recognised as an employee benefit expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the options. The amount recognised as expense is based on the estimate of the number of options for which the related service conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of options that do meet the related service conditions at the vesting date. Such compensation cost is amortised over the vesting period of the respective tranches of such grant.

### (iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into an account with a separate entity and has no legal or constructive obligation to pay further amounts. The Company makes specified periodic contributions to the credit of the employees' account with the Employees' Provident Fund Organisation. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Standalone Statement of Profit and Loss in the periods

during which the related services are rendered by employees.

### National Pension System (NPS)

NPS is a defined contribution plan. In case employee opts for NPS, the Company contributes a sum not exceeding 10% of basic salary plus dearness pay, if any, of the eligible employees' salary to the NPS. The Company recognises such contribution as an expense as and when incurred.

### (iv) Defined benefit plans

#### Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of the defined benefit obligation is performed periodically by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income. The Company determines the net interest expense/income on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability/asset, taking into account any changes in the net defined benefit liability/asset during the period as a result of contributions



# Notes to Standalone Financial Statements

for the year ended March 31, 2024

and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Standalone Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the Standalone Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

## (v) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits, which do not fall due wholly within 12 months after the end of the period in which the employees render the related services, is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised as profit or loss in the period in which they arise.

## 3.8 Provisions (other than for employee benefits), contingent liabilities, contingent assets and commitments

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of the time value of money is material, the provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as

finance cost. Expected future operating losses are not provided for.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is not recognised but disclosed in the standalone financial statements where an inflow of economic benefit is probable.

Commitments includes the amount of purchase order (net of advance) issued to counterparties for supplying/development of assets and amounts pertaining to Investments which have been committed but not called for.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each balance sheet date.

## 3.9 Leases

The Company assesses whether the contract is, or contains, a lease at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### As a lessee

The Company leases its office premises. The Company recognises Right-of-Use (ROU) and lease liabilities for these leases i.e. these leases are on-balance sheet, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and is discounted using the Company's incremental borrowing rate. Since the Company does not have any debts, the Company's

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

incremental borrowing rate has been determined based on the risk-free rate which is adjusted for the financial spread based on the credit spread of the Holding Company.

Certain leases include lease and non-lease components, which are accounted for as one single lease component. Occupancy lease agreements, in addition to contractual rent payments, generally include additional payments for certain costs incurred by the landlord, such as maintenance expenses and utilities. To the extent these are fixed or determinable, they are included as part of the lease payments used to measure the lease liability.

The ROU asset is initially measured at cost, which comprises of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received; plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. The ROU assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

Lease term is determined as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain

The lease liability is remeasured when there is a change in one of the following:

- the Company's estimate of the amount expected to be payable under a residual value guarantee, or
- the Company's assessment of whether it will exercise a purchase, extension, or termination option, or
- if there is a modification in the lease.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in the Standalone Statement of Profit and Loss if the carrying amount of the ROU asset has been reduced to nil.

## As a lessor:

When the Company is the lessor, the lease is classified as either a finance lease or an operating lease. A finance

lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. An operating lease is a lease where substantially all of the risks and rewards of the leased asset remain with the lessor.

Amounts due from lessees under finance leases are recorded as receivables. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

## 3.10 Income tax

Income tax comprises of current and deferred tax. It is recognised in the Standalone Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in Other Comprehensive Income.

### (i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

### (ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits, if any

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

that is not a business combination, that affects neither accounting nor taxable profit or loss at the time of the transaction and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences

- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is other convincing evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

## 3.11 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM's function is to allocate the resources of the Company and

assess the performance of the operating segments of the Company.

## 3.12 Earnings per share (EPS)

The basic earnings per share is computed by dividing profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period.

The diluted earnings per share is computed by dividing profit after tax attributable to the equity shareholders adjusted for the effects of all dilutive potential ordinary shares by the weighted average number of equity shares outstanding plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares, unless they are anti-dilutive.

## 3.13 Investments in Subsidiary

Investments in subsidiary are carried at cost less accumulated impairment losses, if any in its separate financial statements. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of such investments, the difference between net disposal proceeds and the carrying amount are recognised in the Standalone Statement of Profit and Loss.

## 3.14 Dividends on equity shares

The Company recognises a liability to make cash distributions to equity shareholders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders except in case of interim dividend. A corresponding amount is recognised directly in equity.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## Note 4 Cash and Cash Equivalents

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Balances with Banks	10.21	3.12
<b>Total</b>	<b>10.21</b>	<b>3.12</b>

## Note 5 Bank Balance other than Cash and Cash Equivalents

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Other Bank Balances		
- Fixed Deposit with Bank (security against bank guarantee)	0.16	0.15
Earmarked Balances with Banks		
- Unclaimed Equity Dividend	0.78	0.70
- Withheld Brokerage	0.02	0.04
<b>Total</b>	<b>0.96</b>	<b>0.89</b>

## Note 6 Trade Receivables \*

(Considered good - Unsecured)

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Investment Management Fee Receivable	90.83	182.94
Portfolio Management Fee, AIF and Other Advisory Services Fee Receivable	2.44	0.80
<b>Total</b>	<b>93.27</b>	<b>183.74</b>

## Trade Receivables Ageing

(Undisputed Trade receivables – considered good)

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
<b>Unbilled dues (A)</b>	<b>91.71</b>	<b>183.56</b>
Outstanding for following periods from due date of payment		
Less than 6 months	1.42	0.18
6 months -1 year	0.01	-
1-2 years	0.12	-
2-3 years	-	0.00
More than 3 years	0.01	0.00
<b>Total Outstanding (B)</b>	<b>1.56</b>	<b>0.18</b>
<b>Total (A+B)</b>	<b>93.27</b>	<b>183.74</b>

\*No debts are due from directors or other officers or any of them either severally or jointly with any other person. No debts are due from firms, Limited Liability Partnerships or private companies in which any director is a partner or a director or a member.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## Note 7 Other Receivables\*

(Considered good - Unsecured)

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Finance Lease Receivable	9.45	6.95
Others	3.73	5.64
<b>Total</b>	<b>13.18</b>	<b>12.59</b>

\* No debts are due from directors or other officers or any of them either severally or jointly with any other person. No debts are due from firms, Limited Liability Partnerships or private companies in which any director is a partner or a director or a member.

## Note 8 Investments

Sr. No.	Particulars	As at March 31, 2024				As at March 31, 2023			
		Amortised Cost	At Fair Value Through Profit or Loss	At Cost	Total	Amortised Cost	At Fair Value Through Profit or Loss	At Cost	Total
		(1)	(2)	(3)	(4=1+2+3)	(1)	(2)	(3)	(4=1+2+3)
1	Mutual Funds	-	6,648.64	-	6,648.64	-	5,476.86	-	5,476.86
2	Debt Securities	263.50	8.22	-	271.72	417.94	7.41	-	425.35
3	Equity Instruments	-	24.27	-	24.27	-	23.18	-	23.18
4	Alternative Investment Funds	-	206.07	-	206.07	-	127.57	-	127.57
5	Venture Capital Fund	-	5.33	-	5.33	-	23.20	-	23.20
6	Subsidiary-Equity Shares*	-	-	34.00	34.00	-	-	3.00	3.00
	<b>Total Gross Investments (A)</b>	<b>263.50</b>	<b>6,892.53</b>	<b>34.00</b>	<b>7,190.03</b>	<b>417.94</b>	<b>5,658.22</b>	<b>3.00</b>	<b>6,079.16</b>
7	(i) Investments outside India	-	-	-	-	-	-	-	-
	(ii) Investments in India	263.50	6,892.53	34.00	7,190.03	417.94	5,658.22	3.00	6,079.16
	<b>Total (B)</b>	<b>263.50</b>	<b>6,892.53</b>	<b>34.00</b>	<b>7,190.03</b>	<b>417.94</b>	<b>5,658.22</b>	<b>3.00</b>	<b>6,079.16</b>
	Less: Allowance for Impairment (C)	-	-	-	-	-	-	-	-
	<b>Total Net Investments (D = A - C)</b>	<b>263.50</b>	<b>6,892.53</b>	<b>34.00</b>	<b>7,190.03</b>	<b>417.94</b>	<b>5,658.22</b>	<b>3.00</b>	<b>6,079.16</b>

\* A Wholly Owned Subsidiary ('WOS') of the Company namely 'HDFC AMC International (IFSC) Limited', with its principal place of business located in Gujarat International Finance Tec-City (GIFT City), Gandhinagar, India, had been incorporated effective May 27, 2022.

## Note 9 Other Financial Assets

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Interest accrued on Fixed Deposits	0.01	0.00
Interest accrued on Investments	5.24	10.02
Security Deposits	15.91	13.96
Investment Application Money Pending Allotment *	-	7.20
<b>Total</b>	<b>21.16</b>	<b>31.18</b>

\* Date of allotment: April 03, 2023

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## Note 10 (A) Property, Plant and Equipment, Goodwill and Other Intangible Assets

Particulars	Gross Block		Depreciation/Amortisation		Net Block	
	As at April 01, 2023	As at March 31, 2024	As at April 01, 2023	For the Year	As at March 31, 2024	As at March 31, 2024
<b>Property, Plant and Equipment</b>						
Buildings						
Freehold	4.34	4.34	0.60	0.10	0.70	3.64
Right of Use Asset	208.74	217.83	91.03	38.02	105.41	112.42
Furniture & Fixtures	3.20	3.83	2.12	0.49	2.48	1.35
Vehicles	0.50	0.50	0.25	0.12	0.37	0.13
Office Equipment	10.13	12.61	6.34	2.03	7.13	5.48
Computer Equipment	28.53	26.75	22.02	5.00	21.33	5.42
Electrical Installations	0.34	0.34	0.34	-	0.34	-
Improvement of Rented Premises	17.80	22.08	13.29	2.30	14.18	7.90
<b>Total</b>	<b>273.58</b>	<b>288.28</b>	<b>135.99</b>	<b>48.06</b>	<b>151.94</b>	<b>136.34</b>
<b>Goodwill and Other Intangible Assets</b>						
Goodwill	6.04	6.04	-	-	-	6.04
Computer Software	27.24	32.41	20.40	4.20	23.49	8.92
<b>Total</b>	<b>33.28</b>	<b>38.45</b>	<b>20.40</b>	<b>4.20</b>	<b>23.49</b>	<b>14.96</b>

₹ (In Crore)



# Notes to Standalone Financial Statements

for the year ended March 31, 2024

Particulars	Gross Block			Depreciation/Amortisation			Net Block
	Asat April 01, 2022	Additions	Deductions	Asat April 01, 2022	For the year	Deductions	
<b>Property, Plant and Equipment</b>							
Buildings							
Freehold	4.34	-	-	0.50	0.10	-	3.74
Right of Use Asset	172.84	60.42	24.52	74.68	36.90	20.55	117.71
Furniture & Fixtures	2.77	0.61	0.18	1.99	0.31	0.18	1.08
Vehicles	0.50	-	-	0.13	0.12	-	0.25
Office Equipment	10.18	1.72	1.77	6.10	2.01	1.77	3.79
Computer Equipment	27.71	2.58	1.76	17.53	6.25	1.76	6.51
Electrical Installations	0.34	-	-	0.34	-	-	-
Improvement of Rented Premises	17.78	2.30	2.28	13.01	2.56	2.28	4.51
<b>Total</b>	<b>236.46</b>	<b>67.63</b>	<b>30.51</b>	<b>114.28</b>	<b>48.25</b>	<b>26.54</b>	<b>137.59</b>
<b>Goodwill and Other Intangible Assets</b>							
Goodwill	6.04	-	-	-	-	-	6.04
Computer Software	23.71	5.06	1.53	16.83	5.09	1.52	6.84
<b>Total</b>	<b>29.75</b>	<b>5.06</b>	<b>1.53</b>	<b>16.83</b>	<b>5.09</b>	<b>1.52</b>	<b>12.88</b>

## Impairment testing

The Goodwill relates to acquisition of rights to operate, administer and manage schemes of the erstwhile Morgan Stanley Mutual Fund. The recoverable amount is the management fee income based on the present value of the future cash flows expected to be derived from the asset (value in use). Management fee income is assumed to be generated at a constant rate and is discounted using a pre-tax discount rate of 7.23% (Previous Year 7.14%) based on one year Government security (G-sec) yield.

An analysis of sensitivity of the computation to a change in key parameters based on reasonably probable assumptions did not identify any probable scenarios in which the recoverable amount would decrease below the carrying amount of goodwill. Consequently, no impairment is required.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## Note 10 (B) Intangible Assets Under Development

For the year ended March 31, 2024

Intangible assets under development ageing schedule

₹ (in Crore)

Intangible assets under development	As at March 31, 2024				Total
	Amount in Intangible asset under development for a period of				
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	0.87	-	-	-	0.87
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>0.87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.87</b>

There are no Intangible assets under development as at March 31, 2024, whose completion is overdue or has exceeded its cost compared to its original plan.

For the year ended March 31, 2023

Intangible assets under development ageing schedule

₹ (in Crore)

Intangible assets under development	As at March 31, 2023				Total
	Amount in Intangible asset under development for a period of				
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2.14	-	-	-	2.14
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>2.14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.14</b>

There are no Intangible assets under development as at March 31, 2023, whose completion is overdue or has exceeded its cost compared to its original plan.

## Note 11 Other Non-Financial Assets

(Considered good - Unsecured)

₹ (in Crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Capital Advances	-	0.53
Prepaid Expenses	19.01	16.50
Goods & Services Tax Credit Receivable	21.66	21.71
Other Advances	4.86	4.04
<b>Total</b>	<b>45.53</b>	<b>42.78</b>

## Note 12 Trade Payables

₹ (in Crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Outstanding dues of Micro Enterprises and Small Enterprises	1.08	-
Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	37.71	34.38
<b>Total</b>	<b>38.79</b>	<b>34.38</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## Trade Payables Ageing

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
<b>MSME - Undisputed, Unbilled dues (A)</b>	<b>1.08</b>	-
<b>Others - Undisputed</b>		
Unbilled dues (B)	37.71	27.47
Outstanding for following periods from due date of payment		
Less than 1 year	-	6.91
Total (C)	-	6.91
<b>Total Others - Undisputed (D) = (B+C)</b>	<b>37.71</b>	<b>34.38</b>
<b>Total (A+D)</b>	<b>38.79</b>	<b>34.38</b>

## Note 13 Other Financial Liabilities

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Employee Benefits	76.06	68.97
Other Dues	5.00	5.92
Unclaimed Equity Dividend	0.78	0.70
Lease Liability	124.95	130.47
<b>Total</b>	<b>206.79</b>	<b>206.06</b>

## Note 14 Provisions

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Provision for Employee Benefits (Compensated absences & Leave encashment)	16.38	12.57
<b>Total</b>	<b>16.38</b>	<b>12.57</b>

## Note 15 Deferred Tax Liabilities (net) (see note 25)

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Deferred Tax Asset	(49.20)	(48.30)
Deferred Tax Liability	164.76	149.07
<b>Total</b>	<b>115.56</b>	<b>100.77</b>

## Note 16 Other Non-Financial Liabilities

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Statutory Dues	88.08	51.86
Employee Benefits	6.62	4.09
<b>Total</b>	<b>94.70</b>	<b>55.95</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## Note 17 Share Capital

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
<b>Authorised</b>		
60,00,00,000 Equity Shares of ₹5 each (Previous Year: 60,00,00,000 Equity Shares of ₹5 each)	300.00	300.00
5,00,00,000 Redeemable, Cumulative Non-Convertible Preference Shares of ₹10 each (Previous Year: 5,00,00,000 Redeemable, Cumulative Non-Convertible Preference Shares of ₹10 each)	50.00	50.00
<b>Total</b>	<b>350.00</b>	<b>350.00</b>
<b>Issued, Subscribed and Paid-up</b>		
21,34,84,000 Equity Shares of ₹5 each (Previous Year: 21,34,24,716 Equity Shares of ₹5 each), fully paid up	106.74	106.71
	<b>106.74</b>	<b>106.71</b>

### a) Movement in Equity Share Capital during the year:

Particulars	₹ (in Crore)			
	March 31, 2024		March 31, 2023	
	No. of Equity Shares	Share Capital	No. of Equity Shares	Share Capital
Shares outstanding at the beginning of the year (face value of ₹5 each)	21,34,24,716	106.71	21,32,78,552	106.64
Add: Shares issued during the year (face value of ₹5 each)	59,284	0.03	1,46,164	0.07
Shares outstanding at the end of the year (face value of ₹5 each)	21,34,84,000	106.74	21,34,24,716	106.71

### b) Terms/Rights attached to Equity Shares

- The Company had issued only one class of equity shares referred to as equity share having face value of ₹10 each which was sub-divided to ₹5 each w.e.f. February 13, 2018. Each holder of equity shares is entitled to one vote per share.
- The holders of equity shares are entitled to dividends, if any, proposed by the board of directors and approved by the Shareholders at the Annual General Meeting.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of preferential amount. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the Shareholders.

- c) 11,21,79,830 equity shares of ₹5 each (Previous Year 11,21,79,830 equity shares of ₹5 each) are held by HDFC Bank Limited (Previous Year: Housing Development Finance Corporation Limited) - Holding Company<sup>5</sup>.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## d) Details of Holding Company and Shareholders holding more than 5 percent Share Capital of the Company:

Name of the Shareholder	As at March 31, 2024		As at March 31, 2023	
	No. of Equity Shares (Face Value ₹5)	% of Share Capital	No. of Equity Shares (Face Value ₹5)	% of Share Capital
HDFC Bank Limited (Previous Year: Housing Development Finance Corporation Limited) - Holding Company <sup>§</sup>	11,21,79,830	52.55	11,21,79,830	52.56
Abrdn Investment Management Limited (formerly known as Standard Life Investments Limited) - see note 1 - Company overview	-	-	2,17,78,305	10.20
Life Insurance Corporation of India	1,29,49,242	6.07	1,96,58,764	9.21
SBI Mutual Fund	1,22,24,610	5.73	Not applicable	

e) 23,16,200 equity shares of ₹5 each are reserved for issuance towards outstanding employee stock options.

f) No equity shares were bought back during last five years.

g) No shares were allotted as fully paid-up 'pursuant to any contract without payment being received in cash' in last five years.

h) No bonus shares were issued during the period of five years immediately preceding the reporting date.

## i) Details of shareholding of Promoters:

Promoter name	As at March 31, 2024			As at March 31, 2023			As at April 01, 2022
	No. of Equity Shares (Face Value ₹5)	% of total Share Capital	% Change during the year <sup>#</sup>	No. of Equity Shares (Face Value ₹5)	% of total Share Capital	% Change during the year <sup>#</sup>	No. of Equity Shares (Face Value ₹5)
HDFC Bank Limited (Previous Year: Housing Development Finance Corporation Limited) - Holding Company <sup>§</sup>	11,21,79,830	52.55	-	11,21,79,830	52.56	-	11,21,79,830
Abrdn Investment Management Limited (formerly known as Standard Life Investments Limited) - see note 1 - Company overview	-	-	(100.00)	2,17,78,305	10.20	(37.02)	3,45,78,305

<sup>#</sup>Computed vis-à-vis number of shares held by the same entity

<sup>§</sup>HDFC Bank Limited ('HDFC Bank') has become the Holding Company and Promoter of HDFC Asset Management Company Limited, in place of Housing Development Finance Corporation Limited ('HDFC Ltd. '), with effect from July 01, 2023, pursuant to the Composite scheme of amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, wholly owned subsidiaries of HDFC Ltd. with and into HDFC Ltd.; and (ii) HDFC Ltd. with and into HDFC Bank.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## Note 18

### Nature and purpose of reserves

#### Share application pending allotment

Until the shares are allotted, the amount received is shown under the Share Application Money Pending Allotment.

#### Capital redemption reserve

Whenever there is a buy-back or redemption of share capital, the nominal value of the capital is transferred to a reserve called Capital Redemption Reserve so as to retain the capital.

#### Securities premium

Securities Premium is used to record the premium (amount received in excess of face value of equity shares) on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013. The securities premium also includes amount transferred from Share options outstanding account upon exercise of options by employees and subsequent allotment of shares to them.

#### General reserve

Pursuant to the provisions of Companies Act, 1956, the Company had transferred a portion of its net profit before declaring dividend, to general reserve. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

#### Share options outstanding account

The grant date fair value of equity-settled share based payment transactions with employees and directors are recognised in the Standalone Statement of Profit and Loss with the corresponding credit to this account over the vesting period. The amounts recorded in Share options outstanding account are transferred to securities premium upon exercise of stock options by the employees and subsequent allotment of shares to them.

#### Retained earnings

Retained earnings are the profits that a company has earned to date, less any dividends or other distributions paid to the Shareholders, net of utilisation as permitted under applicable regulations.

Refer 'Other Equity' section in 'Standalone Statement of Changes in Equity' for movement in reserves and surplus during the year.

## Note 19 Asset Management Services

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Investment Management Fee	2,580.60	2,160.79
Portfolio Management Fee, AIF and Other Advisory Services Fee	3.77	6.02
<b>Total</b>	<b>2,584.37</b>	<b>2,166.81</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## Note 20 Other Income

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Income from Investments</b>		
Interest income from investments		
- On Financial Assets measured at Amortised Cost	25.16	28.68
Interest on deposit with Banks		
- On Financial Assets measured at Amortised Cost	0.01	0.00
Net gain on Financial Instruments		
- On Financial Assets measured at Fair Value Through Profit or Loss	547.17	280.97
Dividend Income from Investments		
- On Financial Assets measured at Fair Value Through Profit or Loss	0.23	0.23
<b>Total Income from Investments (A)</b>	<b>572.57</b>	<b>309.88</b>
<b>Others</b>		
Net gain/(loss) on derecognition of Property, Plant and Equipment	0.05	0.11
Other Interest Income	1.78	1.59
Miscellaneous Income	3.66	4.22
<b>Total Others (B)</b>	<b>5.49</b>	<b>5.92</b>
<b>Total Other Income (A+B)</b>	<b>578.06</b>	<b>315.80</b>

## Note 21 Employee Benefits Expenses

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, Allowances and Bonus	286.42	253.75
Contribution to Provident and Other Funds	13.77	12.95
Share Based Payments to Employees*	47.05	40.11
Staff Welfare and Training Expenses	6.22	5.86
<b>Total</b>	<b>353.46</b>	<b>312.67</b>

\*Accounting for equity settled share based payment transaction (ESOPs) at fair value increases the non cash component of Employee Benefits Expenses and is also reflected in Share Options Outstanding Account under Other Equity. This balance of Share Options Outstanding Account is transferred to Securities Premium as and when the stock options are exercised by the employees and subsequent allotment of shares to them. Hence, this charge is neutral to Equity of the Company.



# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## Note 22 Other Expenses

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
New Fund Offer and Mutual Fund Expenses	5.20	8.33
Advertisement, Publicity and Business Promotion	45.14	41.92
Rent	0.60	0.38
Rates and Taxes	0.44	0.36
Electricity Charges	5.54	5.51
Office Cleaning and Security Cost	19.81	17.82
Repair and Maintenance	7.97	5.95
Communication Expenses	8.39	7.35
Printing, Stationery and Courier	6.13	6.12
Directors' Sitting Fees, Commission, allowances and expenses	3.39	3.16
<b>Auditors Remuneration:</b>		
Audit Fee	0.33	0.29
Limited Reviews	0.19	0.17
Group Audit and Reviews	0.27	0.03
Tax Audit Fee	0.04	0.04
Taxation Matters	0.00	0.17
Reimbursement of Expenses	0.06	0.01
Other Services*	0.31	0.06
	<b>1.20</b>	<b>0.77</b>
Legal and Professional Fees	10.59	5.95
Insurance Expenses	6.83	5.73
Travel and Conveyance	8.24	8.00
Subscription and Membership Fees	10.54	12.91
Outsourced Services Cost	29.13	26.13
Donations	0.03	0.03
Loss on Foreign Exchange Translation (net)	0.05	0.04
Corporate Social Responsibility expense as per Section 135 (5) of the Companies Act, 2013 (see note 32)	31.29	31.68
Trademark Licence Fees	7.56	-
Software Expenses and Allied Services	42.42	30.50
KYC Expenses related to Mutual Fund Investors	11.94	5.15
Miscellaneous Expenses	4.52	8.83
<b>Total</b>	<b>266.95</b>	<b>232.62</b>

\* For the year ended March 31, 2024, fees for Other Services primarily includes fee towards assurance service as required under the Business Responsibility and Sustainability Report (BRSR) Core prescribed by Securities and Exchange Board of India.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## Note 23 Employee Benefits

### a) Defined Contribution Plan

The Company has recognised the following amounts in the Standalone Statement of Profit and Loss, which are included under Contributions to Provident Fund and Other Funds:

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Employer's contribution to Provident Fund	8.11	7.29
Employer's contribution to National Pension System	1.40	1.24

### b) Defined Benefit Plan - Gratuity

In accordance with the applicable Indian laws, the Company has a defined benefit plan which provides for gratuity payments. The plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment, which requires contributions to be made to a separately administered fund.

The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

The amounts are based on the respective employee's last drawn salary and the years of employment with the Company. Liabilities in respect of the gratuity plan are determined by an actuarial valuation, based upon which the Company makes annual contributions to the plan. The plan is funded with a life insurance company in the form of a qualifying insurance policy.

The following tables summaries the components of net employee benefit expense recognised in the Standalone Statement of Profit and Loss, the funded status and amounts recognised in Standalone Balance Sheet.

#### (i) Changes in Present Value of the Defined Benefit Obligation

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Obligation as at beginning of the year	37.37	38.32
Current service cost	3.53	3.76
Interest cost	2.76	2.74
Benefits paid	(3.57)	(5.79)
Actuarial (gains)/losses on obligation - due to change in demographic assumptions	0.07	(0.10)
Actuarial (gains)/losses on obligation - due to change in financial assumptions	0.56	(1.90)
Actuarial (gains)/losses on obligation - due to experience adjustments	1.86	0.34
Obligation as at the end of the year	42.58	37.37

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## (ii) Change in the Fair Value of Plan Assets

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Fair Value of Plan Assets at the beginning of the year	33.92	34.94
Expected return on plan assets	2.51	2.50
Contributions by the Employer	3.44	3.37
Benefit Paid from the Fund	(3.57)	(5.79)
Actuarial gain/(loss) on plan assets	0.37	(1.10)
Fair Value of Plan Assets at the end of the year	36.67	33.92

## (iii) Actual Return on Plan Assets

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Expected return on Plan Assets	2.51	2.50
Actuarial gain/(loss) on Plan Assets	0.37	(1.10)
Actual Return on Plan Assets	2.88	1.40

## (iv) Amount recognised in the Standalone Balance Sheet

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Present Value of defined benefit obligation	(42.58)	(37.37)
Fair Value of Plan Assets	36.67	33.92
Funded status [surplus/(deficit)]	(5.91)	(3.45)
Net (Liability)/Asset recognised in the Standalone Balance Sheet	(5.91)	(3.45)

## (v) Expenses recognised in the Standalone Statement of Profit and Loss

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Current service cost	3.53	3.76
Interest Cost	2.76	2.74
Expected Return on Plan Assets	(2.51)	(2.50)
Expenses recognised in the Standalone Statement of Profit and Loss	3.78	4.00

## (vi) Expenses recognised in Standalone Other Comprehensive Income (OCI)

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Actuarial (gains)/losses on Obligation	2.49	(1.66)
Actuarial (gains)/losses on Plan Assets	(0.37)	1.10
Net (income)/expense for the year recognised in Standalone OCI	2.12	(0.56)

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## (vii) Amount recognised in the Standalone Balance Sheet

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Liability at the end of the year	42.58	37.37
Fair Value of Plan Assets at the end of the year	(36.67)	(33.92)
Amount recognised in the Standalone Balance Sheet as Liability	5.91	3.45

## (viii) Balance sheet reconciliation

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Net Liability as at the beginning of the year	3.45	3.38
Expenses recognised in the Standalone Statement of Profit and Loss	3.78	4.00
Expenses/(Income) recognised in Standalone OCI	2.12	(0.56)
Contributions by the Employer	(3.44)	(3.37)
Net Liability/(Asset) recognised in Standalone Balance Sheet	5.91	3.45

## (ix) Investment Pattern

Particulars	% Invested	
	As at March 31, 2024	As at March 31, 2023
Money Market Instruments, Public Deposits and Net Current Assets	2.92	7.38
Debentures/Bonds	36.38	45.46
Government Securities	60.70	47.16

## (x) Actuarial Assumptions

Particulars	As at	
	March 31, 2024	March 31, 2023
Expected Return on Plan Assets	7.19%	7.41%
Rate of Discounting	7.19%	7.41%
Rate of Salary Increase	6.50%	6.50%
Rate of Employee Turnover	For service 4 years and below 19.02% p.a. For service 5 years and above 9.34% p.a.	For service 4 years and below 18.84% p.a. For service 5 years and above 8.81% p.a.
Mortality Rate During Employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)

(xi) The Company generally makes annual contributions to the plan based on the actuarial valuation of 'amount recognised in the Standalone Balance Sheet as Liability at the year end'.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## (xii) The expected contributions to the plan for the next annual reporting period

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
The expected contributions to the plan for the next annual reporting period	5.97	5.12

## (xiii) Maturity Analysis of the benefit payments

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Projected benefits payable in future years from the date of reporting		
1 <sup>st</sup> Following year	4.45	3.57
2 <sup>nd</sup> Following year	4.05	3.41
3 <sup>rd</sup> Following year	4.77	3.45
4 <sup>th</sup> Following year	4.79	4.06
5 <sup>th</sup> Following year	4.78	4.27
Sum of years 6 to 10	18.85	17.09
Sum of years 11 and above	31.09	31.39

The Weighted average duration of the defined benefit obligation is 8 years (March 31, 2023: 8 years).

## (xiv) Sensitivity Analysis

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Defined Benefit Obligation on Current Assumptions	42.58	37.37
Delta Effect of +1% Change in Rate of Discounting	(2.43)	(2.25)
Delta Effect of -1% Change in Rate of Discounting	2.72	2.53
Delta Effect of +1% Change in Rate of Salary Increase	2.72	2.53
Delta Effect of -1% Change in Rate of Salary Increase	(2.47)	(2.29)
Delta Effect of +1% Change in Rate of Employee Turnover	0.04	0.10
Delta Effect of -1% Change in Rate of Employee Turnover	(0.05)	(0.12)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the Defined Benefit Obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the Defined Benefit Obligation as recognised in the Standalone Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## Risks associated with Defined Benefit Plan:

### (i) Interest Rate Risk

A fall in the discount rate which is linked to the G.Sec. rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

### (ii) Salary Risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

### (iii) Investment Risk

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities and other debt instruments.

### (iv) Asset Liability Matching (ALM) Risk

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

### (v) Mortality Risk

Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

### (vi) Concentration Risk

Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very low as insurance companies have to follow stringent regulatory guidelines which mitigate risk.

During the year, there were no plan amendments, curtailments and settlements.

## Note 24 Share based payments

### Accounting for Employee Share Based Payments

Under Employees Stock Option Scheme 2020 (ESOS 2020), the Company had on January 10, 2024 granted 38,800 stock options, representing 38,800 equity shares of ₹5/- each to few employees of the Company. The said stock options have been granted at the market price as defined in SEBI (Share Based Employees Benefits) Regulations, 2014. Accordingly, the stock options have been granted at ₹3,415.25 per option, being the latest available closing price of the shares of the Company on National Stock Exchange of India Limited, on January 09, 2024 being the previous trading day immediately preceding the date on which Grant of Options was approved by the Nomination & Remuneration Committee of the Board of Directors of the Company ('Nomination & Remuneration Committee').

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

Under ESOS 2020, the Company had on April 25, 2023 granted 10,50,000 stock options, representing 10,50,000 equity shares of ₹5/- each to few employees of the Company. The said stock options have been granted at the market price as defined in SEBI (Share Based Employees Benefits) Regulations, 2014. Accordingly, the stock options have been granted at ₹1,780.90 per option, being the latest available closing price of the shares of the Company on National Stock Exchange of India Limited, on April 24, 2023 being the previous trading day immediately preceding the date on which Grant of Options was approved by the Nomination & Remuneration Committee.

Under ESOS 2020, the Company had on July 21, 2022 granted 50,000 stock options, representing 50,000 equity shares of ₹5/- each to few employees of the Company. The said stock options have been granted at the market price as defined in SEBI (Share Based Employees Benefits) Regulations, 2014. Accordingly, the stock options have been granted at ₹1,921.70 per option, being the latest available closing price of the shares of the Company on National Stock Exchange of India Limited, on July 20, 2022 being the previous trading day immediately preceding the date on which Grant of Options was approved by the Nomination & Remuneration Committee.

Under ESOS 2020, the Company had on January 24, 2022 granted 1,82,000 stock options, representing 1,82,000 equity shares of ₹5/- each to few employees of the Company. The said stock options have been granted at the market price as defined in SEBI (Share Based Employees Benefits) Regulations, 2014. Accordingly, the stock options have been granted at ₹2,369.40 per option, being the latest available closing price of the shares of the Company on National Stock Exchange of India Limited, on January 21, 2022 being the previous trading day immediately preceding the date on which Grant of Options was approved by the Nomination & Remuneration Committee.

Under ESOS 2020, the Company had on February 22, 2021 granted 11,45,000 stock options, representing 11,45,000 equity shares of ₹5/- each to few employees of the Company. The said stock options have been granted at the market price as defined in SEBI (Share Based Employees Benefits) Regulations, 2014. Accordingly, the stock options have been granted at ₹2,934.25 per option, being the latest available closing price of the shares of the Company on National Stock Exchange of India Limited, on February 19, 2021 being the previous trading day immediately preceding the date on which Grant of Options was approved by the Nomination & Remuneration Committee.

In terms of ESOS 2020, the options shall vest in three tranches. Each of these tranches consisting of 1/3 of the options granted shall vest on the completion of the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> year from the date of the grant respectively. Any fractional residue shall be settled in the 3<sup>rd</sup> tranche. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme 2017 – Series I (ESOS 2017 – Series I), the Company had on July 28, 2017 granted 1,58,875 stock options at an exercise price of ₹5,353/- per option, representing 1,58,875 equity shares of ₹10/- each to few employees & directors of the Company. The fair value of the Company's underlying equity share was determined in accordance with the pricing formula approved by the Nomination & Remuneration Committee i.e. based on the Price Earning Multiple method and the Assets Under Management (AUM) method.

In terms of ESOS 2017 – Series I, the options vest over a period of 1-2 years from the date of grant. The options can be exercised over a period of five years from the date of vesting.



# Notes to Standalone Financial Statements

for the year ended March 31, 2024

Pursuant to the terms of respective Employees Stock Option Schemes (ESOS), in case of a corporate action like bonus shares, rights issue, buyback of shares, split of shares, reduction of capital etc., the number of options outstanding as at the date of the corporate action and the exercise price under all the relevant ESOS shall stand modified accordingly, so as to ensure that the paid-up value of the total shares that can be issued under them remains unchanged. Accordingly, the Nomination and Remuneration Committee of the Company has resolved, vide its circular resolution passed in February 2018, to make appropriate adjustments to the outstanding options and now each option represents one equity share of ₹5/- each.

## Comparison of exercise price per option:

Name of the Series	₹	
	Pre corporate action	Post corporate action
ESOS 2017 Series I	5,353.00	669.13

No modifications were made in the terms and conditions of ESOS during the year.

The number of options vested during the year were 4,32,936 (Previous Year 4,15,666)

## For the year ended March 31, 2024

Particulars	Outstanding at the beginning of the year*	Granted during the year*	Exercised during the year*	Forfeited during the year*	Expired during the year*	Outstanding at the end of the year*	Exercisable at the end of the year*	For options outstanding at the end of the year	
								Exercise price per option (₹)	Weighted average remaining contractual life (no. of years)
ESOS 2020 (Grant Date January 10, 2024)	Nil	38,800	Nil	Nil	Nil	38,800	Nil	3,415.25	6.78
ESOS 2020 (Grant Date April 25, 2023)	Nil	10,50,000	Nil	69,600	Nil	9,80,400	Nil	1,780.90	6.07
ESOS 2020 (Grant Date July 21, 2022)	50,000	Nil	Nil	Nil	Nil	50,000	16,667	1,921.70	5.31
ESOS 2020 (Grant Date January 24, 2022)	1,82,000	Nil	Nil	Nil	Nil	1,82,000	1,21,334	2,369.40	4.82
ESOS 2020 (Grant Date February 22, 2021)	10,65,000	Nil	Nil	Nil	Nil	10,65,000	10,65,000	2,934.25	3.90
ESOS 2017 (Series I)	59,484	Nil	59,284	Nil	200	Nil	Nil	Nil	Nil

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## For the year ended March 31, 2023

Particulars	Outstanding at the beginning of the year*	Granted during the year*	Exercised during the year*	Forfeited during the year*	Expired during the year*	Outstanding at the end of the year*	Exercisable at the end of the year*	For options outstanding at the end of the year	
								Exercise price per option (₹)	Weighted average remaining contractual life (no. of years)
ESOS 2020 (Grant Date July 21, 2022)	Nil	50,000	Nil	Nil	Nil	50,000	Nil	1,921.70	6.31
ESOS 2020 (Grant Date January 24, 2022)	1,82,000	Nil	Nil	Nil	Nil	1,82,000	60,667	2,369.40	5.82
ESOS 2020 (Grant Date February 22, 2021)	10,65,000	Nil	Nil	Nil	Nil	10,65,000	7,09,998	2,934.25	4.90
ESOS 2017 (Series I)	2,05,648	Nil	1,46,164	Nil	Nil	59,484	59,484	669.13	0.33

\* Since all the options were granted at the same exercise price per option under the respective Series/Grant, the weighted average exercise price per option for all these groups under the respective Series/Grant is the same.

The weighted average share price for options exercised during the year under various Series'/Grants was ₹1,964 (Previous Year ₹2,012)

### Fair Value Methodology

The fair value of options used to compute net income and earnings per equity share has been estimated on the date of grant using Black-Scholes model.

The key assumptions used in Black-Scholes model for calculating fair value under ESOS 2017 – Series I and ESOS 2020 as on the date of grant were:

Particulars	Date of grant	Risk-free interest rate	Expected average life	Expected volatility	Dividend yield	Fair value of the option	Fair value of the option after corporate action
ESOS 2020 (Grant Date January 10, 2024)	January 10, 2024	6.78% - 6.82 % p.a.	3.5 - 5.5 Years	27.75% - 33.03%	1.75% p.a.	₹1,084	NA
ESOS 2020 (Grant Date April 25, 2023)	April 25, 2023	6.66% - 6.76 % p.a.	3.5 - 5.5 Years	34.00% - 34.54%	2.48% p.a.	₹557	NA
ESOS 2020 (Grant Date July 21, 2022)	July 21, 2022	6.74% - 6.96 % p.a.	3.5 - 5.5 Years	34.68% - 36.41%	1.18% p.a.	₹700	NA
ESOS 2020 (Grant Date January 24, 2022)	January 24, 2022	5.34% - 5.98 % p.a.	3.5 - 5.5 Years	33.91% - 35.52%	0.92% p.a.	₹826	NA
ESOS 2020 (Grant Date February 22, 2021)	February 22, 2021	5.04% - 5.66 % p.a.	3.5 - 5.5 Years	36.10% - 37.08%	0.84% p.a.	₹1,053	NA
ESOS 2017 (Series I)	July 28, 2017	6.66% p.a.	3.5 Years	0%	1.86% p.a.	₹777	₹97

Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black - Scholes Model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time.

As on the date of grant in case of ESOS 2017–Series I, the Company being an unlisted company and in the absence of listed comparable companies, volatility had been considered to be Nil.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

As on the respective dates of grant in case of ESOS 2020, wherever the trading history of the Company and/or its comparable company(s) listed on the Stock exchange were less than the life of the option, Nifty Financial Services Index was also considered for deriving the volatility.

## Note 25 Tax expense

### Components of Income Tax Expense

#### (a) Amounts recognised in the Standalone Statement of Profit and Loss

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Current income tax</b>	<b>517.52</b>	<b>421.26</b>
	<b>517.52</b>	<b>421.26</b>
<b>Deferred tax (Income)/expense</b>		
Origination and reversal of temporary differences	14.79	25.43
	<b>14.79</b>	<b>25.43</b>
<b>Income Tax expense for the year</b>	<b>532.31</b>	<b>446.69</b>

#### (b) Tax on amounts recognised in Standalone Other Comprehensive Income

Particulars	₹ (in Crore)	
	Tax (expense)/benefit	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Remeasurement of the defined benefit plans	0.54	(0.14)
<b>Total</b>	<b>0.54</b>	<b>(0.14)</b>

#### (c) Reconciliation of Effective Tax Rate

Reconciliation between the statutory Income tax rate applicable to the Company and the effective Income tax rate of the Company	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Profit before tax</b>	<b>2,478.19</b>	<b>1,870.61</b>
Company's domestic tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	623.71	470.80
<b>Tax effect of/on:</b>		
Net expenses that are not deductible in determining taxable profit	18.53	17.97
Items which are taxed at different rates	(103.64)	(34.83)
Incomes which are exempt from tax	(6.33)	(7.22)
Others	0.04	(0.03)
<b>Total</b>	<b>(91.40)</b>	<b>(24.11)</b>
<b>Income Tax expense for the year</b>	<b>532.31</b>	<b>446.69</b>

#### (d) Effective Tax Rate

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Effective Tax Rate (%)	21.48	23.88

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## (e) Significant components and movement in deferred tax assets and liabilities:

Particulars	₹ (in Crore)		
	As at April 01, 2023	Expense / (Income) recognised	As at March 31, 2024
<b>Deferred Tax Assets</b>			
- Property, Plant and Equipment & Other Intangible Assets (excluding ROU)	10.99	(0.84)	11.83
- Lease Liabilities	32.83	1.39	31.44
- Provision for Employee Benefits	3.16	(0.96)	4.12
- Others	1.32	(0.49)	1.81
<b>Total Deferred Tax Assets</b>	<b>48.30</b>	<b>(0.90)</b>	<b>49.20</b>
<b>Deferred Tax Liabilities</b>			
- Right Of Use Asset	29.63	(1.33)	28.30
- Prepaid Employee Benefits	1.13	(0.89)	0.24
- Fair value gains / losses and impairment on Investments	115.90	17.22	133.12
- Others	2.41	0.69	3.10
<b>Total Deferred Tax Liabilities</b>	<b>149.07</b>	<b>15.69</b>	<b>164.76</b>
<b>Net Deferred Tax Assets / (Liabilities)</b>	<b>(100.77)</b>	<b>14.79</b>	<b>(115.56)</b>

Particulars	₹ (in Crore)		
	As at April 01, 2022	Expense / (Income) recognised	As at March 31, 2023
<b>Deferred Tax Assets</b>			
- Property, Plant and Equipment & Other Intangible Assets (excluding ROU)	9.57	(1.42)	10.99
- Lease Liabilities	27.59	(5.24)	32.83
- Provision for Employee Benefits	2.96	(0.20)	3.16
- Others	1.27	(0.05)	1.32
<b>Total Deferred Tax Assets</b>	<b>41.39</b>	<b>(6.91)</b>	<b>48.30</b>
<b>Deferred Tax Liabilities</b>			
- Right Of Use Asset	24.71	4.92	29.63
- Prepaid Employee Benefits	2.06	(0.93)	1.13
- Fair value gains / losses and impairment on Investments	88.66	27.24	115.90
- Others	1.30	1.11	2.41
<b>Total Deferred Tax Liabilities</b>	<b>116.73</b>	<b>32.34</b>	<b>149.07</b>
<b>Net Deferred Tax Assets / (Liabilities)</b>	<b>(75.34)</b>	<b>25.43</b>	<b>(100.77)</b>

### Note:

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgment is required in determining provision for income tax, deferred tax assets and liabilities and recoverability of deferred tax assets. The recoverability of deferred tax assets is based on estimates of taxable income and the period over which deferred tax assets will be recovered. Any changes in future taxable income would impact the recoverability of deferred tax assets.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## Note 26 Related Party Transactions

As per the Indian Accounting Standard on 'Related Party Disclosures' (Ind AS 24), the related parties of the Company with whom there have been transactions during the current/previous year, are as follows:

Sr. No.	Relationship	Name of the Parties
1	Holding Company	HDFC Bank Limited from July 01, 2023 (Housing Development Finance Corporation Limited up to June 30, 2023) <sup>§</sup>
2	Subsidiary Company	HDFC AMC International (IFSC) Limited
3	Fellow Subsidiaries	HDFC Trustee Company Limited HDFC Life Insurance Company Limited HDFC ERGO General Insurance Company Limited HDFC Securities Limited (from July 01, 2023)
4	Investor with a significant influence	Abrdn Investment Management Limited (formerly known as Standard Life Investments Limited) (up to June 20, 2023) <sup>§</sup>
5	Other Related Parties	HDFC Bank Limited (up to June 30, 2023) <sup>§</sup> HDFC Securities Limited (up to June 30, 2023) HDFC Asset Management Company Limited Employees' Group Gratuity Assurance Scheme
6	Key Management Personnel (KMP)	Deepak S Parekh Navneet Munot Keki Mistry (up to June 26, 2023) Dhruv Kaji Jairaj Purandare Sanjay Bhandarkar Parag Shah Renu S Karnad Roshni Nadar Malhotra V Srinivasa Rangan (from January 12, 2024) Shashi Kant Sharma (up to April 11, 2022)
7	Key Management Personnel of Holding Company (except covered in Sr No. 6)	V Srinivasa Rangan (up to June 30, 2023 and from November 23, 2023)
8	Close Family Members of Company's Key Management Personnel and Holding Company's Key Management Personnel	Smita Deepak Parekh Aditya Deepak Parekh Harsha Shantilal Parekh Arnaaz Keki Mistry Bharat Karnad Ashok Sud V Jayam (up to June 30, 2023 and from November 23, 2023) S Anuradha (up to June 30, 2023 and from November 23, 2023) Abinaya Rangan (up to June 30, 2023 and from November 23, 2023) Malav Ashwin Dani (up to April 29, 2023)

<sup>§</sup> see note 1 - Company overview

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

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

## (a) Details of transactions

Particulars	Holding Company		Subsidiary Company		Fellow Subsidiaries		Investor with a Significant Influence		Other Related Parties	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>Expense</b>										
Lease Rent	11.99	11.98	-	-	-	-	-	-	-	-
Bank Charges	0.00	-	-	-	-	-	-	-	0.00	0.01
Fees and Commission	0.51	-	-	-	0.22	-	-	-	0.10	0.05
Technology Support Cost	-	1.90	-	-	-	-	-	-	-	-
Administration & Other Expenses	2.37	6.28	-	-	-	-	-	-	-	-
Insurance Premium	-	-	-	-	3.97	3.29	-	-	-	-
Trademark Licence Fees	7.56	-	-	-	-	-	-	-	-	-
Custodian Charges	0.02	-	-	-	-	-	-	-	0.01	0.03
<b>Other Transactions</b>										
Equity Dividend	538.46	471.16	-	-	-	-	104.54	145.23	-	-
Investments made	-	-	31.00	3.00	-	-	-	-	-	-
Contribution towards Gratuity Fund	-	-	-	-	-	-	-	-	3.44	3.37
Insurance Claim received on behalf of employees	-	-	-	-	0.38	-	-	-	-	-
Reimbursement of Expenses incurred by the Company	-	-	0.80	-	-	-	-	-	-	-
<b>Asset</b>										
Bank Balances	10.89	-	-	-	-	-	-	-	-	3.76
Account Receivable	-	-	-	1.35	3.04	2.71	-	0.84	-	-
Prepaid Commission	1.38	-	-	-	2.75	-	-	-	-	1.26
Prepaid Insurance Premium	-	-	-	-	0.03	0.03	-	-	-	-
Investment in subsidiary	-	-	34.00	3.00	-	-	-	-	-	-
<b>Liability</b>										
Account Payable	2.71	6.60	-	-	0.01	-	-	-	-	0.31

### Note:

The Company provides the necessary operating and secretarial services, etc. to HDFC Trustee Company Limited to meet the operating and compliance requirements of the company in line with SEBI (Mutual Funds) Regulations, 1996. The Company does not charge any amount in line with practice followed by the mutual fund industry.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## (b) Details of remuneration to Company's KMPs

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Short-term employee benefits <sup>#</sup>	11.98	11.61
Post employment benefits	0.31	0.26
Other long-term benefits	0.09	0.07
Share based payment	11.37	23.04
Other Benefits	0.09	0.05
Directors Sitting Fees	1.58	1.16
Commission to Non Executive Directors*	1.81	2.00
<b>Total Remuneration</b>	<b>27.23</b>	<b>38.19</b>

<sup>#</sup> During the FY 20-21, an amount of ₹12.46 Crore was paid to the incoming Managing Director as one time payment and the same was being amortised as per the terms of the contract. Out of the same, ₹3.66 Crore (Previous Year ₹4.15 Crore) forms part of Short-term employee benefits above and the balance unamortised amount of Nil (Previous Year ₹3.66 Crore) as at March 31, 2024 is booked as prepaid under Other Non-Financial Assets.

\* Commission is approved by the Board of Directors within the limit as approved by the shareholders of the Company and will be paid post adoption of annual accounts by the shareholders.

## (c) Details of dividend paid to Company's KMPs

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Dividend on Equity Shares	2.70	2.08

## (d) Details of dividend paid to close family members of Company's KMPs, Holding Company's KMPs and close family members of Holding Company's KMPs

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Dividend on Equity Shares	0.02	0.01

## Note 27 Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing the profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit after tax for the year attributable to equity shareholders of the Company adjusted for the effects of all dilutive potential ordinary shares by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. There is no effect of dilutive potential ordinary shares on profit after tax for the year attributable to equity shareholders of the Company.

The relevant details as described above are as follows:

Particulars	₹ (in Crore except equity share data)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit after tax for the year (numerator for calculating Basic and Diluted EPS)	1,945.88	1,423.92
Weighted Average equity shares outstanding during the year	21,34,72,759	21,33,25,802



# Notes to Standalone Financial Statements

for the year ended March 31, 2024

Following is the reconciliation between basic and diluted earnings per equity share:

Particulars	₹	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Nominal value per share	5.00	5.00
Basic earnings per share	91.15	66.75
Effect of potential equity shares for stock options (per share)	(0.11)	(0.02)
Diluted earnings per share	91.04	66.73

Particulars	₹	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Weighted average number of equity shares used in computing basic earnings per equity share	21,34,72,759	21,33,25,802
Effect of potential equity shares for stock options outstanding	2,65,475	39,341
Weighted average number of equity shares used in computing diluted earnings per equity share	21,37,38,234	21,33,65,143
Weighted average number of anti dilutive options not considered in computing diluted earnings per equity share	84,131	6,49,167

## Note 28 Leases

A. The Company has entered into leasing arrangements for premises. Majority of the leases are cancellable by the Company. Right of Use asset has been included under the line 'Property, Plant and Equipment' and Lease liability has been included under 'Other Financial Liabilities' in the Standalone Balance Sheet.

### (i) Amounts recognised in the Standalone Balance sheet

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
<b>(a) Right of Use assets (net) (Property, Plant and Equipment)</b>	<b>112.42</b>	<b>117.71</b>
<b>(b) Lease liabilities</b>		
Current	37.18	34.80
Non-current	87.77	95.67
<b>Total Lease liabilities</b>	<b>124.95</b>	<b>130.47</b>

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>(c) Additions to the Right of Use assets</b>	<b>34.61</b>	<b>60.42</b>

### (ii) Amounts recognised in the Standalone Statement of Profit and Loss

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Depreciation charge for Right of Use assets	38.02	36.90
(b) Interest expense (included in finance cost)	9.09	9.69
(c) Expense relating to short-term leases	0.60	0.38

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## (iii) Cash Flows

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
The total cash outflow of leases	45.50	43.82

## (iv) Future Commitments

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Future undiscounted lease payments to which leases is not yet commenced	11.58	-

## (v) Maturity analysis of undiscounted lease liability

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Before 3 months	11.37	11.01
3 – 6 months	11.33	11.02
6 – 12 months	22.45	21.08
1 – 3 years	54.20	62.57
3 – 5 years	30.65	30.23
Above 5 years	18.51	18.84
<b>Total</b>	<b>148.51</b>	<b>154.75</b>

(vi) All the future cash flows to which the lessee is potentially exposed are reflected in the measurement of lease liabilities.

(vii) The Company currently does not have any significant sale and lease back transactions.

## B. Finance Lease

### (i) The Company has provided vehicles to its certain employees which have been treated as finance leases.

Quantitative Disclosures	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Selling profit/(loss)	(0.01)	(0.01)
Finance income on the net investment in the lease	0.73	0.53
Lease income relating to variable lease payments not included in the measurement of the net investment in the lease	-	-

### (ii) Significant changes in the carrying amount of the net investment in the lease

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Lease receivables as at the beginning of the year	6.95	4.05
Add: Finance income on the net investment in the lease	0.73	0.53
Add: New leases entered during the year	5.84	4.96
Less: Lease payments received during the year	4.07	2.59
<b>Lease receivables as at the end of the year</b>	<b>9.45</b>	<b>6.95</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

(iii) The following table sets out a maturity analysis of lease receivables:-

		₹ (in Crore)	
Maturity Analysis of the Lease payments Receivables		As at March 31, 2024	As at March 31, 2023
Particulars		Minimum Lease payments receivables	Minimum Lease payments receivables
Less than one year		4.04	2.71
One to two years		3.60	2.56
Two to three years		2.18	2.08
Three to four years		0.87	0.56
Four to five years		-	-
More than five years		-	-
<b>Total undiscounted lease payments receivable</b>		<b>10.69</b>	<b>7.91</b>
Less: unearned finance income		1.24	0.96
<b>Present value of lease receivables *</b>		<b>9.45</b>	<b>6.95</b>

\* Present Value of Rentals represent the Current Future Outstanding Principal

(iv) Risk Management Framework for finance leases

The table represents categories of collaterals available against the finance lease exposures:

		₹ (in Crore)	
Particulars	Collateral available	As at March 31, 2024	As at March 31, 2023
Finance lease receivables	Hypothecation of the underlying car financed	9.45	6.95

The Company has framed Car Policy to provide use of the Company owned car for the commute from residence to workplace, for the discharge of their official functions and for personal use to certain selected employees of the Company. As per the Car Policy of the Company, the car is registered in the name of the Company and will remain the property of the Company till it is duly transferred to employee in accordance with the Car Policy and after recovery of all lease receivables. In case of separation of employee from the Company, outstanding lease receivables are recovered/adjusted from employee's full and final settlement in accordance with the Car Policy.

## Note 29 Segment Information

(a) Description of segments and principal activities

The Company is in the business of providing asset management services to HDFC Mutual Fund & alternative investment fund and portfolio management & advisory services to clients. The Company's financial statements are largely reflective of the asset management business and accordingly there are no separate reportable segments as per Ind AS 108, Operating Segment.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM's function is to allocate the resources of the entity and assess the performance of the operating segment of the Company.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## (b) Segment Revenue

The amount of its revenue from external customers broken down by location of the customers is shown in the table below:

Revenue	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Within India	2,584.37	2,163.50
Outside India	-	3.31
<b>Total</b>	<b>2,584.37</b>	<b>2,166.81</b>

## (c) All assets of the Company are domiciled in India.

## (d) Information about revenue from major customers

There is only one customer contributing in excess of 10% of the total revenue of the Company. The amounts for the same are as follows:

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from HDFC Mutual Fund	2,580.60	2,160.79

## Note 30 Contingent Liabilities and Commitments

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
(a) Contingent liabilities:		
- Claims against the Company not acknowledged as debt:		
(i) Disputed Income Tax demand	7.54	7.54
(ii) Disputed Goods and Services Tax demand	0.18	-
(b) Commitments:		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	13.64	1.67
(ii) uncalled liability on shares and other investments partly paid	275.02	51.75

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## Note 31 Trade Payables

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMEDA) which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro and Small enterprises. On the basis of the information and records available with the management, the following disclosures are made for the amounts due to the Micro and Small enterprises, which have registered with the competent authorities.

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Principal amount remaining unpaid to any supplier as at the year end	1.08	Nil
Interest due thereon	Nil	Nil
Amount of interest paid by the Company in terms of section 16 of the MSMEDA, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	Nil	Nil
Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMEDA	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil

Dues to Micro and Small Enterprises have been determined on the basis of information collected by the Company.

## Note 32 Corporate Social Responsibility (CSR) Expense

The gross amount required to be spent by the Company during the year towards Corporate Social Responsibility as per Section 135(5) of the Companies Act, 2013 is as follows:

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
(i) Gross amount required to be spent by the Company during the year	31.29	31.68
(ii) Amount approved by the Board to be spent during the year	31.29	31.68

### (iii) Amount spent

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Amount spent during the year on construction/acquisition of any asset	-	-
Amount spent during the year on purposes other than construction/acquisition of any asset and charged to the Standalone Statement of Profit and Loss	31.29	31.68
<b>Total</b>	<b>31.29</b>	<b>31.68</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## (iv) Details of CSR Activities for the financial year ended March 31, 2024

### Details of Other than Ongoing CSR Projects

Organisation	Purpose
Indian Cancer Society – Cancer Cure Fund	To promote healthcare by providing financial aid for treatment of underprivileged and low-income patients diagnosed with any curable/ early detected cancers through the empaneled hospitals.
Indian Cancer Society – AKITF	To promote healthcare by providing financial aid to underprivileged and low-income patients who are unable to afford the initial costs of diagnosis and or treatment for cancer through the empaneled hospitals.
Deepsikha	To promote healthcare by providing financial aid towards operations of buses for cancer patients.
Dharamshala Project	To promote healthcare by providing support to the Dharamshala Project for free accommodation to out-station cancer patients and their families through the Rotary Club of Bombay.
Kanchi Kamakoti CHILDS Trust Hospital	To promote healthcare by supporting for the cost of medical equipment required for the Pediatric and Neonatal Intensive Care Units.
Parivaar Education Society	To eradicate malnutrition and promote education for children by establishing Seva Kutirs in the villages of Madhya Pradesh. The Funds would be utilised towards the operation of 60 Seva Kutirs.
Muktangan	To promote education by supporting a holistic educational programme designed for children through community participation.
Urban Forest Project (Biodiversity Park)	To promote environmental sustainability and ecological balance through Urban Forest using Akira Miyawaki technique and rejuvenating the water body part of the project site.
Olympic Gold Quest	To promote sports by providing training in nationally recognised paralympic and Olympic sports.
Sampark Foundation	Transforming the learning outcome of school children by partnering with 4,781 schools and teachers by using the Sampark Smartshala programme to teach Maths and English.
Akshay Patra	Provide mid-day meals to the Government school children and thereby eradicate class room hunger and malnutrition.

## (v) Details of CSR Activities for the financial year ended March 31, 2023

### Details of Other than Ongoing CSR Projects

Organisation	Purpose
Cancer Cure Fund - Indian Cancer Society	To promote healthcare by providing financial aid to underprivileged and low-income patients diagnosed with any curable/ early detected cancers through the empaneled hospitals.
Indian Cancer Society – AKITF	To promote healthcare by providing financial aid to underprivileged and low-income patients who are unable to afford the initial costs of diagnosis and or treatment for cancer through the empaneled hospitals.
Dharamshala Project	To promote healthcare by providing support to the Dharamshala Project for affordable accommodation to out- station cancer patients and their families through the Rotary Club of Bombay.
Pericia Healthcare	To promote healthcare by providing financial aid to up-skill doctors, nurses and healthcare workers by imparting technical knowledge regarding use of healthcare equipment.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

Organisation	Purpose
Ashoka University	To promote education by providing part support towards the expansion of Ashoka University.
Sampark Foundation	To promote education by providing support to improve the learning outcomes of children in 4,000+ schools and training of teachers across four aspirational districts of Maharashtra through distribution of learning kits.
Bombay Scottish Orphanage Society	To provide financial support towards the restoration and refurbishment of the Heritage Site of The Bombay Scottish Orphanage Society.
Parivaar Seva Kutirs in Madhya Pradesh	To eradicate malnutrition and promote education for children by establishing Seva Kutirs in the villages of Madhya Pradesh. The Funds would be utilised towards the operation of 60 Seva Kutirs.
Rotary Club of Bombay - Urban Forest Project (Biodiversity Park)	To promote environmental sustainability and ecological balance through Urban Forest using Akira Miyawaki technique and rejuvenating the water body part of the project site.
Olympic Gold Quest	To promote sports by providing training to nationally recognised Paralympic and Olympic sports.

## (vi) Contribution for CSR

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Opening Balance:</b>		
- With Company	-	5.24
- In Separate CSR Unspent A/c	-	5.50
<b>Amount Transferred in Separate CSR Unspent A/c during the year</b>		
- From balance with the Company	-	5.24
- To Separate CSR Unspent A/c	-	<b>5.24</b>
Amount required to be spent during the year as per Section 135 (5) of the Companies Act, 2013	<b>31.29</b>	31.68
<b>Amount spent during the year:</b>		
- From Company's bank A/c	<b>31.29</b>	31.68
- From Separate CSR Unspent A/c	-	10.74
<b>Closing Balance:</b>		
- With Company	-	-
- In Separate CSR Unspent A/c	-	-

## (vii) Excess amount spent

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening Balance	-	-
Amount required to be spent during the year	<b>31.29</b>	31.68
Amount spent during the year	<b>31.29</b>	31.68
Closing Balance	-	-



# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## Note 33 Dividend Paid and Proposed

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Dividends on equity shares declared and paid during the year:</b>		
Final dividend		
Paid for the earlier financial year	1,024.65	895.86
Dividend per share for the earlier financial year (₹)	48.00	42.00
<b>Total dividend paid</b>	<b>1,024.65</b>	<b>895.86</b>
<b>Dividend on Equity Shares proposed by the Board of Directors for approval at Annual General Meeting (not recognised as a liability at the respective year end)</b>		
Final dividend for the same financial year	1,494.39	1,024.44
Dividend per share for the same financial year (₹)	70.00	48.00

## Note 34 Capital Management

Equity share capital and other equity are considered for the purpose of Company's capital management. The Company manages its capital in a manner which enables it to safeguard its ability to continue as a going concern and to optimise returns to the Shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The funding requirements are met through operating cash flows and other equity. The management monitors the return on capital and the board of directors monitors the level of dividends paid to shareholders of the Company. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## Note 35 Financial Instruments

### A. Classification and Fair Values of Financial Assets & Liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Particulars	Carrying Amount		Total Carrying amount	Fair Value			Total
	FVTPL	Amortised Cost		Level 1	Level 2	Level 3	
<b>As at March 31, 2024</b>							
<b>Financial Assets</b>							
Investments in:- #							
Mutual Funds	6,648.64	-	6,648.64	6,477.06	171.58	-	6,648.64
Debt Securities	8.22	263.50	271.72	-	280.42	8.22	288.64
Equity Instrument in Others	24.27	-	24.27	-	-	24.27	24.27
Investment in Alternative Investment Funds	206.07	-	206.07	-	34.78	171.29	206.07
Investment in Venture Capital Fund	5.33	-	5.33	-	-	5.33	5.33
Trade & Other Receivables*	-	106.45	106.45	-	-	-	106.45
Cash and Cash Equivalents*	-	10.21	10.21	-	-	-	10.21
Other Bank Balances*	-	0.96	0.96	-	-	-	0.96
Other Financial Asset*	-	21.16	21.16	-	-	-	21.16
<b>Total</b>	<b>6,892.53</b>	<b>402.28</b>	<b>7,294.81</b>	<b>6,477.06</b>	<b>486.78</b>	<b>209.11</b>	<b>7,311.73</b>
<b>Financial Liabilities</b>							
Trade Payables*	-	38.79	38.79	-	-	-	38.79
<b>Other Financial Liabilities</b>							
Lease Liabilities	-	124.95	124.95	-	125.92	-	125.92
Others*	-	81.84	81.84	-	-	-	81.84
<b>Total Other Financial Liabilities</b>	<b>-</b>	<b>206.79</b>	<b>206.79</b>	<b>-</b>	<b>125.92</b>	<b>-</b>	<b>207.76</b>
<b>Total</b>	<b>-</b>	<b>245.58</b>	<b>245.58</b>	<b>-</b>	<b>125.92</b>	<b>-</b>	<b>246.55</b>

₹ (in Crore)

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

Particulars	Carrying Amount		Fair Value			Total
	FVTPL	Amortised Cost	Level 1	Level 2	Level 3	
<b>As at March 31, 2023</b>		<b>Total Carrying amount</b>				
<b>Financial Assets</b>						
Investments in:- #						
Mutual Funds	5,476.86	-	5,326.88	149.98	-	5,476.86
Debt Securities	7.41	417.94	-	440.71	7.41	448.12
Equity Instrument in Others	23.18	-	-	-	23.18	23.18
Investment in Alternative Investment Funds	127.57	-	-	-	127.57	127.57
Investment in Venture Capital Fund	23.20	-	-	-	23.20	23.20
Trade & Other Receivables*	-	196.33	-	-	-	196.33
Cash and Cash Equivalents*	-	3.12	-	-	-	3.12
Other Bank Balances*	-	0.89	-	-	-	0.89
Other Financial Asset*	-	31.18	-	-	-	31.18
<b>Total</b>	<b>5,658.22</b>	<b>649.46</b>	<b>5,326.88</b>	<b>590.69</b>	<b>181.36</b>	<b>6,330.45</b>
<b>Financial Liabilities</b>						
Trade Payables*	-	34.38	-	-	-	34.38
<b>Other Financial Liabilities</b>						
Lease Liabilities	-	130.47	-	129.76	-	129.76
Others*	-	75.59	-	-	-	75.59
<b>Total Other Financial Liabilities</b>	<b>-</b>	<b>206.06</b>	<b>-</b>	<b>129.76</b>	<b>-</b>	<b>205.35</b>
<b>Total</b>	<b>-</b>	<b>240.44</b>	<b>-</b>	<b>129.76</b>	<b>-</b>	<b>239.73</b>

# investment in subsidiary which are carried at cost have not been included above.

\*Fair value of cash and cash equivalents, other bank balances, trade & other receivables, other financial assets, trade payables and other financial liabilities (excluding lease liabilities) approximate their carrying amounts largely due to current maturities of these instruments. Accordingly, fair value hierarchy for these financial instruments have not been presented above.

For the purpose of disclosure, quoted price is considered as the fair value of financial assets that are measured at amortised cost. However, they are shown under level 2 in the fair value hierarchy as they are thinly traded.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## B. Fair value hierarchy

As per Ind AS 107, 'Financial Instruments: Disclosures', the fair values of the financial assets or financial liabilities are defined as the price that would be received on sale of asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and lowest priority to unobservable inputs.

The hierarchy used is as follows:

**Level 1** — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Investment in open ended Mutual Funds are included in Level 1.

**Level 2** — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Lease liabilities and Investment in close ended Mutual Funds, Alternative Investment Fund and Debt Securities that are not traded in active market are included in Level 2.

**Level 3** — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Investment in unlisted Debt Securities, unlisted Equity Instruments, Alternative Investment Funds and Venture Capital Fund are included in Level 3.

## C. Valuation techniques used to determine fair value

Financial instrument	Valuation technique
Mutual Funds	Net Asset Value (NAV) declared by the mutual fund at which units are issued or redeemed/quoted price
Debt Securities	Discounted cash flow based on present value of the expected future economic benefit/quoted price
Equity Instruments in Others	Underlying Asset Approach/Discounted cash flow based on present value of the expected future economic benefit
Alternative Investment Funds and Venture Capital Fund	Net Asset Value (NAV) provided by issuer fund which is arrived at based on valuation from independent valuer for unlisted portfolio companies, quoted price of listed portfolio companies and price of recent investments
Lease Liabilities	Discounted cash flows based on present value of expected payments, discounted using a risk-adjusted discount rate

In order to assess Level 3 valuations as per Company's investment policy, the management reviews the performance of the investee companies (including unlisted portfolio companies of venture capital funds and alternative investment funds) on a regular basis by tracking their latest available financial statements/financial information, valuation report of independent valuers, recent transaction results etc. which are considered in valuation process.

The finance department of the Company includes the team that performs the valuation of financial assets and liabilities required for financial reporting purposes, including level 3 fair value. The team reports directly to the Chief Financial Officer (CFO) of the Company. Discussions of valuation processes and results are held between the valuation team and the senior management at least once every three months which is in line with the Company's quarterly reporting periods.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## D. Valuation inputs and relationship to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurement.

### As at March 31, 2024

Financial Instrument	Significant unobservable inputs	Probability weights/range	Sensitivity of input to fair value measurement
Debt Securities	Valuation Factor	10% - 20%	A 10% increase in the valuation factor would decrease the carrying value of investment by ₹0.82 Crore. A 10% decrease in the valuation factor would increase the carrying value of investment by ₹0.82 Crore.
Equity Instruments in Others	Valuation Factor	10% - 20%	A 10% increase in the valuation factor would decrease the carrying value of investment by ₹2.43 Crore. A 10% decrease in the valuation factor would increase the carrying value of investment by ₹2.43 Crore.
Alternative Investment Funds	Net Asset Value (NAV)	0.90x - 1.10x	A 10% increase in the NAV would increase the carrying value of investment by ₹17.13 Crore. A 10% decrease in the NAV would decrease the carrying value of investment by ₹17.13 Crore.
Venture Capital Fund	Net Asset Value (NAV)	0.90x - 1.10x	A 10% increase in the NAV would increase the carrying value of investment by ₹0.53 Crore. A 10% decrease in the NAV would decrease the carrying value of investment by ₹0.53 Crore.

### As at March 31, 2023

Financial Instrument	Significant unobservable inputs	Probability weights/range	Sensitivity of input to fair value measurement
Debt Securities	Valuation Factor	10% - 20%	A 10% increase in the valuation factor would decrease the carrying value of investment by ₹0.74 Crore. A 10% decrease in the valuation factor would increase the carrying value of investment by ₹0.74 Crore.
Equity Instruments in Others	Valuation Factor	10% - 20%	A 10% increase in the valuation factor would decrease the carrying value of investment by ₹2.32 Crore. A 10% decrease in the valuation factor would increase the carrying value of investment by ₹2.32 Crore.
Alternative Investment Funds	Net Asset Value (NAV)	0.90x - 1.10x	A 10% increase in the NAV would increase the carrying value of investment by ₹12.51 Crore. A 10% decrease in the NAV would decrease the carrying value of investment by ₹12.51 Crore.
Venture Capital Fund	Net Asset Value (NAV)	0.90x - 1.10x	A 10% increase in the NAV would increase the carrying value of investment by ₹2.32 Crore. A 10% decrease in the NAV would decrease the carrying value of investment by ₹2.32 Crore.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## E. Fair value measurement using significant unobservable inputs (level 3)

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

Particulars	₹ (in Crore)				
	Debt Securities	Equity Instrument in Others	Investment in Alternative Investment Funds	Investment in Venture Capital Fund	Total
<b>Balance as at April 01, 2022</b>	<b>6.98</b>	<b>22.85</b>	<b>115.70</b>	<b>23.11</b>	<b>168.64</b>
Net gain/(losses) on Financial Instruments recognised in the Standalone Statement of Profit and Loss	0.43	-	10.80	1.58	12.81
Purchases of Financial Instruments	-	0.33	9.14	-	9.47
Sales of Financial Instruments	-	-	(8.07)	(1.49)	(9.56)
<b>Balance as at March 31, 2023</b>	<b>7.41</b>	<b>23.18</b>	<b>127.57</b>	<b>23.20</b>	<b>181.36</b>
Net gain/(losses) on Financial Instruments recognised in the Standalone Statement of Profit and Loss	<b>0.81</b>	<b>1.09</b>	<b>11.45</b>	<b>(7.21)</b>	<b>6.14</b>
Purchases of Financial Instruments	-	-	61.90	-	61.90
Sales of Financial Instruments	-	-	(29.63)	(10.66)	(40.29)
<b>Balance as at March 31, 2024</b>	<b>8.22</b>	<b>24.27</b>	<b>171.29</b>	<b>5.33</b>	<b>209.11</b>

## F. Financial Risk Management

Risk management is an integral part of the business practices of the Company. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors. The Company's Board of Directors has overall responsibility for managing the risk profile of the Company. The purpose of risk management is to identify potential problems before they occur, so that risk-handling activities may be planned and invoked as needed to manage adverse impacts on achieving objectives.

The Audit Committee of the Company reviews the development and implementation of the risk management policy of the Company on periodic basis. The Audit Committee provides guidance on the risk management activities, review the results of the risk management process and reports to the Board of Directors on the status of the risk management initiatives.

The Company has exposure to the following risks arising from Financial Instruments:

Risk	Exposure arising from
Credit Risk	Cash and cash equivalents, other bank balances, trade & other receivables, financial assets measured at amortised cost
Liquidity Risk	Financial liabilities
Market Risk - Foreign Exchange	Recognised financial assets not denominated in ₹
Market Risk - Interest Rate	Investments in debt securities
Market Risk - Price	Investments in equity securities, units of mutual funds, debt securities measured at FVTPL, venture capital fund and alternative investment funds

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## i. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade and other receivables, cash and cash equivalents, and financial assets measured at amortised cost.

Exposure to credit risk is mitigated through regular monitoring of collections, counterparty's creditworthiness and diversification in exposure.

### Exposure to Credit Risk

The carrying amount of financial assets represents maximum amount of credit exposure. The maximum exposure to credit risk is as per the table below, it being total of carrying amount of cash and cash equivalent, other bank balances, trade and other receivables and financial assets measured at amortised cost.

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Maximum exposure to credit risk	402.28	649.46

### Expected Credit Loss (ECL) on Financial Assets

The Company continuously monitors all financial assets subject to ECLs. In order to determine whether an instrument is subject to 12 month ECL (12mECL) or life time ECL (LTECL), the Company assesses whether there has been a significant increase in credit risk or the asset has become credit impaired since initial recognition. The Company applies following quantitative and qualitative criteria to assess whether there is significant increase in credit risk or the asset has been credit impaired:

- Historical trend of collection from counterparty
- Company's contractual rights with respect to recovery of dues from counterparty
- Credit rating of counterparty and any relevant information available in public domain.

ECL is a probability weighted estimate of credit losses. It is measured as the present value of cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with contract and the cash flows that the Company expects to receive).

The Company has three types of financial assets that are subject to the expected credit loss:

- Trade & other receivables and other financial assets
- Cash and cash equivalents and other bank balances
- Investment in debt securities measured at amortised cost

### Trade & Other Receivables and Other Financial Assets

Exposures to customers' outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of collection from counterparties on timely basis reflects low level of credit risk. As the Company has a contractual right to such receivables as well as control over preponderant amount of such funds due from customers, the Company does not estimate any credit risk in relation to such receivables. Further, management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour.



# Notes to Standalone Financial Statements

for the year ended March 31, 2024

The Company has placed security deposit with lessors for premises leased by the Company. The Company does not perceive any significant decline in credit risk profile of the lessors where the amount of security deposit is material and hence expected probability of default is considered as zero.

## Cash and Cash Equivalents and Other Bank Balances

The Company holds cash and cash equivalents and other bank balances as per note 4 and 5. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be high.

## Investment in Debt Securities measured at amortised cost

The Company has made investments in tax free bonds. Funds are invested after taking into account parameters like safety, liquidity and post tax returns etc. The Company avoids concentration of credit risk by spreading them over several counterparties with good credit rating profile and sound financial position. The Company's exposure and credit ratings of its counterparties are monitored on an ongoing basis.

Investment in debt securities that are in tax free bonds do not carry any credit risk, being sovereign in nature. Credit risk from other financial assets has not increased significantly since initial recognition. Accordingly, the expected probability of default is low.

## ii. Liquidity Risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms.

To limit this risk, management has adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a regular basis. The Company has developed internal control processes for managing liquidity risk.

The Company maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The Company assesses the liquidity position under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company.

## Exposure to Liquidity Risk

The table below analyses the Company's financial liabilities into relevant maturity pattern based on their contractual maturities for all financial liabilities.

As at March 31, 2024	Carrying amount	Contractual Cash Flows		
		Total	1 year or less	More than 1 year
<b>Financial Liabilities</b>				
Trade Payables	38.79	38.79	38.79	-
Lease Liability (remaining contractual maturities)	124.95	148.51	45.15	103.36
Other Financial Liabilities (excluding Lease Liability)	81.84	81.84	81.84	-
<b>Total</b>	<b>245.58</b>	<b>269.14</b>	<b>165.78</b>	<b>103.36</b>

₹ (in Crore)

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

As at March 31, 2023	Carrying amount	Contractual Cash Flows		
		Total	1 year or less	More than 1 year
₹ (in Crore)				
<b>Financial Liabilities</b>				
Trade Payables	34.38	34.38	34.38	-
Lease Liability (remaining contractual maturities)	130.47	154.75	43.11	111.64
Other Financial Liabilities (excluding Lease Liability)	75.59	75.59	75.59	-
<b>Total</b>	<b>240.44</b>	<b>264.72</b>	<b>153.08</b>	<b>111.64</b>

### iii. Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows related to financial instrument that may result from adverse changes in market rates and prices (such as foreign exchange rates, interest rates, other prices). The Company is exposed to market risk primarily related to currency risk, interest rate risk and price risk.

#### Currency Risk

The Company has insignificant amount of foreign currency denominated assets. Accordingly, the exposure to currency risk is insignificant.

#### Interest Rate Risk

The Company's investments are primarily in fixed rate interest instruments. Accordingly, the exposure to interest rate risk is also insignificant.

#### Price Risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices and related market variables including interest rate for investments in debt oriented mutual funds and debt securities, whether caused by factors specific to an individual investment, its issuer or the market. The Company's exposure to price risk arises from investments in equity securities, debt securities, units of mutual funds, venture capital fund and alternative investment funds which are classified as financial assets at Fair Value Through Profit or Loss and is as follows:

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Exposure to price risk	6,892.53	5,658.22

To manage its price risk from investments in equity securities, debt securities, units of mutual funds, venture capital fund and alternative investment funds, the Company diversifies its portfolio.

#### Sensitivity Analysis

The table below sets out the effect on profit or loss and equity due to reasonable possible weakening/strengthening in prices by 5%:

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Effect on Profit and Loss</b>		
5% increase in the prices	344.63	282.91
5% decrease in the prices	(344.63)	(282.91)

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## Note 36 Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

₹ (in Crore)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Assets</b>						
<b>Financial Assets</b>						
Cash and Cash Equivalents	10.21	-	10.21	3.12	-	3.12
Bank Balance other than above	0.96	-	0.96	0.89	-	0.89
<b>Receivables</b>						
(i) Trade Receivables	93.27	-	93.27	183.74	-	183.74
(ii) Other Receivables	7.77	5.41	13.18	8.35	4.24	12.59
Investments	1,616.85	5,573.18	7,190.03	1,104.71	4,974.45	6,079.16
Other Financial Assets	6.16	15.00	21.16	19.28	11.90	31.18
<b>Sub-total - Financial Assets</b>	<b>1,735.22</b>	<b>5,593.59</b>	<b>7,328.81</b>	<b>1,320.09</b>	<b>4,990.59</b>	<b>6,310.68</b>
<b>Non Financial Assets</b>						
Current Tax Assets (net)	-	31.04	31.04	-	30.46	30.46
Property, Plant and Equipment	-	136.34	136.34	-	137.59	137.59
Intangible Assets Under Development	-	0.87	0.87	-	2.14	2.14
Goodwill	-	6.04	6.04	-	6.04	6.04
Other Intangible Assets	-	8.92	8.92	-	6.84	6.84
Other Non Financial Assets	33.99	11.54	45.53	37.63	5.15	42.78
<b>Sub-total - Non Financial Assets</b>	<b>33.99</b>	<b>194.75</b>	<b>228.74</b>	<b>37.63</b>	<b>188.22</b>	<b>225.85</b>
<b>Total Assets</b>	<b>1,769.21</b>	<b>5,788.34</b>	<b>7,557.55</b>	<b>1,357.72</b>	<b>5,178.81</b>	<b>6,536.53</b>
<b>Liabilities</b>						
<b>Financial Liabilities</b>						
<b>Payables</b>						
<b>Trade payables</b>						
(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises	1.08	-	1.08	-	-	-
(ii) Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	37.71	-	37.71	34.38	-	34.38
<b>Other Financial Liabilities</b>	<b>119.03</b>	<b>87.76</b>	<b>206.79</b>	<b>110.38</b>	<b>95.68</b>	<b>206.06</b>
<b>Sub-total - Financial Liabilities</b>	<b>157.82</b>	<b>87.76</b>	<b>245.58</b>	<b>144.76</b>	<b>95.68</b>	<b>240.44</b>
<b>Non Financial Liabilities</b>						
Current Tax Liabilities (net)	6.26	-	6.26	18.39	-	18.39
Provisions	2.14	14.24	16.38	1.62	10.95	12.57
Deferred Tax Liabilities (net)	-	115.56	115.56	-	100.77	100.77
Other Non Financial Liabilities	94.70	-	94.70	55.95	-	55.95
<b>Sub-total - Non Financial Liabilities</b>	<b>103.10</b>	<b>129.80</b>	<b>232.90</b>	<b>75.96</b>	<b>111.72</b>	<b>187.68</b>
<b>Total Liabilities</b>	<b>260.92</b>	<b>217.56</b>	<b>478.48</b>	<b>220.72</b>	<b>207.40</b>	<b>428.12</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

## Note 37 Statutory disclosure required as per Schedule III Division III of the Companies Act, 2013

### (i) Ratios

Ratios	₹ (in Crore)			
	Numerator	Denominator	March 31, 2024	% Variance
(a) Capital to risk-weighted assets ratio (CRAR)*	-	-	-	-
(b) Tier I CRAR*	-	-	-	-
(c) Tier II CRAR *	-	-	-	-
(d) Liquidity Coverage Ratio (no.of times) [Total Financial Assets (within 12 months)/Total Liabilities (within 12 months)] This has increased as Financial asset balances and specifically, investments which are maturing within 12 months from the reporting date including new purchases, have changed.	1,735.22	260.92	6.65	11.20

Ratios	₹ (in Crore)			
	Numerator	Denominator	March 31, 2023	% Variance
(a) Capital to risk-weighted assets ratio (CRAR)*	-	-	-	-
(b) Tier I CRAR*	-	-	-	-
(c) Tier II CRAR *	-	-	-	-
(d) Liquidity Coverage Ratio (no.of times) [Total Financial Assets (within 12 months)/Total Liabilities (within 12 months)] This has decreased as Financial asset balances and specifically, investments which are maturing within 12 months from the reporting date including new purchases, have changed.	1,320.09	220.72	5.98	(25.23)

\*Note: Since the Company is not in lending business, it does not have any credit exposure. Hence, these ratios are not applicable to the Company.

### (ii) Relationship with Struck off Companies

The transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 are disclosed below:

Sr No.	Name of struck off Company	Nature of transactions with struck-off Company	As at March 31, 2024			As at March 31, 2023		
			Transaction during the year	Balance outstanding	Relationship with the Struck off company	Transaction during the year	Balance outstanding	Relationship with the Struck off company
1	Vitalink Wealth Advisory Services Private Limited	Shares held by struck off company (No.)	-	13	None	-	13	None
		Dividend paid during the year (₹)	624	-	None	546	-	None

(iii) The Company is in compliance with number of layers of companies, as prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

# Notes to Standalone Financial Statements

for the year ended March 31, 2024

- (iv) The Company does not have any transactions which were not recorded in the books of account, but offered as income during the year in the income tax assessment.
- (v) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (vi) No funds have been advanced/loaned/invested (from borrowed funds or from share premium or from any other sources/ kind of funds) by the Company to any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

No funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding (whether recorded in writing or otherwise) that the Company shall (i) directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## Note 38

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period in which the Code becomes effective.

As per our report attached of even date

For **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

**Kapil Goenka**

Partner

Membership No.: 118189

Mumbai, April 19, 2024

For and on behalf of the Board of Directors

**Deepak S. Parekh**

Chairman

(DIN: 00009078)

**Naozad Sirwalla**

Chief Financial Officer

**Navneet Munot**

Managing Director & Chief Executive Officer

(DIN: 05247228)

**Sylvia Furtado**

Company Secretary

(ACS: 17976)

# FORM AOC - 1

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014)

## Statement containing salient features of the financial statement of subsidiary

in ₹ Crore, except % of shareholding

Sr no.	Particulars	
1	Name of the subsidiary	HDFC AMC International (IFSC) Limited
2	The date since when subsidiary was acquired	May 27, 2022
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	April 01, 2023 to March 31, 2024
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR
5	Share capital	34.00
6	Reserves and surplus	(4.07)
7	Total assets	30.29
8	Total Liabilities	0.36
9	Investments	-
10	Turnover	-
11	Profit/(Loss) before taxation	(3.15)
12	Provision for taxation	0.02
13	Profit/(Loss) after taxation	(3.17)
14	Proposed Dividend	-
15	Extent of shareholding (%)	100%

- HDFC AMC International (IFSC) Limited is yet to commence the operations.
- Turnover consists of Revenue from operations

For and on behalf of the Board of Directors

**Deepak S. Parekh**

Chairman  
(DIN: 00009078)

**Naozad Sirwalla**

Chief Financial Officer

**Navneet Munot**

Managing Director & Chief Executive Officer  
(DIN: 05247228)

**Sylvia Furtado**

Company Secretary  
(ACS: 17976)

# Independent Auditor's Report

## To the Members of HDFC Asset Management Company Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of HDFC Asset Management Company Limited (hereinafter referred to as the ("Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2024, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2024, of its consolidated profit and other comprehensive income,

#### Key Audit Matter

See Note 3.5 and 19 to consolidated financial statements

##### The key audit matter

Investment Management Fee is a significant account balance in the Consolidated Statement of Profit and Loss. Investment management fees from the Mutual fund consists of fees from various schemes which invest in different categories of securities in the market like Equity, Debt etc.

We have identified revenue from investment management service as a key audit matter since:

consolidated changes in equity and consolidated cash flows for the year then ended.

#### Basis for Opinion

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

#### Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

##### How the matter was addressed in our audit

In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:

Testing of Design and Operating Effectiveness of controls:-

- i. Understood and evaluated the design and implementation of authorisation controls and other key controls relating to recognition of investment management fee;
- ii. Test checked the operating effectiveness of authorisation controls, and other key controls over recognition of investment management fee.



**The key audit matter**

1. The calculation of investment management fees is a percentage of the assets under management ('AUM') managed by the Company. There is a process wherein approved fee rates is a manual input in the system for computation of Investment Management Fee income. AUM is calculated by the system on a daily basis for each scheme.
2. Multiple schemes of HDFC Mutual Fund require effective monitoring over key financial terms and conditions being captured and applied accurately. Any discrepancy in such computations could result in misstatement of investment management fee recognised in the consolidated financial statements.

**How the matter was addressed in our audit**

Substantive tests:

- iii. Evaluated the appropriateness of revenue recognition in respect of investment management fee income based on the requirements of Ind AS 115;
- iv. Obtained and tested arithmetical accuracy of investment management fee calculations and reconciled investment management fee to amounts included in the consolidated financial statements for completeness of income recognition;
- v. Test checked that investment management fee rates were approved by authorised personnel before being manually entered in the system;
- vi. Obtained and read the investment management fee certification reports, issued by the statutory auditors of mutual fund schemes for such work and reconciled the certified amounts with the accounting records;
- vii. Test checked the investment management fee invoices and reconciled with the accounting records;
- viii. Test checked the receipts of money of Investment Management fee income in the bank statements;
- ix. Evaluated the adequacy of disclosures relating to the investment management fee earned by the Company.

**Other Information**

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

**Management's and Board of Directors Responsibilities for the Consolidated Financial Statements**

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, profit or loss and other comprehensive income, consolidated statement of changes in equity and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing

and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Holding Company and such other entity included in the consolidated financial statements of which we are the independent auditors 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
  2. A. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
    - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
    - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
    - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
    - e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2024 taken on record by the Board of Directors of the Holding Company and its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a) The consolidated financial statements disclose the impact of pending litigations as at March 31, 2024 on the consolidated financial position of the Group. Refer Note 30(a) to the consolidated financial statements.
  - b) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2024.
  - c) There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended March 31, 2024.
  - d) (i) The respective management of the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act has represented that, to the best of their knowledge and belief, as disclosed in the Note 36(v) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or subsidiary company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the

- Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or subsidiary company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The respective management of the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act has represented that, to the best of their knowledge and belief, as disclosed in the Note 36(v) to the consolidated financial statements, no funds have been received by the Holding Company or subsidiary company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or subsidiary company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e) The final dividend paid by the Holding Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.
- f) As stated in Note 31 to the consolidated financial statements, the respective Board of Directors of the Holding Company has proposed final dividend for the year which is subject to the approval of the respective members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.
- f) Based on our examination which included test checks, the Company has used accounting softwares for maintaining its books of account which, along with access management tools, as applicable, have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective softwares. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:
- In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No.: 101248W/W-100022

**Kapil Goenka**

Partner

Place: Mumbai

Membership No.: 118189

Date: April 19, 2024

ICAI UDIN: 24118189BKDBBV5027

# Annexure A to the Independent Auditor's Report

on the Consolidated Financial Statements of HDFC Asset Management Company Limited for the year ended March 31, 2024

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date)**

(xxi) In our opinion and according to the information and explanations given to us, there are no qualifications or adverse remarks by the respective auditors in the Companies (Auditors' Report) Order, 2020 reports of the companies incorporated in India and included in the consolidated financial statements.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No.: 101248W/W-100022

**Kapil Goenka**

Partner

Membership No.: 118189

ICAI UDIN: 24118189BKDBBV5027

Place: Mumbai

Date: April 19, 2024

# Annexure B to the Independent Auditor's Report

on the Consolidated Financial Statements of HDFC Asset Management Company Limited for the year ended March 31, 2024

## Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of sub-section 3 of Section 143 of the Act

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

### Opinion

In conjunction with our audit of the consolidated financial statements of HDFC Asset Management Company Limited (hereinafter referred to as "the Holding Company") as of and for the year ended March 31, 2024, we have audited the internal financial controls with reference to financial statements of the Holding Company and such company incorporated in India under the Act which is its subsidiary company, as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2024, based on the internal financial controls with reference to financial statements criteria established by the Holding Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### Management's and Board of Directors' Responsibilities for Internal Financial Controls

The respective Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection

of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 internal financial controls with reference to financial statements.

### Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls

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

### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override

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

For **BSR & Co. LLP**  
Chartered Accountants  
Firm's Registration No.: 101248W/W-100022

**Kapil Goenka**  
Partner

Place: Mumbai  
Date: April 19, 2024

Membership No.: 118189  
ICAI UDIN: 24118189BKDBBV5027



# Consolidated Balance Sheet

as at March 31, 2024

Particulars	Note No.	₹ (in Crore)	
		As at March 31, 2024	As at March 31, 2023
<b>Assets</b>			
<b>I Financial Assets</b>			
a Cash and Cash Equivalents	4	10.33	4.46
b Bank Balance other than (a) above	5	29.69	2.57
c Receivables			
(i) Trade Receivables	6	93.27	183.74
(ii) Other Receivables	7	13.18	11.24
d Investments	8	7,156.03	6,076.16
e Other Financial Assets	9	21.16	32.12
<b>Sub-total Financial Assets</b>		<b>7,323.66</b>	<b>6,310.29</b>
<b>II Non Financial Assets</b>			
a Current Tax Assets (net)		31.12	30.46
b Property, Plant and Equipment	10	137.68	137.59
c Intangible Assets Under Development	10	0.87	2.14
d Goodwill	10	6.04	6.04
e Other Intangible Assets	10	8.92	6.84
f Other Non Financial Assets	11	45.56	42.78
<b>Sub-total Non Financial Assets</b>		<b>230.19</b>	<b>225.85</b>
<b>Total Assets</b>		<b>7,553.85</b>	<b>6,536.14</b>
<b>Liabilities and Equity</b>			
<b>I Financial Liabilities</b>			
<b>A Payables</b>			
Trade Payables			
(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises	12	1.08	0.05
(ii) Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises	12	37.88	34.41
<b>B Other Financial Liabilities</b>	13	206.87	206.17
<b>Sub-total - Financial Liabilities</b>		<b>245.83</b>	<b>240.63</b>
<b>II Non Financial Liabilities</b>			
a Current Tax Liabilities (net)		6.26	18.39
b Provisions	14	16.43	12.57
c Deferred Tax Liabilities (net)	15	115.56	100.77
d Other Non Financial Liabilities	16	94.76	55.96
<b>Sub-total Non Financial Liabilities</b>		<b>233.01</b>	<b>187.69</b>
<b>Total Liabilities</b>		<b>478.84</b>	<b>428.32</b>
<b>III Equity</b>			
a Equity Share Capital	17	106.74	106.71
b Other Equity	18	6,968.27	6,001.11
<b>Equity attributable to owners of the Parent Company</b>		<b>7,075.01</b>	<b>6,107.82</b>
<b>Non-controlling interest</b>		<b>-</b>	<b>-</b>
<b>Sub-total - Equity</b>		<b>7,075.01</b>	<b>6,107.82</b>
<b>Total Liabilities and Equity</b>		<b>7,553.85</b>	<b>6,536.14</b>

See summary of material accounting policies and accompanying notes which form an integral part of the consolidated financial statements

As per our report attached of even date

For **BS R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

**Kapil Goenka**

Partner

Membership No.: 118189

Mumbai, April 19, 2024

For and on behalf of the Board of Directors

**Deepak S. Parekh**

Chairman

(DIN: 00009078)

**Naozad Sirwalla**

Chief Financial Officer

**Navneet Munot**

Managing Director & Chief Executive Officer

(DIN: 05247228)

**Sylvia Furtado**

Company Secretary

(ACS: 17976)

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2024

Particulars	Note No.	₹ (in Crore except per equity share data)	
		For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Revenue from Operations</b>			
Asset Management Services	19	2,584.37	2,166.81
<b>Other Income</b>	20	579.02	315.85
<b>Total Income</b>		<b>3,163.39</b>	<b>2,482.66</b>
<b>Expenses</b>			
Finance Costs	28	9.09	9.69
Fees and Commission Expenses		2.48	3.68
Employee Benefits Expenses	21	354.06	312.67
Depreciation, Amortisation and Impairment	10	52.33	53.34
Other Expenses	22	270.41	233.22
<b>Total Expenses</b>		<b>688.37</b>	<b>612.60</b>
<b>Profit before Tax</b>		<b>2,475.02</b>	<b>1,870.06</b>
<b>Tax Expense</b>			
Current Tax	25	517.54	421.26
Deferred Tax Charge/(Credit)	25	14.79	25.43
<b>Total Tax Expense</b>		<b>532.33</b>	<b>446.69</b>
<b>Profit after Tax</b>		<b>1,942.69</b>	<b>1,423.37</b>
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurement gain/(loss) of the defined benefit plans		(2.14)	0.56
(ii) Income tax relating to items that will not be reclassified to profit or loss			
- Tax on Remeasurement of the defined benefit plans		0.54	(0.14)
<b>Sub-total (A)</b>		<b>(1.60)</b>	<b>0.42</b>
B (i) Items that will be reclassified to profit or loss			
- Exchange differences on translating the financial statements of a subsidiary		(0.27)	(0.04)
<b>Sub-total (B)</b>		<b>(0.27)</b>	<b>(0.04)</b>
<b>Total Other Comprehensive Income (A+B)</b>		<b>(1.87)</b>	<b>0.38</b>
<b>Total Comprehensive Income</b>		<b>1,940.82</b>	<b>1,423.75</b>
<b>Profit Attributable to:</b>			
Owners of the Parent Company		1,942.69	1,423.37
Non-controlling interest		-	-
<b>Other Comprehensive Income Attributable to:</b>			
Owners of the Parent Company		(1.87)	0.38
Non-controlling interest		-	-
<b>Total Comprehensive Income Attributable to:</b>			
Owners of the Parent Company		1,940.82	1,423.75
Non-controlling interest		-	-
<b>Earnings Per Equity Share (Face Value ₹5) (see note 27)</b>			
- Basic		91.00	66.72
- Diluted		90.89	66.71

See summary of material accounting policies and accompanying notes which form an integral part of the consolidated financial statements

As per our report attached of even date

For **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

**Kapil Goenka**

Partner

Membership No.: 118189

Mumbai, April 19, 2024

For and on behalf of the Board of Directors

**Deepak S. Parekh**

Chairman

(DIN: 00009078)

**Naozad Sirwalla**

Chief Financial Officer

**Navneet Munot**

Managing Director & Chief Executive Officer

(DIN: 05247228)

**Sylvia Furtado**

Company Secretary

(ACS: 17976)

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2024

Particulars	₹ (in Crore)									
	Share Application Money - Pending allotment	Capital Redemption Reserve	Securities Premium	Reserves and Surplus	Share Options Outstanding Account	Retained Earnings	Currency Transition Reserve	Total	Changes in equity share capital during the year	Balance at the end of the year
<b>A. Equity Share Capital</b>										
Equity Shares of ₹5 each (March 31, 2023: ₹5 each), fully paid up										
As at March 31, 2023									106.64	106.71
As at March 31, 2024									106.71	106.74
<b>B. Other Equity</b>										
Particulars										
<b>Opening balance as at April 01, 2022</b>	0.00	52.41	591.52	174.97	72.68	4,531.82	-	5,423.40	5,423.40	-
Profit for the year	-	-	-	-	-	1,423.37	-	1,423.37	1,423.37	-
Other Comprehensive Income - Remeasurement gain/(loss) of the defined benefit plans (net of tax)	-	-	-	-	-	0.42	-	0.42	0.42	-
Other Comprehensive Income - Exchange differences on translating the financial statements of a subsidiary	-	-	-	-	-	-	(0.04)	(0.04)	(0.04)	-
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	1,423.79	(0.04)	1,423.75	1,423.75	-
Final Equity Dividend Paid	-	-	-	-	(1.42)	(895.86)	-	(895.86)	(895.86)	-
Transfer from Share Options Outstanding Account to Securities Premium (towards options exercised)	-	-	1.42	-	-	-	-	-	-	-
Additions during the year	9.78	-	9.71	-	40.11	-	-	59.60	59.60	-
Utilised during the year	(9.78)	-	-	-	-	-	-	(9.78)	(9.78)	-
<b>Changes during the year</b>	-	-	11.13	-	38.69	527.93	(0.04)	577.71	577.71	-
<b>Closing balance as at March 31, 2023</b>	0.00	52.41	602.65	174.97	111.37	5,059.75	(0.04)	6,001.11	6,001.11	-
<b>Opening balance as at April 01, 2023</b>	-	52.41	602.65	174.97	111.37	5,059.75	(0.04)	6,001.11	6,001.11	-
Profit for the year	-	-	-	-	-	1,942.69	-	1,942.69	1,942.69	-
Other Comprehensive Income - Remeasurement gain/(loss) of the defined benefit plans (net of tax)	-	-	-	-	-	(1.60)	-	(1.60)	(1.60)	-
Other Comprehensive Income - Exchange differences on translating the financial statements of a subsidiary	-	-	-	-	-	-	(0.27)	(0.27)	(0.27)	-
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	1,941.09	(0.27)	1,940.82	1,940.82	-
Final Equity Dividend Paid	-	-	-	-	-	(1,024.65)	-	(1,024.65)	(1,024.65)	-
Transfer from Share Options Outstanding Account to Securities Premium (towards options exercised)	-	-	0.58	-	(0.58)	-	-	-	-	-
Transfer from Share Options Outstanding Account to Retained Earnings (towards options lapsed after vesting)	-	-	-	-	(0.00)	0.00	-	-	-	-
Additions during the year	3.97	-	3.94	-	47.05	-	-	54.96	54.96	-
Utilised during the year	(3.97)	-	-	-	-	-	-	(3.97)	(3.97)	-
<b>Changes during the year</b>	-	-	4.52	-	46.47	916.44	(0.27)	967.16	967.16	-
<b>Closing balance as at March 31, 2024</b>	-	52.41	607.17	174.97	157.84	5,976.19	(0.31)	6,968.27	6,968.27	-

See summary of material accounting policies and accompanying notes which form an integral part of the consolidated financial statements

As per our report attached of even date

For **B R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

**Kapil Goenka**

Partner

Membership No.: 118189

Mumbai, April 19, 2024

For and on behalf of the Board of Directors

**Deepak S. Parekh**

Chairman

(DIN: 00009078)

**Naozad Sirwalla**

Chief Financial Officer

**Navneet Munot**

Managing Director & Chief Executive Officer

(DIN: 05247228)

**Sylvia Furtado**

Company Secretary

(ACS: 17976)

# Consolidated Statement of Cash Flows

for the year ended March 31, 2024

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>A. Cash Flow from Operating Activities</b>		
<b>Profit Before Tax*</b>	<b>2,475.02</b>	<b>1,870.06</b>
<b>Add/(Less): Adjustments for</b>		
Depreciation, Amortisation and Impairment	52.33	53.34
Finance Costs	9.09	9.69
Share Based Payments to Employees	47.05	40.11
(Profit)/Loss on Sale of Investments (net)	(15.48)	(21.21)
Fair Value (Gain)/Loss on Investments	(531.18)	(260.07)
Net (Gain)/Loss on foreign currency transactions and translations	0.02	(0.01)
(Profit)/Loss on Derecognition of Property, Plant and Equipment and Other Intangible Assets (net)	(0.05)	(0.11)
Investment Income from Financial Instruments	(25.39)	(28.91)
Other Interest Income	(3.13)	(1.98)
<b>Operating Profit before working capital changes</b>	<b>2,008.28</b>	<b>1,660.91</b>
<b>Adjustments for:</b>		
(Increase)/Decrease in Trade Receivables	90.48	(109.21)
(Increase)/Decrease in Other Receivables	(1.94)	(5.26)
(Increase)/Decrease in Other Financial Assets	(0.20)	(0.98)
(Increase)/Decrease in Other Non-Financial Assets	(3.31)	(12.47)
Increase/(Decrease) in Trade Payable	4.52	5.23
Increase/(Decrease) in Other Financial Liabilities	6.12	0.99
Increase/(Decrease) in Provisions	3.86	0.78
Increase/(Decrease) in Other Non-Financial Liabilities	36.66	19.57
<b>Cash generated from/(used in) operations</b>	<b>2,144.47</b>	<b>1,559.56</b>
Income Tax Paid	(529.78)	(410.21)
<b>Net cash from/(used in) operating activities (A)</b>	<b>1,614.69</b>	<b>1,149.35</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment and Other Intangible Assets	(19.03)	(14.10)
Proceeds from Sale of Property, Plant and Equipment and Other Intangible Assets	0.05	0.12
Purchase of Investments	(3,634.80)	(3,310.33)
Proceeds from Sale of Investments	3,102.24	3,073.54
Dividend Received	0.23	0.23
Interest Received	35.80	35.37
Investments in Fixed Deposits	(52.00)	(1.64)
Proceeds from Fixed Deposits	25.31	-
<b>Net cash from/(used in) investing activities (B)</b>	<b>(542.20)</b>	<b>(216.81)</b>

# Consolidated Statement of Cash Flows

for the year ended March 31, 2024

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Issuance of Share Capital	3.97	9.78
Principal Element of Lease Payments	(36.41)	(34.13)
Interest Element of Lease Payments	(9.09)	(9.69)
Final Equity Dividend Paid	(1,024.65)	(895.86)
<b>Net cash from/(used in) financing activities (C)</b>	<b>(1,066.18)</b>	<b>(929.90)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>6.31</b>	<b>2.64</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>4.46</b>	<b>1.87</b>
Exchange differences on translation of foreign currency cash and cash equivalents	(0.44)	(0.05)
<b>Cash and Cash Equivalents at the end of the year</b>	<b>10.33</b>	<b>4.46</b>
<b>Cash and cash equivalents comprising of:</b>		
Balance with banks	10.33	3.23
Fixed Deposit with Banks with original maturity of 3 months or less	-	1.23
<b>Total</b>	<b>10.33</b>	<b>4.46</b>
*Amount spent towards Corporate Social Responsibility expense as per Section 135(5) of the Companies Act, 2013	31.29	31.68

**Note:** The above Consolidated Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'

See summary of material accounting policies and accompanying notes which form an integral part of the consolidated financial statements

As per our report attached of even date

For **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

**Kapil Goenka**

Partner

Membership No.: 118189

Mumbai, April 19, 2024

For and on behalf of the Board of Directors

**Deepak S. Parekh**

Chairman

(DIN: 00009078)

**Naozad Sirwalla**

Chief Financial Officer

**Navneet Munot**

Managing Director & Chief Executive Officer

(DIN: 05247228)

**Sylvia Furtado**

Company Secretary

(ACS: 17976)

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## 1. Group overview

HDFC Asset Management Company Limited ('the Company') is a Public Limited Company domiciled in India and its registered office is situated at HDFC House, 2<sup>nd</sup> Floor, H.T Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai - 400 020. The Company has been incorporated under the Companies Act, 1956 on December 10, 1999 and was approved to act as the Asset Management Company for HDFC Mutual Fund by Securities and Exchange Board of India (SEBI) vide its letter dated July 03, 2000. HDFC Trustee Company Limited ('the Trustee') has appointed the Company to act as the investment manager of HDFC Mutual Fund.

The Company is also registered under the SEBI (Portfolio Managers) Regulations, 1993 and provides Portfolio Management Services. Further, the Company acts as an Investment Manager to HDFC AMC AIF-II, a trust registered with SEBI as a Category II Alternative Investment Fund under the SEBI (Alternative Investment Funds) Regulations, 2012.

HDFC Bank Limited ('HDFC Bank') has become the Holding Company and Promoter of HDFC Asset Management Company Limited, in place of Housing Development Finance Corporation Limited ('HDFC Ltd. '), with effect from July 01, 2023, pursuant to the Composite scheme of amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, wholly-owned subsidiaries of HDFC Ltd. with and into HDFC Ltd.; and (ii) HDFC Ltd. with and into HDFC Bank.

On June 20, 2023, abrdn Investment Management Limited ('abrdn'), one of the promoters of the Company, sold its entire stake in the Company and subsequent to the approval granted by Stock Exchanges for reclassification of abrdn from the 'Promoter' category to 'Public' Category, effective September 18, 2023, abrdn ceases to be the promoter of the Company.

As at March 31, 2024, HDFC Bank Limited, the holding Company owned 52.55% of the Company's equity share capital.

A Wholly-owned Subsidiary ('WOS') of the Company namely 'HDFC AMC International (IFSC) Limited', located

in Gujarat International Finance Tec-City (GIFT City), Gandhinagar, India, had been incorporated effective May 27, 2022.

The Company, together with its subsidiary, is hereinafter referred to as 'the Group'.

The equity shares of the Company have been listed on National Stock Exchange of India Limited and BSE Limited since August 06, 2018.

## 2. Basis of preparation and recent accounting developments

### 2.1 Basis of preparation

#### a) Statement of compliance

These consolidated financial statements have been prepared and presented on going concern basis and in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act, as amended from time to time.

The consolidated financial statements were approved for issue by the Company's Board of Directors on April 19, 2024.

Details of the Group's material accounting policies are included in Note 3.

#### b) Presentation of consolidated financial statements

The Group presents its consolidated balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 34.

#### c) Functional and presentation currency

Indian Rupee (₹) is the currency of the primary economic environment in which the Company operates and hence it is the functional currency of the Company. Accordingly, the management has determined that consolidated financial statements should be presented in Indian Rupees (₹).

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## d) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are remeasured into the functional currency at the exchange rate prevailing on the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in Consolidated Statement of Profit and Loss. Non-monetary items that are measured in terms of historical cost in foreign currency are not re-translated.

Translation of financial statements of a subsidiary having functional currency other than Indian Rupee (₹) is carried out in accordance with Indian Accounting Standard (Ind AS) 21 'The Effects of Changes in Foreign Exchange Rates'. On consolidation, the assets and liabilities of the subsidiary are translated into Indian Rupee (₹) using the rate of exchange prevailing at the reporting date and its Statement of Profit and Loss is translated using an average rate to translate income and expense items. The exchange differences arising from the translation of financial statements of subsidiary having functional currency other than the Indian Rupee (₹) is recognised in Other Comprehensive Income (OCI) and is presented within other equity as currency translation reserve. Such exchange differences recognised in currency translation reserve within other equity are not reclassified to the Consolidated Statement of Profit and Loss until the disposal of the Company's interest in subsidiary.

## e) Rounding Off

All amounts have been rounded-off to the nearest Crore up to two decimal places, unless otherwise indicated.

## f) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial instruments (as explained in the accounting policies below)	Fair value
Net defined benefit asset/ (liability)	Fair value of plan assets less present value of defined benefit obligations
Equity settled share based payments	Fair value of the options granted as on the grant date

## g) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management believes that these estimates are prudent and reasonable and are based upon the management's best knowledge of current events and actions as on the reporting date. Actual results could differ from these estimates and differences between actual results and estimates are recognised in the periods in which the results/ actions are known or materialised. Revisions to accounting estimates are recognised prospectively.

### Assumptions and estimation uncertainties

Information about critical judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:

- Note 3.3 (A) (iii) and 10 – estimates of useful lives and residual value of property, plant and equipment, and other intangible assets;



# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

- Note 10 – impairment test of non-financial assets: key assumptions underlying recoverable amounts including the recoverability of expenditure on intangible assets;
- Note 13 - determination of lease term and discount rate for lease liabilities;
- Note 23 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 24 – share based payments;
- Note 25 – recognition of deferred tax assets;
- Note 30 – recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources, if any;
- Note 33 – financial instruments – fair values, risk management and impairment of financial assets.

## h) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Measurement of fair values includes determining appropriate valuation techniques.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received on sale of asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation models that employ significant unobservable inputs require a higher degree of judgement and estimation in the determination of fair value. Judgement and estimation are usually required for selection of the appropriate valuation methodology, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and selection of appropriate discount rates.

The management regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 24 - share based payment;
- Note 33 - financial instruments – fair values and risk management and impairment of financial assets

## i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary together referred to as 'the Group' as at and for the year ended March 31, 2024.

A subsidiary is an entity which is controlled by the Company. The Company controls an investee if and only if the Company has all the following elements of control:

- has power over the investee;
- has exposure, or rights, to variable returns from its involvement with the investee; and
- has the ability to use its power over the investee to affect the amount of the Company's returns.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Company's voting rights and potential voting rights.
- The size of the Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of the subsidiary used for the purpose of consolidation are at the same reporting date as that of the Company, i.e. year ended on March 31, 2024.

## Consolidation Procedure

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Company with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the Company's investment in a subsidiary and the Company's portion of equity in the subsidiary.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of OCI are attributed to the equity holders of the Company and to the non-controlling interests (if any), even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiary to bring its accounting policies in line with the Company's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

If the Company loses control over a subsidiary, it:

- derecognises the assets (including goodwill, if any) and liabilities of the subsidiary.
- derecognises the carrying amount of any non-controlling interests.
- derecognises the cumulative translation differences recorded in equity.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

- recognises the fair value of the consideration received.
- recognises the fair value of any investment retained.
- recognises any surplus or deficit in profit or loss.
- reclassifies the Company's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Company had directly disposed of the related assets or liabilities.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

The financial statements of HDFCAMC International (IFSC) Limited have been consolidated as per Ind AS 110 - Consolidated Financial Statements.

## 2.2 Recent Accounting Developments:

### Standards issued/amended but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification on accounting standards which would have been applicable to the Group from April 01, 2024.

## 3. Material Accounting Policies

### 3.1 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### 3.2 Financial instruments

#### (i) Recognition and initial measurement of financial assets and financial liabilities

All financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

All the financial assets and financial liabilities are initially recognised at fair value. A financial asset or financial liability which is not recognised

at Fair Value Through Profit or Loss, is initially measured at fair value plus or minus transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets carried at fair value through profit or loss are expensed in Consolidated Statement of Profit and Loss. Trade receivables that do not contain a significant financing component are measured at transaction price.

#### (ii) Classification, subsequent measurement, gains and losses of financial assets

##### Classification:

On initial recognition, a financial asset is classified as measured at

- Amortised Cost;
- Fair Value Through Other Comprehensive Income (FVOCI); or
- Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, on initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income (OCI) (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset as at FVTPL that otherwise meets the requirements to be measured at amortised cost or at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

## Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and

- terms that limit the Group's claim to cash flows from specified assets.

## Subsequent measurement and gains and losses:

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in the Consolidated Statement of Profit and Loss. Any gain or loss on derecognition is recognised in the Consolidated Statement of Profit and Loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment losses are recognised in the Consolidated Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the Consolidated Statement of Profit and Loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the Consolidated Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Consolidated Statement of Profit and Loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, any interest or dividend income, are recognised and are presented separately in the Consolidated Statement of Profit and Loss.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## (iii) Classification, subsequent measurement, gains and losses of financial liabilities

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

Financial liabilities are classified as measured at amortised cost or FVTPL. A Financial Liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Consolidated Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Consolidated Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in the Consolidated Statement of Profit and Loss.

## (iv) Derecognition of financial assets and financial liabilities

### Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its consolidated balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

## (v) Impairment of financial instruments

The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not classified as FVTPL or equity investments at FVOCI. Expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk or the assets have become credit impaired from initial recognition in which case, those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in the Consolidated Statement of Profit and Loss.

### Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows which the Group expects to receive).

### Presentation of allowance for expected credit losses in the consolidated balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to Consolidated Statement of Profit and Loss and is recognised in OCI.

### Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the counter party does not have assets or sources of income that could generate cash flows to

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

repay the amounts. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

## (vi) Off-setting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the consolidated balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

## 3.3 (A) Property, plant and equipment

### (i) Recognition and measurement

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Items of property, plant and equipment are measured at cost, less accumulated

depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price (after deducting trade discounts and rebates) including import duties and non-refundable taxes, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

### (ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

### (iii) Depreciation

Depreciation on property, plant and equipment is provided on straight-line basis as per the estimated useful life and in the manner prescribed in Schedule II of the Companies Act, 2013 except for certain assets.

Following is the summary of useful lives of the assets as per management's estimate and as required by the Companies Act, 2013 except assets individually costing less than Rupees five thousand which are fully depreciated in the year of purchase/acquisition.

Class of property, plant and equipment	Useful Life (no. of years)	
	As per the Companies Act, 2013	As per management's estimate
Buildings*	60	50 to 60
Computer Equipment:		
Server and Network*	6	4
Others	3	3
Furniture and Fixtures*	10	7
Electrical Installations*	10	7
Office Equipment	5	5
Vehicles*	8	4
Improvement of Rented Premises	Not specified	Over the lease term or 5 years, whichever is less

\*Based on technical advice, management is of the opinion that the useful lives of these assets reflect the period over which they are expected to be used.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted, if required.

Depreciation on additions/disposals is provided on a pro-rata basis i.e. from/upto the date on which asset is ready to use/disposed off.

#### (iv) Derecognition

The cost and related accumulated depreciation are eliminated from the consolidated financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Consolidated Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

#### (B) Goodwill

Goodwill was generated on acquisition of rights to operate, administer and manage the schemes of erstwhile Morgan Stanley Mutual Fund. Goodwill is not amortised but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses, if any.

#### (C) Other intangible assets

Other intangible assets including computer software are measured at cost and recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. Such other intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses, if any

##### (i) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in

the Consolidated Statement of Profit and Loss as incurred.

##### (ii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in the Consolidated Statement of Profit and Loss. Computer Software is being amortised over a period of 3 years.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted, if required.

##### (iii) Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits are expected to arise from its continuous use, and the resultant gains or losses are recognised in the Consolidated Statement of Profit and Loss.

#### (D) Intangible assets under development

The intangible assets under development includes cost of intangible assets that are not ready for their intended use on the date of balance sheet less accumulated impairment losses, if any.

### 3.4 Impairment of non-financial assets

The Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or goodwill is the higher of its value in use and its fair value. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to it.

An impairment loss is recognised if the carrying amount of an asset or goodwill exceeds its estimated recoverable



# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

amount. Impairment losses are recognised in the Consolidated Statement of Profit and Loss.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 3.5 Revenue recognition

### (i) Rendering of services

The Group recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115 - Revenue from Contracts with Customers, to determine when to recognise revenue and at what amount.

#### Nature of services

The Group principally generates revenue by providing asset management services to HDFC Mutual fund, Alternative Investment Fund (AIF) and other clients.

Services	Nature, timing of satisfaction of performance obligations and significant payment terms
Investment Management Services to mutual fund	<p>The Company has been appointed as the investment manager to HDFC Mutual Fund. The Company receives investment management fees from the mutual fund which is charged as a percent of the Assets Under Management (AUM) and is recognised on accrual basis. The maximum amount of management fee that can be charged is subject to applicable SEBI regulations.</p> <p>The contract includes a single performance obligation (series of distinct services) that is satisfied over time and the investment management fees earned are considered as variable consideration.</p>

Revenue is measured based on the transaction price specified in the contract with a customer that is allocated to that performance obligation. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. Revenue from contracts with customers is recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

If the consideration promised in a contract includes a variable amount, then Group estimates the non-constrained amount of consideration to which it will be entitled in exchange for rendering the promised services to a customer. The amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, or other similar items. The promised consideration can also vary if an entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

Services	Nature, timing of satisfaction of performance obligations and significant payment terms
Portfolio Management Services, Advisory Services and Investment Management Services to AIFs	<p>The Company provides portfolio management services and advisory services to its clients wherein a separate agreement is entered into with each client. The Company earns management fees which is generally charged as a percent of the Assets Under Management (AUM) and is recognised on accrual basis. The Company, in certain instances also has a right to charge performance fee to the clients if the portfolio achieves a particular level of performance as mentioned in the agreement with the client, to the extent permissible under applicable regulations. Generally, no upfront fee is charged to the clients.</p> <p>The Company has also been appointed as the investment manager to HDFC AMC AIF-II. The Company is entitled for management fee as per the terms of Investment Management Agreement and any other fees as agreed.</p> <p>These contracts include a single performance obligation (series of distinct services) that is satisfied over time and the management fees and/or the performance fees earned are considered as variable consideration.</p>
Investment Management services by HDFC AMC International (IFSC) Limited – WOS	<p>The WOS is in the business of providing Investment Manager Services, act as a sponsor/ settler for the GIFT AIF Funds and providing discretionary/ non-discretionary portfolio management services to clients (PMS).</p> <p>As at the end of the reporting period, the WOS is in the process of setting up its business operations.</p>

**(ii) Recognition of dividend income, interest income or expense, gains and losses from financial instruments**

Dividend income is recognised in the Consolidated Statement of Profit and Loss on the date on which the Group's right to receive dividend is established.

Interest income or expense is recognised using the effective interest rate method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the financial asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the credit-impaired financial asset (i.e. the gross carrying amount less the allowance for expected credit losses). If the asset is no longer

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

credit-impaired, then the calculation of interest income reverts to the gross basis.

Interest income/expense on financial instruments at FVTPL is not included in fair value changes but presented separately.

The realised gains/losses from financial instruments at FVTPL represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its settlement price.

The unrealised gains/losses represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

## 3.6 Scheme expenses & commission

Certain scheme related expenses and commission paid to mutual fund distributors were being borne by the Company till October 22, 2018. These expenses had been charged in accordance with applicable circulars and guidelines issued by SEBI and Association of Mutual Funds in India (AMFI) and had been presented under the respective expense heads in the Consolidated Statement of Profit and Loss.

Pursuant to circulars issued by SEBI in this regard, with effect from October 22, 2018, all of these expenses, subject to certain permitted exceptions, are being borne by the respective schemes.

New Fund Offer (NFO) expenses on the launch of mutual fund schemes are borne by the Company and recognised in the Consolidated Statement of Profit and Loss as and when incurred.

Any other brokerage or commission paid by the Group in line with the applicable regulations is being amortised over the contractual period.

## 3.7 Employee benefits

### (i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

### (ii) Share based payment transactions

The Employee Stock Option Scheme provides for the grant of options to acquire equity shares of the Company to its eligible employees and certain directors other than independent directors. The period of vesting and period of exercise are as specified within the schemes. The fair value at grant date of equity settled share based payment options granted to employees is recognised as an employee benefit expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the options. The amount recognised as expense is based on the estimate of the number of options for which the related service conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of options that do meet the related service conditions at the vesting date. Such compensation cost is amortised over the vesting period of the respective tranches of such grant.

### (iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into an account with a separate entity and has no legal or constructive obligation to pay further amounts. The Group makes specified periodic contributions to the credit of the

# Notes to Consolidated Financial Statements

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employees' account with the Employees' Provident Fund Organisation. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Consolidated Statement of Profit and Loss in the periods during which the related services are rendered by employees.

## National pension system (NPS)

NPS is a defined contribution plan. In case employee opts for NPS, the Group contributes a sum not exceeding 10% of basic salary plus dearness pay, if any, of the eligible employees' salary to the NPS. The Group recognises such contribution as an expense as and when incurred.

### (iv) Defined benefit plans

#### Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of the defined benefit obligation is performed periodically by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income. The Group determines the net interest expense/income on the net defined benefit liability/asset for the period by applying the discount rate used

to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability/asset, taking into account any changes in the net defined benefit liability/asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Consolidated Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the Consolidated Statement of Profit and Loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### (v) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits, which do not fall due wholly within 12 months after the end of the period in which the employees render the related services, is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised as profit or loss in the period in which they arise.

## 3.8 Provisions (other than for employee benefits), contingent liabilities, contingent assets and commitments

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of the time value of money is material, the provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is not recognised but disclosed in the consolidated financial statements where an inflow of economic benefit is probable.

Commitments includes the amount of purchase order (net of advance) issued to counterparties for supplying/development of assets and amounts pertaining to Investments which have been committed but not called for.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each balance sheet date.

## 3.9 Leases

The Group assesses whether the contract is, or contains, a lease at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### As a lessee:

The Group leases its office premises. The Group recognises Right of Use (ROU) and lease liabilities for these leases i.e. these leases are on-balance sheet, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and is discounted using the Group's incremental borrowing rate. Since the Group does not have any debts, the Group's incremental borrowing rate has been determined based on the risk-free rate which is adjusted for the financial spread based on the credit spread of the Holding Company.

Certain leases include lease and non-lease components, which are accounted for as one single lease component. Occupancy lease agreements, in addition to contractual rent payments, generally include additional payments for certain costs incurred by the landlord, such as maintenance expenses and utilities. To the extent these are fixed or determinable, they are included as part of the lease payments used to measure the lease liability.

The ROU asset is initially measured at cost, which comprises of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received; plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. The ROU assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

Lease term is determined as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain

The lease liability is remeasured when there is a change in one of the following:

- the Group's estimate of the amount expected to be payable under a residual value guarantee, or
- the Group's assessment of whether it will exercise a purchase, extension, or termination option or
- if there is a modification in the lease.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in the Consolidated Statement of Profit and Loss if the carrying amount of the ROU asset has been reduced to nil.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## As a lessor:

When the Group is the lessor, the lease is classified as either a finance lease or an operating lease. A finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. An operating lease is a lease where substantially all of the risks and rewards of the leased asset remain with the lessor.

Amounts due from lessees under finance leases are recorded as receivables. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

## 3.10 Income tax

Income tax comprises of current and deferred tax. It is recognised in the Consolidated Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in Other Comprehensive Income.

### (i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

### (ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits, if any

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination, that affects neither accounting nor taxable profit or loss at the time of the transaction and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is other convincing evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

## 3.11 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM's function

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

is to allocate the resources of the Group and assess the performance of the operating segments of the Group.

## 3.12 Earnings per share (EPS)

The basic earnings per share is computed by dividing profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period.

The diluted earnings per share is computed by dividing profit after tax attributable to the equity shareholders adjusted for the effects of all dilutive potential ordinary shares by the weighted average number of equity shares outstanding plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares, unless they are anti-dilutive.

## 3.13 Dividends on equity shares

The Company recognises a liability to make cash distributions to equity shareholders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders except in case of interim dividend. A corresponding amount is recognised directly in equity.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## Note 4 Cash and Cash Equivalents

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Balances with Banks	10.33	3.23
Fixed Deposit with Banks with original maturity of 3 months or less	-	1.23
<b>Total</b>	<b>10.33</b>	<b>4.46</b>

## Note 5 Bank Balance other than Cash and Cash Equivalents

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Other Bank Balances		
- Fixed Deposit with Bank (security against bank guarantee)	0.16	0.15
- Fixed Deposit with Bank (Others)	28.73	1.68
Earmarked Balances with Banks		
- Unclaimed Equity Dividend	0.78	0.70
- Withheld Brokerage	0.02	0.04
<b>Total</b>	<b>29.69</b>	<b>2.57</b>

## Note 6 Trade Receivables\*

(Considered good - Unsecured)

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Investment Management Fee Receivable	90.83	182.94
Portfolio Management Fee, AIF and Other Advisory Services Fee Receivable	2.44	0.80
<b>Total</b>	<b>93.27</b>	<b>183.74</b>

## Trade Receivables Ageing

(Undisputed Trade receivables – considered good)

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
<b>Unbilled dues (A)</b>	<b>91.71</b>	<b>183.56</b>
Outstanding for following periods from due date of payment		
Less than 6 months	1.42	0.18
6 months - 1 year	0.01	-
1-2 years	0.12	-
2-3 years	-	0.00
More than 3 years	0.01	0.00
<b>Total Outstanding (B)</b>	<b>1.56</b>	<b>0.18</b>
<b>Total (A+B)</b>	<b>93.27</b>	<b>183.74</b>

\* No debts are due from directors or other officers or any of them either severally or jointly with any other person. No debts are due from firms, Limited Liability Partnerships or private companies in which any director is a partner or a director or a member.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## Note 7 Other Receivables\*

(Considered good - Unsecured)

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Finance Lease Receivable	9.45	6.95
Others	3.73	4.29
<b>Total</b>	<b>13.18</b>	<b>11.24</b>

\* No debts are due from directors or other officers or any of them either severally or jointly with any other person. No debts are due from firms, Limited Liability Partnerships or private companies in which any director is a partner or a director or a member.

## Note 8 Investments

Sr. No.	Particulars	As at March 31, 2024			As at March 31, 2023		
		Amortised Cost	At Fair Value Through Profit or Loss	Total	Amortised Cost	At Fair Value Through Profit or Loss	Total
		(1)	(2)	(3=1+2)	(1)	(2)	(3=1+2)
1	Mutual Funds	-	6,648.64	6,648.64	-	5,476.86	5,476.86
2	Debt Securities	263.50	8.22	271.72	417.94	7.41	425.35
3	Equity Instruments	-	24.27	24.27	-	23.18	23.18
4	Alternative Investment Funds	-	206.07	206.07	-	127.57	127.57
5	Venture Capital Fund	-	5.33	5.33	-	23.20	23.20
	<b>Total Gross Investments (A)</b>	<b>263.50</b>	<b>6,892.53</b>	<b>7,156.03</b>	<b>417.94</b>	<b>5,658.22</b>	<b>6,076.16</b>
6	(i) Investments outside India	-	-	-	-	-	-
	(ii) Investments in India	263.50	6,892.53	7,156.03	417.94	5,658.22	6,076.16
	<b>Total (B)</b>	<b>263.50</b>	<b>6,892.53</b>	<b>7,156.03</b>	<b>417.94</b>	<b>5,658.22</b>	<b>6,076.16</b>
	Less: Allowance for Impairment (C)	-	-	-	-	-	-
	<b>Total Net Investments (D = A - C)</b>	<b>263.50</b>	<b>6,892.53</b>	<b>7,156.03</b>	<b>417.94</b>	<b>5,658.22</b>	<b>6,076.16</b>

## Note 9 Other Financial Assets

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Interest accrued on Fixed Deposits	0.01	0.00
Interest accrued on Investments	5.24	10.02
Security Deposits	15.91	14.90
Investment Application Money Pending Allotment *	-	7.20
<b>Total</b>	<b>21.16</b>	<b>32.12</b>

\* Date of allotment: April 03, 2023

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## Note 10 (A) Property, Plant and Equipment, Goodwill and Other Intangible Assets

Particulars	Gross Block				Depreciation/Amortisation				Net Block
	As at April 01, 2023	Additions	Deductions	Foreign Exchange Translation Difference	As at April 01, 2023	For the year	Deductions	Foreign Exchange Translation Difference	As at March 31, 2024
<b>Property, Plant and Equipment</b>									
Buildings									
Freehold	4.34	-	-	-	0.60	0.10	-	-	3.64
Right of Use Asset	208.74	35.54	25.52	0.01	91.03	38.03	23.64	0.00	113.35
Furniture & Fixtures	3.20	0.78	0.13	0.00	2.12	0.49	0.13	0.00	1.37
Vehicles	0.50	-	-	-	0.25	0.12	-	-	0.13
Office Equipment	10.13	3.82	1.24	0.00	6.34	2.04	1.24	0.00	5.57
Computer Equipment	28.53	3.95	5.69	0.00	22.02	5.01	5.69	0.00	5.45
Electrical Installations	0.34	-	-	-	0.34	-	-	-	-
Improvement of Rented Premises	17.80	6.00	1.41	0.00	13.29	2.34	1.41	0.00	8.17
<b>Total</b>	<b>273.58</b>	<b>50.09</b>	<b>33.99</b>	<b>0.01</b>	<b>135.99</b>	<b>48.13</b>	<b>32.11</b>	<b>0.00</b>	<b>137.68</b>
<b>Goodwill and Other Intangible Assets</b>									
Goodwill	6.04	-	-	-	-	-	-	-	6.04
Computer Software	27.24	6.28	1.11	0.00	20.40	4.20	1.11	0.00	8.92
<b>Total</b>	<b>33.28</b>	<b>6.28</b>	<b>1.11</b>	<b>0.00</b>	<b>20.40</b>	<b>4.20</b>	<b>1.11</b>	<b>0.00</b>	<b>14.96</b>

₹ (in Crore)

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

Particulars	Gross Block			Depreciation/Amortisation			Net Block			
	As at April 01, 2022	Additions	Deductions	Foreign Exchange Translation Difference	As at March 31, 2023	For the year	Deductions	Foreign Exchange Translation Difference	As at March 31, 2023	
<b>Property, Plant and Equipment</b>										
Buildings										
Freehold	4.34	-	-	-	4.34	0.10	-	-	0.60	3.74
Right of Use Asset	172.84	60.42	24.52	-	208.74	36.90	20.55	-	91.03	117.71
Furniture & Fixtures	2.77	0.61	0.18	-	3.20	0.31	0.18	-	2.12	1.08
Vehicles	0.50	-	-	-	0.50	0.12	-	-	0.25	0.25
Office Equipment	10.18	1.72	1.77	-	10.13	2.01	1.77	-	6.34	3.79
Computer Equipment	27.71	2.58	1.76	-	28.53	6.25	1.76	-	22.02	6.51
Electrical Installations	0.34	-	-	-	0.34	-	-	-	0.34	-
Improvement of Rented Premises	17.78	2.30	2.28	-	17.80	2.56	2.28	-	13.29	4.51
<b>Total</b>	<b>236.46</b>	<b>67.63</b>	<b>30.51</b>	<b>-</b>	<b>273.58</b>	<b>48.25</b>	<b>26.54</b>	<b>-</b>	<b>135.99</b>	<b>137.59</b>
Goodwill and Other Intangible Assets										
Goodwill	6.04	-	-	-	6.04	-	-	-	-	6.04
Computer Software	23.71	5.06	1.53	-	27.24	5.09	1.52	-	20.40	6.84
<b>Total</b>	<b>29.75</b>	<b>5.06</b>	<b>1.53</b>	<b>-</b>	<b>33.28</b>	<b>5.09</b>	<b>1.52</b>	<b>-</b>	<b>20.40</b>	<b>12.88</b>

## Impairment testing

The Goodwill relates to acquisition of rights to operate, administer and manage schemes of the erstwhile Morgan Stanley Mutual Fund. The recoverable amount is the management fee income based on the present value of the future cash flows expected to be derived from the asset (value in use). Management fee income is assumed to be generated at a constant rate and is discounted using a pre-tax discount rate of 7.23% (Previous Year 7.14%) based on one year Government security (G-sec) yield.

An analysis of sensitivity of the computation to a change in key parameters based on reasonably probable assumptions did not identify any probable scenarios in which the recoverable amount would decrease below the carrying amount of goodwill. Consequently, no impairment is required.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## Note 10 (B) Intangible Assets Under Development

For the year ended March 31, 2024

Intangible assets under development ageing schedule

₹ (in Crore)

Intangible assets under development	As at March 31, 2024				Total
	Amount in Intangible asset under development for a period of				
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	0.87	-	-	-	0.87
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>0.87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.87</b>

There are no Intangible assets under development as at March 31, 2024, whose completion is overdue or has exceeded its cost compared to its original plan.

For the year ended March 31, 2023

Intangible assets under development ageing schedule

₹ (in Crore)

Intangible assets under development	As at March 31, 2023				Total
	Amount in Intangible asset under development for a period of				
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2.14	-	-	-	2.14
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>2.14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.14</b>

There are no Intangible assets under development as at March 31, 2023, whose completion is overdue or has exceeded its cost compared to its original plan.

## Note 11 Other Non-Financial Assets

(Considered good - Unsecured)

₹ (in Crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Capital Advances	-	0.53
Prepaid Expenses	19.04	16.50
Goods & Services Tax Credit Receivable	21.66	21.71
Other Advances	4.86	4.04
<b>Total</b>	<b>45.56</b>	<b>42.78</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## Note 12 Trade Payables

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Outstanding dues of Micro Enterprises and Small Enterprises (MSME)	1.08	0.05
Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	37.88	34.41
<b>Total</b>	<b>38.96</b>	<b>34.46</b>

## Trade Payables Ageing

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
<b>MSME - Undisputed, Unbilled dues (A)</b>	<b>1.08</b>	<b>0.05</b>
<b>Others - Undisputed</b>		
Unbilled dues (B)	37.88	27.50
Outstanding for following periods from due date of payment		
Less than 1 year	-	6.91
Total (C)	-	6.91
<b>Total Others - Undisputed (D) = (B+C)</b>	<b>37.88</b>	<b>34.41</b>
<b>Total (A+D)</b>	<b>38.96</b>	<b>34.46</b>

## Note 13 Other Financial Liabilities

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Employee Benefits	76.14	68.97
Other Dues	5.00	6.03
Unclaimed Equity Dividend	0.78	0.70
Lease Liability	124.95	130.47
<b>Total</b>	<b>206.87</b>	<b>206.17</b>

## Note 14 Provisions

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Provision for Employee Benefits (primarily Compensated absences & Leave encashment)	16.43	12.57
<b>Total</b>	<b>16.43</b>	<b>12.57</b>

## Note 15 Deferred Tax Liabilities (net) (see note 25)

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Deferred Tax Asset	(49.20)	(48.30)
Deferred Tax Liability	164.76	149.07
<b>Total</b>	<b>115.56</b>	<b>100.77</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## Note 16 Other Non-Financial Liabilities

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Statutory Dues	88.14	51.87
Employee Benefits	6.62	4.09
<b>Total</b>	<b>94.76</b>	<b>55.96</b>

## Note 17 Share Capital

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
<b>Authorised</b>		
60,00,00,000 Equity Shares of ₹5 each (Previous Year: 60,00,00,000 Equity Shares of ₹5 each)	300.00	300.00
5,00,00,000 Redeemable, Cumulative Non-Convertible Preference Shares of ₹10 each (Previous Year: 5,00,00,000 Redeemable, Cumulative Non-Convertible Preference Shares of ₹10 each)	50.00	50.00
<b>Total</b>	<b>350.00</b>	<b>350.00</b>
<b>Issued, Subscribed and Paid-up</b>		
21,34,84,000 Equity Shares of ₹5 each (Previous Year: 21,34,24,716 Equity Shares of ₹5 each), fully paid up	106.74	106.71
	<b>106.74</b>	<b>106.71</b>

### a) Movement in Equity Share Capital during the year:

Particulars	₹ (in Crore)			
	March 31, 2024		March 31, 2023	
	No. of Equity Shares	Share Capital	No. of Equity Shares	Share Capital
Shares outstanding at the beginning of the year (face value of ₹5 each)	21,34,24,716	106.71	21,32,78,552	106.64
Add: Shares issued during the year (face value of ₹5 each)	59,284	0.03	1,46,164	0.07
Shares outstanding at the end of the year (face value of ₹5 each)	21,34,84,000	106.74	21,34,24,716	106.71

### b) Terms/Rights attached to Equity Shares

- The Company had issued only one class of equity shares referred to as equity share having face value of ₹10 each which was sub-divided to ₹5 each w.e.f. February 13, 2018. Each holder of equity shares is entitled to one vote per share.
- The holders of equity shares are entitled to dividends, if any, proposed by the board of directors and approved by the Shareholders at the Annual General Meeting.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of preferential amount. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the Shareholders.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

- c) 11,21,79,830 equity shares of ₹5 each (Previous Year 11,21,79,830 equity shares of ₹5 each) are held by HDFC Bank Limited (Previous Year: Housing Development Finance Corporation Limited) - Holding Company<sup>5</sup>.

**d) Details of Holding Company and Shareholders holding more than 5 percent Share Capital of the Company:**

Name of the Shareholder	As at March 31, 2024		As at March 31, 2023	
	No. of Equity Shares (Face Value ₹5)	% of Share Capital	No. of Equity Shares (Face Value ₹5)	% of Share Capital
HDFC Bank Limited (Previous Year: Housing Development Finance Corporation Limited) - Holding Company <sup>5</sup>	11,21,79,830	52.55	11,21,79,830	52.56
Abrdn Investment Management Limited (formerly known as Standard Life Investments Limited)- see note 1 - Company overview	-	-	2,17,78,305	10.20
Life Insurance Corporation of India	1,29,49,242	6.07	1,96,58,764	9.21
SBI Mutual Fund	1,22,24,610	5.73	Not applicable	

- e) 23,16,200 equity shares of ₹5 each are reserved for issuance towards outstanding employee stock options.
- f) No equity shares were bought back during last five years.
- g) No shares were allotted as fully paid-up 'pursuant to any contract without payment being received in cash' in last five years.
- h) No bonus shares were issued during the period of five years immediately preceding the reporting date.

**i) Details of Shareholding of Promoters:**

Promoter name	As at March 31, 2024			As at March 31, 2023			As at April 01, 2022
	No. of Equity Shares (Face Value ₹5)	% of total Share Capital	% Change during the year <sup>#</sup>	No. of Equity Shares (Face Value ₹5)	% of total Share Capital	% Change during the year <sup>#</sup>	No. of Equity Shares (Face Value ₹5)
HDFC Bank Limited (Previous Year: Housing Development Finance Corporation Limited) - Holding Company <sup>5</sup>	11,21,79,830	52.55	-	11,21,79,830	52.56	-	11,21,79,830
Abrdn Investment Management Limited (formerly known as Standard Life Investments Limited) - see note 1 - Company overview	-	-	(100.00)	2,17,78,305	10.20	(37.02)	3,45,78,305

<sup>#</sup>Computed vis-à-vis number of shares held by the same entity

<sup>5</sup>HDFC Bank Limited ('HDFC Bank') has become the Holding Company and Promoter of HDFC Asset Management Company Limited, in place of Housing Development Finance Corporation Limited ('HDFC Ltd. '), with effect from July 01, 2023, pursuant to the Composite scheme of amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, wholly-owned subsidiaries of HDFC Ltd. with and into HDFC Ltd.; and (ii) HDFC Ltd. with and into HDFC Bank.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## Note 18

### Nature and purpose of reserves

#### Share application pending allotment

Until the shares are allotted, the amount received is shown under the Share Application Money Pending Allotment.

#### Capital redemption reserve

Whenever there is a buy-back or redemption of share capital, the nominal value of the capital is transferred to a reserve called Capital Redemption Reserve so as to retain the capital.

#### Securities premium

Securities Premium is used to record the premium (amount received in excess of face value of equity shares) on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013. The securities premium also includes amount transferred from Share options outstanding account upon exercise of options by employees and subsequent allotment of shares to them.

#### General reserve

Pursuant to the provisions of Companies Act, 1956, the Company had transferred a portion of its net profit before declaring dividend, to general reserve. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

#### Share options outstanding account

The grant date fair value of equity-settled share based payment transactions with employees and directors are recognised in the Consolidated Statement of Profit and Loss with the corresponding credit to this account over the vesting period. The amounts recorded in Share options outstanding account are transferred to securities premium upon exercise of stock options by the employees and subsequent allotment of shares to them.

#### Retained earnings

Retained earnings are the profits that the Group has earned to date, less any dividends or other distributions paid to the Shareholders, net of utilisation as permitted under applicable regulations.

#### Currency Translation Reserve

The exchange differences arising from the translation of financial statements of subsidiary having functional currency other than the Indian Rupee (₹) is recognised in other comprehensive income and is presented within other equity as currency translation reserve.

Refer 'Other Equity' section in 'Consolidated Statement of Changes in Equity' for movement in reserves and surplus during the year.

## Note 19 Asset Management Services

₹ (in Crore)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Investment Management Fee	2,580.60	2,160.79
Portfolio Management Fee, AIF and Other Advisory Services Fee	3.77	6.02
<b>Total</b>	<b>2,584.37</b>	<b>2,166.81</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## Note 20 Other Income

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Income from Investments</b>		
Interest Income from Investments		
- On Financial Assets measured at Amortised Cost	25.16	28.68
Interest on deposit with Banks		
- On Financial Assets measured at Amortised Cost	0.97	0.05
Net gain on Financial Instruments		
- On Financial Assets measured at Fair Value Through Profit or Loss	547.17	280.97
Dividend Income from Investments		
- On Financial Assets measured at Fair Value Through Profit or Loss	0.23	0.23
<b>Total Income from Investments (A)</b>	<b>573.53</b>	<b>309.93</b>
<b>Others</b>		
Net gain/(loss) on derecognition of Property, Plant and Equipment	0.05	0.11
Other Interest Income	1.78	1.59
Miscellaneous Income	3.66	4.22
<b>Total Others (B)</b>	<b>5.49</b>	<b>5.92</b>
<b>Total Other Income (A+B)</b>	<b>579.02</b>	<b>315.85</b>

## Note 21 Employee Benefits Expenses

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, Allowances and Bonus	287.00	253.75
Contribution to Provident and Other Funds	13.78	12.95
Share based Payments to Employees*	47.05	40.11
Staff Welfare and Training Expenses	6.23	5.86
<b>Total</b>	<b>354.06</b>	<b>312.67</b>

\* Accounting for equity settled share based payment transaction (ESOPs) at fair value increases the non cash component of Employee Benefits Expenses and is also reflected in Share Options Outstanding Account under Other Equity. This balance of Share Options Outstanding Account is transferred to Securities Premium as and when the stock options are exercised by the employees and subsequent allotment of shares to them. Hence, this charge is neutral to Equity of the Group.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## Note 22 Other Expenses

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
New Fund Offer and Mutual Fund Expenses	6.58	8.33
Advertisement, Publicity and Business Promotion	45.14	41.92
Rent	0.60	0.38
Rates and Taxes	0.44	0.36
Electricity Charges	5.55	5.51
Office Cleaning and Security Cost	19.83	17.82
Repair and Maintenance	7.99	5.95
Communication Expenses	8.42	7.35
Printing, Stationery and Courier	6.13	6.12
Directors' Sitting Fees, Commission, allowances and expenses	3.43	3.17
<b>Auditors Remuneration:</b>		
Audit Fee	0.36	0.30
Limited Reviews	0.21	0.19
Group Audit and Reviews	0.34	0.03
Tax Audit Fee	0.04	0.04
Taxation Matters	0.00	0.17
Reimbursement of Expenses	0.07	0.01
Other Services*	0.31	0.06
	<b>1.33</b>	<b>0.80</b>
Legal and Professional Fees	12.21	6.37
Insurance Expenses	6.83	5.73
Travel and Conveyance	8.26	8.02
Subscription and Membership Fees	10.54	12.91
Outsourced Services Cost	29.14	26.13
Donations	0.03	0.03
Loss on Foreign Exchange Translation (net)	0.05	0.04
Corporate Social Responsibility expense as per Section 135 (5) of the Companies Act, 2013	31.29	31.68
Trademark Licence Fees	7.56	-
Software Expenses and Allied Services	42.54	30.61
KYC Expenses related to Mutual Fund Investors	11.94	5.15
Miscellaneous Expenses	4.58	8.84
<b>Total</b>	<b>270.41</b>	<b>233.22</b>

\*For the year ended March 31, 2024, fees for Other Services primarily includes fee towards assurance service as required under the Business Responsibility and Sustainability Report (BRSR) Core prescribed by Securities and Exchange Board of India.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## Note 23 Employee Benefits

### a) Defined Contribution Plan

The Group has recognised the following amounts in the Consolidated Statement of Profit and Loss, which are included under Contributions to Provident Fund and Other Funds:

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Employer's contribution to Provident Fund	8.12	7.29
Employer's contribution to National Pension System	1.40	1.24

### b) Defined Benefit Plan - Gratuity

In accordance with the applicable Indian laws, the Group has a defined benefit plan which provides for gratuity payments. The plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment, which requires contributions to be made to a separately administered fund except for the subsidiary whose gratuity plan is unfunded.

The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

The amounts are based on the respective employee's last drawn salary and the years of employment with the Group. Liabilities in respect of the gratuity plan are determined by an actuarial valuation, based upon which the Company makes annual contributions to the plan. The plan is funded with a life insurance company in the form of a qualifying insurance policy.

The following tables summaries the components of net employee benefit expense recognised in the Consolidated Statement of Profit and Loss, the funded status and amounts recognised in Consolidated Balance Sheet.

#### (i) Changes in Present Value of the Defined Benefit Obligation

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Obligation as at beginning of the year	37.37	38.32
Current service cost	3.53	3.76
Interest cost	2.76	2.74
Benefits paid	(3.57)	(5.79)
Actuarial (gains)/losses on obligation - due to change in demographic assumptions	0.07	(0.10)
Actuarial (gains)/losses on obligation - due to change in financial assumptions	0.56	(1.90)
Actuarial (gains)/losses on obligation - due to experience adjustments	1.88	0.34
Obligation as at the end of the year	42.60	37.37

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## (ii) Change in the Fair Value of Plan Assets

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Fair Value of Plan Assets at the beginning of the year	33.92	34.94
Expected return on plan assets	2.51	2.50
Contributions by the Employer	3.44	3.37
Benefit Paid from the Fund	(3.57)	(5.79)
Actuarial gain/(loss) on plan assets	0.37	(1.10)
Fair Value of Plan Assets at the end of the year	36.67	33.92

## (iii) Actual Return on Plan Assets

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Expected return on Plan Assets	2.51	2.50
Actuarial gain/(loss) on Plan Assets	0.37	(1.10)
Actual Return on Plan Assets	2.88	1.40

## (iv) Amount recognised in the Consolidated Balance Sheet

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Present Value of defined benefit obligation	(42.60)	(37.37)
Fair Value of Plan Assets	36.67	33.92
Funded status [surplus/(deficit)]	(5.93)	(3.45)
Net (Liability)/Asset recognised in the Consolidated Balance Sheet	(5.93)	(3.45)

## (v) Expenses recognised in the Consolidated Statement of Profit and Loss

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Current service cost	3.53	3.76
Interest Cost	2.76	2.74
Expected Return on Plan Assets	(2.51)	(2.50)
Expenses recognised in the Consolidated Statement of Profit and Loss	3.78	4.00

## (vi) Expenses recognised in Consolidated Other Comprehensive Income (OCI)

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Actuarial (gains)/losses on Obligation	2.51	(1.66)
Actuarial (gains)/losses on Plan Assets	(0.37)	1.10
Net (income)/expense for the year recognised in Consolidated OCI	2.14	(0.56)

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## (vii) Amount recognised in the Consolidated Balance Sheet

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Liability at the end of the year	42.60	37.37
Fair Value of Plan Assets at the end of the year	(36.67)	(33.92)
Amount recognised in the Consolidated Balance Sheet as Liability	5.93	3.45

## (viii) Balance sheet reconciliation

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Net Liability as at the beginning of the year	3.45	3.38
Expenses recognised in the Consolidated Statement of Profit and Loss	3.78	4.00
Expenses/(Income) recognised in Consolidated OCI	2.14	(0.56)
Contributions by the Employer	(3.44)	(3.37)
Net Liability/(Asset) recognised in Consolidated Balance Sheet	5.93	3.45

## (ix) Investment Pattern

Particulars	% Invested	
	As at March 31, 2024	As at March 31, 2023
Money Market Instruments, Public Deposits and Net Current Assets	2.92	7.38
Debentures/Bonds	36.38	45.46
Government Securities	60.70	47.16

## (x) Actuarial Assumptions

Particulars	As at	
	March 31, 2024	March 31, 2023
Expected Return on Plan Assets	7.19%	7.41%
Rate of Discounting	7.19%	7.41%
Rate of Salary Increase	6.50%	6.50%
Rate of Employee Turnover	For service 4 years and below 19.02% p.a. For service 5 years and above 9.34% p.a.	For service 4 years and below 18.84% p.a. For service 5 years and above 8.81% p.a.
Mortality Rate During Employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)

(xi) The Group generally makes annual contributions to the plan (except for the subsidiary where the plan is unfunded) based on the actuarial valuation of 'amount recognised in the Consolidated Balance Sheet as Liability at the year end'.

(xii) The expected contributions to the plan for the next annual reporting period

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
The expected contributions to the plan for the next annual reporting period	5.97	5.12



# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## (xiii) Maturity Analysis of the benefit payments

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Projected benefits payable in future years from the date of reporting		
1 <sup>st</sup> Following year	4.45	3.57
2 <sup>nd</sup> Following year	4.05	3.41
3 <sup>rd</sup> Following year	4.77	3.45
4 <sup>th</sup> Following year	4.80	4.06
5 <sup>th</sup> Following year	4.79	4.27
Sum of years 6 to 10	18.86	17.09
Sum of years 11 and above	31.12	31.39

The Weighted average duration of the defined benefit obligation is 8 years (March 31, 2023: 8 years)

## (xiv) Sensitivity Analysis

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Defined Benefit Obligation on Current Assumptions	42.60	37.37
Delta Effect of +1% Change in Rate of Discounting	(2.43)	(2.25)
Delta Effect of -1% Change in Rate of Discounting	2.73	2.53
Delta Effect of +1% Change in Rate of Salary Increase	2.72	2.53
Delta Effect of -1% Change in Rate of Salary Increase	(2.47)	(2.29)
Delta Effect of +1% Change in Rate of Employee Turnover	0.04	0.10
Delta Effect of -1% Change in Rate of Employee Turnover	(0.05)	(0.12)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the Defined Benefit Obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the Defined Benefit Obligation as recognised in the Consolidated Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

### Risks associated with Defined Benefit Plan:

#### (i) Interest Rate Risk

A fall in the discount rate which is linked to the G.Sec. rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

#### (ii) Salary Risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(iii) *Investment Risk*

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities and other debt instruments.

(iv) *Asset Liability Matching (ALM) Risk*

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

(v) *Mortality Risk*

Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

(vi) *Concentration Risk*

Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very low as insurance companies have to follow stringent regulatory guidelines which mitigate risk.

During the year, there were no plan amendments, curtailments and settlements.

## Note 24 Share based payments

### Accounting for Employee Share based Payments

Under Employees Stock Option Scheme 2020 (ESOS 2020), the Company had on January 10, 2024 granted 38,800 stock options, representing 38,800 equity shares of ₹5/- each to few employees of the Company. The said stock options have been granted at the market price as defined in SEBI (Share based Employees Benefits) Regulations, 2014. Accordingly, the stock options have been granted at ₹3,415.25 per option, being the latest available closing price of the shares of the Company on National Stock Exchange of India Limited, on January 09, 2024 being the previous trading day immediately preceding the date on which Grant of Options was approved by the Nomination & Remuneration Committee of the Board of Directors of the Company ('Nomination & Remuneration Committee').

Under ESOS 2020, the Company had on April 25, 2023 granted 10,50,000 stock options, representing 10,50,000 equity shares of ₹5/- each to few employees of the Company. The said stock options have been granted at the market price as defined in SEBI (Share based Employees Benefits) Regulations, 2014. Accordingly, the stock options have been granted at ₹1,780.90 per option, being the latest available closing price of the shares of the Company on National Stock Exchange of India Limited, on April 24, 2023 being the previous trading day immediately preceding the date on which Grant of Options was approved by the Nomination & Remuneration Committee.

Under ESOS 2020, the Company had on July 21, 2022 granted 50,000 stock options, representing 50,000 equity shares of ₹5/- each to few employees of the Company. The said stock options have been granted at the market price as defined in SEBI (Share based Employees Benefits) Regulations, 2014. Accordingly, the stock options have been granted at ₹1,921.70 per option, being the latest available closing price of the shares of the Company on National Stock Exchange of India Limited, on July 20, 2022 being the previous trading day immediately preceding the date on which Grant of Options was approved by the Nomination & Remuneration Committee.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

Under ESOS 2020, the Company had on January 24, 2022 granted 1,82,000 stock options, representing 1,82,000 equity shares of ₹5/- each to few employees of the Company. The said stock options have been granted at the market price as defined in SEBI (Share based Employees Benefits) Regulations, 2014. Accordingly, the stock options have been granted at ₹2,369.40 per option, being the latest available closing price of the shares of the Company on National Stock Exchange of India Limited, on January 21, 2022 being the previous trading day immediately preceding the date on which Grant of Options was approved by the Nomination & Remuneration Committee.

Under ESOS 2020, the Company had on February 22, 2021 granted 11,45,000 stock options, representing 11,45,000 equity shares of ₹5/- each to few employees of the Company. The said stock options have been granted at the market price as defined in SEBI (Share based Employees Benefits) Regulations, 2014. Accordingly, the stock options have been granted at ₹2,934.25 per option, being the latest available closing price of the shares of the Company on National Stock Exchange of India Limited, on February 19, 2021 being the previous trading day immediately preceding the date on which Grant of Options was approved by the Nomination & Remuneration Committee.

In terms of ESOS 2020, the options shall vest in three tranches. Each of these tranches consisting of 1/3 of the options granted shall vest on the completion of the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> year from the date of the grant respectively. Any fractional residue shall be settled in the 3<sup>rd</sup> tranche. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme 2017 – Series I (ESOS 2017 – Series I), the Company had on July 28, 2017 granted 1,58,875 stock options at an exercise price of ₹5,353/- per option, representing 1,58,875 equity shares of ₹10/- each to few employees & directors of the Company. The fair value of the Company's underlying equity share was determined in accordance with the pricing formula approved by the Nomination & Remuneration Committee i.e. based on the Price Earning Multiple method and the Assets Under Management (AUM) method.

In terms of ESOS 2017 – Series I, the options vest over a period of 1-2 years from the date of grant. The options can be exercised over a period of five years from the date of vesting.

Pursuant to the terms of respective Employees Stock Option Schemes (ESOS), in case of a corporate action like bonus shares, rights issue, buyback of shares, split of shares, reduction of capital etc., the number of options outstanding as at the date of the corporate action and the exercise price under all the relevant ESOS shall stand modified accordingly, so as to ensure that the paid-up value of the total shares that can be issued under them remains unchanged. Accordingly, the Nomination and Remuneration Committee of the Company has resolved, vide its circular resolution passed in February 2018, to make appropriate adjustments to the outstanding options and now each option represents one equity share of ₹5/- each.

## Comparison of exercise price per option:

Name of the Series	Pre corporate action	Post corporate action
ESOS 2017 Series I	5,353.00	669.13

No modifications were made in the terms and conditions of ESOS during the year.

The number of options vested during the year were 4,32,936 (Previous Year 4,15,666).

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## For the year ended March 31, 2024

Particulars	Outstanding at the beginning of the year*	Granted during the year*	Exercised during the year*	Forfeited during the year*	Expired during the year*	Outstanding at the end of the year*	Exercisable at the end of the year*	For options outstanding at the end of the year	
								Exercise price per option (₹)	Weighted average remaining contractual life (no. of years)
ESOS 2020 (Grant Date January 10, 2024)	Nil	38,800	Nil	Nil	Nil	38,800	Nil	3,415.25	6.78
ESOS 2020 (Grant Date April 25, 2023)	Nil	10,50,000	Nil	69,600	Nil	9,80,400	Nil	1,780.90	6.07
ESOS 2020 (Grant Date July 21, 2022)	50,000	Nil	Nil	Nil	Nil	50,000	16,667	1,921.70	5.31
ESOS 2020 (Grant Date January 24, 2022)	1,82,000	Nil	Nil	Nil	Nil	1,82,000	1,21,334	2,369.40	4.82
ESOS 2020 (Grant Date February 22, 2021)	10,65,000	Nil	Nil	Nil	Nil	10,65,000	10,65,000	2,934.25	3.90
ESOS 2017 (Series I)	59,484	Nil	59,284	Nil	200	Nil	Nil	Nil	Nil

## For the year ended March 31, 2023

Particulars	Outstanding at the beginning of the year*	Granted during the year*	Exercised during the year*	Forfeited during the year*	Expired during the year*	Outstanding at the end of the year*	Exercisable at the end of the year*	For options outstanding at the end of the year	
								Exercise price per option (₹)	Weighted average remaining contractual life (no. of years)
ESOS 2020 (Grant Date July 21, 2022)	Nil	50,000	Nil	Nil	Nil	50,000	Nil	1,921.70	6.31
ESOS 2020 (Grant Date January 24, 2022)	1,82,000	Nil	Nil	Nil	Nil	1,82,000	60,667	2,369.40	5.82
ESOS 2020 (Grant Date February 22, 2021)	10,65,000	Nil	Nil	Nil	Nil	10,65,000	7,09,998	2,934.25	4.90
ESOS 2017 (Series I)	2,05,648	Nil	1,46,164	Nil	Nil	59,484	59,484	669.13	0.33

\*Since all the options were granted at the same exercise price per option under the respective Series/Grant, the weighted average exercise price per option for all these groups under the respective Series/Grant is the same.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

**The weighted average share price for options exercised during the year under various Series'/Grants was ₹1,964 (Previous Year ₹2,012)**

## Fair value methodology

The fair value of options used to compute net income and earnings per equity share has been estimated on the date of grant using Black-Scholes model.

The key assumptions used in Black-Scholes model for calculating fair value under ESOS 2017 – Series I and ESOS 2020 as on the date of grant were:

Particulars	Date of grant	Risk-free interest rate	Expected average life	Expected volatility	Dividend yield	Fair value of the option	Fair value of the option after corporate action
ESOS 2020 (Grant Date January 10, 2024)	January 10, 2024	6.78% - 6.82 % p.a.	3.5 - 5.5 Years	27.75% - 33.03%	1.75% p.a.	₹1,084	NA
ESOS 2020 (Grant Date April 25, 2023)	April 25, 2023	6.66% - 6.76 % p.a.	3.5 - 5.5 Years	34.00% - 34.54%	2.48% p.a.	₹557	NA
ESOS 2020 (Grant Date July 21, 2022)	July 21, 2022	6.74% - 6.96 % p.a.	3.5 - 5.5 Years	34.68% - 36.41%	1.18% p.a.	₹700	NA
ESOS 2020 (Grant Date January 24, 2022)	January 24, 2022	5.34% - 5.98 % p.a.	3.5 - 5.5 Years	33.91% - 35.52%	0.92% p.a.	₹826	NA
ESOS 2020 (Grant Date February 22, 2021)	February 22, 2021	5.04% - 5.66 % p.a.	3.5 - 5.5 Years	36.10% - 37.08%	0.84% p.a.	₹1,053	NA
ESOS 2017 (Series I)	July 28, 2017	6.66% p.a.	3.5 Years	0%	1.86% p.a.	₹777	₹97

Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black - Scholes Model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time.

As on the date of grant in case of ESOS 2017–Series I, the Company being an unlisted company and in the absence of listed comparable companies, volatility had been considered to be Nil.

As on the respective dates of grant in case of ESOS 2020, wherever the trading history of the Company and/or its comparable Company(s) listed on the Stock exchange were less than the life of the option, Nifty Financial Services Index was also considered for deriving the volatility.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## Note 25 Tax expense

### Components of Income Tax Expense

#### (a) Amounts recognised in the Consolidated Statement of Profit and Loss

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Current income tax</b>	<b>517.54</b>	<b>421.26</b>
	<b>517.54</b>	<b>421.26</b>
<b>Deferred tax (Income)/expense</b>		
Origination and reversal of temporary differences	14.79	25.43
	<b>14.79</b>	<b>25.43</b>
<b>Income Tax expense for the year</b>	<b>532.33</b>	<b>446.69</b>

#### (b) Tax on amounts recognised in Consolidated Other Comprehensive Income

Particulars	₹ (in Crore)	
	Tax (expense)/benefit	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Remeasurement of the defined benefit plans	0.54	(0.14)
<b>Total</b>	<b>0.54</b>	<b>(0.14)</b>

#### (c) Reconciliation of Effective Tax Rate

Reconciliation between the statutory Income tax rate and the effective Income tax rate	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Profit before tax</b>	<b>2,475.02</b>	<b>1,870.06</b>
Company's domestic tax rate	25.17%	25.17%
Tax using the domestic tax rate	622.91	470.66
<b>Tax effect of/on:</b>		
Net expenses that are not deductible in determining taxable profit	18.53	17.97
Items which are taxed at different rates	(103.64)	(34.83)
Incomes which are exempt from tax	(6.33)	(7.22)
Loss of subsidiary	0.79	0.14
Others	0.07	(0.03)
<b>Total</b>	<b>(90.58)</b>	<b>(23.97)</b>
<b>Income Tax expense for the year</b>	<b>532.33</b>	<b>446.69</b>

#### (d) Effective Tax Rate

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Effective Tax Rate (%)	21.51	23.89

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## (e) Significant components and movement in deferred tax assets and liabilities

Particulars	₹ (in Crore)		
	As at April 01, 2023	Expense/(Income) recognised	As at March 31, 2024
<b>Deferred Tax Assets</b>			
- Property, Plant and Equipment & Other Intangible Assets (excluding ROU)	10.99	(0.84)	11.83
- Lease Liabilities	32.83	1.39	31.44
- Provision for Employee Benefits	3.16	(0.96)	4.12
- Others	1.32	(0.49)	1.81
<b>Total Deferred Tax Assets</b>	<b>48.30</b>	<b>(0.90)</b>	<b>49.20</b>
<b>Deferred Tax Liabilities</b>			
- Right of Use Asset	29.63	(1.33)	28.30
- Prepaid Employee Benefits	1.13	(0.89)	0.24
- Fair value gains/losses and impairment on Investments	115.90	17.22	133.12
- Others	2.41	0.69	3.10
<b>Total Deferred Tax Liabilities</b>	<b>149.07</b>	<b>15.69</b>	<b>164.76</b>
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>(100.77)</b>	<b>14.79</b>	<b>(115.56)</b>

Particulars	₹ (in Crore)		
	As at April 01, 2022	Expense/(Income) recognised	As at March 31, 2023
<b>Deferred Tax Assets</b>			
- Property, Plant and Equipment & Other Intangible Assets (excluding ROU)	9.57	(1.42)	10.99
- Lease Liabilities	27.59	(5.24)	32.83
- Provision for Employee Benefits	2.96	(0.20)	3.16
- Others	1.27	(0.05)	1.32
<b>Total Deferred Tax Assets</b>	<b>41.39</b>	<b>(6.91)</b>	<b>48.30</b>
<b>Deferred Tax Liabilities</b>			
- Right of Use Asset	24.71	4.92	29.63
- Prepaid Employee Benefits	2.06	(0.93)	1.13
- Fair value gains/losses and impairment on Investments	88.66	27.24	115.90
- Others	1.30	1.11	2.41
<b>Total Deferred Tax Liabilities</b>	<b>116.73</b>	<b>32.34</b>	<b>149.07</b>
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>(75.34)</b>	<b>25.43</b>	<b>(100.77)</b>

### Note:

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred tax assets and liabilities and recoverability of deferred tax assets. The recoverability of deferred tax assets is based on estimates of taxable income and the period over which deferred tax assets will be recovered. Any changes in future taxable income would impact the recoverability of deferred tax assets.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## Note 26 Related Party Transactions

As per the Indian Accounting Standard on 'Related Party Disclosures' (Ind AS 24), the related parties of the Group with whom there have been transactions during the current/previous year, are as follows:

Sr. No.	Relationship	Name of the Parties
1	Holding Company	HDFC Bank Limited from July 01, 2023 (Housing Development Finance Corporation Limited up to June 30, 2023) <sup>§</sup>
2	Fellow Subsidiaries	HDFC Trustee Company Limited HDFC Life Insurance Company Limited HDFC ERGO General Insurance Company Limited HDFC Securities Limited (from July 01, 2023)
3	Investor with a significant influence	Abrdn Investment Management Limited (formerly known as Standard Life Investments Limited) (up to June 20, 2023) <sup>§</sup>
4	Other Related Parties	HDFC Bank Limited (up to June 30, 2023) <sup>§</sup> HDFC Securities Limited (up to June 30, 2023) HDFC Asset Management Company Limited Employees' Group Gratuity Assurance Scheme
5	Key Management Personnel (KMP)	Deepak S Parekh Navneet Munot Keki Mistry (up to June 26, 2023) Dhruv Kaji Jairaj Purandare Sanjay Bhandarkar Parag Shah Renu S Karnad Roshni Nadar Malhotra V Srinivasa Rangan (from January 12, 2024) Shashi Kant Sharma (up to April 11, 2022)
6	Key Management Personnel of Holding Company (except covered in Sr No. 5)	V Srinivasa Rangan (up to June 30, 2023 and from November 23, 2023)
7	Close Family Members of Company's Key Management Personnel and Holding Company's Key Management Personnel	Smita Deepak Parekh Aditya Deepak Parekh Harsha Shantilal Parekh Arnaaz Keki Mistry Bharat Karnad Ashok Sud V Jayam (up to June 30, 2023 and from November 23, 2023) S Anuradha (up to June 30, 2023 and from November 23, 2023) Abinaya Rangan (up to June 30, 2023 and from November 23, 2023) Malav Ashwin Dani (up to April 29, 2023)

<sup>§</sup>see note 1 - Company overview

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

The nature and volume of transactions of the Group during the current/previous year with the above related parties were as follows:

## (a) Details of transactions

₹ (in Crore)

Particulars	Holding Company		Fellow Subsidiaries		Investor with a Significant Influence		Other Related Parties	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>Income</b>								
Interest on Deposits	0.91	-	-	-	-	-	0.05	0.05
<b>Expense</b>								
Lease Rent	11.99	11.98	-	-	-	-	-	-
Bank Charges	0.00	-	-	-	-	-	0.00	0.01
Fees and Commission	0.51	-	0.22	-	-	-	0.10	0.05
Technology Support Cost	-	1.90	-	-	-	-	-	-
Administration & Other Expenses	2.37	6.28	-	-	-	-	-	-
Insurance Premium	-	-	3.97	3.29	-	-	-	-
Trademark Licence Fees	7.56	-	-	-	-	-	-	-
Custodian Charges	0.02	-	-	-	-	-	0.01	0.03
<b>Other Transactions</b>								
Equity Dividend	538.46	471.16	-	-	104.54	145.23	-	-
Contribution towards Gratuity Fund	-	-	-	-	-	-	3.44	3.37
Insurance Claim received on behalf of employees	-	-	0.38	-	-	-	-	-
<b>Asset</b>								
Bank Balances	11.01	-	-	-	-	-	-	3.87
Fixed Deposits	28.47	-	-	-	-	-	-	2.88
Interest accrued on Fixed Deposit	0.26	-	-	-	-	-	-	0.03
Account Receivable	-	-	3.04	2.71	-	0.84	-	-
Prepaid Commission	1.38	-	2.75	-	-	-	-	1.26
Prepaid Insurance Premium	-	-	0.03	0.03	-	-	-	-
<b>Liability</b>								
Account Payable	2.71	6.60	0.01	-	-	-	-	0.31

### Note:

The Company provides the necessary operating and secretarial services, etc. to HDFC Trustee Company Limited to meet the operating and compliance requirements of the company in line with SEBI (Mutual Funds) Regulations, 1996. The Company does not charge any amount in line with practice followed by the mutual fund industry.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## (b) Details of remuneration to Company's KMPs

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Short-term employee benefits <sup>#</sup>	11.98	11.61
Post employment benefits	0.31	0.26
Other long-term benefits	0.09	0.07
Share based payment	11.37	23.04
Other benefits	0.09	0.05
Directors Sitting Fees	1.58	1.16
Commission to Non Executive Directors*	1.81	2.00
<b>Total Remuneration</b>	<b>27.23</b>	<b>38.19</b>

<sup>#</sup>During the FY 2021, an amount of ₹12.46 Crore was paid to the incoming Managing Director as one time payment and the same was being amortised as per the terms of the contract. Out of the same, ₹3.66 Crore (Previous Year ₹4.15 Crore) forms part of Short term employee benefits above and the balance unamortised amount of Nil (Previous Year ₹3.66 Crore) as at March 31, 2024 is booked as prepaid under Other Non-Financial Assets.

\*Commission is approved by the Board of Directors within the limit as approved by the shareholders of the Company and will be paid post adoption of annual accounts by the shareholders.

## (c) Details of dividend paid to Company's KMPs

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Dividend on Equity Shares	2.70	2.08

## (d) Details of dividend paid to close family members of Company's KMPs, Holding Company's KMPs and close family members of Holding Company's KMPs

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Dividend on Equity Shares	0.02	0.01

## Note 27 Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing the profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit after tax for the year attributable to equity shareholders of the Company adjusted for the effects of all dilutive potential ordinary shares by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. There is no effect of dilutive potential ordinary shares on profit after tax for the year attributable to equity shareholders of the Company.

The relevant details as described above are as follows:

Particulars	₹ (in Crore except equity share data)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit after tax for the year (numerator for calculating Basic and Diluted EPS)	1,942.69	1,423.37
Weighted Average equity shares outstanding during the year	21,34,72,759	21,33,25,802

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

Following is the reconciliation between basic and diluted earnings per equity share:

Particulars	₹	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Nominal value per share	5.00	5.00
Basic earnings per share	91.00	66.72
Effect of potential equity shares for stock options (per share)	(0.11)	(0.01)
Diluted earnings per share	90.89	66.71

Particulars	₹	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Weighted average number of equity shares used in computing basic earnings per equity share	21,34,72,759	21,33,25,802
Effect of potential equity shares for stock options outstanding	2,65,475	39,341
Weighted average number of equity shares used in computing diluted earnings per equity share	21,37,38,234	21,33,65,143
Weighted average number of anti dilutive options not considered in computing diluted earnings per equity share	84,131	6,49,167

## Note 28 Leases

- A. The Group has entered into leasing arrangements for premises. Majority of the leases are cancellable by the Group. Right of Use asset has been included under the line 'Property, Plant and Equipment' and Lease liability has been included under 'Other Financial Liabilities' in the Consolidated Balance Sheet.

### (i) Amounts recognised in the Consolidated Balance Sheet

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
<b>(a) Right of Use assets (net) (Property, Plant and Equipment)</b>	<b>113.35</b>	<b>117.71</b>
<b>(b) Lease liabilities</b>		
Current	37.18	34.80
Non-current	87.77	95.67
<b>Total Lease liabilities</b>	<b>124.95</b>	<b>130.47</b>

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>(c) Additions to the Right of Use assets</b>	<b>35.54</b>	<b>60.42</b>

### (ii) Amounts recognised in the Consolidated Statement of Profit and Loss

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Depreciation charge for Right of Use assets	38.03	36.90
(b) Interest expense (included in finance cost)	9.09	9.69
(c) Expense relating to short-term leases	0.60	0.38

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## (iii) Cash Flows

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
The total cash outflow of leases	45.50	43.82

## (iv) Future Commitments

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Future undiscounted lease payments to which leases is not yet commenced	11.58	-

## (v) Maturity analysis of undiscounted lease liability

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Before 3 months	11.37	11.01
3 – 6 months	11.33	11.02
6 – 12 months	22.45	21.08
1 – 3 years	54.20	62.57
3 – 5 years	30.65	30.23
Above 5 years	18.51	18.84
<b>Total</b>	<b>148.51</b>	<b>154.75</b>

(vi) All the future cash flows to which the lessee is potentially exposed are reflected in the measurement of lease liabilities.

(vii) The Group currently does not have any significant sale and lease back transactions.

## B. Finance Lease

### (i) The Company has provided vehicles to its certain employees which have been treated as finance leases.

Quantitative Disclosures	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Selling profit/(loss)	(0.01)	(0.01)
Finance income on the net investment in the lease	0.73	0.53
Lease income relating to variable lease payments not included in the measurement of the net investment in the lease	-	-

### (ii) Significant changes in the carrying amount of the net investment in the lease

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Lease receivables as at the beginning of the year	6.95	4.05
Add: Finance income on the net investment in the lease	0.73	0.53
Add: New leases entered during the year	5.84	4.96
Less: Lease payments received during the year	4.07	2.59
<b>Lease receivables as at the end of the year</b>	<b>9.45</b>	<b>6.95</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(iii) The following table sets out a maturity analysis of lease receivables:

		₹ (in Crore)	
Maturity Analysis of the Lease payments Receivables		As at March 31, 2024	As at March 31, 2023
Particulars		Minimum Lease payments receivables	Minimum Lease payments receivables
Less than one year		4.04	2.71
One to two years		3.60	2.56
Two to three years		2.18	2.08
Three to four years		0.87	0.56
Four to five years		-	-
More than five years		-	-
<b>Total undiscounted lease payments receivable</b>		<b>10.69</b>	<b>7.91</b>
Less: unearned finance income		1.24	0.96
<b>Present value of lease receivables *</b>		<b>9.45</b>	<b>6.95</b>

\* Present Value of Rentals represent the Current Future Outstanding Principal

(iv) Risk Management Framework for finance leases

The table represents categories of collaterals available against the finance lease exposures:

		₹ (in Crore)	
Particulars	Collateral available	As at March 31, 2024	As at March 31, 2023
Finance lease receivables	Hypothecation of the underlying car financed	9.45	6.95

The Company has framed Car Policy to provide use of the Company owned car for the commute from residence to workplace, for the discharge of their official functions and for personal use to certain selected employees of the Company. As per the Car Policy of the Company, the car is registered in the name of the Company and will remain the property of the Company till it is duly transferred to employee in accordance with the Car Policy and after recovery of all lease receivables. In case of separation of employee from the Company, outstanding lease receivables are recovered/adjusted from employee's full and final settlement in accordance with the Car Policy.

## Note 29 Segment Information

(a) Description of segments and principal activities

The Group is in the business of providing asset management services to HDFC Mutual Fund & alternative investment fund and portfolio management & advisory services to clients. The Group's financial statements are largely reflective of the asset management business and accordingly there are no separate reportable segments as per Ind AS 108, Operating Segment.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM's function is to allocate the resources of the entity and assess the performance of the operating segment of the Group.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## (b) Segment Revenue

The amount of its revenue from external customers broken down by location of the customers is shown in the table below:

Revenue	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Within India	2,584.37	2,163.50
Outside India	-	3.31
<b>Total</b>	<b>2,584.37</b>	<b>2,166.81</b>

## (c) All assets of the Group are domiciled in India.

## (d) Information about revenue from major customers

There is only one customer contributing in excess of 10% of the total revenue of the Group. The amounts for the same are as follows:

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from HDFC Mutual Fund	2,580.60	2,160.79

## Note 30 Contingent Liabilities and Commitments

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
(a) Contingent liabilities:		
- Claims against the Group not acknowledged as debt:		
(i) Disputed Income Tax demand	7.54	7.54
(ii) Disputed Goods and Services Tax demand	0.18	-
(b) Commitments:		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	13.64	1.67
(ii) uncalled liability on shares and other investments partly paid	275.02	51.75

## Note 31 Dividend Paid and Proposed

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Dividends on equity shares declared and paid during the year:</b>		
Final dividend		
Paid for the earlier financial year	1,024.65	895.86
Dividend per share for the earlier financial year (₹)	48.00	42.00
<b>Total dividend paid</b>	<b>1,024.65</b>	<b>895.86</b>
<b>Dividend on Equity Shares proposed by the Board of Directors for approval at Annual General Meeting (not recognised as a liability at the respective year end)</b>		
Final dividend for the same financial year	1,494.39	1,024.44
Dividend per share for the same financial year (₹)	70.00	48.00



# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## Note 32 Capital Management

Equity share capital and other equity are considered for the purpose of Company's capital management. The Company manages its capital in a manner which enables it to safeguard its ability to continue as a going concern and to optimise returns to the Shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The funding requirements are met through operating cash flows and other equity. The management monitors the return on capital and the board of directors monitors the level of dividends paid to shareholders of the Company. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

## Note 33 Financial Instruments

### A. Classification and Fair Values of Financial Assets & Liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

₹ (in Crore)

Particulars	Carrying Amount			Fair Value			
	FVTPL	Amortised Cost	Total Carrying amount	Level 1	Level 2	Level 3	Total
<b>As at March 31, 2024</b>							
<b>Financial Assets</b>							
Investments in:-							
Mutual Funds	6,648.64	-	6,648.64	6,477.06	171.58	-	6,648.64
Debt Securities	8.22	263.50	271.72	-	280.42	8.22	288.64
Equity Instrument in Others	24.27	-	24.27	-	-	24.27	24.27
Investment in Alternative Investment Funds	206.07	-	206.07	-	34.78	171.29	206.07
Investment in Venture Capital Fund	5.33	-	5.33	-	-	5.33	5.33
Trade & Other Receivables*	-	106.45	106.45				106.45
Cash and Cash Equivalents*	-	10.33	10.33				10.33
Other Bank Balances*	-	29.69	29.69				29.69
Other Financial Asset*	-	21.16	21.16				21.16
<b>Total</b>	<b>6,892.53</b>	<b>431.13</b>	<b>7,323.66</b>	<b>6,477.06</b>	<b>486.78</b>	<b>209.11</b>	<b>7,340.58</b>
<b>Financial Liabilities</b>							
Trade Payables*	-	38.96	38.96				38.96
<b>Other Financial Liabilities</b>							
Lease Liabilities	-	124.95	124.95	-	125.92	-	125.92
Others*	-	81.92	81.92				81.92
<b>Total Other Financial Liabilities</b>	<b>-</b>	<b>206.87</b>	<b>206.87</b>	<b>-</b>	<b>125.92</b>	<b>-</b>	<b>207.84</b>
<b>Total</b>	<b>-</b>	<b>245.83</b>	<b>245.83</b>	<b>-</b>	<b>125.92</b>	<b>-</b>	<b>246.80</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

₹ (in Crore)

Particulars	Carrying Amount			Fair Value			
	FVTPL	Amortised Cost	Total Carrying amount	Level 1	Level 2	Level 3	Total
<b>As at March 31, 2023</b>							
<b>Financial Assets</b>							
Investments in:-							
Mutual Funds	5,476.86	-	5,476.86	5,326.88	149.98	-	5,476.86
Debt Securities	7.41	417.94	425.35	-	440.71	7.41	448.12
Equity Instrument in Others	23.18	-	23.18	-	-	23.18	23.18
Investment in Alternative Investment Funds	127.57	-	127.57	-	-	127.57	127.57
Investment in Venture Capital Fund	23.20	-	23.20	-	-	23.20	23.20
Trade & Other Receivables*	-	194.98	194.98				194.98
Cash and Cash Equivalents*	-	4.46	4.46				4.46
Other Bank Balances*	-	2.57	2.57				2.57
Other Financial Asset*	-	32.12	32.12				32.12
<b>Total</b>	<b>5,658.22</b>	<b>652.07</b>	<b>6,310.29</b>	<b>5,326.88</b>	<b>590.69</b>	<b>181.36</b>	<b>6,333.06</b>
<b>Financial Liabilities</b>							
Trade Payables*	-	34.46	34.46				34.46
<b>Other Financial Liabilities</b>							
Lease Liabilities	-	130.47	130.47	-	129.76	-	129.76
Others*	-	75.70	75.70				75.70
<b>Total Other Financial Liabilities</b>	<b>-</b>	<b>206.17</b>	<b>206.17</b>	<b>-</b>	<b>129.76</b>	<b>-</b>	<b>205.46</b>
<b>Total</b>	<b>-</b>	<b>240.63</b>	<b>240.63</b>	<b>-</b>	<b>129.76</b>	<b>-</b>	<b>239.92</b>

\*Fair value of cash and cash equivalents, other bank balances, trade & other receivables, other financial assets, trade payables and other financial liabilities (excluding lease liabilities) approximate their carrying amounts largely due to current maturities of these instruments. Accordingly, fair value hierarchy for these financial instruments have not been presented above.

For the purpose of disclosure, quoted price is considered as the fair value of financial assets that are measured at amortised cost. However, they are shown under level 2 in the fair value hierarchy as they are thinly traded.

## B. Fair value hierarchy

As per Ind AS 107, 'Financial Instruments: Disclosures', the fair values of the financial assets or financial liabilities are defined as the price that would be received on sale of asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and lowest priority to unobservable inputs.

The hierarchy used is as follows:

**Level 1** — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Investment in open ended Mutual Funds are included in Level 1.

**Level 2** — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Lease liabilities and Investment in close ended Mutual Funds, Alternative Investment Fund and Debt Securities that are not traded in active market are included in Level 2.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

**Level 3** — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Investment in unlisted Debt Securities, unlisted Equity Instruments, Alternative Investment Funds and Venture Capital Fund are included in Level 3.

## C. Valuation techniques used to determine fair value

Financial instrument	Valuation technique
Mutual Funds	Net Asset Value (NAV) declared by the mutual fund at which units are issued or redeemed/quoted price
Debt Securities	Discounted cash flow based on present value of the expected future economic benefit/quoted price
Equity Instruments in Others	Underlying Asset Approach/Discounted cash flow based on present value of the expected future economic benefit
Alternative Investment Funds and Venture Capital Fund	Net Asset Value (NAV) provided by issuer fund which is arrived at based on valuation from independent valuer for unlisted portfolio companies, quoted price of listed portfolio companies and price of recent investments
Lease Liabilities	Discounted cash flows based on present value of expected payments, discounted using a risk-adjusted discount rate

In order to assess Level 3 valuations as per Investment policy, the management reviews the performance of the investee companies (including unlisted portfolio companies of venture capital funds and alternative investment funds) on a regular basis by tracking their latest available financial statements/financial information, valuation report of independent valuers, recent transaction results etc. which are considered in valuation process.

The finance department of the Company includes the team that performs the valuation of financial assets and liabilities required for financial reporting purposes, including level 3 fair value. The team reports directly to the Chief Financial Officer (CFO) of the Company. Discussions of valuation processes and results are held between the valuation team and the senior management at least once every three months which is in line with the Company's quarterly reporting periods.

## D. Valuation inputs and relationship to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurement.

As at March 31, 2024

Financial Instrument	Significant unobservable inputs	Probability weights/range	Sensitivity of input to fair value measurement
Debt Securities	Valuation Factor	10% - 20%	A 10% increase in the valuation factor would decrease the carrying value of investment by ₹0.82 Crore. A 10% decrease in the valuation factor would increase the carrying value of investment by ₹0.82 Crore.
Equity Instruments in Others	Valuation Factor	10% - 20%	A 10% increase in the valuation factor would decrease the carrying value of investment by ₹2.43 Crore. A 10% decrease in the valuation factor would increase the carrying value of investment by ₹2.43 Crore.
Alternative Investment Funds	Net Asset Value (NAV)	0.90x - 1.10x	A 10% increase in the NAV would increase the carrying value of investment by ₹17.13 Crore. A 10% decrease in the NAV would decrease the carrying value of investment by ₹17.13 Crore.
Venture Capital Fund	Net Asset Value (NAV)	0.90x - 1.10x	A 10% increase in the NAV would increase the carrying value of investment by ₹0.53 Crore. A 10% decrease in the NAV would decrease the carrying value of investment by ₹0.53 Crore.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## As at March 31, 2023

Financial Instrument	Significant unobservable inputs	Probability weights/range	Sensitivity of input to fair value measurement
Debt Securities	Valuation Factor	10% - 20%	A 10% increase in the valuation factor would decrease the carrying value of investment by ₹0.74 Crore. A 10% decrease in the valuation factor would increase the carrying value of investment by ₹0.74 Crore.
Equity Instruments in Others	Valuation Factor	10% - 20%	A 10% increase in the valuation factor would decrease the carrying value of investment by ₹2.32 Crore. A 10% decrease in the valuation factor would increase the carrying value of investment by ₹2.32 Crore.
Alternative Investment Funds	Net Asset Value (NAV)	0.90x - 1.10x	A 10% increase in the NAV would increase the carrying value of investment by ₹12.51 Crore. A 10% decrease in the NAV would decrease the carrying value of investment by ₹12.51 Crore.
Venture Capital Fund	Net Asset Value (NAV)	0.90x - 1.10x	A 10% increase in the NAV would increase the carrying value of investment by ₹2.32 Crore. A 10% decrease in the NAV would decrease the carrying value of investment by ₹2.32 Crore.

## E. Fair value measurement using significant unobservable inputs (level 3)

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

Particulars	₹ (in Crore)				
	Debt Securities	Equity Instrument in Others	Investment in Alternative Investment Funds	Investment in Venture Capital Fund	Total
<b>Balance as at April 01, 2022</b>	6.98	22.85	115.70	23.11	168.64
Net gain/(losses) on Financial Instruments recognised in the Consolidated Statement of Profit and Loss	0.43	-	10.80	1.58	12.81
Purchases of Financial Instruments	-	0.33	9.14	-	9.47
Sales of Financial Instruments	-	-	(8.07)	(1.49)	(9.56)
<b>Balance as at March 31, 2023</b>	<b>7.41</b>	<b>23.18</b>	<b>127.57</b>	<b>23.20</b>	<b>181.36</b>
Net gain/(losses) on Financial Instruments recognised in the Consolidated Statement of Profit and Loss	0.81	1.09	11.45	(7.21)	6.14
Purchases of Financial Instruments	-	-	61.90	-	61.90
Sales of Financial Instruments	-	-	(29.63)	(10.66)	(40.29)
<b>Balance as at March 31, 2024</b>	<b>8.22</b>	<b>24.27</b>	<b>171.29</b>	<b>5.33</b>	<b>209.11</b>

## F. Financial Risk Management

Risk management is an integral part of the business practices of the Group. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The financial risks are managed in accordance with the risk management policy which has been approved by the Board of Directors. The Company's Board of Directors has overall responsibility for managing the risk profile of the Company. The purpose of risk management is to identify potential problems before they occur, so that risk-handling activities may be planned and invoked as needed to manage adverse impacts on achieving objectives.

The Audit Committee of the Company reviews the development and implementation of the risk management policy of the Company on periodic basis. The Audit Committee provides guidance on the risk management activities, review the results of the risk management process and reports to the Board of Directors on the status of the risk management initiatives.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

The Group has exposure to the following risks arising from Financial Instruments:

Risk	Exposure arising from
Credit Risk	Cash and cash equivalents, other bank balances, trade & other receivables, financial assets measured at amortised cost
Liquidity Risk	Financial liabilities
Market Risk - Foreign Exchange	Recognised financial assets not denominated in ₹
Market Risk - Interest Rate	Investments in debt securities/Fixed deposits with Bank
Market Risk - Price	Investments in equity securities, units of mutual funds, debt securities measured at FVTPL, venture capital fund and alternative investment funds

## i. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and other receivables, cash and cash equivalents, and financial assets measured at amortised cost.

Exposure to credit risk is mitigated through regular monitoring of collections, counterparty's creditworthiness and diversification in exposure.

### Exposure to credit risk

The carrying amount of financial assets represents maximum amount of credit exposure. The maximum exposure to credit risk is as per the table below, it being total of carrying amount of cash and cash equivalent, other bank balances, trade and other receivables and financial assets measured at amortised cost.

Particulars	₹ (in Crore)	
	As at March 31, 2024	As at March 31, 2023
Maximum exposure to credit risk	431.13	652.07

### Expected Credit Loss (ECL) on Financial Assets

The Group continuously monitors all financial assets subject to ECLs. In order to determine whether an instrument is subject to 12 month ECL (12mECL) or life time ECL (LTECL), the Group assesses whether there has been a significant increase in credit risk or the asset has become credit impaired since initial recognition. The Group applies following quantitative and qualitative criteria to assess whether there is significant increase in credit risk or the asset has been credit impaired:

- Historical trend of collection from counterparty
- Group's contractual rights with respect to recovery of dues from counterparty
- Credit rating of counterparty and any relevant information available in public domain.

ECL is a probability weighted estimate of credit losses. It is measured as the present value of cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with contract and the cash flows that the Group expects to receive).

The Group has three types of financial assets that are subject to the expected credit loss:

- Trade & other receivables and other financial assets

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

- Cash and cash equivalents and other bank balances
- Investment in debt securities measured at amortised cost.

## Trade & Other Receivables and Other Financial Assets

Exposures to customers' outstanding at the end of each reporting period are reviewed by the Group to determine incurred and expected credit losses. Historical trends of collection from counterparties on timely basis reflects low level of credit risk. As the Group has a contractual right to such receivables as well as control over preponderant amount of such funds due from customers, the Group does not estimate any credit risk in relation to such receivables. Further, management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour.

The Group has placed security deposit with lessors for premises leased by the Group. The Group does not perceive any significant decline in credit risk profile of the lessors where the amount of security deposit is material and hence expected probability of default is considered as zero.

## Cash and Cash Equivalents and Other Bank Balances

The Group holds cash and cash equivalents and other bank balances as per note 4 and 5. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be high.

## Investment in Debt Securities measured at amortised cost

The Group has made investments in tax free bonds. Funds are invested after taking into account parameters like safety, liquidity and post tax returns etc. The Group avoids concentration of credit risk by spreading them over several counterparties with good credit rating profile and sound financial position. The Group's exposure and credit ratings of its counterparties are monitored on an ongoing basis.

Investment in debt securities that are in tax free bonds do not carry any credit risk, being sovereign in nature. Credit risk from other financial assets has not increased significantly since initial recognition. Accordingly, the expected probability of default is low.

## ii. Liquidity Risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms.

To limit this risk, management has adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a regular basis. The Group has developed internal control processes for managing liquidity risk.

The Group maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The Group assesses the liquidity position under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## Exposure to Liquidity Risk

The table below analyses the Group's financial liabilities into relevant maturity pattern based on their contractual maturities for all financial liabilities.

		₹ (in Crore)		
As at March 31, 2024	Carrying amount	Contractual Cash Flows		
		Total	1 year or less	More than 1 year
<b>Financial Liabilities</b>				
Trade Payables	38.96	38.96	38.96	-
Lease Liability (remaining contractual maturities)	124.95	148.51	45.15	103.36
Other Financial Liabilities (excluding Lease Liability)	81.92	81.92	81.92	-
<b>Total</b>	<b>245.83</b>	<b>269.39</b>	<b>166.03</b>	<b>103.36</b>

		₹ (in Crore)		
As at March 31, 2023	Carrying amount	Contractual Cash Flows		
		Total	1 year or less	More than 1 year
<b>Financial Liabilities</b>				
Trade Payables	34.46	34.46	34.46	-
Lease Liability (remaining contractual maturities)	130.47	154.75	43.11	111.64
Other Financial Liabilities (excluding Lease Liability)	75.70	75.70	75.70	-
<b>Total</b>	<b>240.63</b>	<b>264.91</b>	<b>153.27</b>	<b>111.64</b>

## iii. Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows related to financial instrument that may result from adverse changes in market rates and prices (such as foreign exchange rates, interest rates, other prices). The Group is exposed to market risk primarily related to currency risk, interest rate risk and price risk.

### Currency Risk

The Group has insignificant amount of foreign currency denominated assets. Accordingly, the exposure to currency risk is insignificant.

### Interest Rate Risk

The Group's investments are primarily in fixed rate interest instruments. Accordingly, the exposure to interest rate risk is also insignificant.

### Price Risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices and related market variables including interest rate for investments in debt oriented mutual funds and debt securities, whether caused by factors specific to an individual investment, its issuer or the market. The Group's exposure to price risk arises from investments in equity securities, debt securities, units of mutual funds, venture capital fund and alternative investment funds which are classified as financial assets at Fair Value Through Profit or Loss and is as follows:

		₹ (in Crore)	
Particulars		As at March 31, 2024	As at March 31, 2023
Exposure to price risk		<b>6,892.53</b>	<b>5,658.22</b>



# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

To manage its price risk from investments in equity securities, debt securities, units of mutual funds, venture capital fund and alternative investment funds, the Group diversifies its portfolio.

## Sensitivity Analysis

The table below sets out the effect on profit or loss and equity due to reasonable possible weakening/strengthening in prices by 5%:

Particulars	₹ (in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Effect on Profit and Loss</b>		
5% increase in the prices	344.63	282.91
5% decrease in the prices	(344.63)	(282.91)

## Note 34 Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
	₹ (in Crore)					
<b>Assets</b>						
<b>Financial Assets</b>						
Cash and Cash Equivalents	10.33	-	10.33	4.46	-	4.46
Bank Balance other than above	29.69	-	29.69	2.57	-	2.57
<b>Receivables</b>						
(i) Trade Receivables	93.27	-	93.27	183.74	-	183.74
(ii) Other Receivables	7.77	5.41	13.18	7.00	4.24	11.24
Investments	1,616.85	5,539.18	7,156.03	1,104.71	4,971.45	6,076.16
Other Financial Assets	6.16	15.00	21.16	20.22	11.90	32.12
<b>Sub total - Financial Assets</b>	<b>1,764.07</b>	<b>5,559.59</b>	<b>7,323.66</b>	<b>1,322.70</b>	<b>4,987.59</b>	<b>6,310.29</b>
<b>Non Financial Assets</b>						
Current Tax Assets (net)	-	31.12	31.12	-	30.46	30.46
Property, Plant and Equipment	-	137.68	137.68	-	137.59	137.59
Intangible Assets Under Development	-	0.87	0.87	-	2.14	2.14
Goodwill	-	6.04	6.04	-	6.04	6.04
Other Intangible Assets	-	8.92	8.92	-	6.84	6.84
Other Non Financial Assets	34.01	11.55	45.56	37.63	5.15	42.78
<b>Sub total - Non Financial Assets</b>	<b>34.01</b>	<b>196.18</b>	<b>230.19</b>	<b>37.63</b>	<b>188.22</b>	<b>225.85</b>
<b>Total Assets</b>	<b>1,798.08</b>	<b>5,755.77</b>	<b>7,553.85</b>	<b>1,360.33</b>	<b>5,175.81</b>	<b>6,536.14</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

₹ (in Crore)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Liabilities</b>						
<b>Financial Liabilities</b>						
<b>Payables</b>						
<b>Trade payables</b>						
(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises	1.08	-	1.08	0.05	-	0.05
(ii) Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	37.88	-	37.88	34.41	-	34.41
<b>Other Financial Liabilities</b>	119.11	87.76	206.87	110.49	95.68	206.17
<b>Sub total - Financial Liabilities</b>	<b>158.07</b>	<b>87.76</b>	<b>245.83</b>	<b>144.95</b>	<b>95.68</b>	<b>240.63</b>
<b>Non Financial Liabilities</b>						
Current Tax Liabilities (net)	6.26	-	6.26	18.39	-	18.39
Provisions	2.16	14.27	16.43	1.62	10.95	12.57
Deferred Tax Liabilities (net)	-	115.56	115.56	-	100.77	100.77
Other Non Financial Liabilities	94.74	0.02	94.76	55.96	-	55.96
<b>Sub total - Non Financial Liabilities</b>	<b>103.16</b>	<b>129.85</b>	<b>233.01</b>	<b>75.97</b>	<b>111.72</b>	<b>187.69</b>
<b>Total Liabilities</b>	<b>261.23</b>	<b>217.61</b>	<b>478.84</b>	<b>220.92</b>	<b>207.40</b>	<b>428.32</b>

## Note 35 Additional Information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

₹ (in Crore)

Name of the entity in the Group	March 31, 2024							
	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
<b>Parent</b>								
HDFC Asset Management Company Limited	99.58	7,045.07	100.16	1,945.88	85.03	(1.59)	100.18	1,944.29
<b>Indian Subsidiaries</b>								
HDFC AMC International (IFSC) Limited	0.42	29.94	(0.16)	(3.19)	14.97	(0.28)	(0.18)	(3.47)
Non-controlling interest in subsidiary	-	-	-	-	-	-	-	-
<b>Total</b>	<b>100.00</b>	<b>7,075.01</b>	<b>100.00</b>	<b>1,942.69</b>	<b>100.00</b>	<b>(1.87)</b>	<b>100.00</b>	<b>1,940.82</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

₹ (in Crore)

Name of the entity in the Group	As at March 31, 2023							
	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
<b>Parent</b>								
HDFC Asset Management Company Limited	99.94	6,104.06	100.04	1,423.92	110.53	0.42	100.04	1,424.34
<b>Indian Subsidiaries</b>								
HDFC AMC International (IFSC) Limited	0.06	3.76	(0.04)	(0.55)	(10.53)	(0.04)	(0.04)	(0.59)
Non-controlling interest in subsidiary	-	-	-	-	-	-	-	-
<b>Total</b>	<b>100.00</b>	<b>6,107.82</b>	<b>100.00</b>	<b>1,423.37</b>	<b>100.00</b>	<b>0.38</b>	<b>100.00</b>	<b>1,423.75</b>

## Note 36 Statutory disclosure required as per Schedule III Division III of the Companies Act, 2013

### (i) Relationship with Struck off Companies

The transactions with the companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 are disclosed below:

Sr No.	Name of struck off Company	Nature of transactions with struck-off Company	As at March 31, 2024			As at March 31, 2023		
			Transaction during the year	Balance outstanding	Relationship with the Struck off company	Transaction during the year	Balance outstanding	Relationship with the Struck off Company
1	Vitalink Wealth Advisory Services Private Limited	Shares held by struck off company (no.)	-	13	None	-	13	None
		Dividend paid during the year (₹)	624	-	None	546	-	None

- (ii) The Group is in compliance with number of layers of companies, as prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- (iii) The Group does not have any transactions which were not recorded in the books of account, but offered as income during the year in the income tax assessment.
- (iv) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) No funds have been advanced/ loaned/ invested (from borrowed funds or from share premium or from any other sources/ kind of funds) by the Group to any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

No funds have been received by the Group from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding (whether recorded in writing or otherwise) that the Group shall (i) directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## Note 37

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period in which the Code becomes effective.

As per our report attached of even date

For **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

**Kapil Goenka**

Partner

Membership No.: 118189

Mumbai, April 19, 2024

For and on behalf of the Board of Directors

**Deepak S. Parekh**

Chairman

(DIN: 00009078)

**Naozad Sirwalla**

Chief Financial Officer

**Navneet Munot**

Managing Director & Chief Executive Officer

(DIN: 05247228)

**Sylvia Furtado**

Company Secretary

(ACS: 17976)



**HDFC Asset Management Company Limited**

CIN: L65991MH1999PLC123027

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