

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

Dear Sir/Madam,

**Sub: Notice of the 23<sup>rd</sup> Annual General Meeting (AGM) and Annual Report 2021-22**

Pursuant to Regulations 30 and 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Notice of the 23<sup>rd</sup> AGM and the Annual Report for the financial year 2021-22 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 June 22, 2022 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 Wednesday, June 29, 2022 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**

A Joint Venture with abrdn Investment Management 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-third Annual General Meeting of the Members of HDFC Asset Management Company Limited ("the Company") will be held on Wednesday, June 29, 2022, at 3.00 p.m. (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following business:

### ORDINARY BUSINESS:

#### Item No. 1: Adoption of Financial Statements

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2022 and the Reports of the Board of Directors and Auditors thereon.

#### Item No. 2: Declaration of Dividend

To declare a dividend of ₹ 42/- per equity share for the financial year ended March 31, 2022.

#### Item No. 3: Re-appointment of Statutory Auditors of the Company and to fix their remuneration

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

**"RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the recommendations of the Audit Committee and the Board of Directors of the Company, M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No.: 101248W/W-100022) be and are hereby re-appointed as the Statutory Auditors for conducting audit of the Company for a term of 5 (five) consecutive years, who shall hold office from the conclusion of this 23<sup>rd</sup> Annual General Meeting till the conclusion of the 28<sup>th</sup> Annual General Meeting of the Company at a remuneration of ₹ 28,00,000/- (Rupees Twenty Eight Lakhs Only) plus applicable taxes, out of pocket expenses and incidental expenses (5% of the audit fee) for the financial year 2022-23.

**RESOLVED FURTHER THAT** the Board of Directors on the recommendation of the Audit Committee be and is hereby authorised to finalise the other terms and conditions for the entire term of the Statutory Auditors including remuneration of the Statutory Auditors for the remaining tenure.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution the Board (including the Audit Committee of the Board or any other person(s) authorised by the Board in this regard), be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose including but not limited to determination of roles and responsibilities/ scope of work of the Statutory Auditors, negotiating, finalising, amending, signing, delivering, executing, the terms of appointment including any contracts or documents in this regard, without being required to seek any further consent or approval of the members of the Company."

### SPECIAL BUSINESS:

#### Item No. 4: To re-appoint Mr. Deepak S. Parekh as Non-Executive Director 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 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the rules made thereunder, Regulation 17(1A) and other applicable regulations, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and other applicable laws, if any, read with Article 127(8) of the Articles of Association of the Company and upon recommendation of the Nomination & Remuneration Committee and the Board of Directors, Mr. Deepak S. Parekh (DIN: 00009078), who has attained 77 years of age and who retires by rotation and, being eligible, has offered himself for re-appointment, be and is hereby re-appointed as non-executive director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of the Company be and is hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion it may consider necessary, expedient and desirable to give effect to this resolution."

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

**Sylvia Furtado**

Company Secretary  
 Membership No. A17976

Mumbai, April 27, 2022

**NOTES:**

1. **In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has allowed the Company to conduct Annual General Meeting through video conferencing ("VC") or other audio-visual means ("OAVM"). In this regard, MCA issued 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 the latest being Circular No.21/2021 dated December 14, 2021 ("MCA Circulars") prescribing the procedure and manner of conducting the Annual General Meeting through VC/OAVM. Further, the Securities and Exchange Board of India ("SEBI") also vide its Circulars has provided certain relaxations from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") due to the COVID-19 pandemic. In compliance with the applicable provisions of the Companies Act 2013 ("the Act") and MCA Circulars and Listing Regulations and keeping in view with Government advisories on COVID-19, the Board of Directors has approved conducting of the 23<sup>rd</sup> Annual General Meeting (AGM) of the Company through VC / OAVM.**
2. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, 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.
3. An Explanatory Statement pursuant to Section 102 of the Act read with the Listing Regulations and Secretarial Standards 2 on the General Meetings ("SS-2"), setting out material facts relating to business under item numbers 3 to 4 to be transacted at the meeting, is annexed hereto and forms part of this Notice.
4. Information regarding particulars of the Director seeking re-appointment as required under Regulation 36(3) of the Listing Regulations and the provisions of SS-2, at the ensuing Meeting forms part of this Notice.
5. In terms of provisions of Section 107 of the Act, the resolutions as set out in the notice are being conducted through e-voting, and therefore the said resolutions will not be decided on a show of hands at the AGM.
6. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
7. A dividend of ₹ 42/- per equity share has been recommended by the Board of Directors for the financial year ended March 31, 2022, subject to the approval of the members at this Meeting. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, June 11, 2022 to Wednesday, June 29, 2022 (both days inclusive) for determining the entitlement of the members to the dividend, for financial year ended March 31, 2022.
8. Regulation 40 of Listing Regulations, as amended, mandates that transfer, transmission and transposition of securities of listed companies held in physical form shall be effected only in demat mode. Further, SEBI, vide its circular dated 25<sup>th</sup> January, 2022, has clarified that listed companies, with immediate effect, shall issue the securities only in demat mode while processing investor service requests pertaining to issuance of duplicate shares, exchange of shares, endorsement, sub-division/consolidation of share certificates, etc. In view of this, Members holding shares in physical form are requested to submit duly filled Form ISR-4 for the above mentioned service requests. Further, to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding equity shares in physical form are requested to consider converting their holdings to demat mode.
9. SEBI vide its circular dated November 3, 2021 has mandated registration of PAN, KYC details and Nomination, by the holders of physical securities. Therefore, Members holding shares in physical form are requested to promptly notify in writing in Form ISR-1 for any change in their address, details relating to nomination, e-mail address, change or updation of bank mandate, mobile number etc. alongwith the supporting documents to M/s. KFin Technologies Limited (Formerly known KFin Technologies Private Limited), Registrar and Share Transfer Agent ("KFintech") or by email to [inward\\_ris@kfintech.com](mailto:inward_ris@kfintech.com) from their registered email id.
10. Members holding shares in electronic form are requested to provide their e-mail address, details relating to nomination, mobile number and bank details to their Depository Participant(s) ("DP"), in case the same are not updated.
11. Dividend as recommended by the Board of Directors, if declared at the AGM, shall be dispatched/remitted commencing from the day after the AGM i.e. June 30, 2022.
12. 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 KFintech 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.

13. As per the Income-tax Act, 1961 as amended by the Finance Act, 2022, 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/about-us/governance/dividend>.
14. Pursuant to the provisions of Sections 124 and 125 of the Act, 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. Forms ISR-1 & ISR-4 along with the supporting documents as stated above at point nos. 8 & 9 are required to be submitted to KFinTech at the address mentioned below:

KFin 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 – 500032, Telangana  
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 of address, change/update Bank mandate and download standard forms. The android mobile application can be downloaded from Play Store by searching for "KPRISM".

16. 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.
17. In compliance with the aforesaid MCA Circulars and Listing Regulations, Notice of the AGM along with the Annual Report 2021-22 are being sent only through electronic mode to those Members whose E-mail addresses are registered with the Company/ Depositories. Members may note that the Notice and

Annual Report 2021-22 will also be available on the Company's website [www.hdfcfund.com](http://www.hdfcfund.com), websites 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).

18. Members who have not registered their email addresses so far are requested to register them for receiving all communication including Annual Report and other Notices from the Company electronically.
19. 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).
20. Since the AGM will be held through VC / OAVM means, 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. Further, the Company shall provide live webcast of proceedings of AGM from 3.00 p.m. onwards on June 29, 2022. 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.
21. 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, as amended and the provisions of Regulation 44 of the Listing Regulations, 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 June 25, 2022 and will end at 5.00 p.m. (IST) on June 28, 2022. 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 June 22, 2022, 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 Scrutinizer, 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 REMOTE 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, as amended from time to time, Regulation 44 of the Listing Regulations and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 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 SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 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 / DPs 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 DPs to access e-Voting facility.
- iv. The remote e-Voting period commences on June 25, 2022 at 10.00 a.m. (IST).
- v. The voting rights of Members shall be in proportion to their shares 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 of 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 casting vote during the meeting.

Details on Step 1 are mentioned below:

**Login method for remote e-Voting for Individual shareholders holding securities in demat mode.**

| Type of shareholders  | Login Method  |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL                            | <ol style="list-style-type: none"> <li><b>User already registered for IDeAS facility:</b> <ol style="list-style-type: none"> <li>Visit URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a></li> <li>Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section.</li> <li>On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting"</li> <li>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><b>User not registered for IDeAS e-Services</b> <ol style="list-style-type: none"> <li>To register click on link : <a href="https://eservices.nsd.com">https://eservices.nsd.com</a></li> <li>Select "Register Online for IDeAS" or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Proceed with completing the required fields.</li> <li>Follow steps given in point 1.</li> </ol> </li> <li><b>Alternatively by directly accessing the e-Voting website of NSDL</b> <ol style="list-style-type: none"> <li>Open URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a></li> <li>Click on the icon "Login" which is available under 'Shareholder/Member' section.</li> <li>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>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>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><b>Existing user who have opted for Easi / Easiest</b> <ol style="list-style-type: none"> <li>Visit URL: <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>Click on New System Myeasi</li> <li>Login with your registered user id and password.</li> <li>The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFintech e-Voting portal.</li> <li>Click on e-Voting service provider name to cast your vote.</li> </ol> </li> <li><b>User not registered for Easi/Easiest</b> <ol style="list-style-type: none"> <li>Option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Proceed with completing the required fields.</li> <li>Follow the steps given in point 1</li> </ol> </li> <li><b>Alternatively, by directly accessing the e-Voting website of CDSL</b> <ol style="list-style-type: none"> <li>Visit URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>Provide your demat Account Number and PAN No.</li> <li>System will authenticate user by sending OTP on registered Mobile &amp; Email as recorded in the demat account.</li> <li>After successful authentication, user will be provided links for the respective ESP, i.e <b>KFintech</b> where the e-Voting is in progress.</li> </ol> </li> </ol>  |
| Individual Shareholder login through their demat accounts / Website of Depository Participant | <ol style="list-style-type: none"> <li>You can also login using the login credentials of your demat account through your DP registered with NSDL / CDSL for e-Voting facility.</li> <li>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.</li> <li>Click on options available against company name or e-Voting service provider – <b>KFintech</b> and you will be redirected to e-Voting website of <b>KFintech</b> for casting your vote during the remote e-Voting period without any further authentication.</li> </ol>   |

**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.

| Login type                | Helpdesk details   |
|---------------------------|--|
| 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.: <b>1800 1020 990</b> or <b>1800 22 44 30</b>               |
| 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 <b>022- 23058738</b> or <b>022-23058542-43</b> |

**Details on Step 2 are mentioned below:****Login method for e-Voting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

(A) Members whose E-mail IDs are registered with the Company/DP(s), will receive an E-mail 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) xxxx, 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 should 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 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 e-voting together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email id [ssrauthan@ssrgroupindia.in](mailto:ssrauthan@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."

- (B) Members whose email IDs are not registered with the Company/DPs(s), and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the following process:

Members who have not registered their email address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their email address and mobile number provided with Kfintech, by accessing the link: <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx>.

Members are requested to follow the process as guided to capture the E-mail address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, member may write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).

Alternatively, member may send an e-mail request at the E-mail [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with scanned copy of the signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.

After receiving e-voting instructions, please follow all steps above to cast your vote by electronic means.

**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 through VC/OAVM shall open at least 30 minutes before the commencement of the Meeting.
- iii. Members are encouraged to join the Meeting through Laptops/Desktops with Google Chrome, Safari, Internet Explorer, 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 Wednesday, June 22, 2022, 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. A member may participate in the AGM even after exercising his right to vote through Remote e-voting but shall not be entitled to vote again; and

- 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 open during the remote e-voting period. 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. 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 write to [evoting@kfintech.com](mailto:evoting@kfintech.com) or contact Ms. Krishna Priya Maddula, Senior Manager (KFinTech) at phone no. 040-67161510. Please contact KFinTech's toll free no. 1-800-3094-001 for any further clarifications.
- III. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Wednesday, June 22, 2022, being the cut-off date, are only 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 information purposes only. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- IV. 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://evoting.kfintech.com/>, 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).

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 Company.

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

### Item No. 3

Explanatory statement for Item no. 3 is being provided in accordance with Regulation 36 (5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In accordance with the provisions of Sections 139, 142 and other applicable provisions of the Companies Act, 2013 (the Act) read with the Companies (Audit and Auditors) Rules, 2014, M/s B S R & Co. LLP, (BSR) Chartered Accountants, Firm Registration: 101248W/ W-100022 were appointed as the Statutory Auditors of the Company at the 18<sup>th</sup> Annual General Meeting ('AGM') held on May 26, 2017 for a term of 5 (five) years from the conclusion of the 18<sup>th</sup> AGM till the conclusion of the ensuing 23<sup>rd</sup> AGM of the Company. Accordingly, BSR, would be completing their first term of five years at the conclusion of this AGM.

Moreover, in accordance with provisions of the Section 139(2) of the Act, a listed company can re-appoint an audit firm as auditor for not more than two terms of five consecutive years. BSR has only completed one term of five years and accordingly the Board, on the recommendation of the Audit Committee, has further recommended the re-appointment of BSR for the second term of five years for conducting audit of the Company and to hold office from the conclusion of the 23<sup>rd</sup> AGM till the conclusion of the 28<sup>th</sup> AGM at a remuneration of ₹ 28,00,000/- (Rupees Twenty Eight Lakhs only) plus applicable taxes, out of pocket expenses and incidental expenses (5% of the audit fee) for the financial year 2022-23. The other terms and conditions for the entire term and remuneration including, inter-alia, the expenses for remaining tenure of the Statutory Auditors will be decided by Board of Directors on the recommendation of the Audit Committee of the Company.

The credentials of BSR as required in terms of Listing Regulations, are as follows:

BSR & Co. was constituted on March 27, 1990 as a partnership firm having firm registration no. as 101248W. It was converted into limited liability partnership i.e. B S R & Co. LLP on October 14, 2013 thereby having a new firm registration no. 101248W/ W-100022. The registered office of the firm is at 14<sup>th</sup> Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Centre, Western Express Highway, Goregaon (East), Mumbai- 400063.

BSR is a member entity of B S R & Affiliates, a network registered with the Institute of Chartered Accountants of India.

BSR is registered in Mumbai, Gurugram, Bengaluru, Kolkata, Hyderabad, Pune, Chennai, Chandigarh, Ahmedabad, Vadodara, Noida, Jaipur and Kochi.

BSR has over 3000 staff and 100+ Partners. BSR audits various companies listed on stock exchanges in India including companies in the financial services sector.

BSR has provided confirmation that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board of ICAI'.

The Company has received confirmation and consent from BSR that they are eligible for re-appointment under Sections 139 and 141 of the Act. Considering the past performance, experience, and expertise of BSR, and based on the recommendation of the Audit Committee, the Board recommends re-appointment of statutory auditors, as set out in the resolution at Item no. 3, for approval of the members as an ordinary resolution.

None of the Directors and Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in the resolution.

### Item No. 4

In terms of Section 152 of the Companies Act, 2013 (the Act) and the rules there under, Mr. Deepak S. Parekh, Non-Executive Director and Chairman of the Company, retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible seeks re-appointment.

In terms of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") consent of the Shareholders by way of Special Resolution shall be required for appointment or continuation of directorship of the Non-Executive Directors of the Company who have attained the age of 75 years.

Mr. Deepak S. Parekh (aged 77 years), having attained the prescribed age limit, Special Resolution is proposed for approval of Members of the Company, for continuation of his directorship on the Board of Directors of the Company.

Mr. Parekh is a Non-Executive Director and Chairman of the Company, liable to retire by rotation. The Government of India honored Mr. Parekh with one of the highest civilian awards, the Padma Bhushan in 2006. The Mayor of London in 2017 named Mr. Deepak S. Parekh as first of a network of international ambassadors for championing London across the globe. He is also honored with several awards and accolades. Some of the most important ones are - '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 international recipient of the Outstanding Achievement Award by 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. Mr. Parekh has been a Director of the Company since its incorporation.

Based on the recommendation of the Nomination & Remuneration Committee and considering his rich experience, expertise and immense contribution in the growth of the Company since its incorporation, the Board of Directors recommends re-appointment of Mr. Deepak S. Parekh as Non-Executive Director, liable to retire by rotation as set out in the Resolution at Item No. 4 of the Notice, for approval of the members as a special resolution.

Relevant details of Mr. Deepak S. Parekh, including his profile, as required by the Act, Listing Regulations and Secretarial Standards issued by ICSI are provided in the "Annexure" to the Notice. Mr. Deepak S. Parekh is not disqualified from being appointed as a director in terms of Section 164 of the Act.

Except for Mr. Parekh and his relatives, none of the other directors or key managerial personnel of the Company or their relatives is in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of this Notice.

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2, the following information is furnished about the Director proposed to be re-appointed:

|  |  |
|--|--|
| Name of the Director   | Mr. Deepak S. Parekh   |
| Director Identification Number   | 00009078   |
| Age  | 77   |
| Nationality  | Indian   |
| Qualification  | Fellow of The Institute of Chartered Accountants (England and Wales)   |
| Brief Profile/Experience including expertise in specific functional areas            | He is a Non-executive Director and Chairman of one of our Promoters, Housing Development Finance Corporation Limited (HDFC). Mr. Parekh's astute business acumen and farsightedness has not only made HDFC the leader in mortgages, but has also transformed it into India's leading financial services conglomerate with presence in banking, asset management, life insurance, general insurance, real estate venture fund, education loans and education. |
| No. of shares held   | 1,60,000   |
| Terms and conditions of re-appointment   | Non-executive Director liable to retire by rotation  |
| Date of first appointment on Board   | July 04, 2000  |
| Directorships held in other companies*   | Equity Listed Companies<br>(HDFC Group Companies)<br>1. Housing Development Finance Corporation Limited<br>2. HDFC Life Insurance Company Limited<br><br>Other Equity Listed Companies<br>3. Siemens Limited<br><br>Unlisted Companies<br>4. National Investment and Infrastructure Fund Limited   |
| Directorship of listed entities from which director has resigned in the past 3 years | 1. The Indian Hotels Company Limited<br>2. Glaxosmithkline Pharmaceuticals Limited<br>3. Network 18 Media & Investments Limited  |
| Membership/Chairmanship of committees in other companies <sup>#</sup>                | Audit Committee – Member<br>Siemens Limited  |
| Remuneration sought to be paid   | Sitting fees and commission  |
| Remuneration last drawn  | Rs. 38,00,000/-  |
| Number of meetings of the Board attended during the year.                            | He has attended 6 Board meetings   |
| Relationship with other Directors and other Key Managerial Personnel of the Company  | He is not related to any other Director and / or Key Managerial Personnel of the Company   |

\* excludes directorships held in foreign companies.

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

aspire  
believe  
achieve



# aspire believe achieve

At HDFC AMC, we aspire to be a wealth creator for every Indian while shaping the savings and investment landscape. We believe the India growth story can surprise on the upside. Our comprehensive product suite is designed not only to capitalise on that story, but also to fuel diverse aspirations and cater to evolving investing needs. Staying true to our investment philosophy, we

have navigated the ebb and flow of market cycles for more than two decades to consistently deliver superior returns.

We have endeavoured to remain true to label and not get carried away by market fads. Our robust investment philosophy is built on efficient risk management, sound governance practices, long-term orientation with a focus on generating superior risk-adjusted returns. Our investment team has showed the benefits of disciplined investing and this has held us in good stead, enabling us to enhance investor confidence and trust.

Our proven long-term track record of delivering sustainable value is powered by our experienced team, robust distribution network, and strong IT and digital backbone. Anchored to our culture of transparency, best-in-class governance and effective risk management, we are taking confident strides towards achieving our vision by launching innovative solutions, enhancing digitalisation, embedding ESG principles, and upholding the highest standards of ethical conduct and transparency.

# HDFC AMC: Quick Facts

## Performance Highlights FY 21-22

₹ **4,07,553** Crore

Mutual Fund Assets Under Management (AUM)

↗ 3.05%

₹ **1,393** Crore

Profit After Tax

↗ 5.08%

**64%**

Dividend Payout Ratio

**58** Lakh

Unique Investors

**1,187**

Employees

**99** Lakh

Live Accounts

**228**

Investor Service Centres (ISCs)

**~99%**

Pincodes serviced across India

↗ Growth y-o-y

### Note:

- All data as of March 31, 2022/ for FY 21-22 unless stated otherwise
- For details on Mutual Fund AUM, refer to pages 6 and 7
- ISCs include a representative office in Dubai
- Actively managed equity-oriented mutual funds include all solution-oriented schemes/portfolios and excludes index funds & ETFs

# Contents

## Corporate Overview

- 4** HDFC AMC at a Glance
- 5** Our Investment Philosophy
- 6** Our Product Suite
- 7** Our Presence
- 8** Decoding Key Terminologies of the MF Industry
- 10** Key Performance Indicators
- 12** Chairman's Message
- 14** MD's Message
- 18** Digital
- 20** Marketing Initiatives
- 26** Embedding ESG Principles
- 30** Our Board of Directors
- 35** Leadership Team
- 37** Senior Investment Team

## Statutory Reports

- 38** Management Discussion and Analysis
- 62** Directors' Report
- 77** Business Responsibility and Sustainability Report
- 109** Corporate Governance Report

## Financial Statements

- 128** Independent Auditor's Report
- 136** Balance Sheet
- 137** Statement of Profit and Loss
- 138** Statement of Changes in Equity
- 139** Statement of Cash Flows
- 141** Notes to Financial Statements

For complete information on our offerings referred to in this document, please refer our website [www.hdfcfund.com](http://www.hdfcfund.com)

# HDFC AMC at a Glance

HDFC AMC is among India's most profitable and preferred mutual fund managers. We offer a comprehensive suite of saving and investment options across varied asset classes to our retail and institutional customers. For an ever-growing customer base that comprise individuals, families, corporates, and institutions, we provide a one-stop solution for investments that help them improve income and create wealth.

We work with a broad and diverse set of distribution partners which helps us expand our reach. We serve our customers and distribution partners in ~99% pincodes across India through our network of investor service centres and modern digital platforms. We also provide portfolio management and separately managed account services to high net-worth individuals (HNIs), family offices, domestic corporates, trusts, provident funds, and domestic and global institutions.



## Vision

To be the most respected asset manager in the world



## Mission

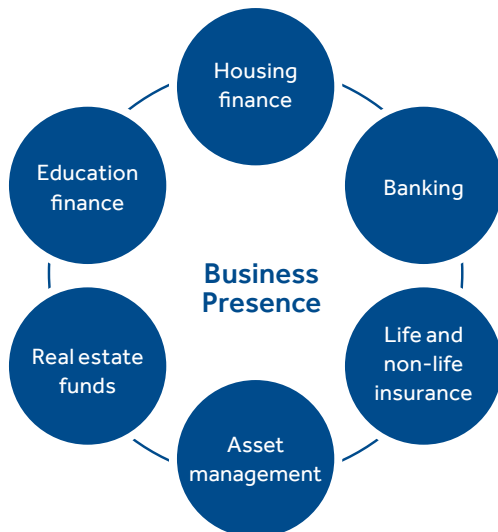
To be the wealth creator for every Indian

## Our promoter shareholders

Our principal shareholders are Housing Development Finance Corporation Limited (HDFC) and abrln Investment Management Limited which own 52.6% and 16.2% stake (as on March 31, 2022), respectively. The brand equity, goodwill, and expertise of our sponsors empowers us to grow from strength to strength.

### HDFC

HDFC was incorporated in 1977 as a specialised mortgage finance company and is today a financial conglomerate having a dominant presence in housing finance, banking, life and non-life insurance, asset management, real estate funds and education finance.



### abrln Investment Management Limited

abrln Investment Management Limited (AIML) (erstwhile Standard Life Investments Limited) is a wholly-owned subsidiary of abrln Investments (Holdings) Limited (formerly Standard Life Investments (Holdings) Limited), which in turn is a wholly-owned subsidiary of abrln plc (formerly Standard Life Aberdeen plc).

### Key facts

**£542** Billion

Assets Under Management (AUM)

**5,000+**

Employees and investment professionals globally

Figures as at 31 December 2021

## Our Investment Philosophy

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.

### Equity-Oriented Schemes

Equity-oriented schemes constituted 51% of our total AUM as of March 31, 2022. 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 focussed on bottom-up research keeping in mind the economic outlook and macro-economic conditions. The focus is on understanding the businesses, key drivers and understanding the 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 & experts etc.) factors. While the above forms the core of our approach to equity investments, we are mindful of the fact that there are/ can be phases in markets when alternative approaches to investing perform better. With a view to offer choice of diversity of styles to our customers and to mitigate business risk, we built capabilities by adding appropriate resources during the year. While we already have products, which 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 focussed on fundamentals-led research and will continue to strive to improve our understanding of the investment universe.

### Debt-Oriented Schemes

Debt Schemes Investments in fixed income securities are guided by our investment philosophy of Safety, Liquidity and Returns (SLR), generally in that order. Given the limited liquidity of fixed income markets in India, especially in difficult times, 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 debt-oriented markets over the last few years due to default by a large Non-Banking Finance Companies (NBFC) & Housing Finance Companies (HFC), COVID-19 related credit stresses as well as shutting of several fixed income schemes by another mutual fund due to illiquidity of the underlying portfolios. Our debt-oriented schemes constituted 46% of our total AUM as of March 31, 2022. Our debt-oriented schemes invest in debt securities including government securities, non-convertible debentures, corporate bonds, asset-backed securities, money market instruments, etc. All investments are done in line with the Scheme Information Document (SID) and in permitted instruments. Our Credit Risk Assessment framework lays emphasis on 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 deep understanding of credits has helped us avoid majority of stress cases faced by the mutual fund industry over the past decade. Also, in the few instances where our holdings experienced some stress, we were able to recover a major portion of our investments due to good covenants, strength of underlying businesses/ collateral and parentage. This approach along with conservative sizing of investments has kept credit losses to minimal levels. Apart from quality credit research, we aim to add value in fixed income investments by managing duration of portfolios driven by our view on interest rates, yield curve, etc.



# Our Product Suite

We offer a rich suite of savings and investment products across asset classes catering to the needs of our large and diverse customer base. We also provide portfolio management and segregated account services. Our mutual fund schemes have weathered multiple market cycles, many of them going back more than two decades. Our equity-oriented funds command sizeable market share and our offering of systematic transactions have been enhancing our appeal to customers.

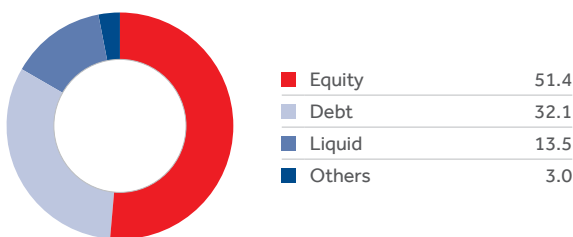


Note: As of March 31, 2022

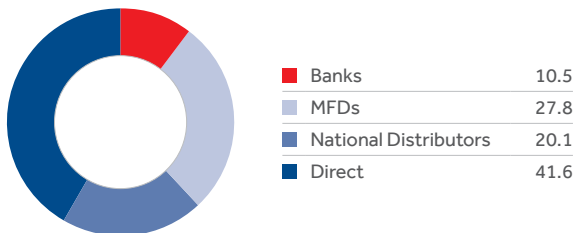
Equity-oriented includes all solution oriented schemes/portfolios. Others includes Arbitrage funds, Exchange Traded Funds (ETF) and Fund of Funds (FoF).

| Category of the scheme                           | ₹ (in Crore)                                    |  |
|--|---|--|
|  | AUM on last day of quarter ended March 31, 2022 | Average AUM for the quarter ended March 31, 2022 |
| Liquid Fund/Money Market Fund/ Floater Fund      | 84,755  | 1,04,312   |
| Gilt Fund/ Glit Fund with 10-year constant       | 1,533   | 1,521  |
| Remaining Income/ Debt Oriented Schemes          | 96,897  | 1,03,984   |
| Growth/Equity Oriented Schemes (Other than ELSS) | 1,16,727  | 1,15,642   |
| ELSS Funds                                       | 9,225   | 9,358  |
| Hybrid Schemes                                   | 74,142  | 74,427   |
| Solution Oriented Schemes                        | 8,436   | 8,318  |
| Index Funds                                      | 9,931   | 8,732  |
| GOLD ETF   | 3,087   | 3,025  |
| Other ETF  | 1,653   | 1,598  |
| Fund of Fund investing overseas                  | 1,169   | 1,168  |
| <b>Total</b>                                     | <b>4,07,553</b>                                 | <b>4,32,085</b>                                  |

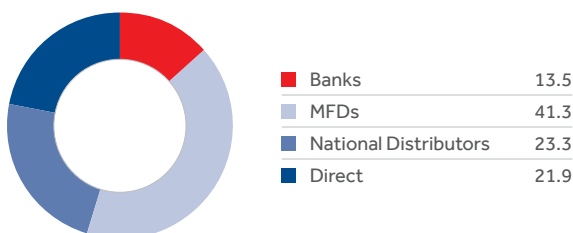
### Segment-Wise Break-Up (%)



### Channel-Wise Break-Up of Total AUM (%)



### Channel-Wise Break-Up of Equity-Oriented AUM (%)



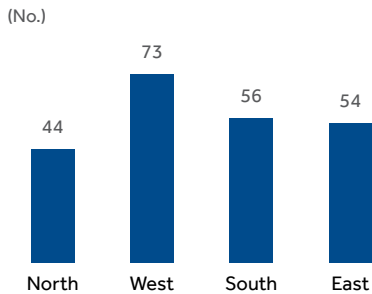
Note: As of March 31, 2022



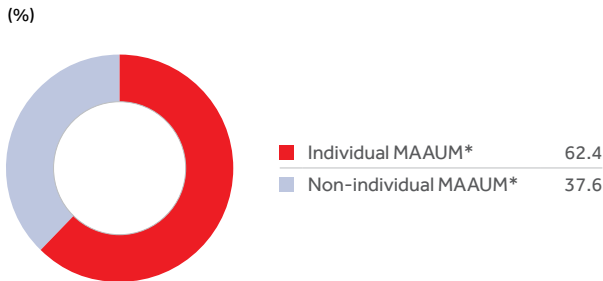
# Our Presence

Our strong brand appeal and distribution network have contributed majorly to our growth over the past few years. We are reaching out to suburban and rural India apart from deepening our potential in all major cities and towns.

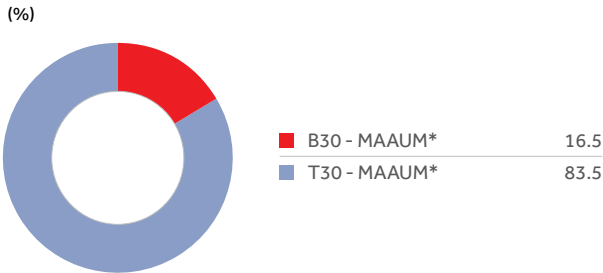
## Spread of ISCs across India



## Investor base break-up



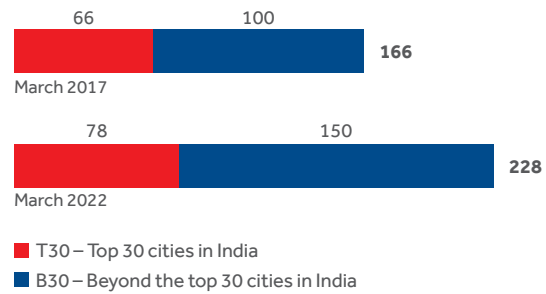
## Geography wise breakup



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

\*Monthly Average AUM

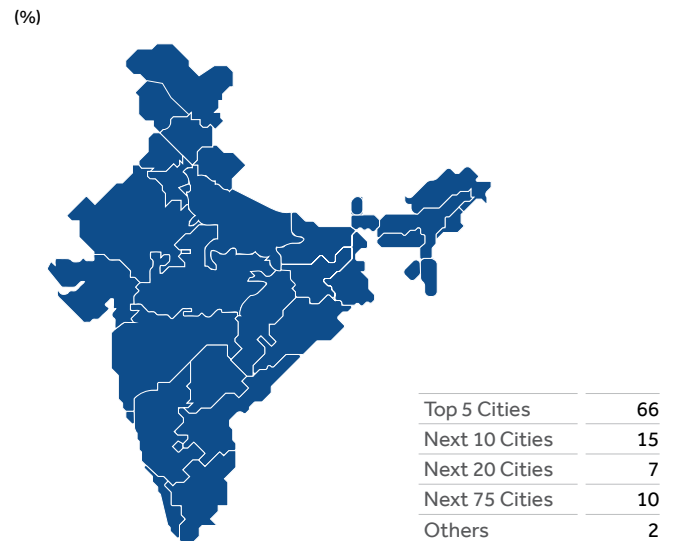
## Physical footprint ISCs



## Number of distribution partners



## Percentage of AUM by Geography



# Decoding Key Terminologies of the MF Industry

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.



## 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.



## 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.



## 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 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 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.



### 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.



### 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.



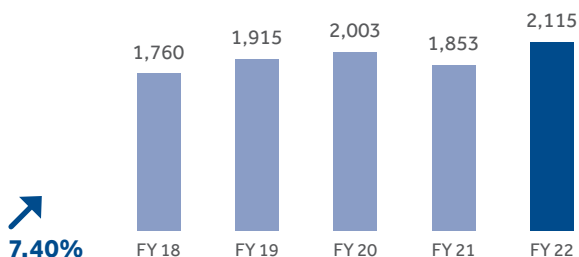
### Passive Funds

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

# Key Performance Indicators

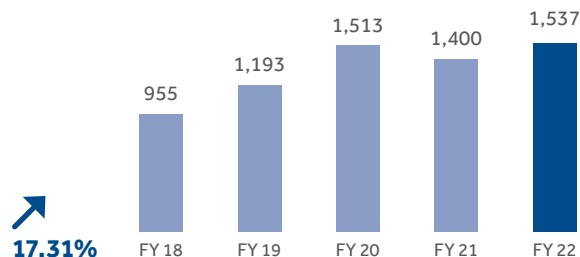
## Revenue from Operations

(₹ in Crore)



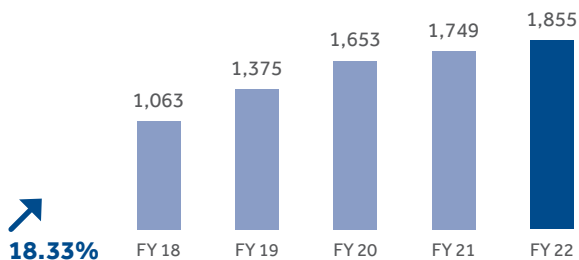
## Operating Profit

(₹ in Crore)



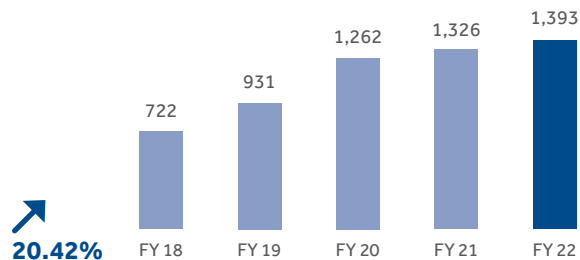
## Profit Before Tax

(₹ in Crore)



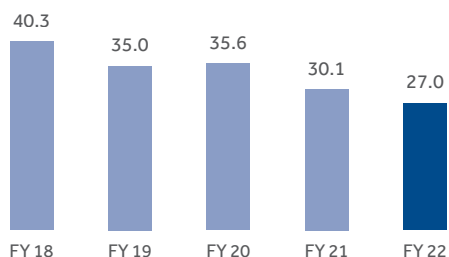
## Profit After Tax

(₹ in Crore)



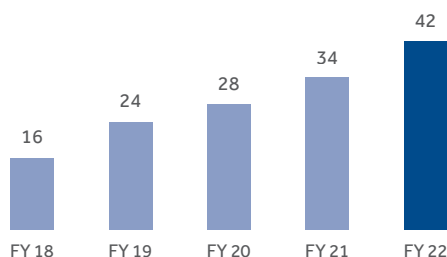
## Return on Equity

(%)



## Dividend Per Share

(₹)



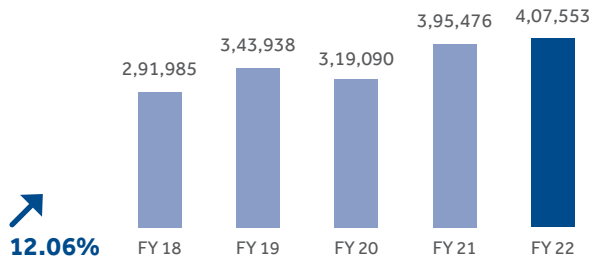
▲ (5-year CAGR)

### Note:

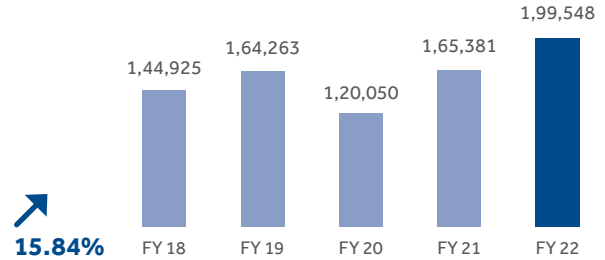
1. FY 16-17 has been taken as the base year for CAGR calculation. Revenue from operations, operating profit, profit before tax and profit after tax in FY 16-17 were ₹ 1,480 Crore, ₹ 692 Crore, ₹ 800 Crore and ₹ 550 Crore respectively.
2. The details from FY 16-17 to FY 17-18 considered here, are as reported in the financial statements of that year which were under earlier applicable accounting standards.
3. Return on Equity for FY 17-18 was under earlier applicable accounting standards whereas for FY 18-19 onwards, it is under IndAS.
4. Dividend for FY 21-22 is recommended by the Board of Directors on April 27, 2022 which is subject to shareholders' approval at the ensuing Annual General Meeting.

**Assets Under Management**

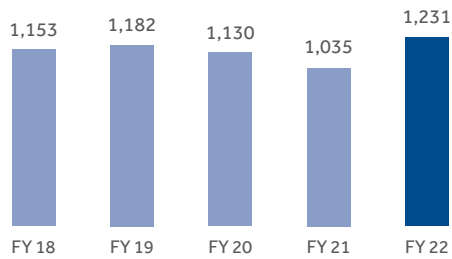
(₹ in Crore)

**Active Equity AUM**

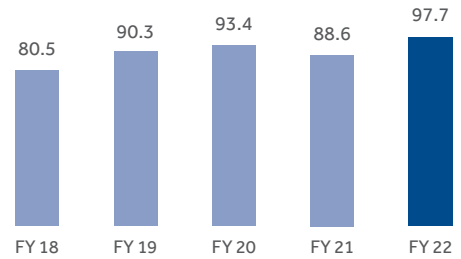
(₹ in Crore)

**Systematic Transactions**

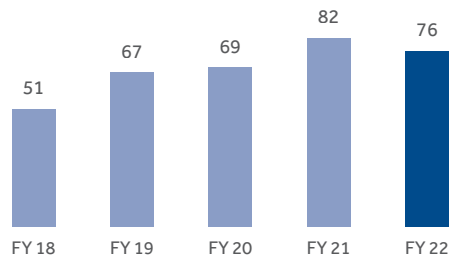
(₹ in Crore)

**Live Individual Accounts**

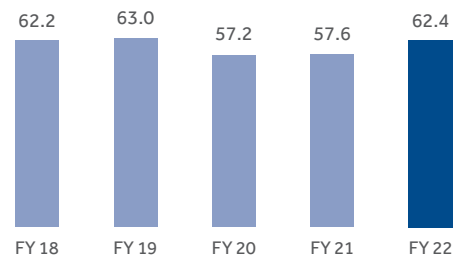
(Lakh)

**Digital Transactions as % of Total**

(%)

**Individual's Share in AUM**

(% of monthly average AUM)



▲ (5-year CAGR)

**Note:**

1. All data is as of March for each year, unless stated otherwise.
2. March 2017 has been taken as the base for CAGR calculation. Assets under management and actively managed equity-oriented AUM in March 2017 were ₹ 2,30,594 Crore and ₹ 95,659 Crore, respectively.
3. Assets under management (AUM) refers to month end closing AUM.
4. Actively managed equity-oriented AUM includes all solution oriented schemes/portfolios and excludes index funds and ETFs.
5. Systematic transactions are for the month of March for respective financial years

## Chairman's message

# Capitalising on Growth Opportunities



Dear Shareholders,

I sincerely hope that you and your families are fine and healthy.

### Global environment remains uncertain

The financial year gone by was a mixed bag for the global economy and capital markets. On one hand, we witnessed a robust global recovery despite some headwinds stemming from the successive waves of COVID-19. On the other, continued disruptions in global supply chains and surge in demand pushed inflation higher, prompting policy actions by central banks of major economies, except China, to rein in soaring price levels. The People's Bank of China maintained its accommodative

stance due to a renewed surge in COVID-19 infections and a slowdown in growth momentum. The uncertainty in the global growth and monetary policy outlook was aggravated by Russia's military invasion into Ukraine, which immediately led to the imposition of economic sanctions by major economies and sent global energy and commodity prices sharply northward.

### Indian economy firing on all cylinders

In India, growth accelerated as restrictions eased and demand normalised, which

was further aided by improvement in exports and supportive monetary and fiscal policies. Since the pandemic outbreak, the central government has carried out a series of reforms, such as the Aatmanirbhar Bharat package and sector-specific measures, to counter the negative impact of COVID-19 and create an overall conducive environment for growth. As the world diversifies its supply chain away from China, those measures are likely to play a key role in positioning India as one of the preferred destination.

Despite the second wave overwhelming India's health infrastructure and posing a threat to the nascent economic recovery in the first quarter of FY22, the Indian economy staged a solid rebound as private consumption and investments marginally surpassed the pre-pandemic levels. Total tax collections exceeded the revised estimates by 8%, led by higher direct tax collection. Real GDP rose by 8.9% in FY22 (National Statistical Office estimates). Rising inflation, however, remains a concern, prompting the RBI to undertake an off-cycle rate hike of 40 bps recently. Bond yields surged across the curve. The RBI does not foresee the inflation pressure to subside soon, increasing the possibility of accelerated hikes into FY23. The economic growth outlook remains robust, on the back of prospects of normal monsoon, pick up in discretionary spend, robust exports, improved balance sheets of corporate and banking sector and signs of revival in private capex. However, risks to growth remain on the downside, which include geopolitical conflicts sustaining for longer, tighter financial conditions, elevated commodity prices and continued global supply-chain disruptions. The constant improvement in India's services

exports has built some buffer on the current account front against rising import bill due to higher crude prices.

## Mutual Fund industry stages a rebound

After a challenging FY21 in terms of flows into equity-oriented mutual funds, overall industry AUM rose 20% to ₹ 37.6 Lakh Crore in FY22. The industry added a staggering 3.16 Crore investor folios up from a net addition of 81 Lakh in the previous year. The MF industry also crossed an important milestone of 10 Crore folios to reach 12.95 Crore at present.

During March 2022, the industry saw flows of ₹ 12,328 Crore via the systematic investment plan across 5.28 Crore outstanding SIP accounts. This reflects the maturity of Indian households in investing systematically and for long periods. The progress made over the past 12 months has further strengthened my belief in the MF industry, which enjoys strong tailwinds from the increasing importance of financial savings among Indian households, growing awareness, strong distribution platforms, ease of reach and transactions through digitisation. I believe that digitisation is helping the industry democratise investments into mutual funds and achieve inclusive growth. Rise in internet and smartphone penetration, low data charges along with rollout of UPI are deepening the industry penetration.

Markets have recently turned volatile due to geopolitical events and rising inflation and interest rates. However, investors should not get swayed by this volatility as fundamentals of Indian economy are robust. I would urge investors to remain patient to reap the benefits over medium to long run.

## Outsized growth potential

Reiterating what I wrote in the previous annual report, the MF industry in India remains significantly under-penetrated compared to global averages, despite the sharp growth in last few years. Our MF AUM-to-GDP ratio stands at only 16%, compared to the global average of 74%. Our equity AUM-to-market cap was at 6% as against the global average of 33%.

While equity AUM has increased at a faster pace thanks to continued flows and rising markets, I also see tremendous potential for growth in fixed income funds as well. Penetration of fixed income mutual funds as a percentage of Bank deposits has been stagnant at around 9% for last few years.

Also, India has more than 50 Crore Permanent Account Number (PAN) holders and more than 9 Crore demat accounts, of which around 5 Crore have been opened since March 2020. The Indian MF industry has reached only 3.4 Crore unique investors, which points to disproportionate headroom for growth. It is interesting to note the data points and anecdotal evidence around job creation across industries particularly in the IT sector, which bodes well for growth in consumption as well as savings. If we look at India's annual financial household savings, there's no visible limit to the potential investable capital. I believe that mutual funds can tap this opportunity and be the vehicle of choice for funnelling household savings into investments.

## Regulatory direction towards building investor confidence

Indian capital market regulator, SEBI has played a very important role in the growth of the industry. It has played the dual role of building investor confidence by regulating the industry while creating a conducive environment for growth. India is amongst very few countries where there is a special incentive to sell mutual fund products beyond the larger cities and also has a mandatory spend on investor education.

In addition, the industry is mandated to follow the highest levels of transparency, coupled with strong regulatory oversight. Last year, SEBI instated 'skin in the game' regulations for senior employees of asset management companies and has now expanded the same framework for asset management companies, aimed at aligning the interest of AMCs and unit holders. This framework requires fund houses to invest between 0.03% and 0.13% of the scheme corpus into their own funds, based on the fund size and risk levels, as opposed to the current requirement of a maximum of ₹ 50 Lakh per scheme.

Further, in a move to help investors to diversify their portfolio further, SEBI made an amendment to the mutual fund rules to enable the introduction of silver ETFs with certain safeguards, in line with the existing regulations for gold ETFs. This has been a long-standing demand of commodity market participants.

I would like to extend my personal gratitude to various participants viz AMFI, Distribution Community, Registered Investment Advisors, Media and Asset Management Companies who have played an extremely important role in the growth of this industry. None of this would have been possible without the faith that the Indian investor has reposed in the industry – be it an individual or a large institution, who bestowed their trust by putting their hard-earned capital.

## 10 years of HDFC Cancer Cure fund

This year we commemorated 10-years of HDFC Cancer Cure Fund (CCF), a unique initiative of HDFC MF in partnership with Indian Cancer Society. There cannot be a better investment than saving lives and this was a partnership that encouraged us to invest in humanity and nurture hope. I sincerely thank all our investors and partners for their support.

## Thank you

On behalf of HDFC AMC, I would like to thank all our stakeholders for their continued trust and confidence in our business even in these unprecedented times. I would also like to thank all our employees for demonstrating an unwavering commitment. HDFC AMC endeavours to deliver sustainable growth that benefits all stakeholders aided by our goal of spreading financial literacy, increasing the acceptance of capital market-oriented products and deepening mutual fund penetration levels in the country.

**Deepak S. Parekh**  
Chairman

## MD's message

# Passion with Purpose



For the mutual fund industry, the last 5 years have witnessed significant growth. The industry has added 7.41 Crore net new folios and the total count now stands at 12.95 Crore. SIP flows not only continued to be resilient but also grew from ₹ 9,182 Crore for March 2021 to ₹ 12,328 Crore for March 2022. The industry saw new registrations of 2.66 Crore SIPs, and gross SIP flows added up to ₹ 1,24,566 Crore, up 30% from FY21 and almost double the flows of FY18. Industry AUM as of March 31, 2022 rose 20% to ₹ 37.6 Lakh Crore, more than two-fold increase in 5 years. During the year, equity-oriented AUM rose 39% to ₹ 18.1 Lakh Crore aided both by net new flows and mark-to-market change while non-equity-oriented AUM grew to ₹ 19.5 Lakh Crore, up 6%.

At HDFC AMC, we have set an ambitious vision and mission for ourselves. Our Vision is "To be the most respected asset manager in the world" and the Mission (Purpose) is "To be the wealth creator for every Indian". We believe that someday each Indian household will own a mutual fund scheme and we aspire to be part of their journey. We need to make sure that all the right pieces – people, processes, products, performance, partnerships and platforms – of the proverbial puzzle are in place.

Dear Shareholders,

Past couple of years have been extremely challenging as the world witnessed an unprecedented health, economic, social, geopolitical and climate crisis. Last year, we endured through two waves of Covid and participated in the world's largest vaccination drive in history. While the social impact of the pandemic was high, the economic impact of successive waves was relatively muted. India's growth

momentum remained largely steady aided by higher vaccination coverage, accommodative fiscal and monetary conditions and Government's focus on structural reforms. Although foreign portfolio investors (FPIs) were net sellers in Indian equity markets for the most part of FY 2021-22, domestic institutional investors (DIIs) were net buyers aided by robust mutual fund inflows and buoyant retail investor participation.



## Conviction and clarity in uncertain times

We have seen heightened volatility across asset classes over the last couple of years. Remaining true to the mandate, robust research and portfolio construction along with focus on risk-adjusted returns with a long-term orientation has kept us in good stead across cycles. In our opinion, it is extremely important to not get carried away by market fads. Our investment team once again showed the benefits of disciplined investing and thinking longer than most in the market. We take pride in the quality of our people and robustness of processes.

The HDFC brand is respected for its high levels of compliance, ethics, and risk management. To us, risk is not just the steps and tools we use, it is part of our culture.

## Expanding Product Portfolio

We fully understand that different investors have different needs. We will continue to expand our range of products and solutions to offer our clients a comprehensive platform to meet their financial goals and investing needs.

We launched a slew of new products across categories to further expand our portfolio. During the year, we launched HDFC Asset Allocator Fund of Funds, an interesting offering for investors looking for dynamic asset allocation. Based on feedback received from our partners and investors looking for a product that aids global diversification, we launched HDFC Developed World Indexes Fund

of Funds. We launched a thematic fund, HDFC Banking & Financial Services Fund and also launched HDFC Multi Cap Fund, a diversified offering. We were one of the early entrants in the passive space, launching our index funds, HDFC Index Fund - Nifty 50 Plan and HDFC Index Fund - Sensex Plan, way back in 2002. We further expanded our passive portfolio with four new funds in the year gone by.

We would like to further expand our thematic, passive and international offerings in times to come. We have also initiated efforts for launching Alternative Investment Funds (AIF) and will also build on Portfolio Management Services (PMS). Our strategy is completely aligned with our core objective of making HDFC AMC the brand of choice for any savings and investing needs.

## Customer-centricity at the core

We not only want to deliver investment returns, but also build an inclusive ecosystem of information, knowledge and platforms. In our pursuit to transform from client service to client delight, we have launched various initiatives like e-KYC, ease of SIP documentation, an industry-first Smart statement, QR codes on physical statements, among others to enhance our client's experience.

We are expanding our robust 'phygital' delivery channels. Our physical distribution network comprising 228 branches, 75,000+ empanelled distribution partners and ~1,200 employees complement our digital channels including the refreshed investor app-MF Online, investor portal, chatbots and WhatsApp. We have elevated the knowledge ecosystem with high-quality content delivered in a contextual and consumable format across our channels and customised for various investor segments such as millennials and retirees. We have also significantly increased our presence on social media, with active engagement now across all major platforms.

We are focussed on process automation to better enable the frontline client facing team engage with our partners and clients. We have also enhanced our call centre experience, including the quality of service and turnaround time.



## MD's message

### Leveraging digital to retain the edge

The advancement in digital technologies is driving financialisation of savings, with simple and intuitive platforms and tools offering easy access to more than a billion to the world of investing. The emergence of fintech and the gamification of specialised apps is attracting a broader and younger potential investor base, especially millennials and GenZ. At HDFC AMC, we continue to build on our strong digital backbone to stay ahead and consolidate our market position. Our digital team implemented a host of initiatives aimed at making HDFC AMC a leader in the digital-first world, with biometric authentication, E-KYC, simplified user journeys backed with drop off support, partnership for ETF, among others. We have also expanded our modes of transacting and payment options. We launched 'Connekt' app to enable our distribution partners to build and expand their digital footprint and build better engagement with investors.

### Sustaining growth momentum

We closed FY 2021-22 with 4.08 Lakh Crore in AUM, 58 Lakh unique customers, and 99 Lakh live accounts. Our asset mix of equity-oriented and non-equity-oriented funds of 51% and 49% versus the industry's 48% and 52%, respectively, remains favourable. We delivered yet another year of healthy profitable growth with total income up 11% YoY to ₹ 2,433 Crore and Profit After Tax (PAT) increasing by 5% to ₹ 1,393 Crore.

### Committed to prosperity of every Indian

We believe that every Indian has the right to participate in and benefit from the India growth story, and mutual funds is an attractive vehicle towards that. Given the economy's significant long-term growth potential and under-penetration of mutual funds, we see outsized growth opportunities. The next half-a-trillion-dollar growth for the industry is merely the same amount that Indian households save every year across all asset classes.

In our mission to be the wealth creator for every Indian, we have taken several steps to make our products and solutions more accessible. Initiatives such as micro-SIP, flex-SIP, transact-on-call, bulk renewals, co-browsing support, and various others have been carried out to reduce the barrier of entry and simplify the investment process. We have also reached out to the masses through varied multilingual content and hundreds of investor awareness programmes across the country.

In celebration of the 75<sup>th</sup> anniversary of India's Independence, we launched #BarniSeAzadi, the most ambitious campaign we have done till date. The campaign's success reflects the connect it has been able to establish with the wider masses due to deep-rooted Indian insight. The campaign talks about how we have traditionally saved money in Barnis and why there is a need to let the money grow freely in instruments like mutual funds. We also launched the #LaxmiForLaxmi initiative, where women financial experts educate women investors on financial self-reliance through a missed call service. Our 'Mission to Mars' programme was introduced to make children aware about various financial concepts.



## Going beyond the business of investing

We hold ethics and integrity above all, and we have always been conscious of our responsibility to the society at large. For us, welfare initiatives go beyond ESG and CSR; they form part of our ethos and values. Keeping this in mind, we had launched the HDFC Cancer Cure fund, which aims to provide financial aid for treatment to underprivileged and low-income patients diagnosed with any curable/early detected cancer through our empanelled hospitals.

Targeted at creating a greener future while creating wealth for every Indian, we launched our #NurtureNature campaign. It highlights the similarities

between planting a sapling and starting an SIP. As a sapling needs fresh air, water, nutrients and sunlight to grow into a sturdy tree, an SIP needs discipline and patience through market volatility to become a target corpus.

To support socially disadvantaged groups, we partnered with various NGOs for procurement of various articles.

Finally, during the hardships of the last couple of years, it was our people who not only managed to continue serving our clients efficiently, but also win over COVID-19 with optimism, hope and empathy. Our people are a critical part of our existence and we have bolstered this invaluable talent pool through continuous knowledge upgradation and certification programmes. These initiatives have, in the last year alone, resulted in over 1,000 CFA Investment Foundation certifications, hundreds of NISM certifications and multiple workshops such as CFA Ethics, Business Intelligence, Executive Presence, Performance Management, amongst others.

## Thank you

At HDFC AMC, we will continue investing in the future while maintaining a cost-conscious culture to leverage fully on the growth potential of asset management industry in India. We remain well positioned to capitalise on the emerging opportunities, powered by our Pedigree, People, Processes, Products, Performance, Presence, Partnerships and Platform and keeping a deep sense of Purpose at the centre.

I thank you once again for your trust and confidence in HDFC AMC. I also take this opportunity to thank our clients, distribution partners, service providers, and above all, our people for their unwavering commitment. I would also like to thank SEBI for continued guidance and direction, and AMFI for all its efforts and sustained campaign to drive industry growth.

**Navneet Munot**  
MD & CEO

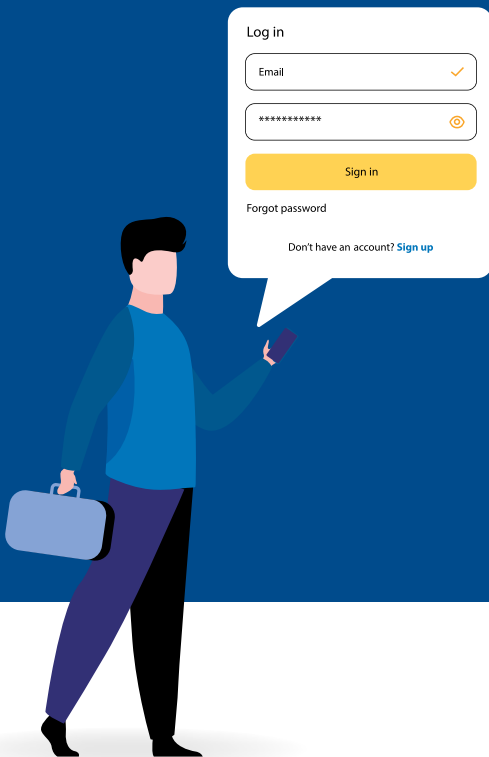


# Digital

Our digital solutions framework includes digital solutions for our partners, investors and corporate website. We provide an end-to-end digital onboarding solution for retail individual investors and for our mutual fund distributors. Our technology platforms provide enhanced user experience backed by design led thinking, strong analytics and robust new age technology architecture and solutions.

## Focus Areas

- 1) Enhance investor experience by building more meaningful engagement across all our digital channels
- 2) Power our partners to scale their business potential
- 3) Keep refreshing and strengthening our digital capabilities



## Key Initiatives



**Transact on call:** Added to our digital channels' ability to transact via phone supported with inbound and outbound calling



**RM Login and API Gateway:** Enabled MFOnline partner app for mutual fund distributors' (MFD's) RM login and built the API gateway for direct integration with MFDs



**CRM & more on our MFD's Digital Office:** Strengthened the digital marketing solution by providing a wide range of features to make it a comprehensive digital office for our MFDs



**Analytics based campaigns:** Ran analytics-based cross/up sell campaigns leading to 2.5x conversion rates compared to other campaigns. We are further building on this capability



**Refresh of Investor Solutions:** Improved investor experience by adding multiple features to simplify usage including biometric authentication, enabled nudges for recommended steps and strengthened user journey management which doubled our drop off conversion rate.



**ETFs via HDFC AMC website:** Our investors can now buy our ETFs directly from our website via our partnership with Smallcase

## Investors



Investor  
Portal



Investor  
App



Chat Bot



Quick Links



WhatsApp  
for Investors



Transact  
on Call

## Partners



Partners  
Portal



Partners  
App



Admin  
Portal



ARN  
Link



WhatsApp for  
Partners



Digital Marketing  
Solution



Transact  
on Call

## Engagement & Support Channels



Co-browsing  
Services



Call Back  
Services



Agent  
HelpDesk



Journey  
Management



Live Chat

## Success Stories

- 2.5x growth in Connekt user base (Digital marketing solutions)
- Over 90% MFDs empanelled online
- MFOnline investor user base grew by over 30%
- MFOnline continues to be the preferred channel for direct investors driving onboarding of > 50% of new direct PANs and even higher percentage of transactions
- Voice based services – Voice search on msite (hdfcfund.com) and enabled Alexa
- Analytics powering up our cross/up sell driving 2.5x conversion rates



# Marketing Initiatives

Our campaigns during the year were not only focused on enhancing our brand equity but also empowering and encouraging women to become confident investors. The year also saw sustained campaigns to disseminate relevant and timely information to educate the investor and inculcate financial discipline among the youth.

## #NurtureNature

On the occasion of World Environment Day on June 5, 2021, we initiated **#NurtureNature**, a socially responsible campaign that also advanced our sustainability ambition and environmental stewardship. We planted a tree on behalf of each investor who registered a Systematic Investment Plan (SIP) through online mode between May 31-June 11, 2021. We associated with Grow-Trees.com for this innovative social campaign. The initiative received an overwhelming response.

**#NurtureNature**  
**Big things often have small beginnings**

Register a SIP\* online of Rs.1000/month (minimum) in our equity-oriented schemes and we will plant a tree on your behalf.

**Invest Now**

**CELEBRATING THE SPIRIT OF WORLD ENVIRONMENT DAY FROM MAY 31, 2021 TO JUNE 11, 2021**

\*For Terms and Conditions, visit <http://www.hdfcfund.com/information/nurturenature>  
 \*SIP: Systematic Investment Plan.

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

## Spreading hope on World Cancer Day

We celebrated **#10YearsOfCare** in association with Indian Cancer Society and launched our landmark film on the occasion. The film has won much appreciation from all corners.

**Watch here:** <https://www.youtube.com/watch?v=Jp43hYIzaCg>

**A PARTNERSHIP THAT HAS ENCOURAGED US TO INVEST IN HUMANITY**

**#10yrsOfCare**

**Cancer Care Initiative**  
 by

**HDFC MUTUAL FUND**  
 BHAROSA APNO KA

**In association with**

**INDIAN CANCER SOCIETY**

## #BarniSeAzadi

To commemorate India's 75<sup>th</sup> Independence Day, we launched a mega investor education campaign, titled #BarniSeAzadi. This was specially curated for women and highlighted social stereotypes we have long been conditioned to accept. Consider what happens in the average Indian household when it comes to taking decisions regarding money. In quite a few families, even today, women do not have a significant say in matters pertaining to personal finance and investments. Although household dynamics have changed significantly and women today contribute handsomely to the household budget, when it comes to financial planning, patriarchal stereotypes still influence decisions. But financial planning that concerns the family should involve the family.

Our campaign intended to communicate this idea to the wider masses and encourage financial independence among women. We zoomed in on the barni (canister), because, like almirah lockers, the barni was among the traditional places where women predominantly stored excess family money. Through the campaign we wanted to emphasise on the need to shift idle money to more growth-oriented instruments like mutual funds, and also on the need to liberate the mindset in favour of women.

**Watch here:** <https://www.youtube.com/watch?v=bc3oQbxUWOE>

## #LaxmiForLaxmi

### Introduction

On March 8, 2022, building on the #BarniSeAzadi campaign, we launched the #LaxmiForLaxmi campaign. An exclusive end-to-end women-led financial empowerment initiative, the campaign aimed to connect women investors with woman financial experts near them via a missed call. The experts would attend to queries of the women investors and handhold them in their journey towards financial independence.

### Execution

The core rationale behind the campaign was the belief that women can connect better, empathise and understand each other's needs. In this context, we also launched a film that featured HDFC AMC's women employees advocating this unique missed call service. The following weeks saw a series of posts being released and promoted on social media, that urged women to go for the missed call service and thus take the first step towards their financial independence. The campaign is still going on and we plan to promote this further through unique marketing initiatives that will also broaden the scope of the campaign.

**Watch here:** <https://www.youtube.com/watch?v=74zXwMrvaXM>



### Execution

As part of this unique initiative, we ran advertising campaigns across the mainstream media, that is, on television, as well as on social and digital media. We also conducted an interactive activity in Reliance Smart, where we had a humanised Barni talk to women and advice them on the importance of investing idle money. Additionally, with the support of our branches, we conducted around 400 IAP activities for women investors.

### Outcome

This campaign has helped us to reach out to women, who remain the most neglected target group in the financial sector, and enabled us to initiate a conversation addressing them.

### Outcome

Within a month, we were able to connect with more than 3,000 women investors and encouraged them to seek financial independence.



## Marketing Initiatives

### #AssetAllocation campaign

We released a film that supported our initiative to create awareness on 'How to invest tension free/befikar' through various mutual funds. The film highlighted the importance of investing money in mutual funds in different asset classes such as equity, debt and gold, thereby maintaining the right balance between growth and stability, as well as reducing stress on account of volatility in the financial markets. In the dynamic and volatile environment that we live in today, diversification of the financial portfolio across asset classes has assumed added significance. The film also highlighted this aspect.



**HDFC MUTUAL FUND**  
BHAROSA APNO KA

**Stay relaxed and tension free**

Diversifying your investments across asset classes helps to mitigate the impact of market fluctuations. In a world of uncertainties, asset allocation is critical. Thankfully, various categories of hybrid schemes - investing in a combination of asset classes, provide a convenient route to asset allocation and keep your tension away!

Choose from asset allocation solutions

- Conservative Hybrid Fund
- Equity Savings Fund
- Multi Asset Allocation Fund
- Balanced Advantage Fund
- Aggressive Hybrid Fund

Contact your MFD/RIA.



An Investor Education Initiative by HDFC Mutual Fund  
For KYC, change of address, investor complaints redressal, etc. visit <https://www.hdfcfund.com/information/key-know-how>.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Watch here: <https://www.youtube.com/watch?v=KZnkkkZAG-s>

### ELSS campaigns

Campaigns on #EkTeerSeDoNishane and #SavingsIsTheNewCool were initiated during the year to promote ELSS investment in the months leading up to March 31. The campaign specifically focused on the twin benefits of ELSS investments – tax-savings and market gains. We targeted the millennial audience through smart creatives that told them of the dual benefits of ELSS.



**EK ELSS DO FAYDE.**

TAX SAVING  
STOCK MARKET KE FAYDE

An Investor Education Initiative by  
**HDFC MUTUAL FUND**  
BHAROSA APNO KA

ELSS (Equity Linked Savings Scheme) are subject to a 3 years lock-in period.

Visit <https://www.hdfcfund.com/information> for more details. For more information about the process to complete a one-time Know Your Customer (KYC) requirement to invest in Mutual Funds, investors should only deal with registered Mutual Funds, details of which can be verified on the SEBI website ([www.sebi.gov.in/investor-education](http://www.sebi.gov.in/investor-education)). For any queries, complaints & grievance redressal, investors may reach out to the AMC and / or Investor Relations Officers. Additionally, investors may also lodge complaints on [ir@hdfcfund.com](mailto:ir@hdfcfund.com) if they are satisfied with the resolution given by AMC. SEBI's portal facilitates investors to lodge complaints online with SEBI and subsequently view its status. An individual's NPS is entitled to deduction from gross total income for investments in Equity-Linked Savings Scheme (ELSS) up to 1.5 Lakh (along with other prescribed investments) under Section 80C of the Income Tax Act, 1961.

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

### FY 21-22 NFO launches

- HDFC Asset Allocator Fund of Funds
- HDFC Banking & Financial Services Fund
- HDFC Nifty 50 Equal Weight Index Fund
- HDFC Developed World Indexes Fund of Funds
- HDFC Multi Cap Fund
- HDFC NIFTY 100 Index Fund
- HDFC NIFTY 100 Equal Weight Index
- HDFC FMPs - Series 46
- HDFC NIFTY Next 50 Index Fund



## Anniversaries

- HDFC Balanced Advantage Fund – Celebrating 28 years
- HDFC Capital Builder Value Fund – Celebrating 28 years
- HDFC Top 100 Fund – Celebrating 25 years
- HDFC Children’s Gift Fund – Celebrating 21 years
- HDFC Gilt Fund - 20 Years
- HDFC Index Fund - NIFTY 50 Plan - 19 Years
- HDFC Index Fund - SENSEX Plan - 19 Years
- HDFC Equity Savings Fund – Celebrating 17 years
- HDFC Small Cap Fund – Celebrating 14 years
- HDFC Mid Cap Opportunities Fund - 14 Years
- HDFC Gold Exchange Traded Fund – Celebrating 11 years
- HDFC Corporate Bond Fund - 11 Years
- HDFC Short Term Debt Fund - 11 Years
- HDFC Banking and PSU Debt Fund – Celebrating 8 years
- HDFC Credit Risk Debt Fund – Celebrating 8 years
- HDFC Retirement Savings Fund – Celebrating 6 years

**HDFC CAPITAL BUILDER VALUE FUND**  
An investment that built the foundation of growth!

**28 YEARS OF BUILDING**  
capital for the future.

Riskometer as on 31<sup>st</sup> December 2021

**This product is suitable for investors who are seeking**

- To generate long-term capital appreciation / income in the long term
- Investment primarily in undervalued stocks

Investors should consult their financial advisers, if in doubt about whether the product is suitable for them

Inception Date: 1<sup>st</sup> Feb' 1994

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

**HDFC**  
MUTUAL FUND  
EMERGING OPPORTUNITIES

Celebrating **14** years of **HDFC Small Cap Fund**

Inception Date: 3<sup>rd</sup> April' 2008

**HDFC Small Cap Fund (An open ended equity scheme predominantly investing in small cap stocks) is suitable for investors who are seeking-**

- To generate long-term capital appreciation/income
- Investment predominantly in Small-Cap companies

Investors should consult their financial advisers, if in doubt about whether the product is suitable for them.

Riskometer as on 28<sup>th</sup> February 2022

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

**HDFC**  
MUTUAL FUND  
EMERGING OPPORTUNITIES

**Our child is now 21!**  
HDFC Children's Gift Fund has partnered with you in securing your child's dreams for 21 years.

Now 21 yrs

Riskometer as on 31<sup>st</sup> January 2022

Inception Date: 2<sup>nd</sup> March' 2001

**An open ended fund for investment for children having a lock-in for atleast 5 years or till the child attains age of majority (whichever is earlier) is suitable for investors who are seeking-**

- Capital appreciation over long term.
- Investment in equity and equity related instruments as well as debt and money market instruments.

Investors should consult their financial advisers, if in doubt about whether the product is suitable for them.

Investors understand that their principal will be at very high risk

#For latest riskometer, investors may refer to the Monthly Portfolios disclosed on the website of the Fund viz. www.hdfcfund.com

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

**HDFC**  
MUTUAL FUND  
EMERGING OPPORTUNITIES

**HDFC BALANCED ADVANTAGE FUND**  
Compounding through thick & thin

**28 YEARS OF GROWTH**

Riskometer as on 31<sup>st</sup> December 2021

**This product is suitable for investors who are seeking**

- To generate long-term capital appreciation / income
- Investments in a mix of equity and debt instruments

Investors should consult their financial advisers, if in doubt about whether the product is suitable for them

Inception Date: 1<sup>st</sup> Feb' 1994

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

## Marketing Initiatives

### The Person of the Year 2021

At the beginning of the year, we released “The Person of the Year 2021”, which was a panoramic and interesting look back at CY2021 by Mr. Navneet Munot

### HDFC MF Yearbook into its 4<sup>th</sup> edition

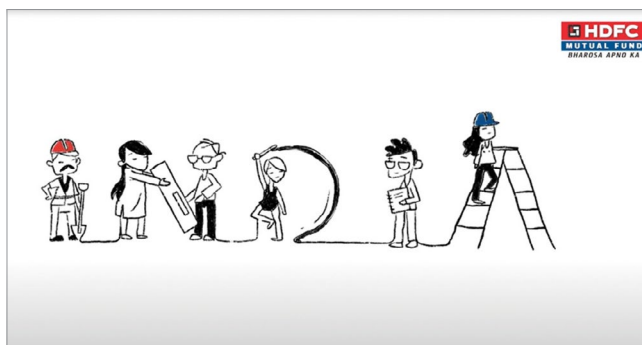
Apart from celebrating our achievements, the Yearbook comprehensively covers our views on:

- Global economy and markets
- Key future trends on digitalisation and Buy Now Pay Later (BNPL), Consumer Tech, Climate Change, Electrical vehicles, Blockchain, crypto currency and the road to Net Zero
- Indian economy
- Equity markets and sectoral overview
- Fixed income markets



### Republic Day Film

On the occasion of India’s 73<sup>rd</sup> Republic Day, we celebrated the nation’s proud moment and its rich diversity through an animated film. The film reiterated our message #InvestInIndia, encouraging Indians to invest through instruments such as mutual funds instead of keeping them in Barni!



Watch here: <https://www.youtube.com/watch?v=Y1KVDk61Uac>

### #WinOverCovid

Through this initiative, we wanted to add meaning to society’s experience during the pandemic by highlighting the human virtues that helped the fight against the deadly virus. While being true to the brand promise of being of service to every Indian, we celebrated human endurance, the spirit to help each other and virtues that also subtly connected with qualities that make for a committed investor.



## 1st edition of Passive Investment Solutions Factsheet

Passive funds have been gaining traction as an attractive investment option over the past few years. FY 21-22 saw a major pick-up in investments in this space. Against this backdrop, we launched the 'Passive Investment Solutions Factsheet' dedicated solely for our passive funds.

**intouchmutually**  
(Passive Investment Solutions)

**IT'S ALL ABOUT THE 'NEXT'**

**HDFC NIFTY NEXT 50 INDEX FUND**

|  |  |
|--|--|
| HDFC INDEX FUND - NIFTY 50 PLAN            | HDFC NIFTY 100 EQUAL WEIGHT INDEX FUND |
| HDFC NIFTY50 EQUAL WEIGHT INDEX FUND       | HDFC INDEX FUND - SENSEX PLAN          |
| HDFC NIFTY 50 ETF                          | HDFC SENSEX ETF                        |
| HDFC NIFTY 100 INDEX FUND                  | HDFC BANKING ETF                       |
| HDFC DEVELOPED WORLD INDEXES FUND OF FUNDS |  |
| HDFC GOLD FUND                             | OTHER PASSIVE INVESTMENT SOLUTIONS     |
| HDFC GOLD ETF                              |  |

**HDFC MF**  
INDEX SOLUTIONS

**HDFC**  
MUTUAL FUND  
BHAVESHA APNO KA

For Product Labelings - refer respective scheme page. For disclosures refer Page 24.

## Mission to Mars – A mission to educate young investors

Mission to Mars was an out-of-the-box interactive initiative aimed at equipping children with various investing concepts in a lucid and interesting manner. This is part of our efforts to inculcate the habit of investing among youngsters and show the importance of financial discipline.

**MISSION MARS**

An Investor Education Initiative by

**HDFC**  
MUTUAL FUND  
BHAVESHA APNO KA

For KYC, change of address, investor complaints redressal, etc. visit: [www.hdfcfund.com/information/key-know-how](http://www.hdfcfund.com/information/key-know-how)

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

# Embedding ESG Principles

As a responsible corporate citizen, the HDFC Group has upheld the highest standards of social commitment, ethical business conduct and governance practices. At HDFC AMC, we integrate sustainability into the organisational culture by factoring in qualitative and quantitative ESG aspects into business objectives. HDFC AMC is focused on executing a strong ESG proposition by working with all stakeholders and it is reflected in our mission **“To be the wealth creator for every Indian”**. This culture underlines our business communications as well as activities at the grassroots level.



## ESG Investing – The HDFC AMC way

Apart from integrating essential Environmental, Social and Governance parameters into our business operations, we have furthered the definition of ESG to include Engagement, Stewardship and ‘Good to great’ factors for better investment decisions.

**Engagement:** We engage with companies on a regular basis and give our inputs on variety of issues such as executive compensation, dividend distribution policies, capital allocation and related party transactions, among others. Also, our investment team engages with the investee companies on environmental sustainability.

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

**Good to great:** We focus on rational investing by identifying businesses that could achieve Good-to-great corporate transformations. We aspire to play the role of an active partner in their “Good to Great journey” through a highly constructive Engagement and Stewardship. There is one common thread that binds all our funds – their longevity and formula for wealth creation viz. “Sound Investment + Time + Patience”.

### Environment: Resource conservation

HDFC AMC recognizes that climate change is not just an environmental issue but also a business risk. As our business, being service-oriented, is involved in flow of information and financial transactions, we do not have a significant carbon footprint. Our carbon footprint is limited to the use of consumables, such as paper, plastic, water and energy, among others. However, we endeavour to reduce our carbon footprint and towards this, we have consistently invested in technology and built a robust digital environment along with other measures covered in the report. Over the past 5 years, our digital transactions have recorded a CAGR of 31%.

We also conduct awareness drives, encourage 'Reduce/Reuse/Recycle' wherever possible and monitor improvement. Our process of managing e-waste is validated by an external agency. We believe that conservation, optimal utilisation and management of natural resources are vital for economic development as well as societal wellbeing.

The Company realizes that there is a pressing need to conserve natural resources and some of the initiatives are listed below:

- Adopting energy efficiency measures like deployment of timers for signage boards, replacing conventional lighting with LED in most of the offices, deploying sensor-based lighting.
- The Company has installed sensors in taps at its head office, where water consumption is high and encourages to install aerator taps in branches to conserve water.
- STP (Sewage Treatment Plant) at our head office
- Replacement of plastic water bottles with glass/ steel bottles

We intend to continue identifying and acting on opportunities to reduce our impact on the environment and thereby promoting a culture of sustainability.

### Quick facts

# 76%

Transactions supported by integrated online platform

# 800+ Kgs

E-waste processed in environment-friendly manner

# LEED Gold

Certified Head Office (since 2014)

# Nurture Nature

A tree was planted for every equity SIP registered in digital mode for a specific tenure

# 50,000\* sq.ft.

Area in the heart of Mumbai uplifted through rejuvenation of pond, urban foresting using Miyawaki technique and a butterfly park

\* under CSR Project



## Embedding ESG Principles

### Social: Inclusive growth

Our deep connection has helped us foster an enduring bond with all our key stakeholders, viz. customers, shareholders, distributors, employees, suppliers and community at large. Listening to them helps us understand their expectations, thereby enabling us to prioritise issues effectively, which plays a pivotal role in our success. We leverage our organisational size and pan-India reach to induce a culture of growth & wellbeing.

As an equal opportunity employer, we advocate and ensure pay parity, career development and overall fair treatment for our employees. We focus on hiring and retaining the right talent purely based on merit with a keen eye on diversity. We also continuously up-skill our workforce, aligned with the changing business environment.

We are now present at 227 locations in India, providing local employment opportunities and business to local vendors. We conduct various initiatives centred around special days of the year, educational programmes for large audiences, social media campaigns to continuously engage with the community at large.

### Quick facts

**400+**

Investor awareness programmes for women #BarniSeAzaadi launched on 75<sup>th</sup> Independence Day

**~10,000**

Women expressing interest for taking their first step towards financial liberation #LaxmiforLaxmi

**~30%**

Women in permanent workforce

**10,000+**

Beneficiaries of Cancer Care initiative by the Company in association with Indian Cancer Society

**1,100+**

Employees completed the CFA Investment Foundation

**950**

NISM certifications over and above the mandatory requirements

Our key CSR projects are in the area of healthcare, education, environment sustainability and sports development.

**2,989**

Cancer patients

**1,00,301** doses

Vaccinations

**4,98,767**

Students

**113**

Athletes

**16**

Para athletes



### Governance: Ethics, Transparency, Accountability

HDFC AMC adheres to the highest standard of ethics, transparency, disclosures and governance to protect the interests of stakeholders. Our Board and Management team share a strong mutual commitment towards sustainability, which is reflected in our internal practices around stakeholder development, environmental impact, universal fair treatment and data privacy, among others. Our Board acts independently and engages regularly with the management team to ensure best practices across all functions. On behalf of our shareholders, the Board oversees management and operations, and evaluates risks and opportunities. Our Board Diversity Policy provides guidance on skills, qualification, professional experience, knowledge, gender, ethnicity and background.

We have adopted a third-party web-based reporting tool which is accessible to all employees/ Directors/ stakeholders for lodging complaints or expressing genuine concerns. We accord the highest level of priority to regulatory and legal compliance.

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. Also, we have received ISO 27001:2013 certification, which is a milestone in terms of security controls, across all departments in the organisation, showcasing our exemplary security process and controls.

We have also put in place a customer query and grievance redressal policy and have set up processes and tech-based infrastructure to aid this function.

Our investment team monitors ESG-related factors in investee companies by engaging with their management. Drawing on the strengths of our governance philosophy, we place regulatory and legal compliance at the highest level of priority in all our operations.

“We shouldn’t look at the success of ESG in terms of money that is collected by ESG funds but we should look at how it is getting mainstreamed by investors like us incorporating ESG in the entire investment process.”

**Navneet Munot**

MD & CEO

### Quick facts

## India's Top 500 Companies 2021

ESG Performance Award  
Dun & Bradstreet's annual publication

## 33%

Executive management are women

## 50%

Board of Directors are independent

## 6 Ethics workshops

For most of the employees in partnership with CFA Institute

## ISO Certification

ISO/IEC 27001:2013 certification shows exemplary information security process and controls across all departments in the organization

## Our Board of Directors



### **Mr. Deepak S. Parekh** Non-Executive Director and Chairman

Mr. Deepak S. Parekh (DIN 00009078) has been on our Board since July 4, 2000. He is also the Non-Executive Director and Chairman of one of our Promoters, Housing Development Finance Corporation Limited (HDFC) and its key subsidiaries. He is a fellow of the Institute of Chartered Accountants (England and Wales). He is on the board 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.



### **Mr. Keki M. Mistry** Non-Executive Director

Mr. Keki M. Mistry (DIN 00008886) is a Non-Executive Director on the Company's Board since December 24, 2007. He is also the Vice Chairman & Chief Executive Officer of one of our Promoters, HDFC. He is a fellow of the Institute of Chartered Accountants of India. Mr. Mistry joined HDFC in 1981. He was appointed as an Executive Director of HDFC in 1993, as Deputy Managing Director in 1999 and as the Managing Director in 2000. He was re-designated as the Vice Chairman and Managing Director of HDFC in October 2007 and as the Vice Chairman and Chief Executive Officer, with effect from January 1, 2010. Mr. Mistry is also Non-Executive Chairman of HDFC ERGO General Insurance Company Limited. Some of his recognitions include being awarded 'CEO of The Year' under BFSI Category at CNBC Awaaz CEO Awards 2019, "Best Independent Director Award 2014" by Asian Centre for Corporate Governance & Sustainability, the Best CEO Financial Services (Large Companies) 2014 by Business Today magazine, CFO India Hall

of Fame by the CFO India Magazine in 2012, One of Best CEO for Investor Relations- India at the Thomson Reuters "Extel Awards" – 2021, Best Banker of the year in 2011 by Financial Express, awarded the QIMPRO Gold Standard 2011- Leader for Quality in Business by the Qimpro Foundation, honoured with the 'CA Business Achiever of the year' award in the Financial Sector by the Institute of Chartered Accountants of India (ICAI) in 2011, declared as the Best CFO in Financial Services Category by the ICAI for 2008, and CNBC TV18's award for the 'Best Performing CFO in the Financial Services Sector' for three consecutive years - 2006, 2007 and 2008 and CFO of the Year for 2008 and selection as the 'Best Investor Relations Officer' in the Corporate Governance poll by Asiamoney (2008). He is currently the Chairman of CII National Council on Corporate Governance and a member of Primary Markets Advisory Committee set up by Securities and Exchange Board of India (SEBI). He was also a member on the Committee of Corporate Governance set up by the SEBI.



## Our Board of Directors



### **Ms. Renu Sud Karnad** Non-Executive Director

Ms. Renu Sud Karnad (DIN 00008064) is a Non-Executive Director on the Company's Board since July 4, 2000. She is also the Managing Director of one of our Promoters, HDFC with effect from January 1, 2010. 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. Ms. Karnad is currently the President of the International Union for Housing Finance (IUHF), an association of global housing finance firms.



### **Mr. Rushad Abadan** Non-Executive Director

Mr. Rushad Abadan [DIN 08035538] is appointed as Non-Executive Director on our Board and has been nominated by one of our Promoters, abrdn Investment Management Limited (Formerly Standard Life Investments Limited). Mr. Abadan joined abrdn plc as its Group General Counsel in January 2016. He is a member of the Executive Leadership Team and holds executive responsibility for the group's global legal and governance function.

Prior to this, Mr. Abadan held several senior positions in another significant financial institution, NatWest Group (previously Royal Bank of Scotland Group), including as Group Deputy General Counsel and General Counsel Corporate and M&A. Mr. Abadan also has previous experience as a M&A and private equity counsel with Indian law firms, Crawford Bayley & Co. and DSK Legal and subsequently with the UK law firm, CMS. Mr. Abadan was an alternate director of HDFC Life Insurance Company Limited until January 2021.

## Our Board of Directors



### **Mr. Dhruv Kaji** Independent Director

Mr. Dhruv Kaji [DIN 00192559] 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

Mr. Jairaj Purandare [DIN 00159886] 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 more than three-and-a-half decades of experience in tax and business advisory matters and is an authority on tax and regulation. 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). He was the Country Head of the Tax & Business Advisory practice of

Andersen India, before joining EY. 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 one other company. He is a Fellow member of The Institute of Chartered Accountants of India and holds a B.Sc. (Hons) from University of Bombay.

## Our Board of Directors



### Mr. Parag Shah Independent Director

Mr. Parag Shah [DIN 00374944] is an Independent Director on the Company's Board with effect from January 22, 2019. He is part of the Group Executive Board, Mahindra Group and Managing Partner of Mahindra Partners, the Private Equity and Venture Capital division of the group. In a career spanning 20 years, Mr. Shah has held various positions with the Mahindra Group and is a Director on several Group companies. He has extensive experience in building new businesses, start ups, turnarounds, joint ventures and mergers & acquisitions. He is the Group lead for business representation in Israel and is also an Executive Committee member of various councils of Mahindra Learning University. Mr. Shah 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, American Alumni Association in addition to other external associations. He is part of the CII National Healthcare Council. He is also an angel investor and is on the advisory board of Trustees of the IndUS Entrepreneurs, Mumbai (TiE). Mr. Shah holds a BS degree in Computer Engineering from the Illinois Institute of Technology with special electives in Psychology and Manufacturing Technology and is a graduate of the General Management Program from Harvard Business School. He was recognised by The Economic Times and Spencer Stuart as India's Top 40 Business Leaders under the age of 40. He was also featured by India Today as 'Leader of Tomorrow' in their anniversary issue. Mr. Shah is affiliated with various NGOs such as Sabarkanta Relief Committee and S&G Charitable Trust. He was also a Founder Director of 'Executives Without Borders', an NGO based in USA.



### Ms. Roshni Nadar Malhotra Independent Director

Ms. Roshni Nadar Malhotra [DIN 02346621] is an Independent Director on the Board with effect from April 27, 2019. She is the Chairperson on the Board of HCL Technologies and Chairperson of its CSR Committee. She is also the CEO of HCL Corporation and a 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, a leadership academy for the meritorious but economically underprivileged, rural students of Uttar Pradesh. 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 creating and conserving

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. She serves on the board of directors of US-India Strategic Partnership Forum (USISPF). In recognition of her outstanding work both in business and in philanthropy, Ms. Malhotra has received several honors and accolades including being featured for the fifth 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. Sanjay Bhandarkar** Independent Director

Mr. Sanjay Bhandarkar [DIN 01260274] 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 a SEBI registered seed capital fund called Contrarian Vriddhi as an external IC member. The fund has fully invested its corpus. He is also on the Investment Committee of the US\$ 170m South Asia Growth Fund II 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

Mr. Navneet Munot [DIN 05247228] is the Managing Director & Chief Executive Officer of the Company since February 16, 2021.

He has 28 years of rich experience in Financial Markets. Prior to joining the Company, he was the Executive Director and Chief Investment Officer of SBI Funds Management Private Limited. He was a key member of the executive committee and was responsible for overseeing investments of over \$150 billion across

various asset classes in mutual funds and segregated accounts. He was also on the board of SBI Pension Funds (P) Limited.

In his previous assignments, he was the Executive Director & Head – multi-strategy boutique with Morgan Stanley Investment Management and Chief Investment Officer – Fixed Income and Hybrid Funds at Birla Sun Life Mutual Fund.

Mr. Munot has a Master's degree in Accountancy and Business Statistics and is a qualified Chartered Accountant. He is a Charter Holder of the CFA Institute and CAIA Institute. He has also done Financial Risk Management (FRM).

## Leadership Team

Spearheaded by our **Managing Director & Chief Executive Officer, Navneet Munot and Executive Director & Chief Investment Officer, Prashant Jain**, our leadership team has demonstrated track record on execution across different economic cycles. Known for setting industry benchmarks around performance and corporate governance practices, this team has been instrumental in taking HDFC AMC to greater heights.



**Navneet Munot**

Managing Director &  
Chief Executive Officer



**Alok Sheopurkar**

Head - Human Resources



**Leena Vijayvargiy**

Chief Risk Officer



**Mudeita Patrao**

Head - Digital

## Leadership Team



**Naozad Sirwalla**  
Chief Financial Officer



**Naveen Gogia**  
National Sales Head -  
North & West



**Rajiv Maniar**  
National Sales Head -  
East and South



**Sameer Seksaria**  
Head - Corporate  
Client Services



**Shyamali Basu**  
Head - Products, Marketing  
& Distributor Engagement



**Simal Kanuga**  
Head - Investor Relations,  
PMS Sales & New Initiatives



**Supriya Sapre**  
Chief Compliance Officer



**Sylvia Furtado**  
Company Secretary



**V Suresh Babu**  
Head - Operations

# Senior Investment Team



**Prashant Jain**  
Executive Director &  
Chief Investment Officer



**Anand Laddha**  
Fund Manager - Equity &  
Senior Equity Analyst



**Anil Bamboli**  
Senior Fund Manager -  
Fixed Income



**Anupam Joshi**  
Fund Manager -  
Fixed Income



**Chirag Setalvad**  
Senior Fund Manager -  
Equity



**Gopal Agrawal**  
Senior Fund Manager  
- Equity



**Krishan Daga**  
Senior Fund Manager  
- Equity



**Rakesh Vyas**  
Fund Manager - Equity &  
Senior Equity Analyst



**Roshi Jain**  
Senior Fund Manager  
- Equity



**Shobhit Mehrotra**  
Senior Fund Manager  
- Fixed Income & Head  
of Credit Research



**Srinivasan  
Ramamurthy**  
Fund Manager - Equity



**Mitul Patel\***  
Head - PMS Investments

\*Reports directly to MD & CEO

# Management Discussion and Analysis

## A. Economic environment

### A.1. Global

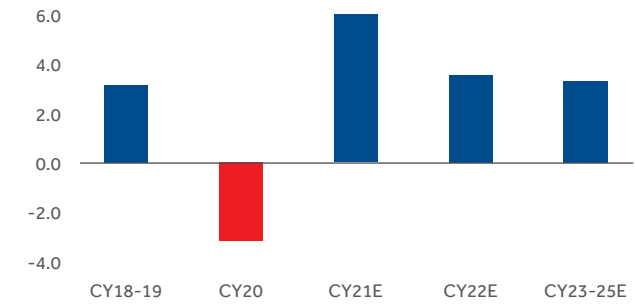
The year gone by will be remembered as a year of robust recovery and return to normalcy despite successive waves of the pandemic sweeping across major countries. The COVID-19 virus continued to spread at a rapid pace, infecting over 500 million people (since the outbreak) on the back of frequent mutations. The fast pace of vaccination roll-out, however, blunted the impact of the successive waves. The impact on the global economy was moderated by continued supportive fiscal and monetary policies, pent up demand, better preparedness of businesses, etc. Hence, the global economy registered a robust growth in CY21, with both Advanced Economies (AEs) and Emerging Markets (EMs) growing at a healthy pace. The recovery was led by a strong demand for goods boosting global trade even though contact-intensive services lagged.

However, continued supply chain disruptions, robust demand recovery outpacing supply, high accumulated savings, rise in commodity prices, etc. have resulted in persistent inflation. The narrative on inflation changed from 'transitory' to 'transitory for longer' to 'no longer transitory' during the year. While the Ukraine-Russia war has aggravated the risks, inflation is also impacted by factors such as rising wage cost, tight labour markets and continued COVID-19 related supply chain disruptions.

In response to persistent inflation, the central banks, especially in AEs, have expedited the normalisation of monetary policy with accelerated tapering of bond purchases, raising policy rates, and have started quantitative tightening. In general, in most EMs, central banks are also following the AEs and have started to tighten the monetary policy.

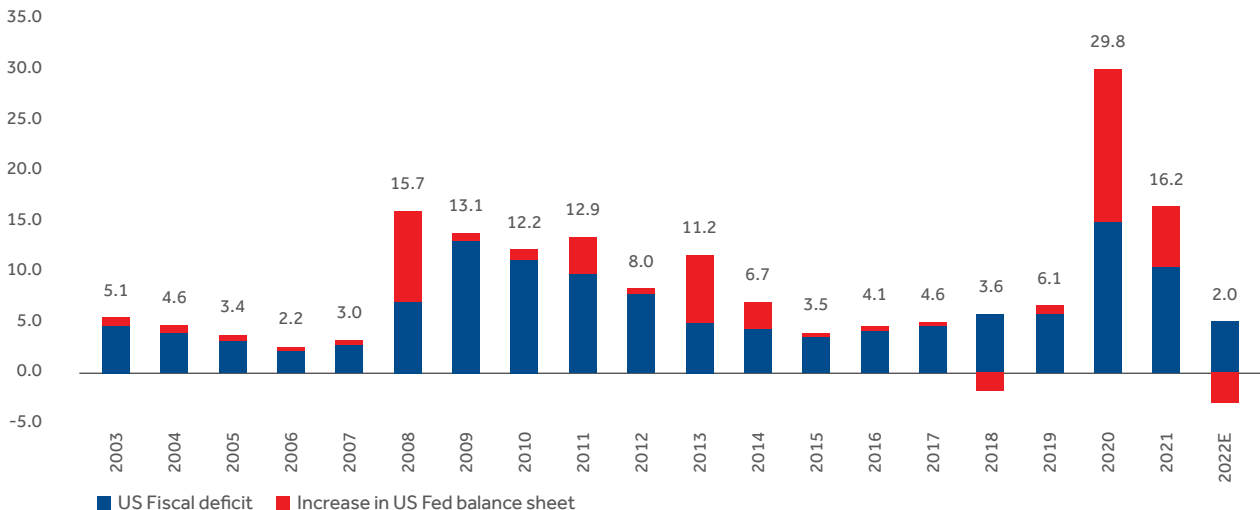
On the fiscal side, most governments are likely to substantially scale back the pandemic-related fiscal stimulus, which can act as a drag on growth. The post-pandemic stimulus and weakness in growth resulted in sovereign debt to GDP rising almost to multi-decade highs. This is, however, likely to moderate over the next few years aided by low fiscal deficit and robust nominal GDP growth.

### REAL GDP GROWTH (%)



Source: IMF

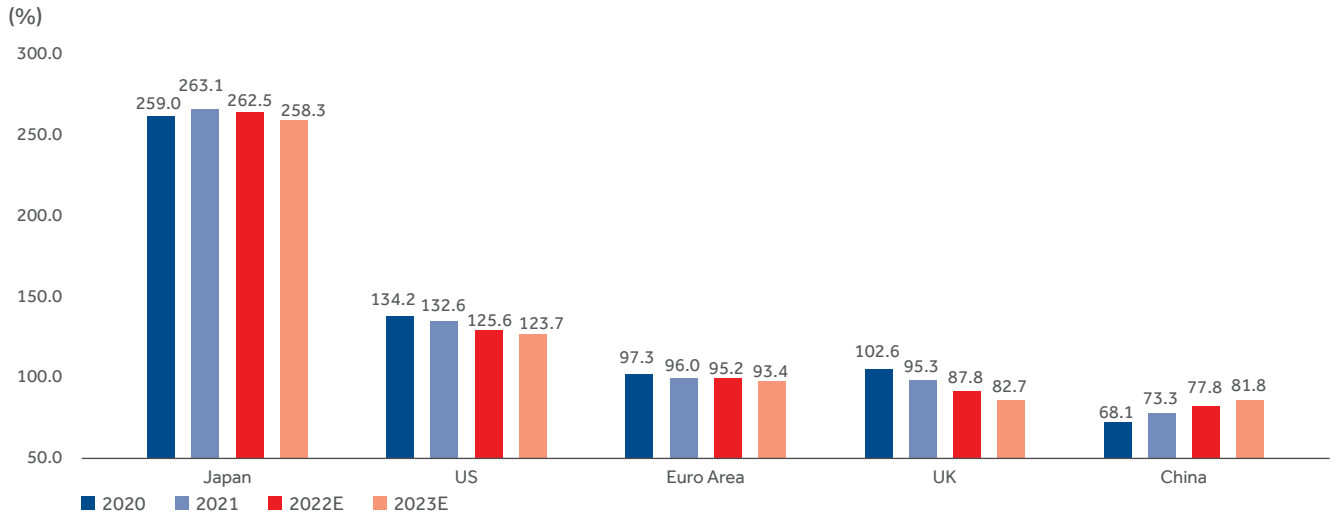
### As % of US GDP



Source: IMF, Kotak Institutional Equities



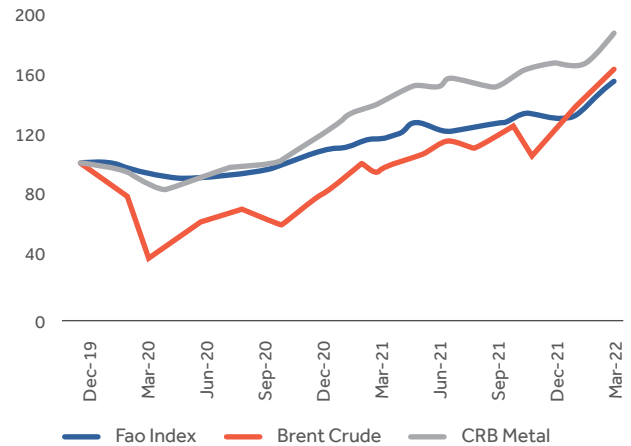
### Sovereign gross debt to GDP



Source: IMF

Global commodities have witnessed a strong rally during the past two years, driven by swift recovery in demand, which outpaced resumption in supply. The rally got more legs as the supply chain disruption continued longer than expected following the outbreak of war between Ukraine and Russia. These countries, individually or together, are amongst the largest exporters of select natural resources and food items like crude oil, natural gas, precious metal, coking coal, aluminum, sunflower seeds, fertilisers, etc. Thus the war and sanctions thereon can result in the supply shock sustaining for longer and hence, prices remaining at elevated levels for an extended period.

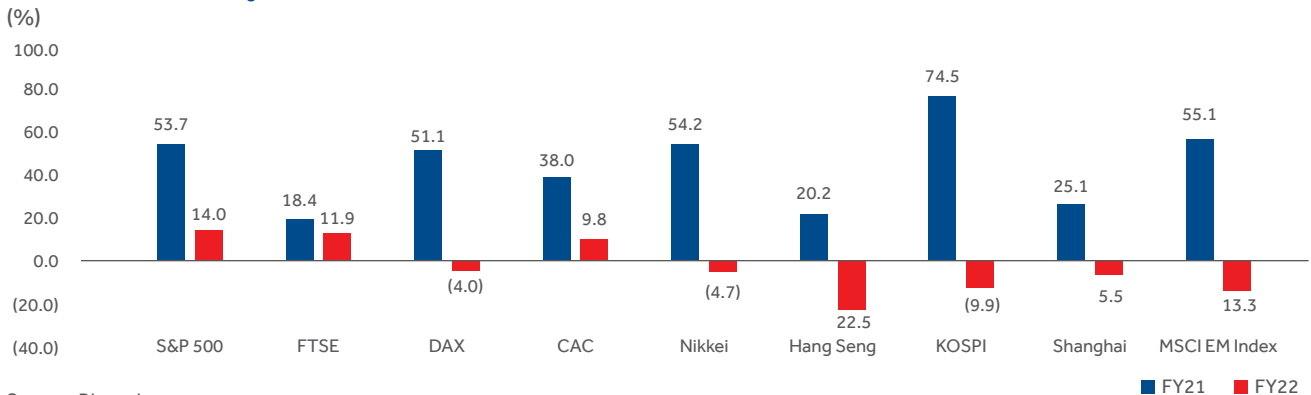
### Price movement



Source: Bloomberg; Prices as on 31 Dec 2019 has been taken as 100

Global equity markets, which showed resilience in the first half, faced significant headwinds due to the accelerated normalisation in monetary policies by AEs, elevated inflation and softening in growth outlook. On a full year basis, the performance of major equity indices was mixed, with the US and select European countries performing better than the Asian equity indices.

### Annual Return of major indices



Source: Bloomberg

Bond yields hardened in major AEs as persistent high inflation raised the likelihood of major central banks reversing the monetary stimulus. Bond yields continued to trend higher in early FY 22-23 as the market participants factored in aggressive rate hikes by the US Fed over the course of the year. Hawkish commentary by the European Central Bank (ECB) and successive rate hikes by the Bank of England (BoE) also aided the rise in yields.

Going forward, while there are reasons to be optimistic on global growth, the growth rate is likely to normalise closer to the pre-pandemic trend. The key drivers of global growth are likely to be pick-up in activity in the contact-intensive services, accumulated household (HH) savings in AEs, likely improvement in investment spending, etc. However, the Ukraine-Russia war and consequent sanctions, resilient inflation, high commodity and energy prices, slowdown in China, etc. pose downside risks to global growth.

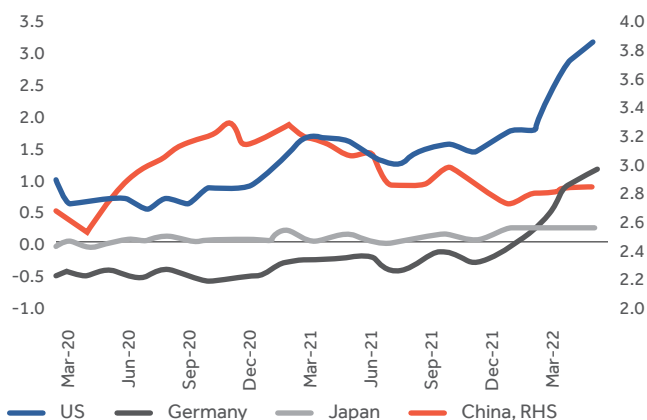
### A.2. India

For India, FY 21-22 was a year of recovery that was intermittently interrupted by two major COVID-19 waves. However, the vaccination drive, which started in late FY 20-21, picked up pace and by year end, over 80% of India’s adult population was vaccinated. This helped reduce the social as well as economic impact of the Omicron wave in Q4FY22.

**Growth:** India witnessed robust recovery in FY 21-22, with the GDP estimated to grow by ~9%, albeit on a weak base of FY 20-21, which saw the GDP contract by 6.6%. The accommodative monetary and fiscal policy, reopening of the economy, robust exports and pent-up demand supported the recovery. However, while the real GDP has recovered to pre-pandemic level, it is still significantly below its pre-pandemic growth path (refer adjacent figure).

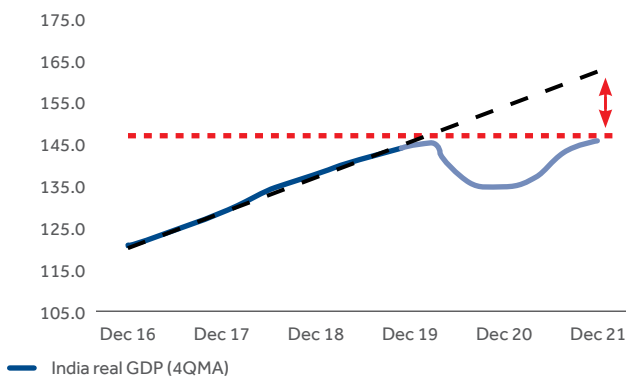
The divergence in growth was evident across sub-segments, with investment spending and exports performing better than private consumption. Imports also grew at a faster pace, indicating gradual normalisation in domestic demand. On the GVA side, the agriculture sector showed resilience

### 10Y Gsec yields trended higher in FY22 (%)



Source: Bloomberg

### Gross Domestic Product (INR, Trillion)



Source: Edelweiss Financial Services

while manufacturing activity recovered strongly. Although the services sector continues to lag, it showed signs of stabilisation in the recent quarter as activity in contact-intensive services improved.

| YoY Change (%)                      | 9MFY21 | 9MFY22 |  | 9MFY21 | 9MFY22 |
|-------------------------------------|--------|--------|--|--------|--------|
| GDP                                 | -9.9   | 10.6   | GVA  | -8.4   | 9.9    |
| Private final consumption (PFCE)    | -10.2  | 10.1   | Agriculture and allied activities                        | 3.5    | 3.2    |
| Government final consumption (GFCE) | -4.0   | 2.1    | Industry   | -9.3   | 14.3   |
| Gross capital formation             | -19.4  | 29.6   | Manufacturing  | -6.2   | 14.3   |
| Gross fixed capital formation       | -17.5  | 20.7   | Construction   | -16.8  | 16.5   |
|                                     |        |        | Services   | -11.1  | 9.6    |
| Exports of goods and services       | -13.5  | 26.3   | Trade, hotels, transport, etc.                           | -26.4  | 13.8   |
| Imports of goods and services       | -21.9  | 42.8   | Public administration, defence and other services (PADO) | -8.0   | 14.6   |
| GDP growth ex GFCE                  | -10.6  | 11.7   | Core GVA (GVA ex Agriculture and PADO)                   | -10.9  | 10.6   |

Source: CMIE

Beyond the headline numbers, the impact of the pandemic, and consequent disruption, has impacted various strata of the Indian economy differently and the recovery has been K-shaped. Generally, a K-shaped recovery reflects a situation where high to middle income HHs and large firms recover at a faster rate than smaller businesses and lower income HHs. The pandemic has impacted MSMEs and lower income groups more and the recovery of these segments is still incomplete. To address the aforesaid, government and monetary authorities have announced many targeted measures including extending free foodgrain distribution, government guaranteed credit to pandemic impacted sectors, incentives for targeted credit, etc.

Looking forward, the growth outlook for FY 22-23 is likely to be moderated by near-term challenges. These include:

- **Rise in commodity, especially energy prices:** Elevated commodity and energy prices, of oil in particular, are likely to adversely impact HH consumption spending, especially of low-income HHs. More than 75% of Indian HHs earn less than ₹ 4 Lakh per annum (for 2019-20, Source: UBS). Moreover, energy consumption through transportation, cooking fuel, electricity, etc. forms a large proportion (~10-20%) of the HH spend. Thus, higher energy prices are likely to result in lower discretionary expenditure.
- **Uneven recovery from pandemic:** The pandemic has impacted the unorganised segment, especially services, more than the organised segment. Recovery was led by improvement in the manufacturing and formal sections of the economy. As the services sector accounts for over 50% of the GDP and employs over 32% of the labour force, the lingering impact is likely to weigh on near-term growth.
- **Slowdown in exports:** Global conditions have turned adverse as merchandise trade is expected to slow down in view of the surging energy prices, monetary policy tightening and expected softening in growth in most AEs. This is likely to slow down merchandise exports, which have been supporting growth in FY 21-22.
- **Unwinding of monetary stimulus:** The accelerated rollback of monetary stimulus by US Fed is likely to increase the cost of capital and weigh on capital flows to EMs, including India. Moreover, the RBI has recently shifted its policy priority from supporting growth to controlling inflation, and raised the repo rate by 40 bps to 4.4%. The pull back in monetary stimulus is likely to accelerate going forward.

In view of the above, the RBI has also revised down its FY 22-23 growth forecast from 7.8% to 7.2%. However, beyond the near-term challenges, the underlying structural growth drivers of India remain intact and are likely to boost growth over the medium to long term (refer adjacent table). Further, the following developments should support growth.

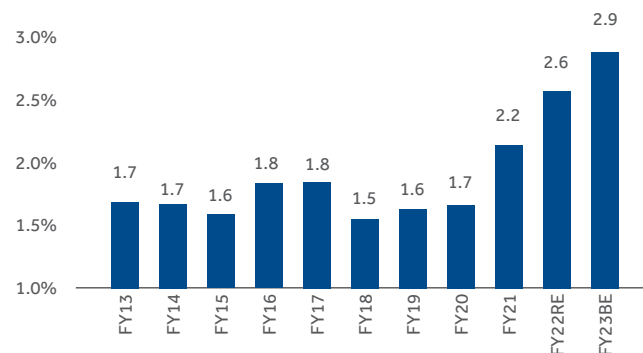
### India's structural growth drivers

- Excellent demographics and large availability of skilled, young, English speaking and competitive manpower (~65% of Indian population is in 15-59 years age bracket)
- Abundant natural resources except oil / copper, etc.
- Global leadership in services industry (IT, ITes, etc.)
- Low penetration of consumer goods, improving affordability over long term and large unmet needs of infrastructure
- Rapid adoption of digital and a vibrant startup ecosystem
- Better coordination between Government and business; Government's role as an enabler of business increasing and presence in businesses to reduce over medium to long term

- **Government's thrust on investment spending:** Over the past few years, the Central Government has pivoted its focus on capital and infrastructure spending as this tends to have a multiplier impact on growth. The key focus areas of spending include roads, railways and housing. This has been complemented by initiatives/programs such as the Jal Jeevan Mission, National Infrastructure Pipeline (NIP), setting up of Development Financial Institutions (DFIs), National Monetisation Pipeline (NMP) etc.

### Central Government Capex outlay

(as % of GDP)

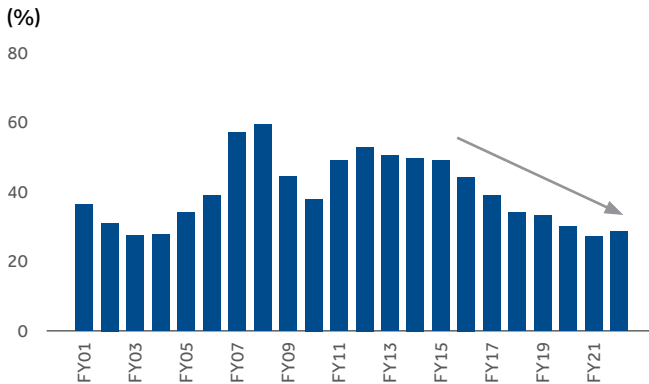


Source: CMIE

- **Push for 'Make in India':** The rise in labour and compliance costs in China have been driving many multinational companies (MNCs) to diversify their manufacturing base from China to other EMs over the past few years. The shift is likely to accelerate post pandemic as many companies acknowledge the risks of high dependency on a single country. To attract these MNCs, the Government of India has undertaken multiple reforms/measures such as concessionary tax rates, increasing sectoral FDI limits, improving ease of doing business, etc. It has also launched many Production Linked Incentive (PLI) schemes for select sectors that are progressing well, and the results are likely to be visible in the next couple of years.

- Favourable conditions for private capex:** The broad-based improvement in profitability of core sectors such as metals, textiles, cement, etc. along with low leverage, bodes well for the pick-up in private capex over the medium term. Besides, the banking sector balance sheets are also in the best of health, with adequate capitalisation, the corporate NPA cycle being behind and with asset quality being relatively less impacted by the pandemic-induced disruptions.
- Housing sector revival:** India's real estate sector is favourably placed. Affordability of real estate is among the best in the last 25 years, with moderation in property cost and rise in annual income. Improvement in the sector is evident from the pick-up in stamp duty collections and property registrations in major states since the pandemic.

**Affordability ratio (Home loan payment / Income ratio)**



Source: Jefferies

- Vibrant startup ecosystem:** Indian start-ups have witnessed significant progress over the past few years across sectors such as consumer, e-commerce, marketplace, etc. Fast-paced digital adoption, especially after the pandemic, has accelerated growth. The start-up ecosystem contributes to growth in multiple ways – attracting capital (including foreign capital), generating employment, boosting innovation, improving productivity, etc. Given India's large talent pool, large domestic market and ample risk capital, the start-up ecosystem is expected to flourish and become an important driver of growth.

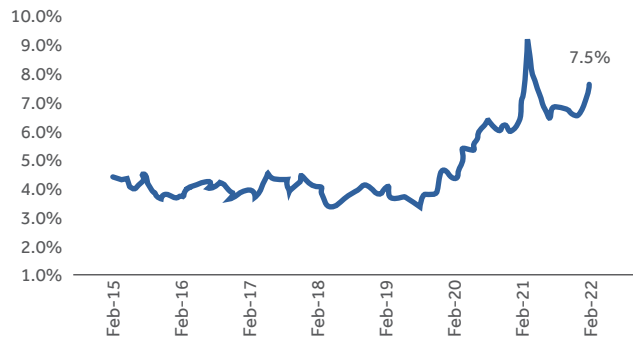
In view of the aforesaid factors, outlook on the Indian economy remains positive over medium to long term.

**Fiscal situation:** The central government's fiscal deficit moderated substantially in FY 21-22 to 6.9% (FY22RE) from 9.2% a year ago. Both direct and indirect tax collections surprised positively and registered a strong growth on the back of improving economic activity, better GST compliance, normalisation in fuel consumption and higher inflation.

In FY 21-22, actual gross tax collections are expected to beat budget estimates by over 20% i.e. ₹ 5 trillion (~2% of GDP). Non-tax revenues also improved, given higher than anticipated dividend received from the RBI. This was, however, offset by lower-than-expected capital receipts due to a shortfall in the divestment proceedings and higher outgo on capital expenditure, food & fertiliser subsidies and transfer to state governments.

**Centre's Fiscal deficit**

(TTM, as % of GDP)

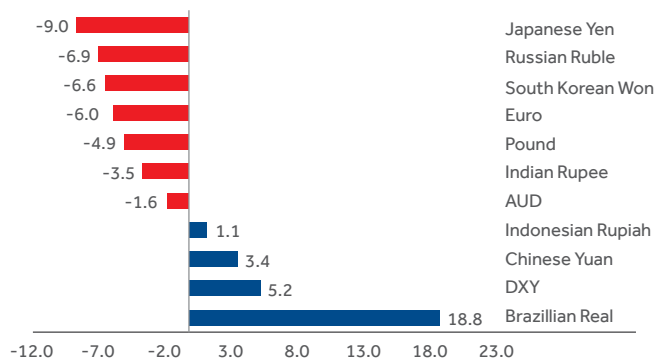


Source: CMIE

As evident from the FY 22-23 budget, going forward, the government estimates fiscal deficit to moderate only marginally from 6.9% to 6.4% of GDP. The government is thus likely to gradually consolidate its fiscal deficit. While initially, the government appeared to have underestimated revenues and over-estimated spending in its FY 22-23 budget, we believe that given the higher food & fertiliser subsidies (announced in April 2022), the fiscal deficit is likely to be closer to the budget estimates.

**External sector:** India's external sector swung back to normalcy in FY 21-22 on the back of normalising global and domestic economy. The current account, which turned surplus in FY 20-21 is expected to be in deficit again (~1.5% of GDP) in FY 21-22. While exports of goods and services continued to grow at a healthy pace during the year, the normalisation of domestic demand, higher crude prices, etc. resulted in imports growing at a rapid pace.

**Movement of major currencies vs USD in FY22**



Source: Bloomberg

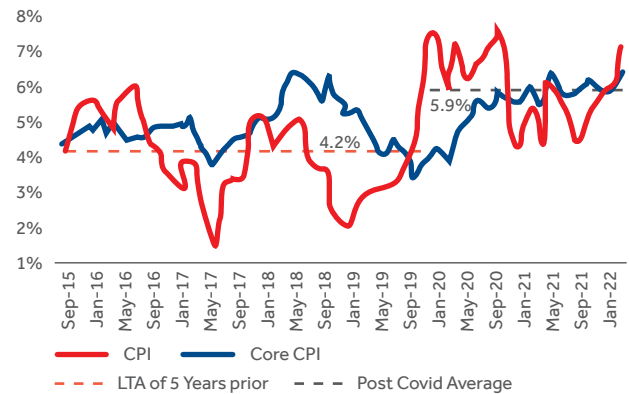
In comparison, the capital account was better placed than last year driven by steady FDI and higher foreign borrowings, despite large FPI outflows in the second half of the fiscal year. The additional Special Drawing Rights (SDR) allocation by the International Monetary Fund (IMF) also aided the improvement in the capital account. Thus, Balance of Payments (BoP) was expected to end the year with a comfortable surplus. This resulted in the Rupee outperforming most major currencies during FY 21-22. Moreover, two consecutive years of strong BoP have helped the RBI to accumulate forex reserves, which have increased from \$475 Billion as on March 31, 2020 to \$617 Billion as on March 31, 2022.

Going forward, the external sector is likely to face headwinds as elevated commodity prices, especially of crude oil, robust domestic demand, and softening export growth are likely to weigh on the current account. Steady improvement in software exports is likely to cushion the impact only to a certain extent. On an overall basis, current account deficit (CAD) is likely to widen in the range of ~2.5% to 3% in FY 22-23, depending on the crude oil price. Further, policy rate hikes and quantitative tightening by US Fed is likely to weigh on capital flows to EMs, including India. In view of the high CAD and soft capital account, BoP is likely to turn into deficit in FY 22-23. However, while the Rupee might witness depreciating bias (especially if elevated oil prices sustain), the RBI's large foreign exchange reserves should help guard against any significant external shock.

**Inflation:** As with AEs, India's Consumer Price Index (CPI) was higher than anticipated and averaged 5.5% in FY 21-22 on an elevated base of 6.2% in FY 20-21. While the supply chain disruption continued to haunt, swift demand recovery, higher input and global commodity prices, easy financial conditions, etc. resulted in the CPI surpassing expectations. While average food & beverage inflation moderated to 4.3% (FY 20-21: 7.4%) on the back of a favourable base, select components such as edible oil, meat and fish, pulses, spices, etc. registered strong YoY growth. Rise in the prices of LPG, kerosene, firewood chips, etc. resulted in a surge in fuel inflation. Core inflation averaged ~6% in FY 21-22 (FY 20-21: 5.5%) and was broad based during the year. The rise in raw material prices (like cotton, steel, aluminium, etc.), muted industrial production, sector-specific shortages and surge in demand resulted in manufacturers and retailers raising prices. Going into FY 22-23, the RBI has revised its average inflation forecast to 5.7% in April 2022 (from 4.5% in Feb 2022) due to rise in energy, food and other commodity prices.

In summary, in the near term, the growth rate is likely to moderate due to weakness in the external sector, inflation, tightening financial conditions and a K-shaped recovery. However, looking beyond FY 22-23, the secular growth drivers of the Indian economy are intact and are likely to support healthy growth over the medium to long term. India inherently has a strong growth potential, given the large underpenetration of consumer durables and investment potential due to large unmet infrastructure needs. Further, measures such as PLI

schemes, the opportunity to increase market share in the global merchandise trade, competitive wage costs, supportive government policies, etc. are expected to support growth.



Source: CMIE

### Equity markets

Indian equities scaled new highs in FY 21-22 and NIFTY 50/S&P BSE SENSEX delivered robust returns. In line with most global indices, Indian equity markets performed well during the first half of the fiscal year and witnessed slight correction in the latter half. The key drivers of equity markets were robust growth in corporate earnings, healthy global and domestic economic recovery, low cost of capital, etc. However, concerns over China's real estate sector, global inflation triggering accelerated monetary tightening, delay in supply chain normalisation, sanctions on Russia, etc. resulted in indices moderating a tad during the second half. Mid caps and Small caps outperformed Large caps. All the major sectors delivered positive returns, with Power, Metals, Information Technology, Capital Goods and Oil & Gas being the best-performing sectors.

However, the performance of major global equity indices was mixed, with the US and select European Indices ending the year in positive while most of the Asian and MSCI EM indices delivered negative returns. The tables that follow provide details of the performance of key domestic and global indices.

| % Change in Indices         | FY21         | FY22        |
|-----------------------------|--------------|-------------|
| S&P BSE India Auto          | 107.1        | 8.1         |
| S&P BSE India Bankex        | 70.3         | 11.2        |
| S&P BSE India Capital Goods | 92.1         | 30.4        |
| S&P BSE India FMCG          | 25.6         | 3.6         |
| S&P BSE India Healthcare    | 75.6         | 14.0        |
| S&P BSE India Metal         | 151.2        | 55.9        |
| S&P BSE India Power         | 79.6         | 63.4        |
| S&P BSE India Oil & Gas     | 47.9         | 26.5        |
| S&P BSE India IT            | 106.7        | 37.1        |
| <b>S&amp;P BSE SENSEX</b>   | <b>68.0</b>  | <b>18.3</b> |
| <b>NIFTY 50</b>             | <b>70.9</b>  | <b>18.9</b> |
| <b>NIFTY Midcap 100</b>     | <b>102.4</b> | <b>25.3</b> |
| <b>NIFTY Smallcap</b>       | <b>125.7</b> | <b>28.6</b> |

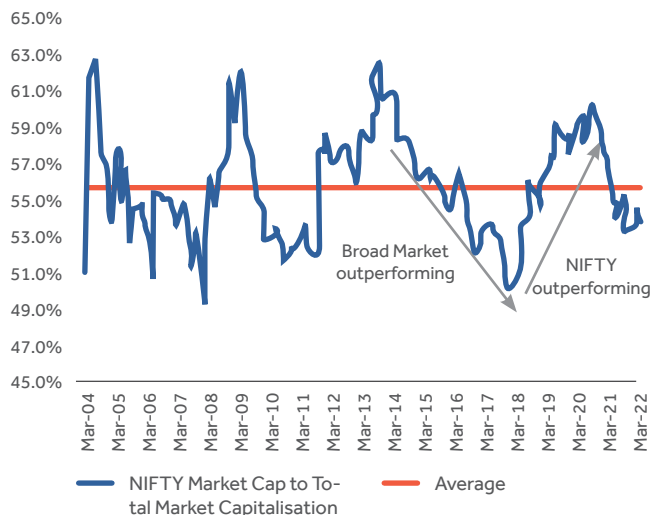
Source: Bloomberg

| % Change in Indices  | FY21 | FY22   |
|----------------------|------|--------|
| S&P 500              | 53.7 | 14.0   |
| FTSE                 | 18.4 | 11.9   |
| DAX                  | 51.1 | (4.0)  |
| CAC                  | 38.0 | 9.8    |
| Nikkei               | 54.2 | (4.7)  |
| Hang Seng            | 20.2 | (22.5) |
| KOSPI                | 74.5 | (9.9)  |
| Shanghai             | 25.1 | (5.5)  |
| MSCI Emerging Market | 55.1 | (13.3) |

Source: Bloomberg

### Equity market trends in FY 21-22

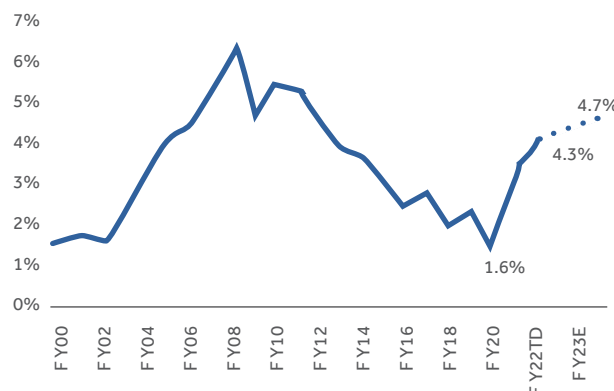
- Broad based rally:** FY 21-22 was the second consecutive year of double digit returns in NIFTY 50. Notably, the rally in NIFTY 50 was broad based and the contribution from the top 5 stocks accounted for less than 50% of the returns in the past two years. Moreover, the broader market outperformed in FY 21-22 as Small cap and Mid cap stocks registered higher gains than Large caps.



Source: Bloomberg

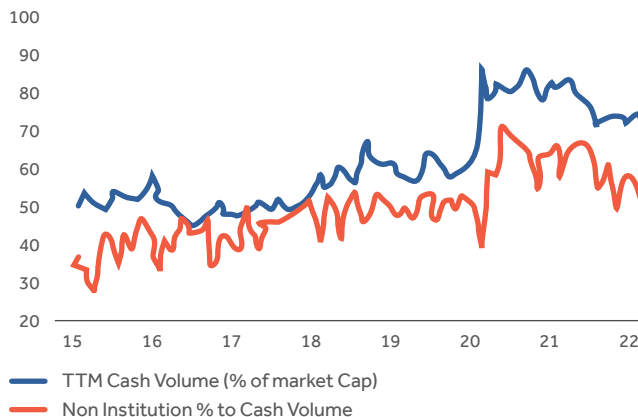
- Robust corporate earnings:** On an aggregate basis, corporate profitability of listed companies witnessed strong improvement on the back of better pricing power, healthy demand, impact of cost rationalisation measures undertaken post pandemic, buoyant exports, etc. Moreover, profitability of the banking sector, which was a major drag in the past, improved significantly as the corporate NPA cycle was behind and pandemic induced NPAs remained in within reasonable range. These factors, to a large extent, negated the impact of higher input prices. Consequently, corporate profits (of listed space) as a % of GDP trended higher during the year.

### Aggregate net profit as % of GDP

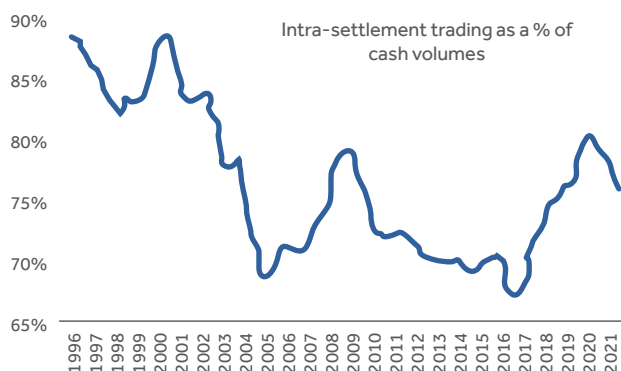


Source: ICICI Securities; For the FY22TD data point, Mar'22 quarter profit numbers available till 27<sup>th</sup> April 2022 are updated and the rest is trailing twelve months till Dec'21.

- Institutional flows:** FPIs, on a net basis, sold equities worth \$18.5 Billion in FY 21-22 as compared to being net buyer of \$37 Billion the year before. Notably, most of the selling happened in the second half of the year, wherein FPIs sold ~\$20 Billion worth of equities. In comparison, domestic equity-oriented mutual funds witnessed net inflows of ~₹ 2,66,000 Crore (~\$35 Billion) in FY 21-22 vis-à-vis net outflows of ~₹ 62,700 Crore (~\$8 Billion) during the same period last year.
- Rise in retail participation:** Participation of retail investors in equities increased substantially, as reflected in rise of intraday-settlement trading. The steady increase in retail volumes is also corroborated by the sharp increase in new demat accounts (rising to over 9 Crore from 4 Crore before COVID-19) over the past couple of years as the penetration of discount brokerages increased.

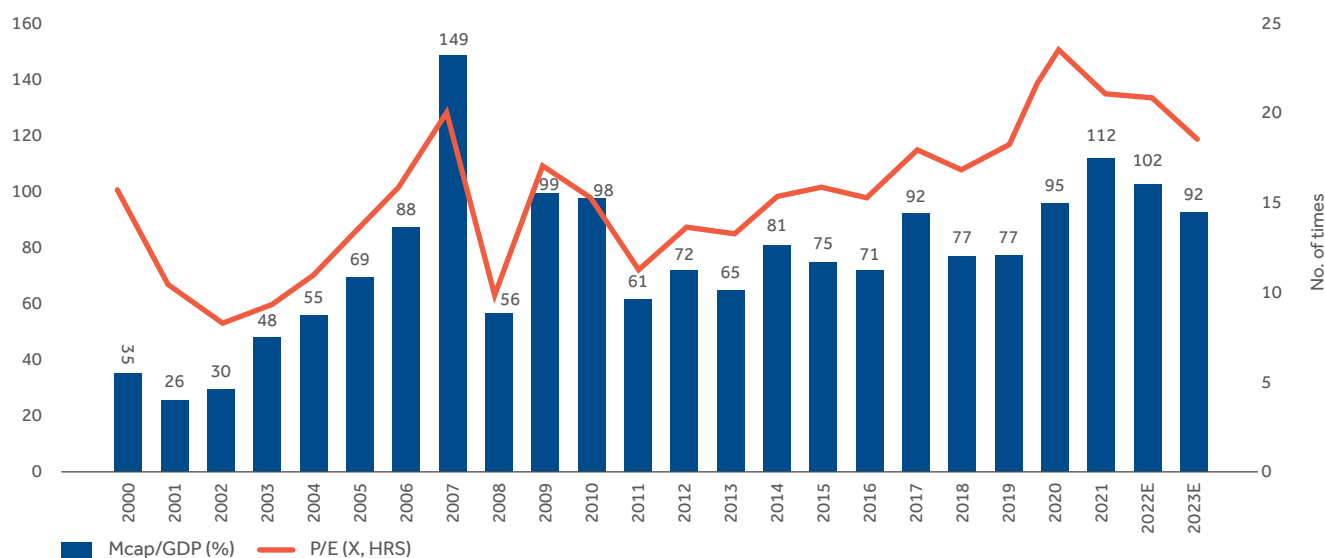


Source: Bloomberg, Motilal Oswal Financial Services



Source: Bloomberg, Morgan Stanley

**Equity market valuations and Outlook:** The rally in the equity markets over the past two financial years has exceeded expectations. As on March 31, 2022, NIFTY was trading at a Price to Earnings ratio of 18.6x, based on FY24E estimates. While this is moderately higher than its historical average, it should be viewed in the context of the low cost of capital, ample liquidity and robust corporate earnings outlook. India's market cap to GDP (based on CY23E GDP) at ~90% is also slightly higher than its long-term average.



Source: Kotak Institutional Equities

Further, the broad-based rally in equities over the past two years has resulted in most sectors trading higher or close to their long-term average valuations.

|                            | 12 month forward Price To Earnings |           |      |                                     |
|----------------------------|------------------------------------|-----------|------|-------------------------------------|
|                            | 31-Mar-21                          | 31-Mar-22 | LTA  | Discount / Premium (%) <sup>^</sup> |
| Consumer Discretionary     | 63.0                               | 65.3      | 38.8 | 68.2                                |
| IT services                | 25.5                               | 28.1      | 18.2 | 54.4                                |
| Auto                       | 22.0                               | 22.2      | 15.9 | 39.9                                |
| Cement                     | 34.1                               | 26.5      | 19.3 | 37.5                                |
| Consumer staples*          | 50.7                               | 46.9      | 36.1 | 29.7                                |
| Oil and gas <sup>§</sup>   | 14.8                               | 13.7      | 11.5 | 19.2                                |
| Pharma                     | 24.7                               | 24.3      | 21.3 | 14.3                                |
| Private Banks <sup>@</sup> | 2.7                                | 2.5       | 2.5  | 0.0                                 |
| PSU Banks <sup>@</sup>     | 0.9                                | 1.1       | 1.2  | -14.0                               |
| Electric utilities         | 8.1                                | 10.6      | 13.3 | -20.7                               |
| Tobacco                    | 16.1                               | 17.9      | 22.7 | -21.0                               |
| Metals <sup>§</sup>        | 9.5                                | 7.7       | 10.0 | -23.5                               |

Source: Kotak Institutional Equities. Stocks are part of Kotak Institutional Equities universe. LTA – 10 Year average.

Cells in green are sectors which are trading at premium while in red are ones which are trading at discount relative to long term average. All figures are calculated based on 12 months forward estimates. \*ex tobacco; <sup>^</sup>to Long term (LT) average, <sup>@</sup>-Price to Book value. & - P/E is a misleading indicator as earnings reflect cyclical peak and hence the sector appears at a discount to LTA.

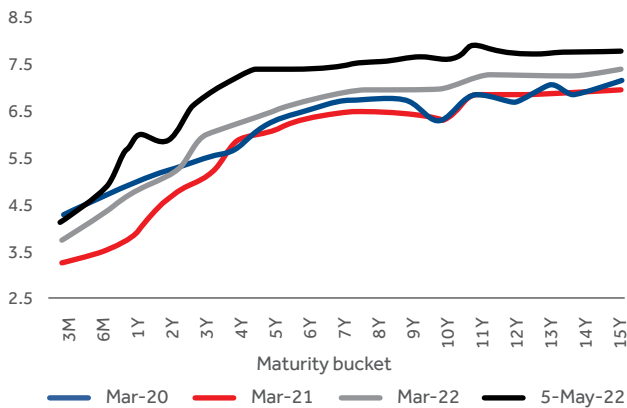
<sup>§</sup> Oil & Gas sector PE is high mainly due to one company. Excluding that, the multiple is 5.5x vs 10 year average multiple of 9.1x

Overall, the equity markets appear reasonably valued and returns, over the long term, are likely to be guided by nominal GDP growth. Over the medium to long term, equities hold promise in view of strong corporate profitability, sustained economic growth, strong balance sheet of banks etc. Resurgence of COVID-19 cases, slowdown in China, sustained high crude oil prices, sharp increase in US yields, continued FPI selling, etc. are the key risks in the near term.

### Debt markets

The year FY 21-22 was a relatively difficult one for the Indian fixed income markets with 10Y Gsec bond yields ending the year higher by ~67 bps at 6.84%. Gsec yields traded in a narrow range during the first half despite multiple factors, including high inflation, strong recovery, pick up in global yields, etc., turning adverse. This was primarily because of the RBI’s regular intervention, easy financial conditions and stronger-than-expected government revenues resulting in lower-than-expected market borrowings. However, bond yields started to inch up in the second half and surged substantially following the FY 22-23 budget in February 2022. This was driven by accelerated policy normalisation by US Fed, strong inflation momentum and substantial reduction in the RBI’s intervention. However, ample liquidity in the system kept the short-end yields relatively anchored and the Gsec yield curve steepened moderately.

#### Steepness of sovereign yield curve



Source: Bloomberg. The data is as of last day of each month.

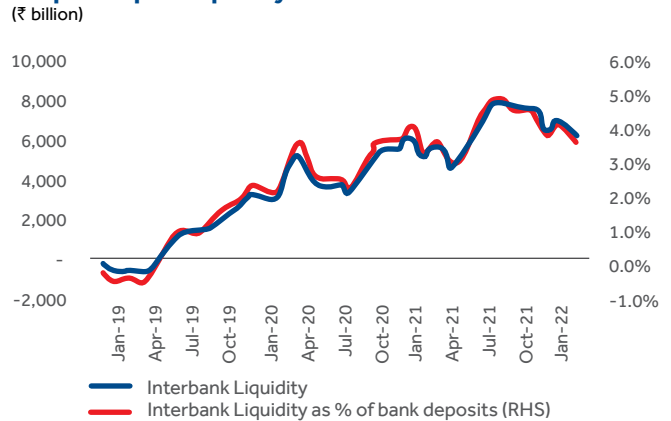
Entering FY 22-23, the yields have risen by another 56 bps to 7.4% (as of May 5, 2022). The bump up in yields is driven by the sudden shift in the RBI’s policy pivot from growth to inflation, and expectations of accelerated rate hikes and liquidity withdrawal over the next year. The Monetary

Policy Committee (MPC), in its scheduled policy meeting in April 2022, announced that it will prioritise inflation over growth. The RBI also introduced Standing Deposit Facility (SDF) at 3.75%, which has effectively restored the LAF rate corridor to 50 bps from 90 bps earlier. More importantly, in an unscheduled meeting on May 4, 2022, MPC raised the repo rate by 40 bps to 4.4% and raised the CRR by 50 bps to 4.5%. The urgency of the RBI actions indicates that the central bank is increasingly uncomfortable with the high retail inflation and is likely to proactively use policy tools to bring it down, including withdrawing liquidity and hiking policy rates.

#### Key trends during FY22

**Ample surplus liquidity:** The banking system liquidity remained in ample surplus during the entire year, driven by G-SAP (Government Securities Acquisition Program) 1.0 and 2.0 conducted by the RBI, purchase of foreign exchange and muted credit growth vis-à-vis the deposit growth. The liquidity surplus averaged over ₹ 6.5 Trillion during FY 21-22 compared to ₹ 4.7 Trillion a year ago. The high liquidity kept the yields at the shorter end anchored, thus steepening the curve. However, the recent step to raise CRR by 50 bps is likely to drain out liquidity to the tune of ~₹ 87,000 Crore. Further, the RBI has hinted that it is likely to bring down the banking system liquidity to ~1.5% of the Net Demand and Term Liabilities (NDTL) in a gradual manner.

#### Ample surplus liquidity

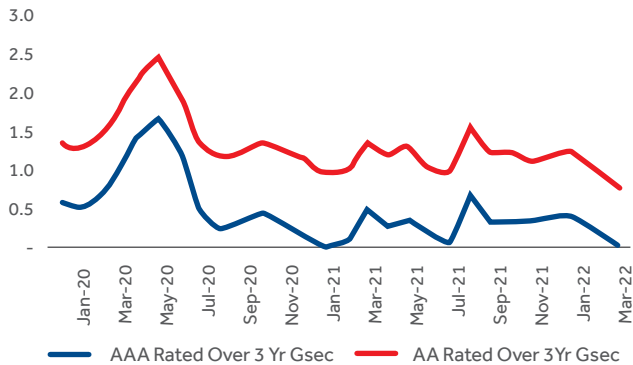


Source: CMIE, RBI

**Corporate bond spreads compresses:** The demand for corporate bond issuances outstripped supply and resulted in corporate bond spreads narrowing during FY 21-22. Further, the stable credit environment, with no major negative credit event, also increased lenders’ confidence.



### Corporate Bond spreads



Source: Bloomberg

**Muted FPI flows:** Net FPI inflows during FY 21-22 stood at \$2.2 Billion as against net outflow of \$2.2 Billion in the year prior.

### Outlook

The sudden shift in the RBI’s policy focus toward inflation and the urgency of its policy action in the first two months of FY 22-23 surprised market participants. Moreover, the RBI appeared increasingly concerned about the inflationary pressure intensifying although it is relatively comfortable with the growth trajectory. Hence, market participants factored in that the RBI can proactively roll back monetary stimulus through withdrawal of liquidity and policy rate hikes. In response, yields rose across the curve with the short end rising more.

Going forward, elevated commodity and energy prices, large government borrowing programs, resilient CPI and WPI, high SLR holding of banks, accelerated tightening by major global central banks etc. are likely to put upward pressure on yields. The possibility of the RBI expediting the pace of pull back in monetary stimulus should also add to the pressure. The chances of lower fiscal deficit appear dim too as the outgo on food & fertiliser subsidy might exceed the gain expected due to higher tax collections.

The aforesaid factors are likely to drive yields higher going forward. On the flip side, the ~1% increase in the 10Y Gsec yields in CY22 (upto May 5, 2022) seems to have priced in the impact of most of these factors to a material extent. The medium-term outlook of yields will be driven by factors like the movement in US yields, inflation and commodity prices, especially post Ukraine-Russia war.

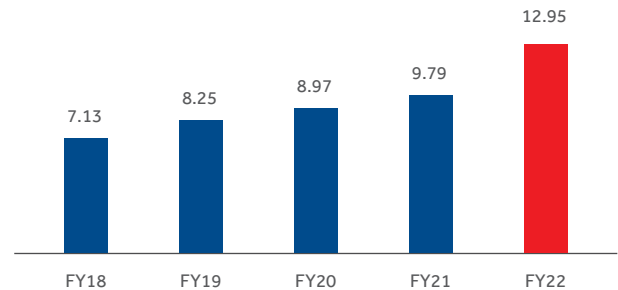
### A3. Industry environment

#### Mutual fund folios

The MF industry recorded a 32% increase in the number of folios to 12.95 Crore for the year ended March 31, 2022 from 9.79 Crore for the year ended March 31, 2021. Of the total, 12.87 Crore were folios from individuals, up 32% YoY. Unique investors identified on PAN increased by 48% to 3.37 Crore. The industry has more than doubled the number of folios in last 5 years, adding 7.41 Crore net new folios.

#### MF INDUSTRY FOLIOS\*

(₹ Crore)



Source: AMFI

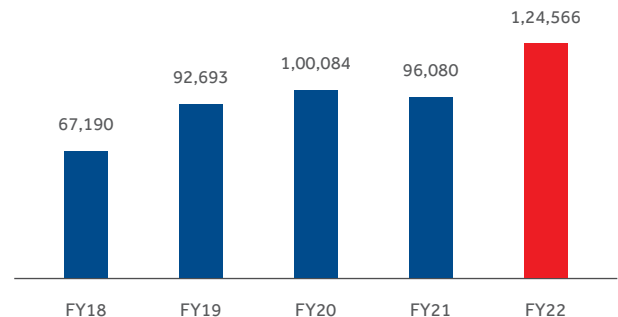
\*Data is as on March 31 for respective years

#### SIP flows

SIP flows remained strong despite the headwinds emanating from the successive waves of the pandemic and global uncertainties. The MF industry witnessed 2.66 Crore new SIP registrations and annual SIP flows of ₹ 1,24,566 Crore in FY 21-22, up 30% from FY 20-21.

#### MF SIP Flows

(₹ Crore)



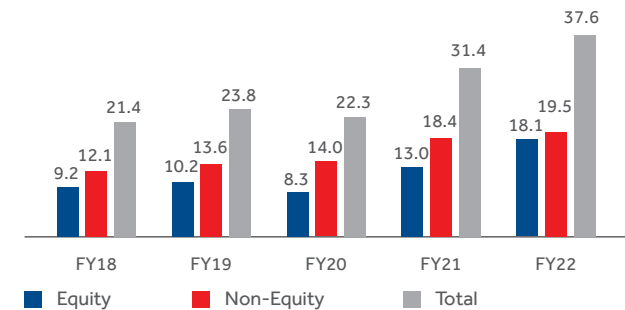
Source: AMFI

### Closing Assets Under Management

Assets Under Management (AUM) rose 20% to ₹ 37.6 Lakh Crore, as of March 31, 2022, as against ₹ 31.4 Lakh Crore, as of March 31, 2021. Equity-oriented AUM grew 39% to ₹ 18.1 Lakh Crore while non-equity-oriented AUM increased to ₹ 19.5 Lakh Crore from ₹ 18.4 Lakh Crore. The sharp growth in equity AUM can be attributed to both increased net inflows and growth in the market. During FY 21-22, the IISL NIFTY 50 TR and IISL NIFTY 500 TR indices gained 20% and 22%, respectively.

### Closing AUM

(₹ in Lakh Crore)



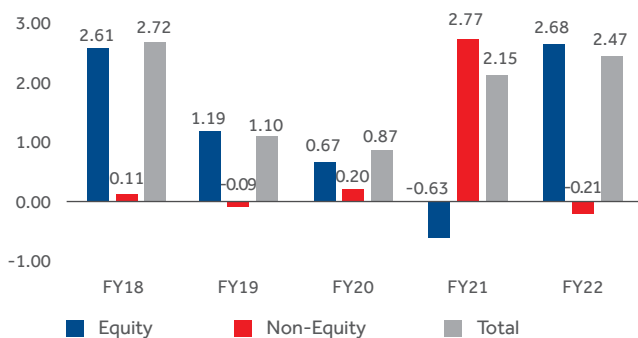
Source: AMFI

### Net flows and Annual Average AUM

During FY 21-22, the industry saw net inflows to the tune of ₹ 2.68 Lakh Crore in equity-oriented funds, ₹ 0.25 Lakh Crore in liquid funds while debt funds recorded outflows of ₹ 1.63 Lakh Crore, and Others (including arbitrage funds, Exchange Traded Funds (ETFs) and Fund of Funds (FoF)) saw net inflows of ₹ 1.17 Lakh Crore. Annual Average AUM (AAAUM) grew 28% to ₹ 36.5 Lakh Crore from ₹ 28.5 Lakh Crore in FY 20-21. AAAUM for equity-oriented funds increased by 48% to ₹ 16.0 Lakh Crore from ₹ 10.8 Lakh Crore while that for non-equity assets rose 16% YoY.

### Net flows

(₹ in Lakh Crore)



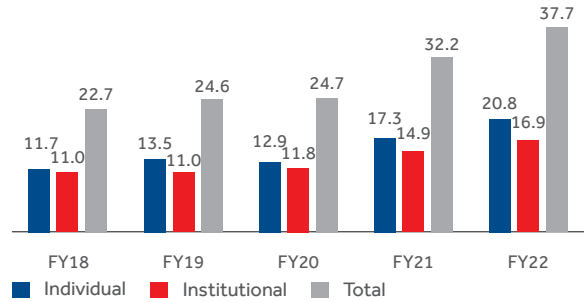
Source: AMFI

### Demographics

As of March 31, 2022, individual investors contributed to 55% of the industry monthly average AUM (MAAUM) of ₹ 37.7 Lakh Crore while institutional investors contributed the remaining ₹ 16.9 Lakh Crore.

### MAAUM by investor type

(₹ in Lakh Crore)

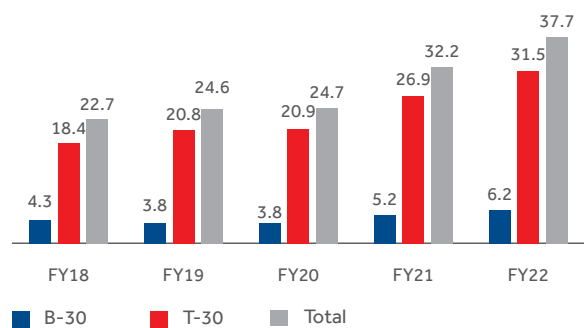


Source: AMFI

MAAUM was split in the ratio of 83:17 between the top 30 cities (T-30) and beyond the top 30 cities (B-30). Contribution from B-30 to total MAAUM has remained relatively constant. Although B-30 accounts for 17% of total MAAUM, contribution to equity MAAUM is 27%.

### MAAUM by cities

(₹ in Lakh Crore)



Source: AMFI

### Indian MF industry trends

Mutual fund AUM in India has recorded a CAGR of 16.4% over the past five years, with equity AUM witnessing a CAGR of 23.5%. The growing importance of financial savings among Indian households, increasing awareness and education, strong distribution platforms, ease of transactions through digitisation and popularity of instruments like SIPs have contributed to the rising participation of domestic individual investors. The MAAUM of individual investors reached ₹ 20.8 Lakh Crore in March 2022, registering a CAGR of 19.5% since March 2017.

Net inflows over the past five fiscal years have been ₹ 9.30 Lakh Crore, of which ₹ 6.52 Lakh Crore have flowed in equity-oriented schemes. Meanwhile, fixed income products, including liquid funds, have been popular among corporate and institutional investors as well as retail and high net worth investors.

Monthly SIP flows grew almost 3 times from March 2017 to ₹ 12,328 Crore in March 2022. The number of SIP accounts in March 2022 was 5.28 Crore, up from 1.35 Crore in March 2017. SIPs enable regular investing, coupled with the benefits of rupee cost averaging, and are typically sticky long-term inflows and lend visibility and predictability to AUM growth.

In India, the Asset Management industry has become a significant part of the financial services sector as well as the overall economy. If we look at annual financial household savings, there's no visible limit to the potential investable capital. Mutual funds are well positioned to tap this opportunity and be the vehicle of choice for funneling household savings into investments.

### Healthy growth of mutual fund AUM in India (₹ in Lakh Crore)

5-Year CAGR: 16.4%

|              | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Equity AUM   | 6.28         | 9.22         | 10.21        | 8.26         | 13.00        | 18.08        |
| Debt AUM     | 7.61         | 7.99         | 7.30         | 7.76         | 10.58        | 9.51         |
| Liquid AUM   | 3.14         | 3.36         | 4.36         | 4.15         | 4.08         | 4.49         |
| Other AUM    | 0.52         | 0.79         | 1.93         | 2.09         | 3.77         | 5.48         |
| <b>Total</b> | <b>17.55</b> | <b>21.36</b> | <b>23.80</b> | <b>22.26</b> | <b>31.43</b> | <b>37.57</b> |

Source: AMFI. Data as of March 31 each year. March 2017 has been taken as the base for CAGR calculation.

## Business review

### B1. Overview

HDFC AMC is the investment manager to HDFC Mutual Fund with a closing AUM of ₹ 4.08 Lakh Crore and total AAAUM of ₹ 4.37 Lakh Crore, as of March 31, 2022. Equity-oriented closing AUM accounted for ₹ 2.09 Lakh Crore, with non-equity-oriented AUM contributing the rest.

We have a diversified product mix which caters to the needs of our investors by taking various factors into consideration such as long-term and short-term time horizons, high risk and low risk, multiple asset classes including gold, solutions oriented, asset allocation and hybrid products. Our comprehensive suite of savings and investments products allows us the flexibility to navigate market cycles, address market fluctuations, reduce concentration risks and work with a diverse set of distribution

partners. In addition, a wide and robust distribution network, nationwide presence, class-leading digital infrastructure will continue to be the backbone of our growth.

We also provide portfolio management and separately managed account services to HNIs, family offices, domestic corporates, trusts, provident funds, and domestic & global institutions. As of March 31, 2022, aggregate assets under these services were at ₹ 9,215 Crore.

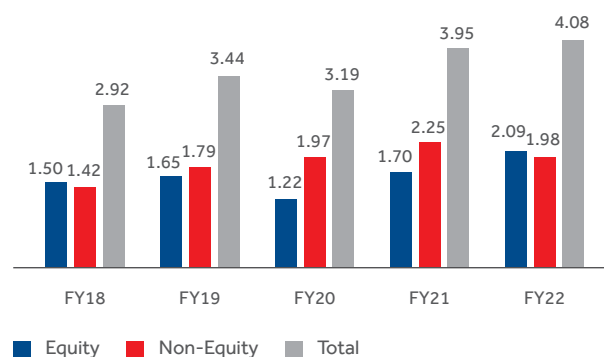
### B2. Operational performance

#### Assets under management

Our closing AUM, as of March 31, 2022, rose 3% to ₹ 4.08 Lakh Crore from ₹ 3.95 Lakh Crore as of March 31, 2021. Actively managed equity-oriented AUM rose from ₹ 1.65 Lakh Crore to ₹ 2.00 Lakh Crore. Total AAAUM rose 14% to ₹ 4.37 Lakh Crore from ₹ 3.84 Lakh Crore. AAAUM for actively managed equity-oriented schemes increased by 28% to ₹ 1.89 Lakh Crore from ₹ 1.48 Lakh Crore.

#### Closing AUM

(₹ in Lakh Crore)

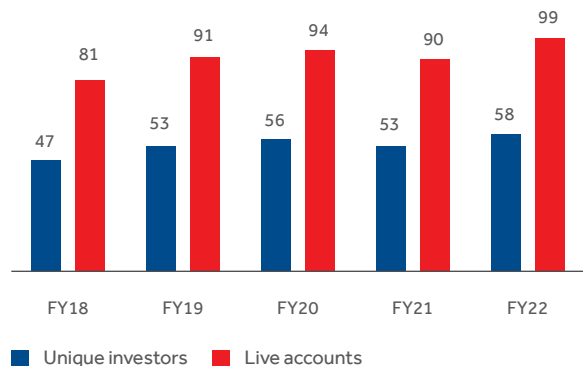


#### Unique investors and live accounts

We remain one of the most preferred choices for individual investors, with a market share in assets at 12.5%. We had about 58 Lakh unique investors at the close of the year, of the MF industry total of 3.37 Crore. This implies that 17 out of every 100 MF investors in India are invested in one or more HDFC Mutual Fund schemes. Our market share in total closing AUM and actively managed equity-oriented funds stood at 10.8% and 11.3%, respectively. Equity-oriented assets formed 51% of our total AUM. The number of live individual accounts we serve stood at 97.7 Lakh, as on March 31, 2022. HDFC AMC processed 3.89 Crore systematic transactions between April 2021 and March 2022, amounting to ₹ 12,970 Crore. About 86% of all systematic transactions at the time of signing up are for a period of over 5 years and about 76% for over 10 years.

## Number of investors

(Lakh)



### B3. Financial performance review

- Our Company's Total income has increased by 10.51% to ₹ 2,433.20 Crore in FY 21-22
- The Profit After Tax (PAT) stood at ₹ 1,393.13 Crore and grew by 5.08% over FY 20-21
- The Operating Profit (Profit Before Tax less Other income) increased by 9.85% to ₹ 1,537.45 Crore in FY 21-22
- PAT as a percentage of Annual Average AUM decreased from 0.35% in FY 20-21 to 0.32% in FY 21-22
- The Company's Average Networth increased by 17.04% to ₹ 5,153.11 Crore in FY 21-22

### 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.

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

### Covid-19 Pandemic

COVID-19 was declared a pandemic in March 2020 and since then it has had a sizable impact on the economies of various countries. Nations across the globe at this juncture seem to be returning to normalcy as a result of waning infection levels. An aggressive vaccination drive by the government in India has led to significant improvement in the situation which has provided a pathway to the normalization of economic activity. However, the situation will have to be monitored till the pandemic is finally put to rest.

While the Company's operations have shown resilience, the extent to which the pandemic may impact its future results will depend on ongoing developments. The Company continues to closely monitor material changes in economic conditions, markets and the operating environment.

The following table sets forth selected financial information from our Statement of Profit and Loss for FY 21-22 and FY 20-21.

| Particulars                               | ₹ in Crore)                       |                                   | % Change     |
|---|-----------------------------------|-----------------------------------|--------------|
|   | For the year ended March 31, 2022 | For the year ended March 31, 2021 |              |
| Revenue from Operations                   | 2,115.36                          | 1,852.53                          | 14.19        |
| Other Income                              | 317.84                            | 349.21                            | (8.98)       |
| <b>Total Income</b>                       | <b>2,433.20</b>                   | <b>2,201.74</b>                   | <b>10.51</b> |
| Finance Costs                             | 8.64                              | 8.95                              | (3.46)       |
| Fees and Commission Expenses              | 5.41                              | 5.69                              | (4.92)       |
| Employee Benefits Expenses                | 312.20                            | 226.75                            | 37.68        |
| Depreciation, Amortisation and Impairment | 53.85                             | 55.41                             | (2.82)       |
| Other Expenses                            | 197.81                            | 155.99                            | 26.81        |
| <b>Total Expenses</b>                     | <b>577.91</b>                     | <b>452.79</b>                     | <b>27.63</b> |
| <b>Profit before Tax</b>                  | <b>1,855.29</b>                   | <b>1,748.95</b>                   | <b>6.08</b>  |
| Current Tax                               | 418.96                            | 369.39                            | 13.42        |
| Deferred Tax Charge / (Credit)            | 43.20                             | 53.80                             | (19.70)      |
| <b>Tax Expense</b>                        | <b>462.16</b>                     | <b>423.19</b>                     | <b>9.21</b>  |
| <b>Profit after Tax</b>                   | <b>1,393.13</b>                   | <b>1,325.76</b>                   | <b>5.08</b>  |

### Revenue from Operations

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

Investment management fees from the 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 ₹ 1,852.53 Crore in FY 20-21 to ₹ 2,115.36 Crore in FY 21-22, was largely due to increase in investment management fee by 14.34% from ₹ 1,839.51 Crore in FY 20-21 to ₹ 2,103.24 Crore in FY 21-22. The said increase was a result of higher Annual Average AUM in FY 21-22 as compared to FY 20-21.

PMS and other advisory services fee has marginally declined from ₹ 13.02 Crore in FY 20-21 to ₹ 12.12 Crore in FY 21-22.

### Other Income

Our investment book rose in value due to retained surpluses.

As on April 01, 2020, the Company held certain Non-Convertible Debentures (NCDs) that were secured by a pledge of listed equity shares. These NCDs were classified as financial assets at fair value through profit and loss. Hence, any realised gain on their sale/changes in fair value is reflected under 'Other Income'. During FY 20-21, the Company had invoked and sold a majority of the pledged shares. There was a net gain of ₹ 85.65 Crore in FY 20-21 which consisted of profit from sale of these shares as well as accretion in the fair value of the residual pledged shares. The balance pledged shares have been sold during FY 21-22 resulting in a net gain amounting to ₹ 13.67 Crore.

Accordingly, our other income (adjusted for the above gains on sale of pledged shares) would have been higher by 15.41%. However, due to the above effect, it shows a decrease by 8.98% from ₹ 349.21 Crore in FY 20-21 to ₹ 317.84 Crore in FY 21-22.

### 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 comprises primarily of commissions paid to distributors on sale of our Mutual Fund schemes, PMS and advisory mandates. In accordance with SEBI guidelines,

no commission on fresh sale of Mutual Fund schemes was charged to the Company. However, certain amounts paid in the past are still being amortised. The residual unamortised amount of such commissions is miniscule. Our fees and commission expenses decreased from ₹ 5.69 Crore in FY 20-21 to ₹ 5.41 Crore in FY 21-22.

### 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 21-22.
- The Nomination and Remuneration Committee (NRC) of the Board of Directors of the Company at its meeting held on February 22, 2021 had approved grant of 11,45,000 stock options representing 11,45,000 equity shares of ₹ 5 each, at a grant price of ₹ 2,934.25 per equity share (being the market price as defined in the applicable SEBI Regulations), to its eligible employees under Employees Stock Option Scheme - 2020 ('ESOS - 2020'). NRC has also approved on January 24, 2022, a further grant of 1,82,000 stock options representing 1,82,000 equity shares of ₹ 5 each, at a grant price of ₹ 2,369.40 per equity share (being the market price as defined in the applicable SEBI Regulations), to its eligible employees under ESOS - 2020. 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 ₹ 7.35 Crore in FY 20-21 to ₹ 63.32 Crore in the FY 21-22 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 37.68% from ₹ 226.75 Crore in FY 20-21 to ₹ 312.20 Crore in FY 21-22. However, excluding the above mentioned non cash charge towards employee stock options, the employee benefit expenses has increased by ₹ 29.48 Crore i.e. 13.44%.

### Depreciation, Amortization and Impairment

Our Depreciation, Amortization and Impairment decreased from ₹ 55.41 Crore in FY 20-21 to ₹ 53.85 Crore in FY 21-22, primarily due to lower depreciation charge on improvement of rented premises and computer softwares.

### Other Expenses

Our other expenses increased by 26.81% from ₹ 155.99 Crore in FY 20-21 to ₹ 197.81 Crore in FY 21-22 primarily due to a increase in 'Advertisement, Publicity and Business Promotion expenses', 'New Fund Offer and Mutual Fund Expenses', 'Software Expenses', 'Corporate Social Responsibility expense', 'Travel and Conveyance' and 'Printing, Stationery and Courier expenses'. This rise in expenditure was due a combined effect of pick up in business activities in the current year as compared to a muted business environment on account of the effect of pandemic in the previous year coupled with amounts spent on launching our new products in current year.

- Our Advertisement, Publicity and Business Promotion expenses increased from ₹ 14.99 Crore in FY 20-21 to ₹ 27.59 Crore in FY 21-22.
- Our New Fund offer and Mutual Fund Expenses increased from ₹ 4.02 Crore in FY 20-21 to ₹ 15.42 Crore in FY 21-22.
- Software Expenses increased from ₹ 15.95 Crore in FY 20-21 to ₹ 21.18 Crore in FY 21-22 due to continuing technology improvements and digitization during the current year.
- In accordance with the requirement of the Companies Act 2013, our Corporate Social Responsibility expenses increased from ₹ 26.99 Crore in FY 20-21 to ₹ 30.10 Crore in FY 21-22.
- Our Printing, Stationery and Courier expenses increased from ₹ 7.90 Crore in FY 20-21 to ₹ 10.20 Crore in FY 21-22.
- Our Travel and Conveyance expenses increased from ₹ 2.07 Crore in FY 20-21 to ₹ 4.83 Crore in FY 21-22 mainly due to easing of travel restrictions and increase in in-person interactions.

In spite of this rise in other expenses, it is still comparable to pre-covid levels i.e. ₹ 195.43 Crore for FY 19-20. We have an optimistic view on our business and would continue to incur these business related expenses, which in our opinion, would lead to future growth. We are also investing further into technology and digital infrastructure to be future ready. However, these expenses would be incurred in a calibrated manner.

### Profit Before Tax

Our Profit Before Tax increased by 6.08% to ₹ 1,855.29 Crore in FY 21-22 from ₹ 1,748.95 Crore in FY 20-21.

### Tax Expenses

Our total tax expenses increased by 9.21% to ₹ 462.16 Crore in FY 21-22 from ₹ 423.19 Crore in FY 20-21. Our current tax charge increased to ₹ 418.96 Crore in FY 21-22 from ₹ 369.39 Crore in FY 20-21. Our deferred tax charge decreased to ₹ 43.20 Crore in FY 21-22 from ₹ 53.80 Crore in FY 20-21 mainly on account of movement in 'fair value gains / losses and impairment on investments'. Our effective tax rate, including deferred tax was at 24.91% and 24.20% for FY 21-22 and FY 20-21, respectively. 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 5.08% to ₹ 1,393.13 Crore in FY 21-22 from ₹ 1,325.76 Crore in FY 20-21.

### Dividend

Your Directors have recommended a final dividend of ₹ 42 per equity share of Face Value of ₹ 5 each for FY 21-22 as compared to ₹ 34 per equity share for FY 20-21. Accordingly, the Dividend payout ratio for FY 21-22 would stand at 64.30%, up from 54.61% for FY 20-21.

### Statement of Assets and Liabilities

The following table sets forth selected financial information from our Balance Sheet as at March 31, 2022 and March 31, 2021

| Particulars                         | ₹ in Crore              |                         |
|-------------------------------------|-------------------------|-------------------------|
|                                     | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| <b>Assets</b>                       |                         |                         |
| Financial Assets                    | 5,684.01                | 4,871.71                |
| Non Financial Assets                | 196.36                  | 222.99                  |
| <b>Total Assets</b>                 | <b>5,880.37</b>         | <b>5,094.70</b>         |
| <b>Liabilities and Equity</b>       |                         |                         |
| Financial Liabilities               | 218.88                  | 230.01                  |
| Non Financial Liabilities           | 131.45                  | 88.51                   |
| <b>Total Liabilities</b>            | <b>350.33</b>           | <b>318.52</b>           |
| <b>Total Equity</b>                 | <b>5,530.04</b>         | <b>4,776.18</b>         |
| <b>Total Liabilities and Equity</b> | <b>5,880.37</b>         | <b>5,094.70</b>         |

## Financial Assets

### Investments

Investments of the Company grew from ₹ 4,753.25 Crore in FY 20-21 to ₹ 5,570.23 Crore in FY 21-22

- The increase in Investments carried at fair value through Profit and Loss from ₹ 4,263.12 Crore in FY 20-21 to ₹ 5,107.30 Crore in FY 21-22 is primarily due to net purchase of mutual funds.
- The investments carried at amortised cost have decreased from ₹ 490.13 Crore in FY 20-21 to ₹ 462.93 Crore in FY 21-22 primarily due to maturity of certain tax free bonds.

### Non Financial Assets

Non Financial Assets have decreased from ₹ 222.99 Crore in FY 20-21 to ₹ 196.36 Crore in FY 21-22. This decrease is primarily due to:

- Decrease in net book value of Property Plant and Equipment from ₹ 136.86 Crore in FY 20-21 to ₹ 122.18 Crore in FY 21-22 as well as decrease in net book value of Other Intangible Assets from ₹ 10.32 Crore in FY 20-21 to ₹ 6.88 Crore in FY 21-22.
- Decrease in Other Non Financial Assets from ₹ 37.30 Crore in FY 20-21 to ₹ 30.17 Crore in FY 21-22. During FY 20-21 an amount of ₹ 12.46 Crore was paid to the incoming Managing Director as one time payment and the same is being amortised as per the terms of the contract. Out of the same, the balance unamortised amount as at March 31, 2022 has reduced to ₹ 7.81 Crore as compared to ₹ 11.96 Crore as at March 31, 2021.

### Financial Liabilities

Financial Liabilities have decreased from ₹ 230.01 Crore in FY 20-21 to ₹ 218.88 Crore in FY 21-22. This decrease is primarily due to decrease in Lease Liability balances.

### Non Financial Liabilities

Non Financial Liabilities have increased to ₹ 131.45 Crore in FY 21-22 from ₹ 88.51 Crore in FY 20-21. This increase is primarily due to movement of net Deferred Tax balances.

### 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, 2022 | For the year ended March 31, 2021 | % Change |
|---|-----------------------------------|-----------------------------------|----------|
| Annual Average AUM (₹ in Crore)                 | 433,859.34                        | 384,139.23                        | 12.94    |
| Profit After Tax as a % of Annual Average AUM # | 0.32                              | 0.35                              | (6.96)   |
| Debtors Turnover (times)                        | 27.39                             | 26.37                             | 3.87     |
| Current Ratio (times)*                          | 8.13                              | 6.44                              | 26.24    |
| Operating Profit Margin (%)                     | 72.68                             | 75.56                             | (3.81)   |
| Net Profit Margin (%)                           | 57.26                             | 60.21                             | (4.90)   |

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, 2022 and as at March 31, 2021. 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.

# Profit After Tax has not increased proportionately as compared to rise in the Annual Average AUM due to higher non cash charge in employee benefits expenses, higher other expenses and lower other income as explained earlier.

\* Reason for increase in Current Ratio:

- current asset balances and specifically, investments which are maturing within 12 months from the reporting date including new purchases, have changed and;
- current liabilities have reduced largely due to a reduction in lease liabilities payable within 12 months.

## Return On Network (Computed On Average Network)

| Particulars                          | (₹ in Crore)                      |                                   | % Change       |
|--------------------------------------|-----------------------------------|-----------------------------------|----------------|
|                                      | For the year ended March 31, 2022 | For the year ended March 31, 2021 |                |
| Network at the Beginning of the Year | 4,776.18                          | 4,029.26                          | 18.54          |
| Network at the End of the Year       | 5,530.04                          | 4,776.18                          | 15.78          |
| <b>Average Network</b>               | <b>5,153.11</b>                   | <b>4,402.72</b>                   | <b>17.04</b>   |
| <b>Profit After Tax</b>              | <b>1,393.13</b>                   | <b>1,325.76</b>                   | <b>5.08</b>    |
| <b>Return on Average Network (%)</b> | <b>27.03</b>                      | <b>30.11</b>                      | <b>(10.23)</b> |

Return on Average Network decreased from 30.11% in FY 20-21 to 27.03% in FY 21-22. This is due to a higher % change in Average Network as compared to % change in Profit After Tax. Average Network has increased mainly due to a rise in retained earnings.

#### B4. Outlook

The mutual fund industry enjoys several tailwinds like increasing importance of financial savings among Indian households, under-penetration of MFs, growing investor awareness and education, strong distribution platforms and ease of transactions through digitisation.

India has more than 50 Crore Permanent Account Number (PAN) holders. More than 3 Crore new Demat accounts have been opened since March 2020. However, despite being around for decades, the Indian MF industry has reached only 3.4 Crore unique investors, which points to disproportionate headroom for growth.

#### Growth drivers

- Healthy savings rate of Indian households
- Increased financial literacy and more awareness about capital markets and their benefits
- Efforts put in by regulators, AMFI, media, asset management companies and distributors in educating investors about the benefits of investing in MFs
- Further expansion of the asset management industry into B-30 locations
- Technology-led improvement in efficiencies and customer experience
- Emergence and growth of fintech platforms to bring in a large pool of new investors
- Increased digitalisation allowing AMCs to expand services and improve penetration
- Growing popularity of SIPs, with large-scale campaigns improving outreach.

We are well placed to capitalise on the opportunities in the domestic market, aided by our strong brand recall, disciplined investment philosophy and process, customer-centric approach, well laid out distribution network and growing reach, and healthy financials.

#### Strategic priorities

- Comprehensive product portfolio and solutions across asset classes catering to the needs of a large, diverse and growing customer base
- Set industry benchmarks around performance

- Uphold industry-leading corporate governance and risk management practices
- Enhance distribution footprint by expanding physical network and leveraging state-of-the-art digital assets
- Use analytical capabilities to deepen relationships with clients
- Remain prudent and, at the same time, not shy away from investing in future growth

#### 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 Deloitte Touche Tohmatsu India LLP 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 financial statements included in this annual report and has issued as a part of Auditor's Report, an attestation 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, 2022, our internal financial controls were adequate and operating effectively.

In recent past, remote working environment required the Company to adjust and adapt certain control mechanisms which was done in a manner so as to ensure that there has been no material change in the overall control environment of the operations of the Company.



## D. Information Technology (IT)

We have been making sustained investments to deploy best-in-class IT systems and have a resilient IT infrastructure and processes. Our IT backbone has been playing a crucial role in increasing our process efficiency, increasing productivity, boosting our agility and hence reducing turnaround time across our operations, Customer service, sales, risk management and other support functions, including research. In fact, IT has emerged as a crucial facilitator in business development. We constantly upgrade our IT systems and infrastructure, installing powerful mechanisms to ensure complete privacy in our dealings, so that there is no business interruption and no breach of faith.

We have active engagements with reputed vendors to provide IT solution delivery, application management, infrastructure operations, end-user support, data center and network management services.

In recent times, businesses have undergone rapid digital and technological transformation. The flipside is that it has also made systems vulnerable to cyberattacks, making Cyber Risk Management an essential part of business. We have a strong Cyber Risk Management framework, wherein cyber risk and mitigation controls are monitored by the Information Technology and Security Committee as well as the Risk Management Committee, which report to the Board of Directors. Key areas covered under the Cyber Risk Management are strong adherence to Board-approved Information and Cyber Security Policies, SEBI guidelines and compliance ISO 27001:2013. Our strong focus on cyber risk management helps us protect the confidentiality and integrity of data. Cyber security controls and practices are embedded into our business processes and we are aligned with concepts such as 'Security by Design' and 'Defense in-Depth' that ensures that we keep malware at bay. Our cyber security practices are reviewed and audited at regular intervals by independent agencies, which have noted NIL non-compliance. Our systems are subject to intense scrutiny and validations in the course of systems audit. We have received ISO 27001:2013 certification, which is a milestone in terms of security controls, across all departments in the organisation.

A strong Disaster Recovery and Business Continuity plan helps us deal with exigencies through strategies such as utilising branches as alternate sites, and IT disaster recovery site, which are tested and kept ready on a regular basis. The efficacy of our BCP was fully tested during the pandemic. Its efficiency enabled us to carry on with critical functions seamlessly from alternate sites, while the Virtual Private Network connectivity ensured that employees were able to function remotely, adhering to all regulatory timelines.

Over the course of the year, the initial BCP has morphed into a fully functional system, with the IT infrastructure spruce up accordingly to cater to the increasing demands of a full-fledged remote working environment. This led continuous support to this mature operating environment, we continue to invest in additional IT assets and other requirements according to specific needs.

## 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 an interface between us and various regulators and agencies, such as SEBI, the RBI, the Association of Mutual Funds in India, depositories and stock exchanges. The Chief Compliance Officer updates our Board and Audit Committee at their meetings on various compliance matters.

Various internal policies and procedures 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, including that of their dependents. There are set guidelines for personal dealings for AMC and Trustee Directors as well. Policies such as Conflict of Interest Policy, Outsourcing Policy, 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 that are relevant for 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 keeps itself updated on new regulatory requirements and communicates the requirements to the relevant functions together with meaningful inputs for implementation. The Compliance team also reviews the implementation status by coordinating with the respective functions.

We have also appointed independent internal auditors to review the activities of each department and function, including the compliance function. They review some of the compliance 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, apart from keeping a tab on compliance status, 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. The Compliance team also oversees 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 Company's codes/policies.

## F. Operations

Our operations are bifurcated into Mutual Fund Operations (MFO) and Portfolio Management Services Operations (PMSO).

The MFO team is responsible for servicing customers of the Mutual Fund and Segregated accounts u/r 24(b) of the SEBI (MF) Regulations. The responsibilities, inter alia, include investment administration, cash management, treasury and settlement, fund accounting, asset valuation and unit pricing, coordination with the RTA/ custodians/banks/other service providers, and management information system.

The PMSO team is responsible for managing all clients under the SEBI (PMS) regulations. 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.

The functions of the PMSO and MFO are kept completely separate and they have 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.

Our operations are conducted based on well-formed systems and processes that form the backbone of our operations. We maintain a keen focus on internal controls, minimising operational risks, enhancing scalability and bringing efficiency to meet various timelines. These 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, which are reviewed in consultation with the Board of Directors. Both these were tested during the pandemic and our transition to work from home (WFH) and back to office were seamless. We regularly review the adherence of our service providers to acceptable standards of governance & compliance, as well as their IT/ BCP/DRP preparedness.

## G. Risk management

Our risk management practices have been designed taking into consideration the varying needs of our organization, operating structure, business operations and regulatory requirements. Our risk management philosophy clearly defines the lines of defense within the organization. The Board approved risk management policy details out our approach to risk management and the roles and responsibilities of all stakeholders.

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 respective functions.

Risk assessment and mitigation strategies are an integral part of the organization's business reviews. The key risk management activities include Investment Risk, Operational & Regulatory Risk and Business Continuity and Disaster Recovery Management. Close monitoring and control processes, including the establishment of appropriate key risk indicators, are put in place to ensure that the risk profiles are managed within the policy limits.

Given the rapid technological and digital advancement in the securities market, cyber risks are inevitable. Hence, a strong cyber risk management is essential. Our 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. 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.

We have a formal program for risk and self-assessment, whereby risk owners are involved in the ongoing assessment and improvement of risk management and controls. 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 and internal controls of the organization. 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.

The systems that are in place are intended to provide reasonable but not absolute assurance against material misstatements or loss, as well as to ensure the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with applicable legislation, regulations and best practices, and the identification and management of business risk.

In the light of significant developments in the mutual fund industry and in the financial markets as a whole, SEBI released a circular "Risk Management Framework for Mutual Funds (RMF Circular)" on September 27, 2021 replacing previous guidelines issued in 2002.

With the overall objective of management of key risks involved in mutual fund operations, the AMC adopted Risk Management Framework (RMF) as detailed in the RMF Circular effective April, 1 2022. The components of RMF comprise viz. (a) Governance and Organization; (b) Identification of Risks, (c) Measurement and Management of Risks and (d) Reporting of Risks and related Information. The RMF defines roles and responsibilities of all stakeholders including Board of AMC, Board of Trustees, Chief Executive Officer (CEO), Risk Management Committee (Board and AMC), Chief Risk Officer (CRO), Functional Heads (CXOs) and others.

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 RMF, the AMC has defined three lines of defense model viz. First line of Defense comprises the CXOs, Second line of Defense comprises oversight functions viz. Risk Management and Compliance and the Third line of Defense is the Internal Auditor.

## H. Insurance

Our insurance policies cover the entire gamut of our operations and protects the company from unexpected exigencies in the future. We have specialized policy coverage as the investment manager to HDFC Mutual Fund, which in addition to the 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.

## I. Intellectual property

We use, among others, the name, brand and trademark 'HDFC', 'HDFC Mutual Fund', 'HDFC Asset Management Company' and associated logos in the ordinary course of our business and in our corporate name. The trademark 'HDFC' is owned by and is registered in favour of HDFC. HDFC has granted us the non-exclusive licence to use the trademark, 'HDFC', which is not currently subject to any terms and conditions.

## J. Digital Platforms

We provide end-to-end digital onboarding, transaction and servicing solution for retail individual investors and for our mutual fund distributors. We have a comprehensive range of channels for both our investors and partners – portal, apps, quick links, chatbot, WhatsApp and Transact on Call. For our partners we also have the 'Admin Portal' apart from the listed channels which cover almost the full range of transactions, reports and key non-financial transactions. Our investors and partners can reach us via agent helpdesk, call back services, co-browsing service, live chat and other interventions as a part of transaction journey management.

We launched a complete Digital Office solution for our partners. This was a major upgrade from our earlier digital marketing solution with built-in analytics and lead management backed with content upgrade and co-branding options. We developed cross/up sell analytical models for our partners on demand. On MF Online Partner platform, we added multiple excel bulk upload facilities to make digital transactions easier for the MFD. RM login was introduced for MFDs who work with larger teams. API gateway was put in place for integration with MFDs. We have also added co-browsing facility and reactivated live chat so that we could support it real time.

We built an inhouse Customer Data Platform to improve our investor engagement. This is now being upgraded to a leading industry platform. Our analytics-based campaigns have helped us improve our connect rate and multiply the conversion rate. We are working continuously on improving

our investor experience. In connection, we have refreshed both our portals and app during the year. We have also added new features such as biometric authentication, nudges, more channels and tracking for MFOnline journey management, ability to invest in ETF via our website etc.

We have achieved significant milestones with regard to our website on matters of speed, SEO, bounce rates, organic search, session duration etc. We also added voice search on our corporate website including activating basic information on Alexa.

On the technology front, we strengthened internal capabilities to develop and manage our solutions. Cost efficiency was maintained by continuous technology interventions, especially on infrastructure, which resulted in costs being at almost the same even though new solutions were added.

Enablement of all stakeholders continues to be one of core agendas with regular training programs for internal teams and partners. We also added comprehensive digital learning modules.

We will continue to work on powering our partners, helping them grow in these fast-evolving business environments, proactively engage with our investors and continue to strengthen our digital delivery capabilities as a team.

## K. Human Resource

Our employees are our brand ambassadors who enable us to reach out to and serve our customers and stakeholders. A strong organisational culture and value system girds our business and our interaction with our customers, partners and clients. Our employees help us accomplish our vision and mission of being the most respected asset management company in the world and the wealth creator for every Indian.

We strive to provide our people an open, inclusive and enabling work environment while creating for them opportunities to upskill or reskill in order to adapt to a fast-changing world. We ensure that our people gain the ability and competence necessary to remain future-ready. To retain our record of providing high-quality advisory to our partners and clients, we ensure that our employees undergo the completion of high-quality and relevant certifications. We are fully compliant with all statutory provisions and applicable laws and regulations related to employment.

Beginning last year, we have been welcoming our employees back at our corporate offices and branches across India. We continue to invest in employee welfare, learning and development, driving inclusion and enhancing workplace

diversity. Our Human Resources function is manned by professionals who implement and drive changes that enhance our reputation as an employer of choice.

Our policy of reward and recognition, proactive promotion of a collaborative and humane work culture, have ensured our ability to attract and retain top talent. We have a robust succession framework and continue to undertake programs to ensure uninterrupted availability of talent from premier institutes all across India. We continue to improve on gender diversity through our programs to encourage greater participation of women in our workforce while driving efforts to enhance employee experience, physical and mental well-being.

Our approach and efforts are reviewed regularly at the apex level to ensure that we remain an employer of choice.

## L. Marketing initiatives

### #BarniSeAzadi

Specially curated campaign directed at women, launched on the occasion of India's 75<sup>th</sup> Independence Day. Through the campaign we wanted to emphasise on the need to shift idle money to more growth-oriented instruments like mutual funds, and to encourage a change of mindset to enable women to participate in financial decision-making. This campaign has helped us to reach out to women, who remain the most neglected target group in the financial sector.

### #LaxmiForLaxmi

This was an exclusive end-to-end women-led financial empowerment initiative, aimed at connecting women investors with woman financial experts near them through a missed call. The experts would attend to queries of the investors and handhold them in their journey towards financial independence. Within a month, we were able to connect with more than 3,000 women investors and encourage them to seek financial independence.

### #WinOverCovid

Through this campaign, we highlighted the human virtues that helped the fight against the deadly virus, some of which also subtly connected with qualities that make for a committed investor.

### #NurtureNature

On the occasion of World Environment Day on June 5, 2021, we initiated #NurtureNature, a socially responsible campaign. We promised to plant a tree on behalf of each investor who

registered a Systematic Investment Plan (SIP) through online mode between May 31-June 11, 2021 in association with Grow-Trees.com.

### #AssetAllocation campaign

The film was intended to create awareness on 'How to invest tension free/befikar' through various hybrid mutual funds.

### ELSS campaigns

The #EkTeerSeDoNishane and #SavingIsTheNewCool campaigns focused on the twin benefits of ELSS investments – tax-savings and market gains.

### HDFC MF Yearbook

We published the 4<sup>th</sup> edition of the HDFC MF Yearbook. It comprehensively covers our views on the global economy, financial markets, the Indian economy and trends on digitalisation and Buy Now Pay Later (BNPL), Consumer Tech, Climate Change, Electrical vehicles, Blockchain, crypto currency, the road to Net Zero and so on.

### Republic Day Film

On the occasion of India's 73<sup>rd</sup> Republic Day, we launched a film that reiterated our message #InvestInIndia.

### Launch of Passive Investment Solutions Factsheet

We launched the 'Passive Investment Solutions Factsheet' dedicated solely for our passive funds.

### Mission to Mars – A mission to educate young investors

This was an out-of-the-box interactive initiative aimed at equipping children with various investing concepts in a lucid and interesting manner.

### Spreading hope on World Cancer Day

We celebrated #10YearsOfCare in association with Indian Cancer Society and launched our landmark film on the occasion.

(For more details please refer to page 20)

## M. Customer Service

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

We are aware that today customers are increasingly conscious of choices and are much better informed than before. It is thus imperative that we ensure that our frontline service team remains sharp, agile, smart and responsive to the needs of customers. To this end, we relentlessly educate and train our staff. Our service teams at our branches across the country are supported by an experienced staff 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 Manager also manages mutual fund distributor requirements and augments support at the branches. The Corporate Client Services team, on its part, takes into account the feedback from the branches and trains the managers routinely for the 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 work 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 228 branches, 264 CAMS service centres, call centre, our website that provide digital solutions, our distributor mobile app, stock exchanges, channel partners, MF Utility, MF Central, online websites of mutual fund distributors and advisors and other avenues. Our efforts to enable, support and encourage digital transactions have substantially increased the number of digital transactions, which now dominate business transactions.

We measure our service delivery and quality through the application of multiple parameters such as turnaround time, repeat complaints, escalations etc. which are evaluated on a periodic basis to provide and improve seamless service to our customers and business partners.

Customer delight can only be ensured if we work in cohesion and this, we ensure through our collective endeavour to place the customer at the heart of our business. Despite the challenges created by the pandemic, it was this work ethics, backed by an efficient Business Continuity Plan, that helped us continue our operations without interruption. Taking into account the pandemic protocol and government advisories, we have been promoting a combination of work from home and office, ably supported by our teams across branches. The

challenges created by the pandemic have, in fact, given us the opportunity to revisit and uplift our services and standards. Our digital team has undertaken multiple initiatives, enabling our website and mobile apps to provide best-in-class services to our stakeholders. The pandemic has accelerated our digital footprint and the ensuing year will see us invest more in digitally enhancing customer convenience and experience.

One of the key measures of client satisfaction is the complaints received from our clients and our focus on continuously improving our processes have led to a progressive decline in Complaints, as shown below.

| Complaints as a percentage of transactions | %     |
|--|-------|
| FY 17-18                                   | 0.014 |
| FY 18-19                                   | 0.012 |
| FY 19-20                                   | 0.009 |
| FY 20-21                                   | 0.006 |
| FY 21-22                                   | 0.006 |

## N. Training

We have always prioritised the education and training for our investors and partners as we believe that learning is a continuous process and we need to empower our stakeholders through knowledge-sharing. We undertook various training initiatives during the year to affirm this belief.

Many of these learning initiatives were undertaken under HDFC LEAP, our proprietary learning and development enterprise, to promote investor education and awareness and helping our partners in skill enhancement. The second half of FY 21-22 saw the pandemic subsiding, leading to a shift in the mode of training programs from online to in-person trainings. During the period, we widened our reach to various investor segments and introduced a few unique programs. These include:

- **From One Campus to Another** – This was a unique investor education and financial literacy initiative that intended to connect with college students and help them apply their financial skills effectively. Along with financial literacy, we held workshops on improving communication skills
- **Mission to Mars** – Spreading financial literacy among school students between age group of 9-16 years. We successfully executed this module among school children, many of them the children of our distributors and clients
- **Fempower** – An investor education initiative that focuses on women investors and their specific financial needs and goals

Introduction of various social media initiatives such as a weekly/monthly blogs/quizzes and write-ups to reach a wider audience. We launched a series of audio and video presentations on social media covering various topics of investing

At the same time, we focused on providing opportunity to our partners to strengthen their skills and domain knowledge through various skill enhancement programs during the year. Some of these were:

- **Crisil-NSE Wealth Manager course certification** – 157 partners enrolled for the course during the year
- **Certification** – Conducted workshops and certification programs with leading experts from the industry leading to certifications
- **Soft-skill development programs** – To develop communication and presentation skills and helping harness emotional intelligence that help survivorship of investors/advisors in volatile markets

During FY 21-22, we conducted 409 training/awareness sessions with 31 speakers covering a wide range of topics that attracted over 101 thousand participants.

## O. Social Initiatives

Read more on page 28 of this report.

## P. Risks and Threats

The industry is seeing intense competition among existing AMCs as well as alternative investment platforms such as fintechs and distribution companies. Given the explosion of options before the investor, the competition is likely to drive down total expense ratios, which, in turn, would drive down investment management fees, which is the primary source of revenue for AMCs.

One prime risk to business is disruptions in the technology infrastructure, on which we are heavily dependent. A majority of our transactions today are processed digitally, and any interruption is likely to adversely impact business. We thus continue to channel substantial investments into bolstering our technological infrastructure to enable it to handle interruptions.

Consumer confidence is essential to our business growth, and this 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, leading to a decline in revenue.

Customer confidence is also dependent on the efficacy of our investment strategies. If they perform poorly, our existing customers may reduce or withdraw their investments and shift to low-cost passive funds. We are exposed to market risks such as liquidity risk, interest rate risk, credit risk, operational risk and legal risks, which have a telling effect on our strategy and therefore, the effectiveness of our risk management, which is determined by the quality and availability of data. Our schemes and other investment products carry their own risks.

Stakeholder relationships such as that with our existing distributors is key to our business success. As many of our distribution relationships are non-exclusive, our distributors may provide similar services to our competitors or prioritise our competitors' investment product over that of ours.

The skills and expertise of our employees also determine our success, which is linked to our success in retaining talent. Our inability to do so and attract new talent is likely to affect our performance, and lead to suboptimal business growth.

Our reputation is linked to the strength of 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, which could regulations could adversely impact our revenue and margins. Moreover, new laws or regulations applicable to our Company and customers may adversely affect our business.

In terms of the SEBI Mutual Fund Regulations, we are required to avoid conflicts of interest in managing the affairs of our mutual fund schemes and uphold the interests of our customers at all times. In the event of any conflict arising between the interests of our shareholders and those of our customers, we thus have to prioritise the interests of our customers.

While 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.

In addition to the anticipated threats enumerated above, situations may arise due to unforeseen black swan events such as the geopolitical tensions, COVID-19 pandemic or fallout of climate change and other crises that may affect our business in unforeseen ways.

# Directors' Report

## To the Members

Your Directors have pleasure in presenting the Twenty-third Annual Report together with the Audited Accounts of your Company for the financial year ended March 31, 2022.

## Financial Results

The financial performance of your Company for the financial year ended March 31, 2022 is summarized as below:

|  | (₹ in Crore)                         |                                      |
|--|--------------------------------------|--------------------------------------|
| FINANCIAL RESULTS  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| Profit before Tax  | 1,855.29                             | 1,748.95                             |
| Less: Provision for Tax<br>(Net of Deferred Tax)                               | 462.16                               | 423.19                               |
| <b>Profit after Tax</b>  | <b>1,393.13</b>                      | <b>1,325.76</b>                      |
| Add / (Less): Other<br>Comprehensive Income<br>(Net of Tax)                    | 0.49                                 | (0.69)                               |
| <b>Total Comprehensive<br/>Income (A)</b>                                      | <b>1,393.62</b>                      | <b>1,325.07</b>                      |
| <b>Balance of Retained<br/>earnings carried forward<br/>from previous year</b> | <b>3,862.63</b>                      | <b>3,133.52</b>                      |
| Less: Equity Dividend<br>Paid for earlier year                                 | 724.43                               | 595.96                               |
| <b>Total (B)</b>   | <b>3,138.20</b>                      | <b>2,537.56</b>                      |
| <b>Balance of Retained<br/>Earnings Carried to<br/>Balance Sheet (A+B)</b>     | <b>4,531.82</b>                      | <b>3,862.63</b>                      |

For the year ended March 31, 2022, your Company posted a net profit of ₹ 1,393.13 Crore as against ₹ 1,325.76 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.

Your Company does not have any subsidiary or an associate company or a joint venture company during the year under review.

## Dividend

Your Directors recommend payment of dividend of ₹ 42/- per equity share (840%) of face value of ₹ 5/- each for the financial year ended March 31, 2022 as against ₹ 34/- (680%) per equity share of face value of ₹ 5/- each for the previous year.

The dividend pay-out ratio for the proposed dividend for the year ended March 31, 2022 is 64.30%.

The dividend recommended 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/governance/codes-policies> in terms of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("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.

Further, pursuant to Regulation 34(2)(f) of the Listing Regulations, instead of publishing a Business Responsibility Report, the Company has voluntarily published the Business Responsibility and Sustainability Report for the financial year ended March 31, 2022, which also forms a part of the 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, 2022, please refer to the Statement of Changes in Equity included in the financial statements.

## Capital Structure

During the year, your Company issued and allotted 3,24,350 equity shares of ₹ 5/- each of the Company to eligible employees on exercise of stock options granted under Employee Stock Option Schemes of the Company.

Consequently, the issued, subscribed and paid-up equity share capital increased from ₹ 1,06,47,71,010/- represented by 21,29,54,202 equity shares of ₹ 5/- each as on April 1, 2021 to ₹ 1,06,63,92,760/- represented by 21,32,78,552 equity shares of ₹ 5/- each as on March 31, 2022.

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

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



## Review of Operations

Assets under Management (AUM)\* of HDFC Mutual Fund ("HDFC MF") at the close of FY 21-22 was ₹ 4.08 Lakh Crore as against an AUM of ₹ 3.95 Lakh Crore at the close of FY 20-21, an increase of 3%. The Annual Average AUM grew by 14% to ₹ 4.37 Lakh Crore. HDFC MF is one of India's largest mutual funds in terms of total AUM with a market share of 10.8% based on closing AUM. It is also one of the largest mutual funds in terms of actively managed equity-oriented funds, with a market share of 11.3%. The actively managed equity-oriented AUM at the close of FY 21-22 was ₹ 2.00 Lakh Crore as against ₹ 1.65 Lakh Crore at the close of FY 20-21, an increase of 21%. The actively managed equity-oriented annual average AUM constituted 43.2% of the total annual average AUM and increased by 28% to ₹ 1.89 Lakh Crore.

Your Company managed 99 Lakh live accounts as on March 31, 2022, predominantly those of individual (retail) unitholders. The Individual monthly average AUM as a percent of total monthly average AUM as of March 2022 was 62.4% as against 57.6% as of March 2021. 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 228 ISCs as on March 31, 2022. ISCs of Computer Age Management Services Ltd. (CAMS), the Registrar and Transfer Agent of HDFC MF, are Official Points of Acceptance for transactions of Schemes of HDFC MF. These offices supplement the investor servicing network of your Company. Your Company services unitholders and over 75,000 empanelled distributors in over 200 cities pan India.

Your Company is one of the most preferred choices for individual investors, with a market share in assets from individual investors at 12.5%. Of the 3.37 Crore unique investors in mutual funds in India (as identified by PAN), we enjoy trust of 58 Lakh investors, a market penetration of 17%. 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 ₹ 12,970 Crore through systematic transactions from April 2021 to March 2022. These monthly flows provide a strong and stable "order book", provide predictable flows, with 86% of live systematic investment plans (SIPs) subscribed for a tenure of more than 5 years. 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 and global institutions. As on March 31, 2022, the aggregate assets under these services were at ₹ 9,215 Crore.

All our operations for first 6 months of the financial year continued to work remotely using the existing infrastructure in place. We have successfully continued with

Work from Home for employees, even in remote locations. A safe environment following all the necessary protocols was created to enable essential employees to operate from the office/ branches. Our strong IT systems and digital infrastructure facilitated our operations to continue seamlessly and also aided in managing the additional online transactions and activity. Effective October 2021, employees attended office pursuant to the issuance of Covid notifications from State and Central Government.

## Schemes Launched

Following new schemes were launched during the financial year –

1. HDFC Asset Allocator Fund of Funds
2. HDFC Banking & Financial Services Fund
3. HDFC Nifty 50 Equal Weight Index Fund
4. HDFC Developed World Indexes Fund of Funds
5. HDFC Nifty Next 50 Index Fund
6. HDFC Multi-Cap Fund
7. HDFC Nifty 100 Index Fund
8. HDFC Nifty 100 Equal Weight Index Fund
9. HDFC FMPs - Series 46

## Fundamental Attributes Changed

During the year, changes in fundamental attributes of the select schemes\*, where enabling provisions for creation of Segregated Portfolio in case of a Credit Event were introduced, and were announced through addendum dated September 16, 2021.

\*HDFC Banking and PSU Debt Fund, HDFC Corporate Bond Fund, HDFC Credit Risk Debt Fund, HDFC Dynamic Debt Fund, HDFC Floating Rate Debt Fund, HDFC Income Fund, HDFC Low Duration Fund, HDFC Medium Term Debt Fund, HDFC Short Term Debt Fund, HDFC Ultra Short Term Fund, HDFC Liquid Fund, HDFC Money Market Fund.

The mergers of following schemes were also announced:

- 1) HDFC Long Term Advantage Fund, HDFC EOF - II - 1126D May 2017 and HDFC EOF - II - 1100D June 2017 (1) into HDFC Large and MidCap Fund and creation of segregated portfolio in HDFC Large and MidCap Fund vide notice cum addendum dated December 9, 2021 and
- 2) HDFC FMP 1265D October 2018 (1), HDFC FMP 1246D November 2018 (1), HDFC FMP 1127D March 2019 (1), HDFC FMP 1120D March 2019 (1), HDFC FMP 1118D March 2019 (1) and HDFC FMP 1100D April 2019 (1) into HDFC Corporate Bond Fund, vide notice cum addendum dated March 15, 2022.

\* For details on Mutual Fund AUM, refer pages 6 and 7.

## Directors and Key Managerial Personnel

### Non-Executive Directors

During the year, Mr. James Aird (DIN: 01057384), Non-Executive Director of the Company, director nominated by abrdn Investment Management Limited (formerly Standard Life Investments Limited) (AIML), one of the Promoters of the Company, has resigned as Director of the Company with effect from close of business hours of October 25, 2021 pursuant to withdrawal of his nomination by AIML consequent to reduction of shareholding in your company by AIML.

The Board places on record its appreciation for the valuable contribution provided by Mr. James Aird at the Board/Committee meetings and to the Senior Management of the Company during his long association as a Non-Executive Director of the Company.

During the year, the members at their 22<sup>nd</sup> Annual General Meeting ("AGM") of the Company had appointed Mr. Rushad Abadan (DIN: 08035538) as a Non-Executive Non-Independent Director on the Board of Directors of the Company, liable to retire by rotation.

In accordance with the provisions of Section 152 of the Companies Act, 2013 ("the Act") and the Articles of Association of the Company, Mr. Deepak S. Parekh (DIN: 00009078), Director, is liable to retire by rotation at the ensuing AGM and being eligible has offered himself for re-appointment.

Mr. Deepak S. Parekh, Chairman and Non-Executive Director of the Company having attained the prescribed age limit of 75 years, Special Resolution is proposed in accordance with Regulation 17(1A) of Listing Regulations. The members at their 20<sup>th</sup> AGM of the Company had approved the continuation of directorship of Mr. Parekh beyond 75 years of age by passing a Special Resolution.

Necessary proposal for his re-appointment has been placed for your approval at the ensuing AGM. The brief profile has been detailed in the Notice convening the AGM of your Company. Your Directors recommend his re-appointment as a Non-Executive Director of your Company.

### Executive Director

During the year, the members at their 22<sup>nd</sup> AGM of the Company had appointed Mr. Navneet Munot (DIN: 05247228) as the Managing Director & Chief Executive Officer (CEO) of the Company for a period effective from February 16, 2021 up to June 30, 2024.

Further, during the year, there was no receipt of any remuneration or commission by the Managing Director & CEO of the Company from the holding company.

### Independent Directors

Mr. Dhruv Kaji, Mr. Jairaj Purandare, Mr. Sanjay Bhandarkar, Mr. Parag Shah, Ms. Roshni Nadar Malhotra and Mr. Shashi Kant Sharma, Independent Directors, have submitted declarations stating that they meet the criteria of independence as per the provisions of the Act and 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 Rule 6(4) of the Companies (Appointment and Qualification of Directors) Rules, 2014, out of six Independent Directors of the Company as on March 31, 2022, two Independent Directors have passed the Online Proficiency Self-Assessment Test conducted by Indian Institute of Corporate Affairs (IICA) and four Independent Directors were not required to appear for Online Proficiency Self-Assessment Test as required by IICA.

In the opinion of the Board, the Independent Directors fulfill the conditions specified under the Act the Rules made thereunder and 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.

Further, Mr. Shashi Kant Sharma (DIN: 03281847), Independent Director, has resigned as Director of the Company with effect from April 11, 2022 as he was not in a position to devote adequate time to the affairs of the Company due to his pre-occupation elsewhere.

The Board places on record its appreciation for the contribution made by Mr. Sharma during his association with the Company.

### 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, Managing Director & CEO, Mr. Naozad Sirwalla, Chief Financial Officer and Ms. Sylvia Furtado, Company Secretary are the Key Managerial Personnel (KMP) of the Company.

During the year under review, Mr. Piyush Surana, Chief Financial Officer and KMP of the Company resigned with effect from close of business hours of January 31, 2022. Mr. Naozad Sirwalla, was appointed as the Chief Financial Officer and KMP of the Company with effect from February 1, 2022.

### Number of Meetings of the Board

During the FY 21-22, 6 (six) 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 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. Further, during the year, Nomination & Remuneration Policy was amended to include reference of the Skin in the Game Policy prepared pursuant to SEBI circulars issued on alignment of interest of Key Employees of Asset Management Companies with the Unitholders of the Mutual Fund Schemes. The said Nomination & Remuneration Policy is placed on the Company's website at <https://www.hdfcfund.com/about-us/governance/codes-policies>.

## 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) in terms of SEBI (Share Based Employee Benefits) Regulations, 2014. During the year, the Nomination & Remuneration Committee (NRC) of Board of Directors at its meeting held on January 24, 2022 has granted 1,82,000 stock options representing 1,82,000 equity shares of ₹ 5/- each to the eligible employees of your Company as determined by the NRC, under ESOS – 2020 at grant price of ₹ 2,369.40 per option. 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.

Your Company has also granted stock options to the employees in the past under various employee stock option schemes viz. Employee Stock Option Scheme(s) 2015 - Series I & III and 2017 - Series I & II ("Schemes") formulated from time to time for the purpose of administering the issue of stock options to the eligible employees of your Company. There has been no material variation in the terms of the options granted under any of these Schemes and all the Schemes are in compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("ESOP Regulations"). However, the above Schemes formulated prior to IPO by your Company, were aligned with the ESOP Regulations. Your Company will not make any fresh grant of stock options under these aforesaid Schemes.

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 all the employee stock option schemes have been implemented in accordance with the ESOP Regulations will be available at the ensuing AGM for inspection.

## Auditors and Auditor's Report

### Statutory Auditors

M/s. B S R & Co. LLP, Chartered Accountants (ICAI FRN: 101248W / W-100022) were appointed as the Statutory Auditors of your Company to hold office from the conclusion of 18<sup>th</sup> AGM till the conclusion of the ensuing AGM.

M/s. B S R & Co. LLP, Chartered Accountants, will be completing their first term of five consecutive years as the statutory auditors of the company at the conclusion of this 23<sup>rd</sup> AGM of the Company.

Pursuant to Section 139(2) of the Act, the Company can appoint an auditors firm for a second term of five consecutive years.

M/s. B S R & Co. LLP, have consented to the said re-appointment, and confirmed that their re-appointment, if made, would be within the limits specified under the Act. They have further confirmed that they are not disqualified to be re-appointed as statutory auditor in terms of the provisions of the Act read with rules made thereunder.

The Board is of the opinion that continuation of M/s. B S R & Co. LLP, as Statutory Auditors will be in the best interests of the Company and therefore, has recommended the members to consider their re-appointment as Statutory Auditors of your Company, for a term of five years, from the conclusion of the ensuing 23<sup>rd</sup> AGM, till the conclusion of 28<sup>th</sup> AGM of the Company.

### 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 21-22. 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. Deloitte Touche Tohmatsu India LLP, were appointed as Internal Auditors of your Company for the financial year 2021-22.

## Risk Management Policy

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

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 has developed its digital infrastructure to enhance the Mutual Fund investors' interface with the Company. The Company maintains robust cyber security posture to protect the confidentiality and integrity of data.

During the year, SEBI vide its circular no. SEBI/HO/IMD/IMD-1 DOF2/P/CIR/2021/630 dated September 27, 2021, revised Risk Management Framework (RMF) for mutual funds. As per the said SEBI circular, all the mutual funds including HDFC Mutual Fund will have to adopt a Risk Management Framework which shall provide for set of principles or standards, inter-alia, comprising policies, procedures, risk management functions and roles & responsibilities of the management, the Board of AMC and the Board of Trustees. The new RMF shall be effective April 1, 2022. The Board of your Company has approved the Risk Management framework, revised few policies in line with the said SEBI circular and is geared to implement 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, reviews 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 a Corporate Social Responsibility (CSR) Committee to approve activities to be undertaken, expenditure to be incurred and to monitor the performance of the CSR activities undertaken by the Company.

The CSR Committee comprises Mr. Deepak S. Parekh (Chairman), Mr. Parag Shah 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 including preventive health care. The Company also undertakes CSR activities in the areas of promoting sports, environment sustainability and eradicating malnutrition. These activities are in accordance with the Schedule VII to the Act.

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

The annual report on CSR activities in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended from time to time), is set out at **Annexure II** to this report.

The amount remaining unspent under Section 135(5) of the Act pursuant to ongoing projects undertaken by your Company, has been transferred to Unspent Corporate Social Responsibility Account in accordance with Section 135(6) of the Act and such amount shall be spent by your Company in pursuance of its obligation within the approved timelines.

The composition of the CSR Committee, CSR Policy as well as the CSR activities undertaken by the Company is available on the Company's website at <https://www.hdfcfund.com/about-us/governance/codes-policies>.

## 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, 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.

During the year the Company has revised its Related Party Transactions Policy to bring it in line with the amendments made by SEBI in Listing Regulations. The said Policy is effective

from April 1, 2022. 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/governance/codes-policies>.

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

The disclosures pertaining to related party 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, 2022, unclaimed dividend amounting to ₹ 50,62,919/- which has not been claimed by shareholders of the Company, 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 where the 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, 2022 is placed on the Company's website at <https://www.hdfcfund.com/about-us/financial/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): ₹ 9.59 Crore (previous year: ₹ 10.34 Crore)
- Foreign exchange (expenditure): ₹ 14.88 Crore (previous year: ₹ 15.35 Crore)

### Particulars of Employees

As on March 31, 2022, your Company has 1,187 employees and for the previous year, your Company had 1,254 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.
- 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 form 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, 2022 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 one complaint pertaining to sexual harassment and the same was disposed of within the prescribed timeline in

compliance with the spirit and provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## 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 2021-22 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 Housing Development Finance Corporation Limited and abrdn Investment Management Limited (Formerly Standard Life Investments Limited), promoters of your Company and look forward to their continued support.

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)

Mumbai  
April 27, 2022

CIN: L65991MH1999PLC123027

### Registered Office:

"HDFC House", 2<sup>nd</sup> 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 31<sup>st</sup> March, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members,  
**HDFC 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 **31<sup>st</sup> March, 2022** 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 31<sup>st</sup> March, 2022 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. The Company does not have any Overseas Direct Investment and 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 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#.

# The Regulations or Guidelines, as the case may be were not applicable 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. (Company has not commenced the business of Alternative investment Funds).

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 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 other than those held at shorter notice, 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 Company has no specific events/actions, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For **Bhandari & Associates**  
Company Secretaries  
Firm Registration No: P1981MH043700

**S. N. Bhandari**  
Partner  
FCS No: 761; C P No.: 366  
Mumbai | April 27, 2022  
UDIN: F000761D000213611

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, 2022 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  
Firm Registration No: P1981MH043700

**S. N. Bhandari**  
Partner  
FCS No: 761; CP. No: 366  
Mumbai | April 27, 2022  
UDIN: F000761D000213611



## 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

|  |   |
|--|---|
| <b>1. Brief outline on CSR policy of the Company</b>   | The Company carries its Corporate Social Responsibility (CSR) activities through various implementing agencies. The details of the AMC'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 <a href="https://www.hdfcfund.com/about-us/corporate/csr">https://www.hdfcfund.com/about-us/corporate/csr</a> |
| <b>2. Composition of the CSR Committee</b>   | As on March 31, 2022, the CSR Committee comprises of following members of the Board –<br>Mr. Deepak S. Parekh (Chairman),<br>Mr. Parag Shah (Independent Director)<br>Mr. Navneet Munot (Managing Director and Chief Executive Officer)<br>Details related to number of CSR Committee meetings held during the year and attendance is mentioned in the Corporate Governance Report forming part of the Board's Report.  |
| <b>3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board of Directors of the Company are disclosed on the website of the Company</b>               | <a href="https://www.hdfcfund.com/about-us/corporate/csr">https://www.hdfcfund.com/about-us/corporate/csr</a>   |
| <b>4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable</b> | The Company in line with sub rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, shall initiate steps to conduct impact assessment of CSR Projects through an independent agency for applicable projects. However, one year has not elapsed for any project towards which CSR contribution was made by the Company.   |

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:**

| Sl. No.      | Financial Year | Amount available for set-off from preceding financial years (in ₹) | Amount required to be set-off for the financial year, if any (in ₹) |
|--------------|----------------|--|---|
| 1            | FY 2018-19     | NIL  | NIL   |
| 2            | FY 2019-20     | NIL  | NIL   |
| 3            | FY 2020-21     | NIL  | ₹ 1,06,02,280/-   |
| <b>TOTAL</b> |                | <b>NIL</b>   | <b>₹ 1,06,02,280/-</b>  |

|  |                    |
|--|--------------------|
| <b>6. Average net profit of the company as per section 135(5) i.e. for last three financial years:</b>                   | ₹ 15,049,327,155/- |
| <b>7 (a) Two percent of average net profit of the company as per section 135(5) i.e. for last three financial years:</b> | ₹ 300,986,543/-    |
| <b>(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years</b>           | Nil                |
| <b>(c) Amount required to be set off for the financial year, if any</b>  | ₹ 106,02,280/-     |
| <b>(d) Total CSR obligation for the financial year (7a+7b- 7c)</b>   | ₹ 29,03,84,263/-   |

**8. (a) CSR amount spent or unspent for the financial year:**

| Total Amount Spent for the Financial Year (in ₹) | Amount Unspent (in ₹)   |                  |   |        |                  |
|--|---|------------------|---|--------|------------------|
|  | Total Amount transferred to Unspent CSR Account as per section 135(6) |                  | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) |        |                  |
|  | Amount  | Date of transfer | Name of the Fund  | Amount | Date of transfer |
| ₹ 29,03,84,263/-*                                | ₹ 5,24,43,660/-   | April 5, 2022    | NA  | NA     | NA               |

\* This amount includes: (i) the amount committed and transferred for ongoing projects (i.e. ₹ 5,24,43,660/- as set out in the table above); (ii) amounts spent for other projects (₹ 23,68,63,330) and (iii) amount spent as administrative charges (₹ 10,77,273).

**(b) Details of CSR amount spent against ongoing projects for the financial year:**

| (1)<br>Sl. No. | (2)<br>Name of the Project                 | (3)<br>Item from the list of activities in Schedule VII to the Act | (4)<br>Local area (Yes/No) | (5)<br>Location of the project |          | (6)<br>Project duration | (7)<br>Amount allocated for the project (in ₹) | (8)<br>Amount spent in the current financial Year (in ₹) | (9)<br>Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹) | (10)<br>Mode of Implementation - Direct (Yes/No) | (11)<br>Mode of Implementation - Through Implementing Agency |                         |
|----------------|--|--|----------------------------|--------------------------------|----------|-------------------------|--|--|---|--|--|-------------------------|
|                |  |  |                            | State                          | District |                         |  |  |   |  | Name   | CSR Registration number |
| 1.             | Indian Cancer Society                      | Promoting Preventive Healthcare                                    | Yes                        | Maharashtra                    | Mumbai   | Upto March 31, 2023     | ₹ 4,50,00,000/-                                | ₹ 50,00,000/-  | ₹ 4,00,00,000/-   | No   | Indian Cancer Society  | CSR00000792             |
| 2.             | Deepshika                                  | Promoting Preventive Healthcare                                    | Yes                        | Maharashtra                    | Mumbai   | Upto December 31, 2022  | ₹ 20,50,880/-                                  | ₹ 4,07,220/-   | ₹ 16,43,660/-   | No   | Deepshika  | CSR00002693             |
| 3.             | Rotary Club of Bombay-Urban Forest Project | Promoting Environment Sustainability                               | Yes                        | Maharashtra                    | Mumbai   | Upto June 30, 2022      | ₹ 2,08,00,000/-                                | ₹ 1,00,00,000/-  | ₹ 1,08,00,000/-   | No   | Rotary Club of Bombay Charities Trust No.3                   | CSR00004479             |
| <b>TOTAL</b>   |  |  |                            |                                |          |                         | <b>₹ 6,78,50,880/-</b>                         | <b>₹ 1,54,07,220/-</b>                                   | <b>₹ 5,24,43,660/-</b>  |  |  |                         |

**(c) Details of CSR amount spent against other than ongoing projects for the financial year:**

| (1)<br>Sl. No. | (2)<br>Name of the Project                              | (3)<br>Item from the list of activities in Schedule VII to the Act | (4)<br>Local area (Yes/No) | (5)<br>Location of the project                 |  | (6)<br>Amount spent for the project (in ₹) | (7)<br>Mode of implementation - Direct (Yes/No) | (8)<br>Mode of Implementation - Through Implementing Agency      |                         |  |
|----------------|---|--|----------------------------|--|--|--|---|--|-------------------------|--|
|                |   |  |                            | State  | District   |  |   | Name   | CSR Registration number |  |
| 1.             | CanCare Trust - Head and Neck Cancer Institute of India | Promoting Preventive Healthcare                                    | Yes                        | Maharashtra                                    | Mumbai   | ₹ 3,00,00,000/-                            | No  | CanCare Trust  | CSR00001147             |  |
| 2.             | Doctors For You   | Promoting Preventive Healthcare                                    | No                         | UP, Maharashtra, Karnataka, Tamil Nadu, Kerala | Lucknow, Varanasi, Ghaziabad, Agra, Pune, Bangalore, Coimbatore, Madurai, Malappuram | ₹ 1,00,00,000/-                            | No  | Doctors For You  | CSR00000608             |  |
| 3.             | AROEHAN   | Promoting Environment Sustainability                               | Yes                        | Maharashtra                                    | Palghar  | ₹ 40,93,110/-                              | No  | AROEHAN  | CSR00005435             |  |
| 4.             | Rotary Club of Bombay - Water Lift Irrigation Project   | Promoting Environment Sustainability                               | Yes                        | Maharashtra                                    | Palghar  | ₹ 36,00,000/-                              | No  | Rotary Club Bombay Charities Trust No. 3                         | CSR00004479             |  |
| 5.             | Olympic Gold Quest                                      | Promoting Olympic Sports   | No                         | Pan India                                      | Pan India  | ₹ 75,00,000/-                              | No  | Foundation for Promotion of Sports and Games of Sports and Games | CSR00001100             |  |
| 6.             | Ashoka University                                       | Promoting Education  | No                         | Haryana  | Haryana  | ₹ 10,00,00,000/-                           | No  | International Foundation for Research and Education              | CSR00000712             |  |
| 7.             | Parivaar Seva Kutirs                                    | Promoting Education and Eradication of Malnutrition                | No                         | Madhya Pradesh                                 | Dewas, Sehore, Khandwa, Dindhori, Vidisha  | ₹ 4,00,00,000/-                            | No  | Parivaar Education Society                                       | CSR00000052             |  |
| 8.             | Snehalaya   | Promoting Education  | Yes                        | Maharashtra                                    | Ahmednagar   | ₹ 25,00,000/-                              | No  | Snehalaya  | CSR00001248             |  |
| 9.             | Muktangan   | Promoting Education  | Yes                        | Maharashtra                                    | Mumbai   | ₹ 24,63,000/-                              | No  | Muktangan Education Trust  | CSR00000732             |  |
| 10.            | Sampark Foundation                                      | Promoting Education  | No                         | Jharkhand                                      | Garhwa, Chatra, Godda, Lohdarga, Latehar, Ramgarh, Kunti & Simdega                   | ₹ 2,13,00,000/-                            | No  | Sampark Foundation   | CSR00000281             |  |
| <b>TOTAL</b>   |   |  |                            |  |  |  | <b>₹ 22,14,56,110/-</b>                         |  |                         |  |

**(d) Amount spent in Administrative Overheads – ₹ 10,77,273**
**(e) Amount spent on Impact Assessment, if applicable – NIL**
**(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹ 29,03,84,263/-**

This amount includes: (i) the amount committed and transferred for ongoing projects (i.e. ₹ 5,24,43,660/- as set out in the 8(a) above); (ii) amounts spent for other projects (₹ 23,68,63,330) and (iii) amount spent as administrative charges (₹ 10,77,273).

**(g) Excess amount for set off, if any**

| Sl. No. | Particular  | Amount (in ₹)    |
|---------|---|------------------|
| (i)     | Two percent of average net profit of the company as per section 135(5)                                      | ₹ 30,09,86,543/- |
| (ii)    | Total amount spent for the Financial Year   | ₹ 29,03,84,263/- |
| (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              |

**9. (a) Details of Unspent CSR amount for the preceding three financial years:**

| Sl. No.      | Preceding Financial Year | Amount transferred to Unspent CSR Account under section 135 (6) (in ₹) | Amount spent in the reporting Financial Year (in ₹) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any |               |                  | Amount remaining to be spent in succeeding financial years (in ₹) |
|--------------|--------------------------|--|---|---|---------------|------------------|---|
|              |                          |  |   | Name of the Fund  | Amount (in ₹) | Date of transfer |   |
| 1.           | FY 2018-19               | NA   | NA  | NA  | NA            | NA               | NA  |
| 2.           | FY 2019-20               | NA   | NA  | NA  | NA            | NA               | NA  |
| 3.           | FY 2020-21               | ₹ 17,29,60,000/-   | ₹ 11,79,60,000/-                                    | NA  | NA            | NA               | NA  |
| <b>TOTAL</b> |                          | <b>₹ 17,29,60,000/-</b>  | <b>₹ 11,79,60,000/-</b>                             | <b>NA</b>   | <b>NA</b>     | <b>NA</b>        | <b>NA</b>   |

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

| (1)          | (2)              | (3)                                   | (4)   | (5)                    | (6)   | (7)  | (8)   | (9)  |
|--------------|------------------|---------------------------------------|---|------------------------|---|--|---|--|
| Sl. No.      | Project ID       | Name of the Project                   | Financial Year in which the project was commenced | Project duration       | Total amount allocated for the project (in ₹) | Amount spent on the project in the reporting Financial Year (in ₹) | Cumulative amount spent at the end of reporting Financial Year (in ₹) | Status of the project - Completed /Ongoing |
| 1.           | FY 31.03. 2021_1 | Indian Cancer Cure Fund Project       | FY 2020-21  | Up to June 30, 2022    | ₹ 15,00,00,000/-                              | ₹ 10,50,00,000/-   | ₹ 10,50,00,000/-  | Ongoing                                    |
| 2.           | FY 31.03. 2021_2 | Parivaar Seva Kutirs                  | FY 2020-21  | Up to March 31, 2022   | ₹ 2,59,20,000/-                               | ₹ 1,29,60,000/-  | ₹ 2,59,20,000/-   | Completed                                  |
| 3.           | FY 31.03. 2021_3 | The Bombay Scottish Orphanage Society | FY 2020-21  | Up to October 31, 2022 | ₹ 1,00,00,000/-                               | NIL  | NIL   | Ongoing                                    |
| <b>TOTAL</b> |                  |                                       |   |                        | <b>₹ 17,29,60,000/-</b>                       | <b>₹ 11,79,60,000/-</b>  | <b>₹ 13,09,20,000/-</b>   |  |

\* Timelines for utilization of the amount of ₹ 1,00,00,000/- allocated to Bombay Scottish School (Ongoing Project of FY 2020-21) towards CSR activities in FY 2020-21 is extended from March 31, 2022 to October 31, 2022 during FY 2020-21.

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)**

**(a) Date of creation or acquisition of the capital asset(s).**

**(b) Amount of CSR spent for creation or acquisition of capital asset.**

**(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.**

**(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).**

| Sr. No. | Name of the Project   | Capital Asset                                 | Date of creation or acquisition of the capital asset | Amount of CSR spent for creation or acquisition of capital asset | Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.  | Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)-  |
|---------|-----------------------|---|--|--|---|--|
| 1       | CanCare Trust         | Linear Accelerator Equipment                  | 11-Mar-22  | ₹ 3,00,00,000/-  | CanCare Trust<br>Address: Head & Neck Cancer institute of India<br>A 508, Byculla Service Industries Premises CHS LTD,<br>Dadaji kondev road, Byculla East, Mumbai 400027 | Varian Medical Systems International India Pvt. Ltd.'s Linear Accelerator Equipment(LINAC).<br>Location: Head & Neck Cancer institute of India<br>CS NO 254, Barrister Nath Pai Marg, Mazgaon, Mumbai 400010 |
| 2       | AROEHAN               | 1. Check Dam                                  | 5-Apr-22   | ₹ 24,82,647/-  | AROEHAN<br>A-1305, Landmark Tower, G D Ambekar Marg,<br>Naigaon, Dadar (East), Mumbai - 400014  | Check Dam<br>Location: Chonpipada-Hirve, Post - Beritse, Tal Mokhada, District - Palghar 401604  |
|         |                       | 2. Lift irrigation unit at Suresh Shinde Farm |  | ₹ 13,33,934/-  | Jai Adiwasi Farmer self help group<br>Address: Chonpipada-Hirve, Post- Beritse, Tal Mokhada, District - Palghar 401604  | Lift Irrigation Unit such as Solar system, Water distribution system, Farm ponds for water storage and Drip System<br>Location: Chonpipada-Hirve, Post- Beritse, Tal Mokhada, District - Palghar 401604      |
|         |                       | 2.1 Solar system                              | 15-Mar-22  | ₹ 5,99,519/-   |   |  |
|         |                       | 2.2 Water distribution system                 | 17-Mar-22  | ₹ 4,51,977/-   |   |  |
|         |                       | 2.3 17 Farm ponds for water storage           | 17-Mar-22  | ₹ 1,35,864/-   |   |  |
|         |                       | 2.4 Drip System                               | 5-Apr-22   | ₹ 1,46,574/-   |   |  |
| 3       | Rotary Club of Bombay | Water Lift Irrigation Solar System            | 21-Mar-22  | ₹ 32,39,371/-  | Gram Panchayat Gale<br>Address: Tal Wada, District Palghar 421303   | Water Lift Irrigation consisting of Solar Panels, Solar Pump and Water Piping Equipment<br>Location: Tal Wada, District Palghar 421303   |
| 4       | Ashoka University     | Student Residence Buildings (R1 & R2)         | Start Date: 22-Sep-21                                | ₹ 2,00,00,000/-  | International Foundation for Research and Education (Sponsor body of Ashoka University)<br>Address: No.2 Green Avenue Street, Pocket D3, Vasant Kunj, New Delhi-110070.   | Student Residence Buildings (R1 & R2) situated on the North Campus of Ashoka University<br>Address: Plot No.1A, Rajiv Gandhi Education City, Rai, Sonipat, Haryana-131029.                                   |

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):**

Not applicable

Sd/-

**Deepak S. Parekh**

DIN: 00009078

Chairman of Corporate Social Responsibility Committee

Sd/-

**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 2021-22

| Name                                | Designation                                 | Ratio of remuneration to the median employees' remuneration |
|-------------------------------------|---|---|
| Mr. Navneet Munot                   | Managing Director & Chief Executive Officer | 84:1  |
| Mr. Deepak S. Parekh                | Non-Executive - Non Independent Director    | 4.3:1   |
| Mr. Keki M. Mistry                  | Non-Executive - Non Independent Director    | 4.1:1   |
| Ms. Renu Sud Karnad                 | Non-Executive - Non Independent Director    | 3.6:1   |
| Mr. Rushad Abadan                   | Non-Executive - Non Independent Director    | -   |
| Mr. James Aird <sup>1</sup>         | Non-Executive - Non Independent Director    | -   |
| Mr. Dhruv Kaji                      | Non-Executive - Independent Director        | 4.5:1   |
| Mr. Jairaj Purandare                | Non-Executive - Independent Director        | 4.5:1   |
| Mr. Sanjay Bhandarkar               | Non-Executive - Independent Director        | 4.7:1   |
| Mr. Parag Shah                      | Non-Executive - Independent Director        | 3.6:1   |
| Ms. Roshni Nadar Malhotra           | Non-Executive - Independent Director        | 3:1   |
| Mr. Shashi Kant Sharma <sup>2</sup> | Non-Executive - Independent Director        | 3.9:1   |

<sup>1</sup> Resigned as the Director of the Company w.e.f. the close of business hours of October 25, 2021.

<sup>2</sup> Resigned as the Director of the Company w.e.f. April 11, 2022.

#### 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 retrial benefits.

### Percentage increase in the remuneration of each director and key managerial personnel in FY 2021-22

#### Key Managerial Personnel

| Name                | Designation                                 | Increase in Remuneration (%) |
|---------------------|---|------------------------------|
| Mr. Navneet Munot   | Managing Director & Chief Executive Officer | Not Comparable <sup>1</sup>  |
| Mr. Piyush Surana   | Chief Financial Officer                     | Not Comparable <sup>2</sup>  |
| Mr. Naozad Sirwalla | Chief Financial Officer                     | Not Applicable <sup>3</sup>  |
| Ms. Sylvia Furtado  | Company Secretary                           | 9.72%                        |

<sup>1</sup> Appointed as the Managing Director & Chief Executive Officer of the Company w.e.f. February 16, 2021.

<sup>2</sup> Resigned as Chief Financial Officer of the Company w.e.f. the close of business hours of January 31, 2022.

<sup>3</sup> Appointed as Chief Financial Officer of the Company w.e.f. February 1, 2022.

### **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 2021-22 is ₹ 20 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 June 29, 2022.

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 2021-22**

The percentage increase in the median remuneration of employees in FY 2021-22 was 17.44%.

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

The Company had 1,187 permanent employees as of March 31, 2022.

### **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 2021-22 was 15.64%. The average increase in remuneration of managerial personnel was 9.72% and non-managerial personnel was 15.65%.

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

## Foreword

For HDFC AMC, sustainability goals form an inseparable part of the Company's drive to achieve its financial goals. As such, they are integrated into both the qualitative and quantitative aspects of Environment, Social and Governance (ESG) that guide and inform the Company's operations. The Company is also cognizant of the fact that climate change is not just an environmental issue but also a business risk. The erosion of natural capital poses significant risks to both businesses and society.

HDFC AMC is into a service-oriented business, and primarily involved in the flow of information and financial transactions. The Company's carbon footprint is therefore limited to the use of consumables, such as paper, plastic, office equipment, water and energy, among others. However, as a responsible corporate citizen, the Company endeavours to reduce its carbon footprint and minimise its energy usage.

The Company is glad to publish its maiden Business Responsibility & Sustainability Report. BRSR is voluntary for FY 21-22 and mandatory from FY 22-23 onwards for the top 1,000 Indian listed companies by market capitalisation.

Due credit must be given to the Securities and Exchange Board of India (SEBI) for taking the lead in putting together the BRSR framework. The framework calls for measurable, quantitative metrics to facilitate better benchmarking.

## 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  |
| 3.      | Year of Incorporation  | 1999   |
| 4.      | Registered Office Address  | HDFC House, 2 <sup>nd</sup> Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai – 400 020.   |
| 5.      | Corporate Address  | HDFC House, 2 <sup>nd</sup> 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 21-22   |
| 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  | ₹ 106.64 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<br>Chief Manager – Investor Relations<br>Telephone No. – +91 22 66316333<br>E-mail – <a href="mailto:kartikp@hdfcfund.com">kartikp@hdfcfund.com</a>                      |
| 13.     | Reporting boundary   | As the Company does not have any subsidiary or an associate company or a joint venture company, the disclosures made in this report pertain only to HDFC Asset Management Company Limited. |

### II. Products/Services

#### 14. Details of Business Activities

| Sr. No. | Description of Main Activity  | Description of Business Activity                     | % of Turnover |
|---------|-------------------------------|--|---------------|
| 1.      | Financial & Insurance Service | Fund Management Services                             | 99.4          |
| 2.      | Financial & Insurance Service | Financial Advisory, Brokerage & Consultancy Services | 0.6           |

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

| Sr.No. | Product/Service  | NIC Code | % of Turnover contributed |
|--------|--|----------|---------------------------|
|        | The Company offers a comprehensive suite of savings and investment products across asset classes catering to the needs of a large and diverse customer base. | 65991    | 100%                      |
|        | The Company also provides portfolio management and segregated account services.  |          |                           |

## III. Operations

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

| Location      | Number of Plants | Number of Offices | Total |
|---------------|------------------|-------------------|-------|
| National      | NA*              | 227               | 227   |
| International | NA*              | 1 <sup>#</sup>    | 1     |

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

<sup>#</sup> Representative Office in Dubai.

### 17. Markets served by the entity

#### a. Number of locations

| Locations                        | Number                        |
|----------------------------------|-------------------------------|
| National (No. of States)         | Pan-India                     |
| International (No. of Countries) | Various International Markets |

#### b. What is the contribution of exports as a percentage of the total turnover of the entity?

Revenue from outside India contributed 0.45% to the total turnover of FY 21-22.

#### c. A brief on types of customers

The Company has played an integral role in shaping the investment management industry in India. The Company offers a comprehensive suite of savings and investment products across asset classes, which provide income and wealth creation opportunities to retail and institutional customers. We are a one-stop shop for individuals, families, corporates and institutions when it comes to their investments. Nearly one out of every six mutual fund investors in India is invested with the Company.

The Company closed FY 21-22 with 58 Lakh unique customers, 99 Lakh live accounts serviced through 228 Investor Service Centres (ISCs), of which 150 are in B-30 cities. By Monthly Average Assets Under Management (MAAUM), individual investors and institutional investors contribute about 62% & 38% respectively; around 17% of MAAUM is from B-30 cities whereas 83% is from T-30 cities. It would be worth a mention that the Company is amongst the preferred choice of individual investors, with a market share of 12.5% of the individual MAAUM.

## IV. Employees

### 18. Details as at March 31, 2022

#### a. Employees (including differently abled):

| Particulars                    | Total (A)    | Male         |            | Female     |            |
|--------------------------------|--------------|--------------|------------|------------|------------|
|                                |              | No. (B)      | % (B/A)    | No. (C)    | % (C/A)    |
| Permanent (D)*                 | 1,151        | 814          | 71%        | 337        | 29%        |
| Other than Permanent (E)       | 1,101        | 921          | 84%        | 180        | 16%        |
| <b>Total employees (D + E)</b> | <b>2,252</b> | <b>1,735</b> | <b>77%</b> | <b>517</b> | <b>23%</b> |

\* active employees

#### b. Differently abled employees

| Particulars                                      | Total (A) | Male     |          | Female   |          |
|--|-----------|----------|----------|----------|----------|
|  |           | No. (B)  | % (B/A)  | No. (C)  | % (C/A)  |
| <b>Differently Abled Employees</b>               |           |          |          |          |          |
| Permanent (D)                                    | -         | -        | -        | -        | -        |
| Other than Permanent (E)                         | -         | -        | -        | -        | -        |
| <b>Total differently abled employees (D + E)</b> | <b>-</b>  | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> |



## 19. Participation/Inclusion/Representation of women

| Particulars              | Total (A) | No. & % of Females |         |
|--------------------------|-----------|--------------------|---------|
|                          |           | No. (B)            | % (B/A) |
| Board of Directors       | 11        | 2                  | 18.18%  |
| Key Management Personnel | 3         | 1                  | 33.33%  |

Note: Details as at March 31, 2022

## 20. Turnover rate for permanent employees and workers

| Particulars         | FY 21-22 |        |       | FY 20-21 |        |       | FY 19-20 |        |       |
|---------------------|----------|--------|-------|----------|--------|-------|----------|--------|-------|
|                     | Male     | Female | Total | Male     | Female | Total | Male     | Female | Total |
| Permanent Employees | 16%      | 23%    | 18%   | 6%       | 8%     | 6%    | 9%       | 14%    | 11%   |

## V. Holding, Subsidiary and Associate Companies (including joint ventures)

### 21. (a) Names of holding / subsidiary / associate companies / joint ventures (As at March 31, 2022)

| Sr. No. | Name of the holding / subsidiary / associate companies / joint ventures (A) | Indicate whether holding/ Subsidiary/ Associate/ Joint Venture | % of shares held by listed entity |
|---------|---|--|-----------------------------------|
| 1       | Housing Development Finance Corporation Limited (HDFC)                      | Holding Company  | 52.6%                             |

**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.

## VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes  
 (ii) Turnover: ₹ 2,115.36 Crore  
 (iii) Net worth: ₹ 5,530.04 Crore

## VII. Transparency and Disclosures Compliances

### 23. 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 21-22                                   |  |         | FY 20-21                                   |  |         |
|---|--|--|--|---------|--|--|---------|
|   |  | 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  | 1  | -       | 7  | 0  | -       |
| Employees and workers <sup>2</sup>                | Yes  | 1  | 0  | -       | 0  | 0  | -       |
| Customers <sup>3</sup>                            | Yes  | 2,598                                      | 8  | -       | 3,164                                      | 22   | -       |
| Distributors (Value Chain Partners) <sup>4</sup>  | Yes  | 2  | -  | -       | -  | -  | -       |

<sup>1</sup> <https://www.hdfcfund.com/information/shareholders-information-and-helpdesk>

<sup>2</sup> Internal policies 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>.

<sup>3</sup> <https://www.hdfcfund.com/contact-us/relationship>

<sup>4</sup> Distributors can write to us at [partners@hdfcfund.com](mailto:partners@hdfcfund.com) or [mfonlinefeedback@hdfcfund.com](mailto:mfonlinefeedback@hdfcfund.com)  
 Investors and Shareholders can also write to grievance redressal officer: [gro@hdfcfund.com](mailto:gro@hdfcfund.com) and [shareholders.relations@hdfcfund.com](mailto:shareholders.relations@hdfcfund.com) respectively.

**24. 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       | 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. | <p>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 like ‘#BarniSeAzadi’, which help women investors shift idle money from Barnis (Canisters) to more growth-oriented instruments like mutual funds.</p> <p>The Company also launched #LaxmiForLaxmi, an exclusive end-to-end women-led financial empowerment initiative that connected women investors to a woman financial expert.</p> | <p>Positive:</p> <ul style="list-style-type: none"> <li>– Wealth creation for every Indian</li> <li>– Connect with wider audience</li> <li>– Increase in financial literacy, especially for the marginalised ones</li> </ul>       |
| 2       | 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>– 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 of the Company.</li> <li>– The Company has increased efforts through sensitisation of employees, customers and other stake holders on cyber frauds, data privacy etc.</li> </ul>   | <p>Negative:</p> <ul style="list-style-type: none"> <li>– Reputational risks</li> <li>– Data privacy issues may lead to litigation risks/ financial risks</li> <li>– Regulatory risk in terms of fines, penalties, etc.</li> </ul> |
| 3       | Digitisation                     | Opportunity                                | The demand for and acceptance of digital transactions is increasing due to low-cost internet data, high smartphone penetration and India’s biometric identity card.  | The Company has consistently invested in technology and built a robust digital environment in the organisation to ensure minimum use of paper-based transactions and communications.  | <p>Positive:</p> <ul style="list-style-type: none"> <li>– Cost efficiencies</li> <li>– Better customer reach &amp; service through digital operations</li> <li>– Increased penetration in B30 cities</li> </ul>                    |
| 4       | Climate change & Governance      | Risk/ Opportunity                          | <p>Climate change has originated new material risks and has increased reputational risks for businesses.</p> <ul style="list-style-type: none"> <li>– Increase in shareholder activism on governance practices.</li> </ul>           | <p>The Company’s investment team monitors ESG related factors in investee companies.</p> <ul style="list-style-type: none"> <li>– The Company has adopted a stewardship code in line with the regulatory prescription.</li> <li>– The Company continues to identify and act on opportunities to reduce impact on the environment.</li> </ul>  | <p>Negative:</p> <p>Physical and Transition risks.</p> <p>Positive:</p> <p>Drives better risk management and value creation.</p>   |

## Section B – Management & Process Disclosures

The National Guidelines on Responsible Business Conduct (NGRBC) as prescribed by the Ministry of Corporate Affairs advocates nine principles referred as P1-P9 as given below:

|   |   |  |
|---|---|--|
| <b>Principle 1:</b><br>Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.        | <b>Principle 2:</b><br>Businesses should provide goods and services in a manner that is sustainable and safe. | <b>Principle 3:</b><br>Businesses should respect and promote the well-being of all employees, including those in their value chains. |
| <b>Principle 4:</b><br>Businesses should respect the interests of and be responsive to all its stakeholders.  | <b>Principle 5:</b><br>Businesses should respect and promote human rights.                                    | <b>Principle 6:</b><br>Businesses should respect and make efforts to protect and restore the environment.                            |
| <b>Principle 7:</b><br>Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent. | <b>Principle 8:</b><br>Businesses should promote inclusive growth and equitable development.                  | <b>Principle 9:</b><br>Businesses should engage with and provide value to their consumers in a responsible manner.                   |

### Policy and Management Processes

| Disclosure Questions  | P1   | P2                     | P3              | P4                             | P5                       | P6                     | P7                     | P8               | P9                  |
|---|--|------------------------|-----------------|--------------------------------|--------------------------|------------------------|------------------------|------------------|---------------------|
|   | Ethics & Transparency  | Product Responsibility | Human resources | 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  | No <sup>1</sup>        | Yes             | Yes                            | Yes                      | Yes                    | No <sup>2</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/governance/codes-policies">https://www.hdfcfund.com/about-us/governance/codes-policies</a><br>Some policies being internal documents are available to the employees through the company's intranet.         |                        |                 |                                |                          |                        |                        |                  |                     |
| 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 and follow the model 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 | Not applicable   |                        |                 |                                |                          |                        |                        |                  |                     |

## Principle-wise Policies

| 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 Guidelines*</li> <li>Code of Conduct for Directors &amp; Senior Management</li> <li>AML/CFT &amp; KYC 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>Stewardship Code</li> <li>Information Security Policy</li> <li>Fraud Prevention Policy</li> </ul> <p>Other internal policies that elucidate ethical behaviour, transparency and accountability</p> |
| P2        | Product Responsibility                                    | As the nature of business of the Company is providing comprehensive suite of savings and investment products, at a corporate level, consumption of resources is limited to running of operations. However, the Company keeps sustainability in mind while performing day-to-day operations.  |
| P3        | Well-being of Employees                                   | In addition to the Code of Conduct, other policies include: <ul style="list-style-type: none"> <li>Policy on Sexual Harassment of Women at Workplace</li> <li>Whistle Blower Policy</li> <li>Board Diversity Policy</li> <li>Nomination &amp; Remuneration Policy</li> </ul>   |
| P4        | Responsive to stakeholders, particularly the marginalised | <ul style="list-style-type: none"> <li>Corporate Social responsibility Policy</li> <li>Stewardship Code</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>Equal Opportunity Policy</li> <li>Board Diversity Policy</li> </ul>   |
| P6        | Environmental Protection                                  | <ul style="list-style-type: none"> <li>Business Continuity Policy</li> </ul> <p>The Company is in financial services industry and hence does not consume high levels of energy. However, regular efforts are made to adopt appropriate energy conservation measures. The employees are also sensitised to prevent wasteful usage of natural resources.</p>   |
| 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. In addition, 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 has advocated through AMFI, various governance, administration, economic and educational reforms.</p>   |
| P8        | Inclusive Growth  | The Company's CSR policy covers activities focused on the marginalised and vulnerable sections of the society.   |
| P9        | Customer Engagement                                       | <ul style="list-style-type: none"> <li>Customer Query &amp; Grievance Redressal Policy</li> <li>Information Security Policy</li> <li>Business Continuity Policy</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 recognises its role in creating a positive impact in the lives of communities by identifying the core focus areas and achieving these commitments and goals through investor awareness programmes and corporate social responsibility activities.
- The Company promotes inclusive environment at the workplace and does not treat anybody differently based on their gender, race/caste, religion/beliefs, disability, marital status or any other category and at the same time believes in hiring the right talent based on merit.
- The Company is committed towards reducing its carbon footprint.
- The Company believes in up-skilling the work force for the 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.**

**Inclusive Growth**

- The Company launched #BarniSeAzadi campaign on the 75<sup>th</sup> Independence Day. It has conducted 400+ investor awareness programs with the intent of promoting financial independence among women.
- The Company launched #LAXMIforLAXMI, a women-led financial empowerment initiative under which ~10,000 women expressed interest for taking their first step towards financial liberation.
- The Company has contributed towards healthcare, education, environment sustainability and sports development through its CSR activities.

**Workforce Diversity**

~30 % of the Company's permanent work force are women.

**Digital Environment**

The Company has consistently invested in technology and built a robust digital environment in the organisation to ensure minimum use of paper-based transactions and communication.

- 76% transactions are supported by integrated online platform.
- The Company's digital transactions have grown at a CAGR of 31% since FY 16-17.

**Energy & Waste management**

There is a pressing need to conserve water, energy and manage waste in an eco-friendly manner. The Company has taken several initiatives towards conserving the environment, some of which are described below:

- 831 kg of e-waste processed in an environment friendly manner.
- A tree was planted for every equity SIP, which was registered in digital mode for a specific tenure under 'Nuture Nature' campaign.
- Rejuvenation of pond, urban foresting using Miyawaki technique and a butterfly park over a 50,000 sq feet area in the heart of Mumbai (under CSR Project).
- Deployment of timers for signage boards to save electricity.

**Up-skilling**

- 1,100+ employees completed CFA investment foundation course which covers various aspects of investment management. The Company believes such large initiatives will enhance the overall skill level of the industry, with immense benefits percolating to the large mutual fund distribution network and even to mutual fund investors.
- The Company also conducted 6 ethics workshops in partnership with the CFA Institute, which covered most of its employees. Ethics has always been the corner stone of the organization and these workshops further reinforced the organization's commitment to creating an ethical work place. The workshops included real life case studies and equipped employees to deal with ethical dilemmas.
- Enrolled 157 partners for wealth manager course certification.
- Motivated employees to achieve 950 NISM certifications which is over and above the mandatory requirements.

**Governance, leadership and oversight**

**7. Statement by director responsible for the business responsibility & sustainability report**

HDFC AMC believes that sustainability goals are part and parcel of its financial goals and the Company has, accordingly, integrated ESG considerations into its business decisions and operations. The Company is focused on executing a strong ESG proposition by working with all stakeholders, and this commitment to sustained value creation is reflected in its mission "To be the wealth creator for every Indian".

The Company also recognises that climate change is not just an environmental issue, and that it has broader implications for the business and its ability to create value for its stakeholders. Aware of its social and environmental responsibility, the Company continues in its endeavour to reduce its carbon footprint. Towards this objective, it has been consistently investing in technology and building a robust digital environment and undertaking various other measures that are covered in the report.

The Company believes that the success of ESG should not be measured in terms of the amount ESG funds garner from the market, but on how ESG parameters get mainstreamed by integrating ESG in the entire investment process. The Company’s investment team monitors ESG-related factors in investee companies while also engaging with the management of these companies on issues such as executive compensation, dividend distribution policies, capital allocation, related party transactions, among others.

Sustainability is critical to ensuring the long-term success of businesses and creating shared value. HDFC AMC would like to congratulate the regulators for integrating sustainability into the reporting parameters in a steadfast manner, and for thinking far ahead of the times.

| Particulars   | Details   |
|---|---|
| <b>8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies)</b>  | Mr. Navneet Munot<br>Managing Director & Chief Executive Officer<br>DIN: 05247228                           |
| <b>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</b> | The Executive Director as stated above is in charge of the decision making on sustainability related issues |

**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 of the Company are placed before the Board for its approval, as applicable. An internal assessment of the 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)   | Note 1 |    |    | Note 2 |    |    |    |    |    |
| 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)                         |        |    |    |        |    |    |    |    |    |
| It is planned to be done in the next financial year (Yes/No)  |        |    |    |        |    |    |    |    |    |
| Any other reason (please specify)   |        |    |    |        |    |    |    |    |    |

**Notes**

- As the nature of business of the Company is providing comprehensive suite of savings and investment products, at a corporate level, consumption of resources is limited to running of operations.
- 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. Also, the Company has advocated through AMFI, various governance, administration, economic and educational reforms.

## Section C – Principle-wise Performance Disclosures

### Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

UN SDGs



#### 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                | The Company conducts orientation programmes after the appointment of new Directors on its Board, wherein the management of the Company makes presentations to familiarise the Directors with the mutual fund business/ industry practices, systems and policies adopted by various departments of the Company, especially the governance practices and compliance process adopted by the Company.  |   | 100%   |
|                                   | During the year, the Board of Directors of the Company spent approximately 9 hours on various familiarization programs comprising matters relating with changes in the regulations, policies impacting the business of the Company through its periodical updates inter-alia, overview of the mutual fund industry, regulatory developments, overview and outlook of Indian economy, markets update and trends, risk management mechanism. |   |  |
| Key Managerial Personnel          | The Company has a Code of Conduct for senior management personnel which covers topics like ethical conduct, bribery and corruption, conflict of interest, transparency, safety & health of employees, etc.   |   | 100%   |
| Employees other than BOD and KMPs | The Company conducted 6 ethics workshops for its employees in partnership with the CFA Institute. Employees also undergo various training programmes, some modules are mandatory for the new recruits viz, prevention of sexual harassment, information security, prohibition of insider trading etc.  |   | 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   | NA              | NA  | NIL             | NA                | NA                                     |
| Settlement      | NA              | NA  | NIL             | NA                | NA                                     |
| Compounding fee | NA              | NA  | NIL             | NA                | NA                                     |

| Type         | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Brief of the Case | Has an appeal been preferred? (Yes/No) |
|--------------|-----------------|---|-------------------|--|
| Imprisonment | NA              | NA  | NA                | NA                                     |
| Punishment   | NA              | NA  | NA                | NA                                     |

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.

##### 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, anti-corruption and anti-bribery guidelines are part of the employee manual and are available to internal stakeholders. The Company is committed to conducting 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:**

| Case Details | FY 21-22 | FY 20-21 |
|--------------|----------|----------|
| Directors    | NIL      | NIL      |
| KMPs         | NIL      | NIL      |
| Employees    | NIL      | NIL      |

**6. Details of complaints with regard to conflict of interest:**

| Particulars  | FY 21-22 |         | FY 20-21 |         |
|--|----------|---------|----------|---------|
|  | 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.**

Not applicable

**Leadership Indicators**

**1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year**

| Particulars                               | Topics/ principles covered under the training                      | %age of value chain partners covered (by value of business done with such partners) under the awareness programmes |
|---|--|--|
| Total number of awareness programmes held | The Company conducts regular product training for its distributors |  |

**2. Does the entity have processes in place to avoid/ manage conflict of interest involving members of the Board? (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 listing regulations, senior management confirms to the Board of Directors that there was 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 and Chief Executive Officer, 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.



**Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe**

UN SDGs



**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 21-22 | FY 20-21 | 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 of Use assets) was 78.85% of total capital expenditure investments in FY 21-22 vs 76.19% in FY 20-21.

The Company intends to continue identifying and acting on opportunities to reduce its impact on the environment. It has consistently invested in technology and built a robust digital environment in the organisation. Over the last 5 years, electronic transactions have grown at a CAGR of 31%.

**2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

As the nature of business of the Company is providing a comprehensive suite of savings and investment products, consumption of resources is limited to running of operations.

The Company, however, remains cognisant of reducing its resource consumption by procuring energy efficient equipment. The major suppliers of hardware are green standard compliant and data centres are certified under Environmental Management System ISO 14001:2015.

**2. b. If yes, what percentage of inputs were sourced sustainably?**

Refer response to point 2. a.

**3. 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 and monitors improvement. The Company engages with certified e-waste handlers for the disposal of e-waste. The Company has also replaced plastic garbage bags with bio-degradable bags.

- 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.**

Not applicable

**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 and 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 curated 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 centres, CAMS branches or to the distribution partners. The Company works with a diverse set of distribution partners and currently has over 75,000 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 beginning 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 the 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 authorised 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 Registrar and Transfer Agent (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 help in ensuring standard operating procedures and enhanced service standards. The Corporate Client Service (CCS) team is responsible for ensuring that customer grievances are addressed in a timely manner and that responses sent are appropriate and meets the requirements of customers.

**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.**

| Particulars                    | FY 21-22 |          |                 | FY 20-21 |          |                 |
|--------------------------------|----------|----------|-----------------|----------|----------|-----------------|
|                                | Re-used  | Recycled | Safely Disposed | Re-used  | Recycled | Safely Disposed |
| Plastics (including packaging) | -        | -        | -               | -        | -        | -               |
| E-waste (in kgs)               | -        | -        | 831             | -        | -        | 623             |
| Hazardous waste                |          |          |                 |          |          |                 |

As the Company is into financial services, there are no hazardous waste generated.

**5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

| Indicate product category | Reclaimed products and their packaging materials as % of total products sold in respective category |
|---------------------------|---|
|                           | Not applicable  |

### Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

#### UN SDGs



#### 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                                  | 814          | 814              | 100        | 814                      | 100        | NA                 | NA         | NA                 | NA        | Refer note below    |         |
| Female                                | 337          | 337              | 100        | 337                      | 100        | 337                | 100        | NA                 | NA        |                     |         |
| <b>Total</b>                          | <b>1,151</b> | <b>1,151</b>     | <b>100</b> | <b>1,151</b>             | <b>100</b> | <b>337</b>         | <b>100</b> | <b>NA</b>          | <b>NA</b> |                     |         |
| <b>Other than Permanent Employees</b> |              |                  |            |                          |            |                    |            |                    |           |                     |         |
| Male                                  | 921          | 921              | 100        | 921                      | 100        | NA                 | NA         | NA                 | NA        | Refer note below    |         |
| Female                                | 180          | 180              | 100        | 180                      | 100        | 180                | 100        | NA                 | NA        |                     |         |
| <b>Total</b>                          | <b>1,101</b> | <b>1,101</b>     | <b>100</b> | <b>1,101</b>             | <b>100</b> | <b>180</b>         | <b>100</b> | <b>NA</b>          | <b>NA</b> |                     |         |

Note: In compliance with the provisions of the Maternity Benefit Act

##### 2. Details of retirement benefits for current and previous financial year

| Benefits | FY 21-22   |  | FY 20-21   |  |
|----------|--|--|--|--|
|          | 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%   | 8%*  | N.A.   | N.A.   |

\* NPS was made available for employees in FY21-22 and 8% of them opted for it.

##### 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 the offices are located in commercial premises which may be on the ground floor or have elevators and infrastructure for differently abled persons; 75% of the Company's offices have facilities for easy movement of differently abled visitors/ employees. Most of the office washrooms are specially abled friendly, as per the guidelines provided in RPWD act.

##### 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         | NA                       | NA                  |
| Female       | 85%                      | 87%                 |
| <b>Total</b> | <b>85%</b>               | <b>87%</b>          |

**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            | Yes  |
| Other than Permanent Employees |  |

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 Complaints 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 21-22   |  |         | FY 20-21   |  |         |
|--------------|--|--|---------|--|--|---------|
|              | 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) |
| Male         | The Company does not have any employee associations. |  |         |  |  |         |
| Female       |  |  |         |  |  |         |
| <b>Total</b> |  |  |         |  |  |         |

**8. Details of training given to employees**

| Category     | FY 21-22     |                               |         |                      |            | FY 20-21     |                               |         |                      |            |
|--------------|--------------|-------------------------------|---------|----------------------|------------|--------------|-------------------------------|---------|----------------------|------------|
|              | 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         | 814          |                               |         | 803                  | 99%        | 870          |                               |         | 706                  | 81%        |
| Female       | 337          | 1,003                         | 87%     | 327                  | 97%        | 376          | 191                           | 15%     | 311                  | 83%        |
| <b>Total</b> | <b>1,151</b> |                               |         | <b>1,130</b>         | <b>98%</b> | <b>1,246</b> |                               |         | <b>1,017</b>         | <b>82%</b> |

**9. Details of performance and career development reviews of employees**

| Category     | FY 21-22     |              |             | FY 20-21     |              |             |
|--------------|--------------|--------------|-------------|--------------|--------------|-------------|
|              | Total (A)    | No. (B)      | % (B/A)     | Total (C)    | No. (D)      | % (D/C)     |
| Male         | 791          | 791          | 100%        | 809          | 809          | 100%        |
| Female       | 315          | 315          | 100%        | 317          | 317          | 100%        |
| <b>Total</b> | <b>1,106</b> | <b>1,106</b> | <b>100%</b> | <b>1,126</b> | <b>1,126</b> | <b>100%</b> |

Remuneration for employees is as per the Nomination & Remuneration Policy of the Company. Further, the criteria for the evaluation of remuneration for all non-managerial personnel is based on an appraisal process which is conducted on a semi-annual basis. The increase in remuneration is also dependent on the overall performance of the Company and not only on individual 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?**

There are no occupational health and safety risks considering the nature of the business. Employee well-being and psychological safety continue to be a priority of the Company. Periodic trainings on fire safety and fire-fighting equipment are provided along with the evacuation drills.

In the business environment dominated by the COVID-19 pandemic, the Company adhered to all the government directives and issued travel and health advisories to its employees. The Company advised all its employees to work from home as required or on a rotational basis to ensure employee safety and business continuity.

**b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

This is not directly applicable given the nature of business. However, to minimise risks in light of the pandemic, the Company installed thermal scanners and also took necessary precautions to identify the risks associated with the pandemic.

**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, in light of the pandemic, the intimation of symptoms/infections by employees and their family members was done as per the process. The Company also organised vaccination camps for its employees to ensure employees' safety is not compromised during this pandemic.

**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 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 21-22 | FY 20-21 |
|---|-----------|----------|----------|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) |           |          |          |
| Total recordable work-related injuries  | Employees | NIL      | NIL      |
| 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 workplace.**

Employee well-being and psychological safety continue to be a priority for the Company. Fire drills and quality assurance audits are conducted in the office premises to ensure the maintenance of safety standards.

In the business environment dominated by the COVID-19 pandemic, the Company continued to assist employees and their families on all fronts to fight and overcome this serious challenge.

The Company assessed the health, safety, and environment performance across all offices, which included sanitisation of all office premises, removal of biometric scanners, installation of thermal scanners, daily updates, restricted movements in common areas, closure of recreational facilities and avoidance of large gatherings.

Detailed SOPs and guidelines/advisories were issued periodically to the employees of the Company. The Company adhered to directives issued by the government/local authorities pertaining to COVID-19. The Company also created a safe environment with necessary protocols in place for its essential employees and those who needed to work from the office/branches whenever required. The Company organised vaccination camps for its employees to ensure their safety is not compromised during the pandemic.

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.

The Company installed Coronaguards at HO, which acts as a complementary solution along with the use of PPE (personal protective equipment) to reduce the burden of indefinite social distancing. The device attenuates and disables 99.9% of the corona family of viruses and prevents its spread in the enclosed spaces.

**13. Number of complaints on the following made by employees and workers**

| Type               | FY 21-22              |                                       |         | FY 20-21              |                                       |         |
|--------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
|                    | 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          | Nil   |

\*The Company has entered into preventive periodic maintenance contracts which includes fire fighting 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.**

This is not directly applicable given the nature of business. However, in view of the pandemic situation, the Company took various measures, which are covered in response to point no 12.

**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, personal accident cover, future service gratuity liability in addition to medical insurance. Benefits like provident fund, gratuity, etc., are settled on a priority basis. The Company has, in some cases, also extended support to families of deceased employees in the form of giving employment opportunity to the spouses.

**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 expects its value chain partners to follow business responsibility principles and values of transparency and accountability and, accordingly, expects that statutory dues as applicable to the transactions within the remit of the Company are deducted and deposited in accordance with the regulations. The organisation has appointed an independent auditor to audit monthly statutory dues.

**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 rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

| Category  | Total no. of affected employees/ workers |          | No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment |          |
|-----------|--|----------|---|----------|
|           | FY 21-22                                 | FY 20-21 | FY 21-22  | FY 20-21 |
| Employees | NA                                       | NA       | NA  | NA       |
| Workers   | NA                                       | NA       | NA  | NA       |

There were no work-related injuries.

**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 merits and continuously upskills the work force to align with the changing business environment. In light of this, the need for this transition assistance programmes are 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 explicitly assessed or measured.                         |
| 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**

UN SDGs



**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 or group of individuals or institution that adds value to the business chain of the Company or who are impacted by us are identified as a core 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  | Yes, as based on demographics                                   | Branch assistance, emails, website, advertisements, newspaper and other digital platforms, customer helplines and toll-free numbers, customer satisfaction surveys.  | Ongoing and need based   | Superior customer service throughout the life cycle.<br>To stay abreast of product features, benefits and risks.                       |
| Employees  | No  | Direct, email, CEO town halls, team meetings.  | Ongoing and need based   | Performance appraisal and rewards.<br>Training and career development.<br>Wellness & safety measures.                                  |
| Shareholders   | No  | Quarterly earnings calls, emails, SMS, newspaper, advertisement, notices, website, Annual General Meeting, intimation to stock exchanges, annual/ quarterly financials and investor meetings / conferences, investor presentation, press release, annual reports, audio recording of earnings call, 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                 |
| Distributors   | No  | Physical, emails and other digital platforms.  | Ongoing and need based   | Enhanced reach/Trainings   |
| 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.                                     |
| AMFI   | No  | Emails, one-on-one meetings, conference calls, video conferencing, websites.   | Need based   | Discussions with regard to various guidelines/investor education and reporting   |
| Communities & Implementing Agencies/ NGOS              | Yes   | Emails, physical meetings, website and other digital platforms.  | Need based   | Monitoring & implementing the CSR projects and activities  |
| Registrar and Transfer Agent                           | No  | Emails, physical meetings, website, and other digital platforms.   | Ongoing and need based   | Ensure seamless operations, data and integrity, compliance.  |
| Vendors, Bankers, Custodians and others in value chain | No  | Emails, physical meetings, website, and other digital platforms.   | 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, transcripts conference 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. The Board is kept well-informed on various developments and feedback on the same is sought from the Directors.

**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 are reviewed for a root cause analysis, which also gives an opportunity to improve its services. At the same time, the Company recognises that it is still in a learning phase on various evolving aspects and hence stakeholder interactions are important. The Company tries to engage with consultants and experts in this field, which helps to better understand expectations of stakeholders.

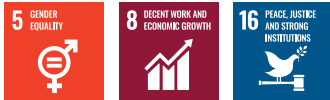
**3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.**

As an investment manager, with the aim to serve the bottom-of-the-pyramid customers, the Company has started SIP arrangement of as little as ₹ 300 depending on factors such as income, risk appetite and financial goals.

The details of the Company’s CSR initiatives project/programmes and activities are provided in Annexure of 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/csr>.

## Principle 5: Businesses should respect and promote human rights

### UN SDGs



### Essential Indicators

**1. Employees and workers who have been provided training on human rights issues and policy (ies) of the Company:**

| Category               | FY 21-22     |  |             | FY 20-21     |  |             |
|------------------------|--------------|--|-------------|--------------|--|-------------|
|                        | Total (A)    | No. of employees / workers covered (B) | % (B/A)     | Total (C)    | No. of employees / workers covered (D) | % (D/C)     |
| Permanent              | 1,151        | 1,151                                  | 100%        | 1,246        | 1,246                                  | 100%        |
| Other than permanent   | 1,101        | 1,101                                  | 100%        | 1,127        | 1,127                                  | 100%        |
| <b>Total Employees</b> | <b>2,252</b> | <b>2,252</b>                           | <b>100%</b> | <b>2,373</b> | <b>2,373</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.



## 2. Details of minimum wages paid to employees and workers:

| Category                | FY 21-22     |                          |            |                           |            | FY 20-21     |                          |            |                           |            |
|-------------------------|--------------|--------------------------|------------|---------------------------|------------|--------------|--------------------------|------------|---------------------------|------------|
|                         | Total<br>(A) | Equal to<br>Minimum Wage |            | More than<br>Minimum Wage |            | Total<br>(D) | Equal to<br>Minimum Wage |            | More than<br>Minimum Wage |            |
|                         |              | No.<br>(B)               | %<br>(B/A) | No.<br>(C)                | %<br>(C/A) |              | No.<br>(E)               | %<br>(E/D) | No.<br>(F)                | %<br>(F/D) |
| Permanent               | 1,151        | -                        | -          | 1,151                     | 100%       | 1,246        | -                        | -          | 1,246                     | 100%       |
| Male                    | 814          | -                        | -          | 814                       | 100%       | 870          | -                        | -          | 870                       | 100%       |
| Female                  | 337          | -                        | -          | 337                       | 100%       | 376          | -                        | -          | 376                       | 100%       |
| Other than<br>Permanent | 1,101        | 726                      | 66%        | 375                       | 34%        | 1,127        | 726                      | 64%        | 401                       | 36%        |
| Male                    | 921          | 717                      | 78%        | 204                       | 22%        | 942          | 717                      | 76%        | 225                       | 24%        |
| Female                  | 180          | 9                        | 5%         | 171                       | 95%        | 185          | 9                        | 5%         | 176                       | 95%        |

## 3. Details of remuneration/salary

| Category                              | Male           |  | Female |  |
|---------------------------------------|----------------|--|--------|--|
|                                       | Number         | Median remuneration/ salary/ wages<br>of respective category | Number | Median remuneration/ salary/ wages<br>of respective category |
| Board of Directors                    |                |  |        |  |
| Executive Directors <sup>^</sup>      | 1              | 7,36,83,376  | -      | -  |
| Non-Executive Directors <sup>^^</sup> | 7              | 38,00,000  | 2      | 29,50,000  |
| Key Managerial Personnel              | 1 <sup>#</sup> | 1,81,43,952  | 1      | 92,94,608  |
| Employees other than BoD and KMP*     | 738            | 10,61,785  | 287    | 6,46,512   |

<sup>^</sup> MD & CEO

<sup>^^</sup> Includes only directors who have received the remuneration during FY 21-22.

\* Includes only employees who have worked for the entire 12-month period.

<sup>#</sup> Represents aggregate salary of KMPs who have worked for part of the financial year. During the year, Mr. Piyush Surana, ceased to be CFO of the Company w.e.f close of business hours of January 31, 2022 and Mr. Naozad Sirwalla was appointed as CFO w.e.f. February 1, 2022.

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.

## 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 Complaints 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 intranet 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 21-22              |                                       |         | FY 20-21              |                                       |         |
|-----------------------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
|                                   | 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                 | 1                     | 0                                     | Note    | NIL                   | NIL                                   | -       |
| Discrimination at Workplace       | NIL                   | NIL                                   | -       | NIL                   | NIL                                   | -       |
| Child Labour                      | NIL                   | NIL                                   | -       | NIL                   | NIL                                   | -       |
| Forced Labor/ Involuntary Labour  | NIL                   | NIL                                   | -       | NIL                   | NIL                                   | -       |
| Wages                             | NIL                   | NIL                                   | -       | NIL                   | NIL                                   | -       |
| Other Human Rights Related Issues | NIL                   | NIL                                   | -       | NIL                   | NIL                                   | -       |

Note: The complaint received was disposed of within the prescribed timelines in line with the provisions and spirit of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**7. 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 Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, 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.

**8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

Yes, in certain business agreements and contracts

**9. Assessments for the year**

| Particulars                      | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|----------------------------------|---|
| Child Labour                     |   |
| Forced Labour/Involuntary Labour |   |
| Sexual Harassment                | 7%  |
| Discrimination at workplace      |   |
| Wages                            |   |
| Others                           |   |

**10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

Not applicable in view of point no 9.

**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 number 7 of essential indicators and 1 as above.

**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 the offices are located in commercial premises which may be on the ground floor or have elevators and infrastructure for differently abled persons; 75% of the companies’ offices have facilities for easy movement of differently abled visitors/ employees. Most of the office washrooms are specially abled friendly as per the guidelines provided in RPWD act.

**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 explicitly assessed or measured.                         |
| 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**

UN SDGs



**Essential Indicators**

**1. Details of total energy consumption (in Joules or multiples) and energy intensity:**

| Parameter   | FY 21-22             | FY 20-21 |
|---|----------------------|----------|
| Total electricity consumption (A)   |                      |          |
| Total fuel consumption (B)  |                      |          |
| Energy consumption through other sources (C)  | Refer response below |          |
| Total energy consumption (A+B+C)  |                      |          |
| Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) |                      |          |

Note: if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

The Company is into service-oriented business primarily involved in flow of information and financial transactions. The Company does not track the energy consumed. However, the Company realises that there is a pressing need to conserve energy and, accordingly the Company has taken various initiatives like deployment of timers for signage boards, replacing conventional lighting with LED in most of the offices, deploying sensor based lighting in some places at head office.

**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 21-22             | FY 20-21 |
|--|----------------------|----------|
| <b>Water withdrawal by source (in kilolitres)</b>                        |                      |          |
| (i) Surface water  |                      |          |
| (ii) Groundwater   |                      |          |
| (iii) Third party water  |                      |          |
| (iv) Seawater / desalinated water  |                      |          |
| (v) Others   | Refer response below |          |
| Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v) |                      |          |
| Total volume of water consumption (in kilolitres)                        |                      |          |
| Water intensity per rupee of turnover (Water consumed / turnover)        |                      |          |

Note: If any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Taking the nature of business into consideration, the Company’s usage of water is restricted to human consumption purposes only. Efforts have been made that water is consumed judiciously in the office premises.

Water conservation, optimal utilisation and management of water are not only vital for economic development but also for the very survival of the living being. The Company has a STP (Sewage Treatment Plant) at its head office. The Company has installed sensors in taps at its head office, where water consumption is high and aerator taps in most of the offices.

**4. 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 as mentioned above to consume water judiciously.

**5. Please provide details of air emissions (other than GHG emissions) by the entity**

Note: 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

**6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity:**

| Parameter  | Unit  | FY 21-22             | FY 20-21 |
|--|---|----------------------|----------|
| Total Scope 1 emissions<br>(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) | Metric tonnes of CO <sub>2</sub> equivalent |                      |          |
| Total Scope 2 emissions<br>(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) | Metric tonnes of CO <sub>2</sub> equivalent | Refer response below |          |
| Total Scope 1 and Scope 2 emissions per rupee of turnover  |   |                      |          |

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.

The Company is into service-oriented business primarily involved in flow of information and financial transactions and at the same time realizes the adverse impact of direct and indirect emissions to the environment. The Company does not measure the same but has taken various proactive steps to keep the greenhouse gas emissions as low as possible. Please refer response to point no 7 below.

**7. 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. form part of the Company's contribution towards this cause.

The Company launched the 'NurtureNature' campaign with an intent to increase awareness towards the environment. A tree was planted for every equity SIP which was registered in digital mode for a specific tenure.

The Company has installed inverter AC & VRF systems to meet 10% of its requirement. It maintains optimum temperature, which is in line with the guidelines of 'ASHRAE' for HVAC.

The Company's corporate office in Mumbai is LEED Gold' certified since 2014.

**8. Provide details related to waste management by the entity**

| Parameter   | FY 21-22 | FY 20-21 |
|---|----------|----------|
| <b>Total waste generated &amp; safely disposed (in kgs)</b> |          |          |
| Plastic waste (A)   | -        | -        |
| E-waste (B) (in kgs)  | 831      | 623      |

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.

E-waste generated by the company is processed in an eco-friendly manner and the Company has accordingly received the certificate from e-waste vendor 'Just Dispose Recycling Pvt. Ltd'.

**9. 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.**

As the Company is into financial services, the Company does not require any hazardous and toxic chemicals. The Company’s process of managing e-waste is validated by an external agency. The Company’s head office has systems in place to convert wet waste into manure.

**10. 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 |                                |                    |  |

**11. 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                    |                      |      |   |  |                   |

**12. 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.**

| Sr. 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. Break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources**

| Parameter   | FY 21-22 | FY 20-21 |
|---|----------|----------|
| <b>From Renewable Sources</b>                                   |          |          |
| Total electricity consumption (A)                               |          |          |
| Total fuel consumption (B)                                      |          |          |
| Energy consumption through other sources (C)                    |          |          |
| <b>Total energy consumed from renewable sources (A+B+C)</b>     |          |          |
| <b>From Non-Renewable Sources</b>                               |          |          |
| Total electricity consumption (D)                               |          |          |
| Total fuel consumption (E)                                      |          |          |
| Energy consumption through other sources (F)                    |          |          |
| <b>Total energy consumed from non-renewable sources (D+E+F)</b> |          |          |

**2. Details related to water discharged**

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.

Refer point 3 of essential indicators for initiatives taken in this context.

**3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres)**

Not applicable

**4. Please provide details of total Scope 3 emissions and its intensity.**

The Company is into service-oriented business primarily involved in flow of information and financial transactions and at the same time realises the adverse impact of direct and indirect emissions to the environment. The Company does not measure Scope 3 emissions.

**5. With respect to the ecologically sensitive areas reported at Question 10 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

**6. 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.      | The Company has consistently invested in technology and built a robust digital environment in the organisation; 76% of transactions were executed digitally in FY 21-22. |  |                           |
| 2.      | 831 kgs of e-waste generated by the Company was processed in an eco-friendly manner.   |  |                           |
| 3.      | Deployment of timers for signage boards.   |  |                           |
| 4.      | Installation of low consumption, energy-efficient fittings, including automatic lighting, water aerators/sensor taps, air dryers, etc.                                   |  |                           |
| 5.      | A tree was planted for every equity SIP which was registered in a digital mode for a specific tenure.  |  |                           |
| 6.      | The Company has installed inverter AC & VRF systems to meet 10% of its requirement.  |  |                           |
| 7.      | Replacement of plastic water bottles with glass/steel bottles.   |  |                           |

**7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

Yes, the Company has devised a robust disaster recovery and business continuity plan with strategies like utilising branches as alternate sites, work from home 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 AMC, and these are periodically tested and placed before the Board of Directors for review.

During the COVID-19 pandemic, BCP plans were fully tested, and all the critical functions worked seamlessly from alternate sites, the Virtual Private Network connectivity ensured that all the critical functions not only worked seamlessly from home but also adhered to all regulatory timelines.

**8. 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

**9. 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**

UN SDGs



**Essential Indicators**

**1. a. Number of affiliations with trade and industry chambers/ associations.**

The Company is member of three 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   |

**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 |
|--|-------------------------|-----------------------------------|--|---|------------------------|
| The Company actively engages in investor education programmes for mutual funds in line with AMFI guidelines. Also, the Company has advocated through AMFI, various governance, administration, economic and educational reforms. |                         |                                   |  |   |                        |



## Principle 8: Businesses should promote inclusive growth and equitable development

### UN SDGs



### 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

Given the nature of the business, this is not applicable. Also, the Company carries its CSR activities through various implementing agencies.

#### 4. Percentage of input material (inputs to total inputs by value) sourced from suppliers

| Particulars  | FY 21-22 | FY 20-21 |
|--|----------|----------|
| Directly sourced from MSMEs/ small producers                         |          |          |
| Sourced directly from within the district and neighbouring districts |          | NA       |

\*Not applicable taking the nature of business into consideration

### 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 | Vidisha & Khandwa   | 1,47,41,439           |
| 2.      | Jharkhand      | Garhwa, Chatra, Godda, Lohdarga, Latehar, Ramgarh, Khunti & Simdega | 2,13,00,000           |

**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 under the above mentioned groups are limited. However during the year, the Company procured various articles that include laptop bags, etc. from NGOs like the National Association of Disabled’s Enterprises (NADE), Jai Vakeel Foundation, etc. These organisations support and serve visually impaired, hearing/speech impaired, orthopedically and mentally challenged adults and children.

**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  |
|---------|--|--|---|
| 1.      | <b>CSR Projects for Healthcare</b> <ul style="list-style-type: none"> <li>Indian Cancer Society – Cancer Support</li> <li>Head and Neck Cancer Institute of India – Cancer Support Equipment</li> <li>Deepshika – Cancer Support</li> <li>Doctors For You – Vaccination Camps</li> </ul>   | Cancer Patients – 2,989<br>Attendants – 2,026<br>Vaccinations – 1,00,301 Doses | The objectives of the CSR projects is to reach underprivileged, low-income cancer patients, women and children who are highly vulnerable to exploitation, victimisation and trafficking, including orphans, street children, abandoned children, and extremely impoverished children from tribal areas. |
| 2.      | <b>CSR Projects for Education</b> <ul style="list-style-type: none"> <li>Ashoka University – Quality Infrastructure</li> <li>Parivaar Seva Kutirs in Madhya Pradesh – Overall development &amp; nutrition</li> <li>Snehalaya – Foundational Learning &amp; Life Skills</li> <li>Muktangan – Foundational Learning &amp; Life Skills</li> <li>Sampark Foundation – Foundational Learning</li> </ul> | Students – 4,98,767<br>Teachers – 68   |   |
| 3.      | <b>CSR Projects for Environment Sustainability</b> <ul style="list-style-type: none"> <li>Rotary Club of Bombay - Urban Forest Project</li> <li>Aroehan – Livelihood</li> <li>Rotary Club of Bombay – Water Lift Irrigation Project</li> </ul>   | Hamlets – 70 (Population of ~30,000)<br>Households – 92                        |   |
| 4.      | <b>CSR Projects for Sports</b> <ul style="list-style-type: none"> <li>Olympic Gold Quest – Training, Coaching, Equipment and Sports Science</li> </ul>   | 113 Athletes<br>16 Para Athletes   |   |

Note: Numbers indicate beneficiaries of CSR projects through the CSR partners during the FY 21-22.

**Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner**

UN SDGs



**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 endeavours to raise those standards that truly reflect the brand. In a world where customers are increasingly 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 endeavour in offering the very 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.

**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:**

Investors can also write to our Grievance Redressal Officer at the email ID - [gro@hdfcfund.com](mailto:gro@hdfcfund.com) in case they are not satisfied with our response.

In case the investor is still not satisfied with our responses, he/she can further lodge a complaint in electronic mode with SEBI on SEBI’s portal – ‘SCORES’ (SEBI Compliant Redressal System), which is a centralised web based complaints redress system. These complaints are received by the Company for resolution, and the resolution is updated in the portal.

**Mechanism to respond to consumer complaints:**

All queries and complaints received across touch points are auto uploaded into a Complaint Management Platform which has a rule-based allotment to the branches and central staff who respond to 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 Committee, 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 the 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 21-22                 |                                   |         | FY 20-21                 |                                   |         |
|--------------------------------|--------------------------|-----------------------------------|---------|--------------------------|-----------------------------------|---------|
|                                | 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 | 2,598                    | 8                                 | -       | 3,164                    | 22                                | -       |
| Restrictive Trade Practices    | -                        | -                                 | -       | -                        | -                                 | -       |
| Unfair Trade Practices         | -                        | -                                 | -       | -                        | -                                 | -       |

**4. Details of instances of product recalls on account of safety issues**

| Particulars       | Number | Reasons for recalls |
|-------------------|--------|---------------------|
| Voluntary recalls |        |                     |
| Forced recalls    | NIL    | NIL                 |

**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.**

No penalties/regulatory action has been levied or taken on the above-mentioned parameters.

**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 various products & services of the Company is available on:

- 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
- MF Central: [www.mfcentral.com](http://www.mfcentral.com)
- Call centre @ 1800 3010 6767 / 1800 419 7676
- HDFC AMC 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 has annual disclosure of riskometers, which covers scheme-wise risks and is available on the Company's website. The Company also has product literatures which has a riskometer for various product schemes.

For the safety of the customer, the Company sends communications 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, the following steps have been implemented:

- We do 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 and call centre upon request
- A tree was planted for every equity SIP which was registered in a digital mode for a specific tenure under 'Nurture Nature' campaign.

**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 its entire operations. 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.

The Company continued to offer seamless service to its customers during the pandemic as the BCP was fully tested and all the critical functions worked without disruption from alternate sites, while adhering to all regulatory timelines.

As part of the QRTA compliance, CAMS conducts BCP drill every six months including unannounced drills. The BCP has been successfully invoked over the years due to floods, cyclone etc. and also during the ongoing pandemic. The BCP is a part of the governance framework. As part of the plan, the workforce of 500+ employees (~30% of overall workforce) operates out of their alternative site in Coimbatore, thus ensuring that all critical services can operate independently from either site. Two DR Data Centres have been set up, one in Chennai (near site) which is the primary data centre and the other in Mumbai (far site). The management of both the AMC and CAMS regularly review the BCP and DR plans and strengthen these further in order to ensure that we continue to support our clients during any exigency.

**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)**

The Company seeks feedback from its customers at various stages and customer complaints/grievances are reviewed for a root cause analysis, which also gives opportunity to improve the services.

IVR CSAT (Interactive Voice Response Customer Satisfaction) survey is conducted by the call centre in order to record the pulse/experience of the investor. Once the query is resolved, the customer can rate his/her experience on the call via a short IVR survey. The survey is captured real time. As a follow up activity, those who have provided low ratings are called back to seek feedback on improvement areas.

**5. Information relating to data breaches:**

- a. **Number of instances of data breaches along-with impact**
- b. **Percentage of data breaches involving personally identifiable information of customers**
  - The Company maintains a robust cyber security architecture to protect the integrity of data and guard against breaches of privacy.
  - The Company is also aware of the human element of cyber security and data privacy. It sends communication to educate and advise customers on these practices to prevent any breaches at their end.
  - The Company did not witness any instances of data breaches during the year. The Company also has cyber risk insurance policies.

# Corporate Governance Report

## Philosophy on the Code of Governance

Your Company believes that corporate governance practices begin with the mindset and the culture of the organization and these corporate governance values and principles have been inherited by us from our parent Company, Housing Development Finance Corporation Limited (HDFC Ltd). Your Company's philosophy on corporate governance is showcased through its ethical corporate behavior, fair and transparent disclosures and commitment to regulatory compliances, environmental and societal obligations. The Company's focus is on long term value creation for all its stakeholders and fulfilling the Company's mission of "To be the wealth creator for every Indian". To achieve this mission, the Company has been incorporating the core principles of Corporate Governance in its business activities, policies and practices. The Company's board has been proactively involved and guiding the Management of the Company to align its business and sustainability practices on the core principles of Company's corporate governance i.e., integrity, accountability, transparency and responsibility. Our Board evaluates and reviews 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, professionals and experience. It comprises eleven members as on March 31, 2022, of which ten are Non-Executive Directors including the Chairman and one Executive Director i.e., the Managing Director & Chief Executive Officer (CEO). Of the ten Non-Executive Directors, six 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 30 of this Annual Report.

## Directorship and membership on the board/board committees of other public companies

| Name of Director  | Category                               | As on March 31, 2022     |                        |          |   |                                      |
|---|--|--------------------------|------------------------|----------|---|--------------------------------------|
|   |  | 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                      | -        | 1. Siemens Limited  | Independent Director (Chairman)      |
|   |  |                          |                        |          | 2. HDFC Life Insurance Company Limited                        | Non-Executive Director (Chairman)    |
|   |  |                          |                        |          | 3. Housing Development Finance Corporation Limited (HDFC Ltd) | Non-Executive Director - (Chairman)  |
| Mr. Keki M. Mistry  | Non-Executive Non-Independent Director | 5                        | 6                      | 2        | 1. Tata Consultancy Services Limited                          | Independent Director                 |
|   |  |                          |                        |          | 2. Torrent Power Limited                                      | Independent Director                 |
|   |  |                          |                        |          | 3. HDFC Life Insurance Company Limited                        | Non-Executive Director               |
|   |  |                          |                        |          | 4. HDFC Ltd   | Vice Chairman & CEO                  |
| Ms. Renu Sud Karnad   | Non-Executive Non-Independent Director | 7                        | 5                      | 2        | 1. HDFC Life Insurance Company Limited                        | Non-Executive Director               |
|   |  |                          |                        |          | 2. HDFC Ltd   | Managing Director                    |
|   |  |                          |                        |          | 3. HDFC Bank Limited  | Nominee Director                     |
|   |  |                          |                        |          | 4. GlaxoSmithKline Pharmaceuticals Limited                    | Non-Executive Director (Chairperson) |
|   |  |                          |                        |          | 5. Unitech Limited  | Nominee Director                     |
| Mr. Rushad Abadan   | Non-Executive Non-Independent Director | -                        | -                      | -        | -   | -                                    |
| 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     | 1                        | 1                      | 1        | -   | -                                    |
| 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     | 5                        | -                      | -        | -   | -                                    |
| Ms. Roshni Nadar Malhotra                                       | Non-Executive Independent Director     | 1                        | 1                      | -        | 1. HCL Technologies Limited                                   | Non-Executive Director               |
| Mr. Shashi Kant Sharma  | Non-Executive Independent Director     | 2                        | 2                      | -        | -   | -                                    |
| Mr. Navneet Munot - Managing Director & Chief Executive Officer | Executive Director                     | -                        | -                      | -        | -   | -                                    |

## Notes:

- Mr. James Aird ceased to be Non-Executive Director of the company w.e.f. the close of business hours of October 25, 2021.

- Mr. Shashi Kant Sharma ceased to be Independent Director of the Company w.e.f. April 11, 2022.

\* 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,<br>Chairman | Fellow of the Institute of Chartered Accountants (England & Wales)   | <ul style="list-style-type: none"> <li>- International Expertise/Strategic Planning</li> <li>- Risk Management Expertise</li> <li>- Financial Expertise</li> <li>- Marketing Expertise</li> <li>- Operational Expertise</li> <li>- Industry Expertise</li> <li>- Regulatory Expertise</li> <li>- Mergers and Acquisitions</li> </ul> |
| Mr. Keki M. Mistry                | Fellow of the Institute of Chartered Accountants of India  | <ul style="list-style-type: none"> <li>- Risk Management Expertise</li> <li>- Financial Expertise</li> <li>- Operational Expertise</li> <li>- Industry Expertise</li> <li>- Regulatory Expertise</li> <li>- Mergers and Acquisitions</li> </ul>  |
| Ms. Renu Sud Karnad               | Master's degree in Economics from University of Delhi; Graduate in law from University of Mumbai; Parvin Fellow – Woodrow Wilson School of International Affairs, Princeton University, US | <ul style="list-style-type: none"> <li>- Risk Management Expertise</li> <li>- Financial Expertise</li> <li>- Legal Expertise</li> <li>- Industry Expertise</li> </ul>  |
| Mr. Rushad Abadan                 | Bachelor's degree in Commerce from Sydenham College, Mumbai; Graduate in law from Government Law College, Mumbai; Solicitor – India; Solicitor – England and Wales                         | <ul style="list-style-type: none"> <li>- Legal Expertise</li> <li>- Risk Management Expertise</li> <li>- Financial Expertise</li> <li>- Mergers and Acquisitions</li> <li>- Industry (Asset Management Business) Expertise</li> </ul>  |
| Mr. Dhruv Kaji                    | B. Com. (University of Mumbai), Chartered Accountant   | <ul style="list-style-type: none"> <li>- International Expertise/Strategic Planning</li> <li>- Financial Expertise</li> <li>- Operational Expertise</li> <li>- Mergers and Acquisitions</li> </ul>   |
| Mr. Jairaj Purandare              | B.Sc. (Hons), University of Mumbai; Chartered Accountant   | <ul style="list-style-type: none"> <li>- International Expertise/Strategic Planning</li> <li>- Financial Expertise</li> <li>- Operational Expertise</li> <li>- Industry Expertise</li> <li>- Regulatory Expertise</li> </ul>   |
| Mr. Sanjay Bhandarkar             | B. Com., University of Pune; MBA, XLRI Jamshedpur  | <ul style="list-style-type: none"> <li>- Technology/Digital Media Expertise</li> <li>- Risk Management Expertise</li> <li>- Financial Expertise</li> <li>- Regulatory Expertise</li> </ul>   |
| 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                   | <ul style="list-style-type: none"> <li>- International Expertise/Strategic Planning</li> <li>- Technology/Digital Media Expertise</li> <li>- Financial Expertise</li> <li>- Industry Expertise</li> <li>- Mergers and Acquisitions</li> </ul>  |
| Ms. Roshni Nadar Malhotra         | MBA from the Kellogg Graduate School of Management, Northwestern University  | <ul style="list-style-type: none"> <li>- International Expertise/Strategic Planning</li> <li>- Financial Expertise</li> <li>- Marketing Expertise</li> </ul>   |
| Mr. Shashi Kant Sharma            | M.A. in Political Science, University of Agra; M.Sc. in Administrative Science and Development Problems, University of York (UK); IAS (1976 batch)   | <ul style="list-style-type: none"> <li>- International Expertise/Strategic Planning</li> <li>- Financial Expertise</li> <li>- Risk Management Expertise</li> <li>- Regulatory Expertise</li> </ul>   |
| Mr. Navneet Munot                 | Master's degree in Commerce; Chartered Accountant; Chartered Financial Analyst; Chartered Alternative Investment Analyst; Certified Financial Risk Manager                                 | <ul style="list-style-type: none"> <li>- International Expertise/Strategic Planning</li> <li>- Risk Management Expertise</li> <li>- Financial Expertise</li> <li>- Marketing Expertise</li> <li>- Legal Expertise</li> <li>- Operational Expertise</li> </ul>  |

## 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 prepares a description of the role and capabilities required of an Independent Director. The NRC ensures that person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. Re-appointments are made based on evaluation of their contributions.

For details on the terms and conditions of appointment of Independent Directors, visit your Company's website at <https://www.hdfcfund.com/about-us/governance/codes-policies>.

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 fulfill the conditions specified in the Act, Listing Regulations and are independent of the Management.

Further, Mr. Shashi Kant Sharma (DIN: 03281847), Independent Director of the Company, has resigned as Director with effect from April 11, 2022, as he was not in a position to devote adequate time to the affairs of the Company due to his pre-occupation elsewhere. Mr. Sharma has confirmed that there are no other material reasons for his resignation other than the one mentioned above.

## 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 21-22, the Independent Directors met once on March 29, 2022.

## 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.

An overview of the familiarisation programme during the year is available on your Company's website at <https://www.hdfcfund.com/about-us/governance/codes-policies>.

## Board meetings

The meetings of the Board of Directors 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. In view of the ongoing COVID-19 pandemic, all meetings of the Board and its Committees were held through video conferencing.

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 summarizes 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 & CEO 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, six (6) Board meetings were held i.e. on April 27, 2021; July 16, 2021; October 25, 2021; December 14, 2021; January 24, 2022 and March 29, 2022.

## Attendance at 6 Board meetings held during FY 21-22 and at the last AGM

| Name of the Director        | Number of Board meetings |          | Attendance at the 22 <sup>nd</sup> AGM |
|-----------------------------|--------------------------|----------|--|
|                             | Held during tenure       | Attended |  |
| Mr. Deepak S. Parekh        | 6                        | 6        | YES                                    |
| Mr. Keki M. Mistry          | 6                        | 6        | YES                                    |
| Ms. Renu Sud Karnad         | 6                        | 5        | YES                                    |
| Mr. James Aird <sup>1</sup> | 3                        | 2        | YES                                    |
| Mr. Rushad Abadan           | 6                        | 6        | YES                                    |
| Mr. Dhruv Kaji              | 6                        | 6        | YES                                    |
| Mr. Jairaj Purandare        | 6                        | 6        | YES                                    |
| Mr. Sanjay Bhandarkar       | 6                        | 6        | YES                                    |
| Mr. Parag Shah              | 6                        | 6        | YES                                    |
| Ms. Roshni Nadar Malhotra   | 6                        | 6        | YES                                    |
| Mr. Shashi Kant Sharma      | 6                        | 5        | NO                                     |
| Mr. Navneet Munot           | 6                        | 6        | YES                                    |

<sup>1</sup> Mr. James Aird ceased to be Non-Executive Director of the Company w.e.f. the close of business hours of October 25, 2021.

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 comprises of five (5) Non-Executive Directors of which four 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, Six (6) Audit Committee meetings were held i.e. on April 27, 2021; July 15, 2021; July 16, 2021; October 25, 2021; January 24, 2022 and March 29, 2022.

### Audit Committee composition and attendance of members at the 6 meetings held in FY 21-22

| Name of the Director        | Number of meetings |          |
|-----------------------------|--------------------|----------|
|                             | Held during tenure | Attended |
| Mr. Dhruv Kaji (Chairman)   | 6                  | 6        |
| Mr. Jairaj Purandare        | 6                  | 6        |
| Mr. James Aird <sup>1</sup> | 4                  | 3        |
| Mr. Keki M. Mistry          | 6                  | 6        |
| Mr. Sanjay Bhandarkar       | 6                  | 6        |
| Mr. Shashi Kant Sharma      | 6                  | 5        |

<sup>1</sup> Mr. James Aird ceased to be Non-Executive Director of the Company w.e.f. the close of business hours of October 25, 2021.

The Company Secretary acts as the Secretary to the Audit Committee. The Committee invites the Managing Director & CEO, 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 include:

1. 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.
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and the auditors' report thereon, before submission to the Board for approval, with particular reference to:
  - a) 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 Act
  - b) changes, if any, in accounting policies and practices and reasons for the same
  - c) major accounting entries involving estimates based on the exercise of judgement by management
  - d) significant adjustments made in the financial statements arising out of audit findings
  - e) compliance with listing and other legal requirements relating to financial statements
  - f) disclosure of any related party transactions
  - g) modified opinion(s) in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
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.
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the Company with related parties.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of the Company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing with management, performance of statutory and internal auditors, and adequacy of the internal control systems.
13. To formulate the scope, functioning, periodicity and methodology for conducting the internal audit in consultation with the Internal Auditor.
14. Discussion with internal auditors any significant findings and follow up there on.
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.
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.
17. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. Reviewing the functioning of the Whistle Blower Mechanism.
19. Approval of appointment of Chief Financial Officer.
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.

21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

### Nomination & Remuneration Committee

During FY 21-22, three (3) Nomination & Remuneration Committee meetings were held on April 27, 2021; October 25, 2021 and January 24, 2022.

#### 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 include:

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 the Act, 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 at <https://www.hdfcfund.com/about-us/governance/codes-policies>.

### 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 other than directors nominated by abrdn Investment Management Limited (formerly Standard Life Investments Limited) including remuneration. 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.

### Executive Director

The break-up of the pay scale, commission and quantum of perquisites including, employer's contribution to PF, gratuity, club fees, etc., is decided and approved by the Board on the recommendation of the Nomination & Remuneration Committee and would be within the overall remuneration approved by the shareholders. Stock Options are granted to the Managing Director & CEO of the Company as approved by 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, 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 on January 5, 2017.

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.

Details of the remuneration and shareholding of Directors of the company for the financial year 2021-22 are as follows:

| Name of Directors              | Salary (in ₹) | Perquisites (in ₹) | Sitting fees (in ₹) | Commission* (in ₹) | Total (in ₹) | Shareholding |
|--------------------------------|---------------|--------------------|---------------------|--------------------|--------------|--------------|
| Mr. Deepak S. Parekh           | -             | -                  | 18,00,000           | 20,00,000          | 38,00,000    | 1,60,000     |
| Mr. Keki M. Mistry             | -             | -                  | 17,00,000           | 20,00,000          | 37,00,000    | 1,68,320     |
| Ms. Renu Sud Karnad            | -             | -                  | 12,00,000           | 20,00,000          | 32,00,000    | 1,68,320     |
| Mr. James Aird <sup>1</sup>    | -             | -                  | -                   | -                  | -            | -            |
| Mr. Rushad Abadan              | -             | -                  | -                   | -                  | -            | -            |
| Mr. Dhruv Kaji                 | -             | -                  | 20,00,000           | 20,00,000          | 40,00,000    | -            |
| Mr. Jairaj Purandare           | -             | -                  | 20,00,000           | 20,00,000          | 40,00,000    | -            |
| Mr. Sanjay Bhandarkar          | -             | -                  | 22,00,000           | 20,00,000          | 42,00,000    | -            |
| Mr. Parag Shah                 | -             | -                  | 12,00,000           | 20,00,000          | 32,00,000    | -            |
| Ms. Roshni Nadar Malhotra      | -             | -                  | 7,00,000            | 20,00,000          | 27,00,000    | -            |
| Mr. Shashi Kant Sharma         | -             | -                  | 15,00,000           | 20,00,000          | 35,00,000    | -            |
| <sup>#</sup> Mr. Navneet Munot | 4,13,51,196   | 3,32,180           | -                   | 3,20,00,000        | 7,36,83,376  | -            |

#### Notes:

<sup>1</sup> Ceased to be director w.e.f. the close of business hours of October 25, 2021

\* The Commission for the financial year ended March 31, 2022 will be paid to Non-Executive and Independent Directors, subject to deduction of tax, after adoption of financial statements at the ensuing AGM.

<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.

No directors were granted employee stock options during the FY 2021-22 and no stock option were exercised by them during the said financial year.

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.

All the directors participated in the board evaluation and reviewed exercise including the peer evaluations excluding the director being evaluated. The directors provided recommendations and suggestions for enhancing the conduct of the meetings, devotion of board time for strategic discussions, ability to contribute for addressing business challenges and risk.

At separate meetings of the Nomination & Remuneration Committee, Independent Directors meeting and Board meeting, responses of the Board evaluation questionnaire were reviewed, discussed and the suggestions provided by the directors were noted. The recommendations and suggestions of the Board evaluation were shared with the Management of the Company for implementing them.

The Board noted the evaluation results and were satisfied with the overall engagement and effectiveness of the Board and its various Committees.

### Stakeholders Relationship Committee

During FY 21-22, four (4) Stakeholders Relationship Committee meetings were held on April 27, 2021; July 16, 2021; October 25, 2021 and January 24, 2022.

#### Composition of the Committee and attendance of the members in meetings

| Name of the Director              | Number of meetings |          |
|-----------------------------------|--------------------|----------|
|                                   | Held during tenure | Attended |
| Ms. Renu Sud Karnad (Chairperson) | 4                  | 3        |
| Mr. Deepak S. Parekh              | 4                  | 4        |
| Mr. Dhruv Kaji                    | 4                  | 4        |
| Mr. James Aird <sup>1</sup>       | 3                  | 2        |
| Mr. Jairaj Purandare              | 4                  | 4        |
| Mr. Sanjay Bhandarkar             | 4                  | 4        |

<sup>1</sup> Mr. James Aird ceased to be Non-Executive Director of the Company w.e.f. the close of business hours of October 25, 2021.

The Stakeholders Relationship Committee is responsible broadly to:

1. Review the activities carried out by the investor service centres of the Company and their adherence to service standards.
2. Review 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/Mutual Fund.

3. Consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.
4. Review the measures taken for effective exercise of voting rights by shareholders.
5. Review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
6. 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.

### Compliance Officer

Ms. Sylvia Furtado, Company Secretary of the Company is the Compliance Officer for the purpose of Listing Regulations.

There were no investor complaints at the beginning of the financial year. During the year under review, the Company received 4 complaints from shareholders/ SEBI/ Stock Exchanges/ MCA. There was 1 complaint pending as on March 31, 2022. The Complaints were redressed to the satisfaction of the shareholder. There were no transfer requests received by the Company during the year.

### Corporate Social Responsibility Committee

During FY 21-22, two (2) Corporate Social Responsibility (CSR) Committee meetings were held on July 16, 2021 and December 23, 2021.

#### 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) | 2                  | 1        |
| Mr. Navneet Munot               | 2                  | 2        |
| Mr. Parag Shah                  | 2                  | 2        |

The 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.

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, which looks into various areas of risk management and internal controls pertaining to Mutual Fund and the Company.

During the year, five (5) Risk Management Committee meetings were held on April 27, 2021; July 16, 2021; October 25, 2021; January 24, 2022 and March 29, 2022.

**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) | 5                  | 4        |
| Mr. James Aird <sup>1</sup>     | 3                  | 2        |
| Mr. Keki M. Mistry              | 5                  | 5        |
| Ms. Renu Sud Karnad             | 5                  | 4        |
| Mr. Sanjay Bhandarkar           | 5                  | 5        |
| Mr. Shashi Kant Sharma          | 5                  | 4        |

<sup>1</sup> Mr. James Aird ceased to be Non-Executive Director of the Company w.e.f. the close of business hours of October 25, 2021.

The broad terms of reference of the Risk Management Committee include:

1. To review risk management policy, if formulated and review it periodically;
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. 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;
5. To evaluate procedures for ensuring adherence to the SEBI Risk Management Circular, 2002 for Mutual Funds or any amendment thereto;
6. To do all such acts as are required in terms of provisions of SEBI Circular no. SEBI/HO/IMD/IMD-1 DOF2/P/ CIR/2021/630 dated September 27, 2021, amendments thereto and any communication issued in this regard by SEBI/AMFI;
7. 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;
8. To review the Cyber security risk and business continuity plan of the Company;
9. Any other responsibilities or assignments provided by the Board of Directors 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 three Annual General Meetings as under:

| Nature of Meeting                       | Date          | Time      | Venue   | Special Resolution passed   |
|---|---------------|-----------|---|---|
| 22 <sup>nd</sup> Annual General Meeting | July 16, 2021 | 3.00 p.m. | Through Video Conferencing / Other Audio Visual means           | -   |
| 21 <sup>st</sup> Annual General Meeting | July 23, 2020 | 2.30 p.m. | Through Video Conferencing / Other Audio Visual means           | (1) Approval for issuance of equity shares under Employees Stock Option Scheme – 2020 to the employees and Directors of the Company   |
| 20 <sup>th</sup> Annual General Meeting | July 16, 2019 | 3.00 p.m. | “Birla Matushri Sabhagar”, 19, New Marine Lines, Mumbai 400 020 | (1) Approval for continuing the directorship of Mr. Deepak S. Parekh as Non-Executive Director<br>(2) Approval for Re-appointment of Mr. Hoshang Billimoria as an Independent Director<br>(3) Approval and Ratification of Article Nos. 127, 149 and 156(3) of Articles of Association of the Company |

**Postal Ballot**

During the year, no special resolution was passed through postal ballot. There is no special resolution 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 website of 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 the 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 and Business Responsibility and Sustainability Report form part of the Annual Report. The Annual Report is also available on the Company's website.

**NSE Electronic Application Processing System (NEAPS), NSE's Digital Portal 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. Further, in order to enhance customer experience and operational excellence, NSE, during the year, has launched Digital Portal, wherein listed entities are required to file Equity announcements and disclosures under SEBI Takeovers Regulations.

**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.

**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 21-22, the Company has not entered into any materially significant related party transactions that may have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in notes to financial statements.

During the year the Company has revised its Related Party Transactions Policy to bring it in line with the amendments made by SEBI in Listing Regulations. The said Policy is effective from April 1, 2022. The 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/governance/codes-policies>.

### Non-compliance/Penalties/Strictures Imposed

No penalties or strictures were imposed on the Company by the stock exchanges 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.

Further, SEBI issued show cause notices in May and June 2019 to the Company, HDFC Trustee Company Limited (Trustee Company) and certain officials of the Company for alleged violations of SEBI (Mutual Funds) Regulations, 1996 ("MF Regulations") in the matter of four schemes of HDFC Mutual Fund, i.e. Fixed Maturity Plans (FMPs) holding debt instruments of Essel Group Companies. Separate Settlement applications were filed with SEBI under SEBI (Settlement Proceedings) Regulations, 2018 by the Company, Officials of the AMC and the Trustee Company against the enforcement actions/proceedings initiated through the show cause notices issued by SEBI, without admission or denial of guilt. SEBI issued Settlement Order no. SO/efd-2/SD/337/April/2020 dated April 16, 2020 in this regard whereby the enforcement action and enforcement proceedings had been disposed of against the Company, Officials of the Company and Trustee Company.

### 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/governance/codes-policies>.

### 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 Auditor reports 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/governances/codes-policies>. Your Company does not have any subsidiary as on date.

### 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 circular dated November 15, 2018, is not applicable.

### Fees Paid to Statutory Auditor

Details of fees paid to the statutory auditor, BSR and Co. LLP and all entities in the network firm/network entity of which the statutory auditor is a part, for all services taken by your Company during FY 21-22 are as under:

| (₹ in Crore)              |             |
|---------------------------|-------------|
| Particulars               | Amount      |
| Audit Fees                | 0.26        |
| Tax audit fee             | 0.04        |
| Taxation Matters          | 0.19        |
| Reimbursement of Expenses | 0.01        |
| Limited Review Fees       | 0.15        |
| Other Services            | 0.27        |
| <b>Total</b>              | <b>0.92</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.

### Sexual Harassment at Workplace

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 one complaint pertaining to sexual harassment and the same was disposed of within the prescribed timeline in compliance with the spirit and provisions of the POSH.

### 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 21-22.

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 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:

## 23<sup>rd</sup> Annual General Meeting

|                    |   |  |
|--------------------|---|--|
| Day/Date           | : | Wednesday, June 29, 2022   |
| Time               | : | 03:00 p.m.   |
| Venue              | : | Annual General Meeting through Video Conferencing/ Other Audio Visual Means (VC/OAVM facility)<br>[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, 2021 to March 31, 2022  |
| Book Closure Dates | : | June 11, 2022 to June 29, 2022 (both days inclusive)   |

### Dividend

#### 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 April 27, 2022 has recommended dividend of ₹ 42/- [Rupees Forty - Two only] per equity share of ₹ 5/- each for the financial year 2021-22, subject to approval by shareholders. The dividend payment date shall be June 30, 2022 onwards.

#### 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   |

### E-voting Period

Starts: Saturday, June 25, 2022 at 10.00 a.m. (IST)

Ends: Tuesday, June 28, 2022 at 05.00 p.m. (IST)

Cut-off date for e-voting: Wednesday, June 22, 2022. 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 |
|--|------------|
| BSE Limited (BSE)<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street,<br>Mumbai 400 001.  | 541729     |
| National Stock Exchange of India Limited (NSE)<br>Exchange Plaza, Plot No. C-1, Block G,<br>Bandra Kurla Complex,<br>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

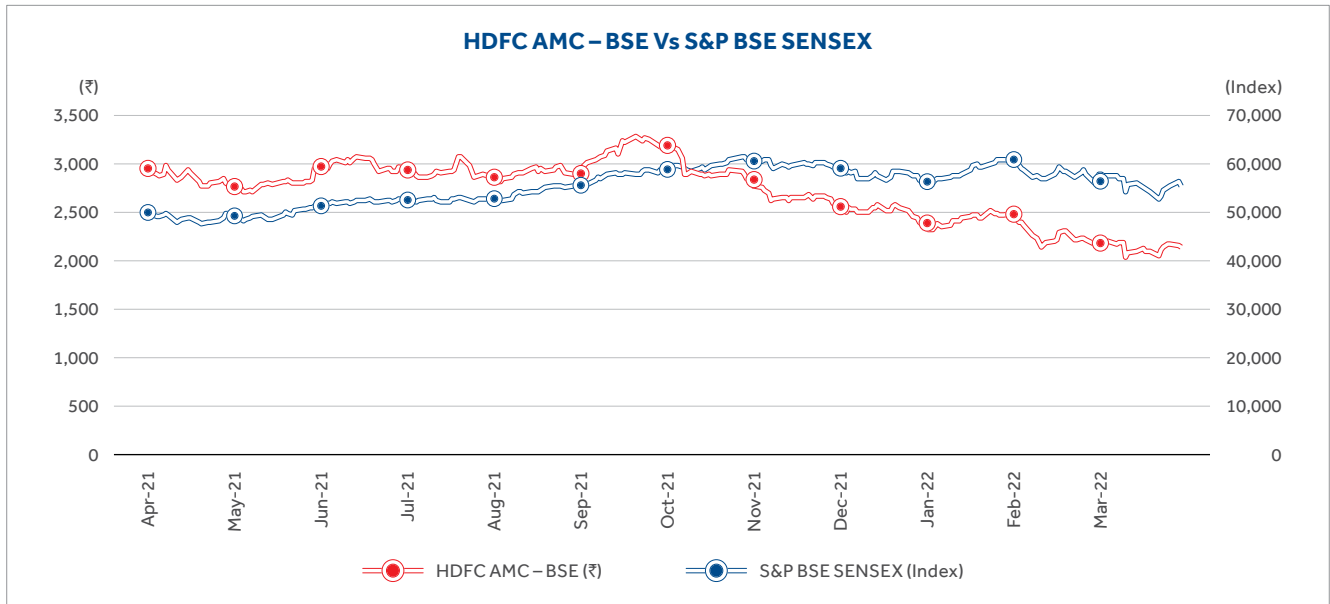
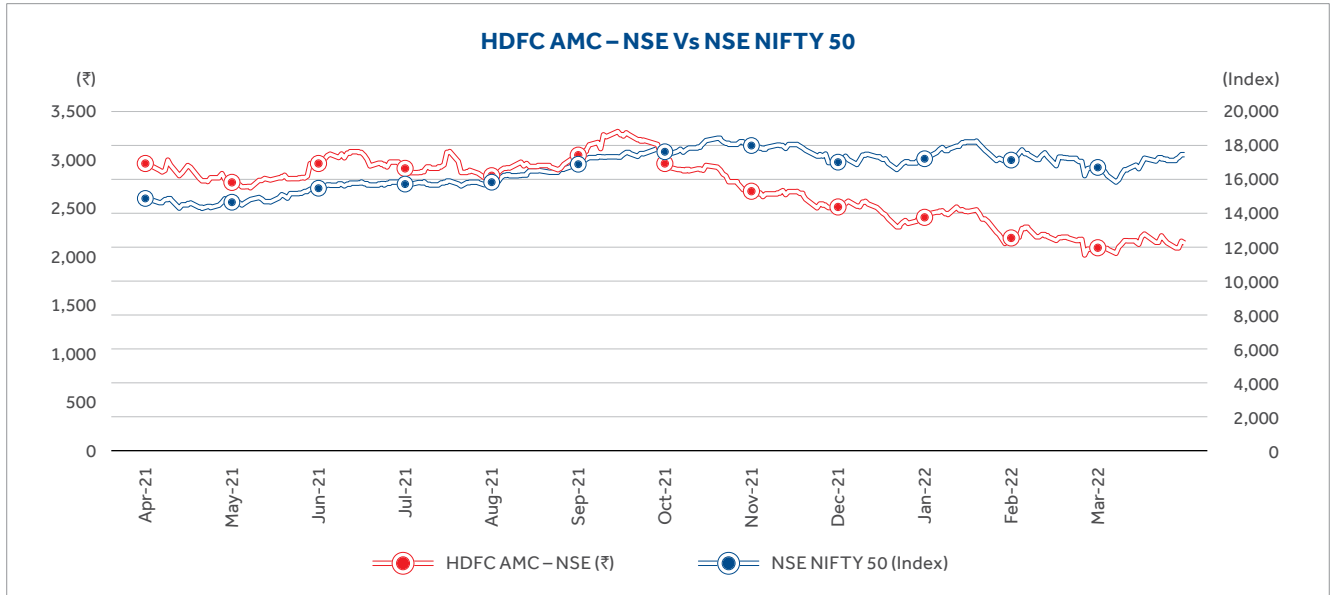
The monthly high and low prices and volume of the shares traded on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) for the financial year ended March 31, 2022 are as under:

| Months         | BSE Limited |          |                      | National Stock Exchange of India Limited |          |                      |
|----------------|-------------|----------|----------------------|--|----------|----------------------|
|                | High        | Low      | No. of Shares Traded | High                                     | Low      | No. of Shares Traded |
| April 2021     | 3,050       | 2,758.15 | 305,523              | 3,050.10                                 | 2,756    | 51,49,835            |
| May 2021       | 3,012       | 2,700    | 412,124              | 3,012                                    | 2,699.65 | 52,79,359            |
| June 2021      | 3,135       | 2,909.25 | 342,259              | 3,134                                    | 2,908.05 | 47,87,814            |
| July 2021      | 3,289.25    | 2,811.2  | 610,436              | 3,289                                    | 2,810.05 | 91,50,564            |
| August 2021    | 3,092.85    | 2,835    | 352,834              | 3,093                                    | 2,833.15 | 57,29,773            |
| September 2021 | 3,363       | 2,871.05 | 1,29,86,735          | 3,365                                    | 2,875.65 | 1,63,09,642          |
| October 2021   | 2,986       | 2,600.45 | 643,707              | 2,979                                    | 2,600.10 | 89,41,252            |
| November 2021  | 2,698.55    | 2,427.1  | 337,527              | 2,699                                    | 2,425.20 | 57,52,388            |
| December 2021  | 2,634.7     | 2,281    | 347,018              | 2,621.50                                 | 2,280    | 64,59,265            |
| January 2022   | 2,535.25    | 2,119.45 | 432,560              | 2,538                                    | 2,118    | 67,40,411            |
| February 2022  | 2,332.5     | 2,011    | 341,371              | 2,333.05                                 | 2,010    | 57,43,439            |
| March 2022     | 2,269.4     | 1,988    | 576,999              | 2,255.75                                 | 1,987.85 | 71,08,745            |

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, 2022:



Sources: BSE and NSE Website

The Equity Shares of the Company were not suspended from trading as on March 31, 2022.

**Registrar and Share 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.com> and / 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 dematerialization 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, 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 of address, change / update Bank mandate and download standard forms. The android mobile application can be downloaded from Play Store by searching for “KPRISM”.

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.

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 demat form only while 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. Accordingly, the shareholders are requested to make service requests by submitting a duly filled and signed 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>. Further, the Company has sent individual letters to the respective Shareholders holding shares of the Company in physical form for furnishing their PAN, KYC details and Nomination pursuant to the SEBI Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 3, 2021.

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.

## Category wise Shareholding pattern as on March 31, 2022

| Category of Shareholders      | Number of Shares    | % of Total Shares |
|-------------------------------|---------------------|-------------------|
| Promoter                      | 11,21,79,830        | 52.60             |
| Individuals (includes HUFs)   | 2,23,12,672         | 10.46             |
| FII/ QFIs/ FPIs               | 5,68,11,460         | 26.65             |
| Mutual Funds                  | 16,17,389           | 0.76              |
| Financial institutions/Banks  | 11,32,614           | 0.53              |
| Bodies corporate              | 10,76,717           | 0.50              |
| NRIs/foreign nationals        | 8,66,310            | 0.41              |
| Directors & their Relatives   | 4,98,636            | 0.23              |
| Clearing members              | 2,68,214            | 0.13              |
| Alternative Investment Funds  | 7,728               | 0.00              |
| Qualified Institutional Buyer | 1,64,70,263         | 7.72              |
| NBFC                          | 2,579               | 0.00              |
| Trusts                        | 34,129              | 0.01              |
| Overseas Corporate Bodies     | 11                  | 0.00              |
| <b>Total</b>                  | <b>21,32,78,552</b> | <b>100</b>        |

**Distribution of Shareholding as on March 31, 2022**

| Sr. No. | Category (Shares) | No. of Holders  | % to Holders | No. of Shares       | % to Equity |
|---------|-------------------|-----------------|--------------|---------------------|-------------|
| 1       | 1 - 5,000         | 5,92,528        | 99.90        | 1,87,93,071         | 8.81        |
| 2       | 5,001 - 10,000    | 208             | 0.04         | 14,64,371           | 0.69        |
| 3       | 1,0001 - 20,000   | 128             | 0.02         | 18,46,799           | 0.87        |
| 4       | 20,001 - 30,000   | 46              | 0.01         | 11,11,164           | 0.52        |
| 5       | 30,001 - 40,000   | 47              | 0.01         | 16,56,922           | 0.78        |
| 6       | 40,001 - 50,000   | 25              | 0.00         | 11,34,239           | 0.53        |
| 7       | 50,001 - 1,00,000 | 66              | 0.01         | 47,94,331           | 2.25        |
| 8       | 1,00,001 & Above  | 65              | 0.01         | 18,24,77,655        | 85.55       |
|         | <b>Total</b>      | <b>5,93,113</b> | <b>100</b>   | <b>21,32,78,552</b> | <b>100</b>  |

**Dematerialization of Shares and Liquidity as on March 31, 2022**

| Particulars of Equity Holding | Equity Shares of ₹ 5/- each |            |
|-------------------------------|-----------------------------|------------|
|                               | Number                      | % of Total |
| <b>Dematerialised form</b>    |                             |            |
| NSDL                          | 20,48,26,413                | 96.04      |
| CDSL                          | 84,52,096                   | 3.96       |
| <b>Sub-total</b>              | <b>21,32,78,509</b>         | <b>100</b> |
| Physical form                 | 43                          | 0          |
| <b>Total</b>                  | <b>21,32,78,552</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, 2022.

**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 228 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.**

# 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: April 27, 2022

## 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) Regulations, 2015

Dear Sir(s)/ Madam(s),

This is to confirm and certify that –

1. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2022 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

Place: Mumbai

Date: April 27, 2022

### **Navneet Munot**

Managing Director & Chief Executive Officer

**Practicing Company Secretaries' Certificate on Corporate Governance**

## **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 of

**HDFC Asset Management Company Limited**

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, 2022 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

Firm Registration No: P1981MH043700

**S. N. Bhandari**

Partner

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

Mumbai: April 27, 2022

UDIN: F000761D000213811



# 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 Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
**HDFC Asset Management Company Limited.**  
"HDFC House", 2<sup>nd</sup> 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 registered office at "HDFC House", 2<sup>nd</sup> 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 Schedule V Para-C sub clause 10(i) 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, 2022 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.      | Mr. Keki M. Mistry        | 00008886 | 24/12/2007          |
| 3.      | Ms. Renu Sud Karnad       | 00008064 | 04/07/2000          |
| 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. Shashi Kant Sharma    | 03281847 | 26/10/2019          |
| 9.      | Mr. Sanjay Bhandarkar     | 01260274 | 31/10/2018          |
| 10.     | Mr. Rushad Abadan         | 08035538 | 21/01/2021          |
| 11.     | 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  
Firm Registration No: P1981MH043700

**S. N. Bhandari**  
Partner  
FCS No: 761; C P No.: 366  
Mumbai: April 27, 2022  
UDIN: F000761D000213688

# Independent Auditor's Report

## To the Members of HDFC Asset Management Company Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of HDFC Asset Management Company Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act"), as amended from time to time, 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, 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Description of Key Audit Matter

#### Revenue Recognition: Investment Management Fee

Refer to the Significant Accounting Policy note 3.5 and note 19 to the financial statements – Revenue from operations

| The key audit matter  | How the matter was addressed in our audit  |
|---|--|
| <p>- Investment Management Fee is the most significant account balance in the 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 like Equity, Debt etc.</p> <p>We have identified revenue from investment management fees as a key audit matter since:</p> <ul style="list-style-type: none"> <li>The calculation of investment management fees is a percentage of the assets under management ('AUM') managed by the Company. There is a process of manual inputting of approved fee rate used for computation of Investment Management Fee income. AUM calculation is automatically done in the system.</li> <li>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 financial statements.</li> </ul> | <p>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:</p> <p><b>Testing of Design and Operating Effectiveness of controls</b></p> <ul style="list-style-type: none"> <li>Understood and evaluated the design and implementation of management review controls and other key controls relating to recognition of investment management fee;</li> <li>Test checked the operating effectiveness of management review controls, and other key controls over recognition of investment management fee.</li> </ul> <p><b>Substantive tests</b></p> <ul style="list-style-type: none"> <li>Evaluated the appropriateness of revenue recognition in respect of investment management fee income based on the requirements of Ind AS 115;</li> </ul> |

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**The key audit matter****How the matter was addressed in our audit**

- Obtained and tested arithmetical accuracy of investment management fee calculations and reconciled investment management fee to amounts included in financial statements for completeness of income recognition;
- Test checked that investment management fee rates were approved by authorised personnel;
- Obtained and read the investment management fee certification reports, issued by the statutory auditors of mutual fund schemes, in accordance with generally accepted assurance standards for such work and reconciled the certified amounts with the accounting records;
- Test checked the investment management fee invoices and reconciled with the accounting records;
- Test checked the receipts of money of Investment Management fee income in the bank statements;
- Evaluated the adequacy of disclosures relating to the investment management fee earned by the Company.

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

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

### Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and

other irregularities; selection and application of appropriate accounting policies; making 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 Auditor's) 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, 2022 on its financial position in its financial statements—Refer Note 30 to the financial statements.
- b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- d) (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
  - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.]
- (iii) Based on such audit procedures as 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 (d) (i) and (d) (ii) contain any material misstatement.
- e) The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.
- (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

UDIN: 22118189AHWLOX6220

Place: Mumbai

Date: April 27, 2022

# Annexure A to the Independent Auditor's Report

of even date on the Financial Statements of HDFC Asset Management Company Limited

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, plant and equipment by which all Property, plant and equipment are verified every year. In accordance with this programme, all property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to 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 working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. The Company has made investments in companies, in respect of which the requisite information is as below. The Company has not made any investments in firms, limited liability partnership or any other parties.
- 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 are, *prima facie*, not prejudicial to the interest of the Company.
- 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 loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity. Accordingly, clause 3(iii)(a)(c)(d)(e)(f) of the Order is not applicable.
- (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 of the Companies Act, 2013 are not applicable to the Company. The Company has complied with the provisions of Section 186 of the Companies Act, 2013 in relation to investments made.
- (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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Income-Tax, and other statutory dues have been regularly deposited by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, employees' state insurance, duty of customs, duty of excise and value added tax.
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Provident fund, Income-Tax, and other statutory dues were in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Income-Tax, or other statutory dues which have not been deposited on account of any dispute are as follows:

| Name of the Statute  | Nature of the Dues | Amount (₹) | Period to which the amount relates | Forum where dispute is pending    |
|----------------------|--------------------|------------|------------------------------------|-----------------------------------|
| Income Tax Act, 1961 | Income Tax         | 2,705,330  | AY 2008-09                         | High Court of Bombay              |
| Income Tax Act, 1961 | Income Tax         | 869,200    | AY 2009-10                         | Commissioner of Income Tax Appeal |
| Income Tax Act, 1961 | Income Tax         | 741,820    | AY 2010-11                         | Deputy Commissioner of Income Tax |
| Income Tax Act, 1961 | Income Tax         | 1,168,520  | AY 2011-12                         | Deputy Commissioner of Income Tax |
| Income Tax Act, 1961 | Income Tax         | 1,324,140  | AY 2012-13                         | Deputy Commissioner of Income Tax |
| Income Tax Act, 1961 | Income Tax         | 15,169,450 | AY 2012-13                         | Commissioner of Income Tax Appeal |
| Income Tax Act, 1961 | Income Tax         | 1,095,590  | AY 2013-14                         | Deputy Commissioner of Income Tax |
| Income Tax Act, 1961 | Income Tax         | 17,138,730 | AY 2013-14                         | Commissioner of Income Tax Appeal |
| Income Tax Act, 1961 | Income Tax         | 2,518,810  | AY 2014-15                         | Commissioner of Income Tax Appeal |
| Income Tax Act, 1961 | Income Tax         | 1,267,740  | AY 2016-17                         | Commissioner of Income Tax Appeal |
| Income Tax Act, 1961 | Income Tax         | 11,037,950 | AY 2017-18                         | Commissioner of Income Tax Appeal |
| Income Tax Act, 1961 | Income Tax         | 23,980,151 | AY 2018-19                         | Commissioner of Income Tax Appeal |

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Act.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible

- debentures during the year. Accordingly, clause 3(x) (b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that 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) (a) (b) (c) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii)(a)(b)(c) 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 Sections 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) 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) and (b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.
- (b) The Company has transferred the amount remaining unspent in respect of ongoing projects, to a Special Account till date of our report in compliance with the provision of sub-section (6) of Section 135 of the said Act till the date of our report.
- (xxi) According to the information and explanations given to us and based on our examination, the Company does not prepare consolidated financial statements. Accordingly, clause 3(xxi) of the Order is not applicable.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

**Kapil Goenka**

Partner

Membership No. 118189

Place: Mumbai

Date: April 27, 2022

UDIN: 22118189AHWLOX6220



# Annexure B to the Independent Auditor's Report

on the Financial Statements of HDFC Asset Management Company Limited for the year ended March 31, 2022.

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

**(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, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2022, 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 Responsibility 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 Companies Act, 2013 (hereinafter referred to as "the Act").

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

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

## Meaning of Internal Financial controls with Reference to Financial Statements

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

## Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For **BSR & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

**Kapil Goenka**  
Partner

Place: Mumbai  
Date: April 27, 2022

Membership No. 118189  
UDIN: 22118189AHWLOX6220

# Balance Sheet

as at March 31, 2022

| Particulars   | Note No. | ₹ (in Crore)            |                         |
|---|----------|-------------------------|-------------------------|
|   |          | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| <b>Assets</b>   |          |                         |                         |
| <b>I Financial Assets</b>   |          |                         |                         |
| a Cash and Cash Equivalents   | 4        | 1.87                    | 1.68                    |
| b Bank Balance other than (a) above   | 5        | 6.20                    | 0.67                    |
| c Receivables   |          |                         |                         |
| (i) Trade Receivables   | 6        | 74.53                   | 79.91                   |
| (ii) Other Receivables  | 7        | 5.98                    | 3.85                    |
| d Investments   | 8        | 5,570.23                | 4,753.25                |
| e Other Financial Assets  | 9        | 25.20                   | 32.35                   |
| <b>Sub-total – Financial Assets</b>   |          | <b>5,684.01</b>         | <b>4,871.71</b>         |
| <b>II Non-Financial Assets</b>  |          |                         |                         |
| a Current Tax Assets (net)  |          | 30.63                   | 31.29                   |
| b Property, Plant and Equipment   | 10       | 122.18                  | 136.86                  |
| c Intangible Assets Under Development   | 10       | 0.46                    | 1.18                    |
| d Goodwill  | 10       | 6.04                    | 6.04                    |
| e Other Intangible Assets   | 10       | 6.88                    | 10.32                   |
| f Other Non-Financial Assets  | 11       | 30.17                   | 37.30                   |
| <b>Sub-total – Non-Financial Assets</b>   |          | <b>196.36</b>           | <b>222.99</b>           |
| <b>Total Assets</b>   |          | <b>5,880.37</b>         | <b>5,094.70</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       | -                       | -                       |
| (ii) Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises | 12       | 29.24                   | 25.88                   |
| <b>B Other Financial Liabilities</b>  | 13       | 189.64                  | 204.13                  |
| <b>Sub-total – Financial Liabilities</b>  |          | <b>218.88</b>           | <b>230.01</b>           |
| <b>II Non-Financial Liabilities</b>   |          |                         |                         |
| a Current Tax Liabilities (net)   |          | 7.37                    | 4.34                    |
| b Provisions  | 14       | 11.79                   | 7.88                    |
| c Deferred Tax Liabilities (net)  | 15       | 75.34                   | 32.13                   |
| d Other Non-Financial Liabilities   | 16       | 36.95                   | 44.16                   |
| <b>Sub-total – Non-Financial Liabilities</b>  |          | <b>131.45</b>           | <b>88.51</b>            |
| <b>Total Liabilities</b>  |          | <b>350.33</b>           | <b>318.52</b>           |
| <b>III Equity</b>   |          |                         |                         |
| a Equity Share Capital  | 17       | 106.64                  | 106.48                  |
| b Other Equity  | 18       | 5,423.40                | 4,669.70                |
| <b>Sub-total – Equity</b>   |          | <b>5,530.04</b>         | <b>4,776.18</b>         |
| <b>Total Liabilities and Equity</b>   |          | <b>5,880.37</b>         | <b>5,094.70</b>         |

See summary of significant accounting policies and accompanying notes which form an integral part of the financial statements.

As per our report attached of even date

For **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

**Kapil Goenka**

Partner

Membership No. 118189

Mumbai, April 27, 2022

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)

# Statement of Profit and Loss

for the year ended March 31, 2022

₹ (in Crore except per equity share data)

| Particulars   | Note No. | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|----------|--------------------------------------|--------------------------------------|
| <b>Revenue from Operations</b>  |          |                                      |                                      |
| Asset Management Services   | 19       | 2,115.36                             | 1,852.53                             |
| <b>Other Income</b>   | 20       | 317.84                               | 349.21                               |
| <b>Total Income</b>   |          | <b>2,433.20</b>                      | <b>2,201.74</b>                      |
| <b>Expenses</b>   |          |                                      |                                      |
| Finance Costs   | 28       | 8.64                                 | 8.95                                 |
| Fees and Commission Expenses  |          | 5.41                                 | 5.69                                 |
| Employee Benefits Expenses  | 21       | 312.20                               | 226.75                               |
| Depreciation, Amortisation and Impairment   | 10       | 53.85                                | 55.41                                |
| Other Expenses  | 22       | 197.81                               | 155.99                               |
| <b>Total Expenses</b>   |          | <b>577.91</b>                        | <b>452.79</b>                        |
| <b>Profit Before Tax</b>  |          | <b>1,855.29</b>                      | <b>1,748.95</b>                      |
| <b>Tax Expense</b>  |          |                                      |                                      |
| Current Tax   | 25       | 418.96                               | 369.39                               |
| Deferred Tax Charge/(Credit)  | 25       | 43.20                                | 53.80                                |
| <b>Total Tax Expense</b>  |          | <b>462.16</b>                        | <b>423.19</b>                        |
| <b>Profit After Tax</b>   |          | <b>1,393.13</b>                      | <b>1,325.76</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                          |          | 0.66                                 | (0.92)                               |
| (ii) Income tax relating to items that will not be reclassified to profit or loss |          |                                      |                                      |
| - Tax on Remeasurement of the defined benefit plans                               |          | (0.17)                               | 0.23                                 |
| <b>Total Other Comprehensive Income</b>   |          | <b>0.49</b>                          | <b>(0.69)</b>                        |
| <b>Total Comprehensive Income</b>   |          | <b>1,393.62</b>                      | <b>1,325.07</b>                      |
| <b>Earnings per Equity Share (Face Value ₹5) (see note 27)</b>                    |          |                                      |                                      |
| - Basic   |          | 65.36                                | 62.28                                |
| - Diluted   |          | 65.31                                | 62.16                                |

See summary of significant accounting policies and accompanying notes which form an integral part of the financial statements.

As per our report attached of even date

For **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

**Kapil Goenka**

Partner

Membership No. 118189

Mumbai, April 27, 2022

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)

# Statement of Changes in Equity

for the year ended March 31, 2022

## A. Equity Share Capital

₹ (in Crore)

| Particulars  | 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, 2021: ₹5 each), fully paid-up</b> |                                      |   |                                |
| As at March 31, 2021   | 106.40                               | 0.08  | 106.48                         |
| As at March 31, 2022   | 106.48                               | 0.16  | <b>106.64</b>                  |

## B. Other Equity

₹ (in Crore)

| 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, 2020</b>   | <b>0.00</b>                                 | <b>52.41</b>               | <b>555.04</b>      | <b>174.97</b>   | <b>6.92</b>                       | <b>3,133.52</b>   | <b>3,922.86</b> |
| Profit for the year   | -   | -                          | -                  | -               | -                                 | 1,325.76          | 1,325.76        |
| Other Comprehensive Income – Remeasurement gain/(loss) of the defined benefit plans (net of tax)  | -   | -                          | -                  | -               | -                                 | (0.69)            | (0.69)          |
| <b>Total Comprehensive Income for the year</b>  | <b>-</b>                                    | <b>-</b>                   | <b>-</b>           | <b>-</b>        | <b>-</b>                          | <b>1,325.07</b>   | <b>1,325.07</b> |
| Final Equity Dividend Paid  | -   | -                          | -                  | -               | -                                 | (595.96)          | (595.96)        |
| Transfer from Share Options Outstanding Account to Securities Premium (towards options exercised) | -   | -                          | 1.74               | -               | (1.74)                            | -                 | -               |
| Additions during the year   | 10.45                                       | -                          | 10.38              | -               | 7.35                              | -                 | 28.18           |
| Utilised during the year  | (10.45)                                     | -                          | -                  | -               | -                                 | -                 | (10.45)         |
| <b>Changes during the year</b>  | <b>-</b>                                    | <b>-</b>                   | <b>12.12</b>       | <b>-</b>        | <b>5.61</b>                       | <b>729.11</b>     | <b>746.84</b>   |
| <b>Closing balance as at March 31, 2021</b>   | <b>0.00</b>                                 | <b>52.41</b>               | <b>567.16</b>      | <b>174.97</b>   | <b>12.53</b>                      | <b>3,862.63</b>   | <b>4,669.70</b> |
| <b>Opening balance as at April 01, 2021</b>   | <b>0.00</b>                                 | <b>52.41</b>               | <b>567.16</b>      | <b>174.97</b>   | <b>12.53</b>                      | <b>3,862.63</b>   | <b>4,669.70</b> |
| Profit for the year   | -   | -                          | -                  | -               | -                                 | 1,393.13          | 1,393.13        |
| Other Comprehensive Income – Remeasurement gain/(loss) of the defined benefit plans (net of tax)  | -   | -                          | -                  | -               | -                                 | 0.49              | 0.49            |
| <b>Total Comprehensive Income for the year</b>  | <b>-</b>                                    | <b>-</b>                   | <b>-</b>           | <b>-</b>        | <b>-</b>                          | <b>1,393.62</b>   | <b>1,393.62</b> |
| Final Equity Dividend Paid  | -   | -                          | -                  | -               | -                                 | (724.43)          | (724.43)        |
| Transfer from Share Options Outstanding Account to Securities Premium (towards options exercised) | -   | -                          | 3.17               | -               | (3.17)                            | -                 | -               |
| Additions during the year   | 21.36                                       | -                          | 21.19              | -               | 63.32                             | -                 | 105.87          |
| Utilised during the year  | (21.36)                                     | -                          | -                  | -               | -                                 | -                 | (21.36)         |
| <b>Changes during the year</b>  | <b>0.00</b>                                 | <b>-</b>                   | <b>24.36</b>       | <b>-</b>        | <b>60.15</b>                      | <b>669.19</b>     | <b>753.70</b>   |
| <b>Closing balance as at March 31, 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> |

See summary of significant accounting policies and accompanying notes which form an integral part of the financial statements.

As per our report attached of even date

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

**Kapil Goenka**

Partner

Membership No: 118189

Mumbai, April 27, 2022

For and on behalf of the Board of Directors

**Deepak S. Parekh**

Chairman

(DIN: 00009078)

**Naozad Sirwalla**

Chief Financial Officer

**Navneet Munot**

Managing Director &amp; Chief Executive Officer

(DIN: 05247228)

**Sylvia Furtado**

Company Secretary

(ACS: 17976)

# Statement of Cash Flows

for the year ended March 31, 2022

₹ (in Crore)

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>A. Cash Flow from Operating Activities</b>   |                                      |                                      |
| <b>Profit Before Tax*</b>   | <b>1,855.29</b>                      | <b>1,748.95</b>                      |
| <b>Add/(Less): Adjustments for</b>  |                                      |                                      |
| Depreciation, Amortisation and Impairment   | 53.85                                | 55.41                                |
| Finance Costs   | 8.64                                 | 8.95                                 |
| Share-based Payments to Employees   | 63.32                                | 7.35                                 |
| (Profit)/Loss on Sale of Investments (net)  | (35.21)                              | (91.29)                              |
| Fair Value (Gain)/Loss on Investments   | (244.91)                             | (217.06)                             |
| 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) | (0.04)                               | (0.04)                               |
| Investment Income from Financial Instruments  | (31.20)                              | (32.00)                              |
| Other Interest Income   | (1.26)                               | (1.57)                               |
| <b>Operating Profit before working capital changes</b>  | <b>1,668.48</b>                      | <b>1,478.71</b>                      |
| <b>Adjustments for:</b>   |                                      |                                      |
| (Increase)/Decrease in Trade Receivables  | 5.37                                 | (19.31)                              |
| (Increase)/Decrease in Other Receivables  | (2.13)                               | 0.14                                 |
| (Increase)/Decrease in Other Financial Assets   | (0.23)                               | 0.10                                 |
| (Increase)/Decrease in Other Non-Financial Assets   | 7.04                                 | (10.29)                              |
| Increase/(Decrease) in Trade Payable  | 3.40                                 | (20.80)                              |
| Increase/(Decrease) in Other Financial Liabilities  | (10.12)                              | 23.63                                |
| Increase/(Decrease) in Provisions   | 3.91                                 | 0.63                                 |
| Increase/(Decrease) in Other Non-Financial Liabilities  | (6.55)                               | 0.19                                 |
| <b>Cash generated from/(used in) operations</b>   | <b>1,669.17</b>                      | <b>1,453.00</b>                      |
| Income Tax Paid   | (415.44)                             | (367.68)                             |
| <b>Net cash from/(used in) operating activities (A)</b>   | <b>1,253.73</b>                      | <b>1,085.32</b>                      |
| <b>B. Cash Flow from Investing Activities</b>   |                                      |                                      |
| Purchase of Property, Plant and Equipment and Other Intangible Assets                             | (10.23)                              | (11.62)                              |
| Proceeds from Sale of Property, Plant and Equipment and Other Intangible Assets                   | 0.06                                 | 0.04                                 |
| Purchase of Investments   | (2,895.32)                           | (3,980.90)                           |
| Proceeds from Sale of Investments   | 2,350.18                             | 3,467.30                             |
| Dividend Received   | 0.19                                 | 0.57                                 |
| Interest Received/(Paid)  | 47.11                                | 41.90                                |
| <b>Net cash from/(used in) investing activities (B)</b>   | <b>(508.01)</b>                      | <b>(482.71)</b>                      |

# Statement of Cash Flows

for the year ended March 31, 2022

| Particulars  | ₹ (in Crore)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| <b>C. Cash Flow from Financing Activities</b>  |                                      |                                      |
| Proceeds from Issuance of Share Capital  | 21.36                                | 10.46                                |
| Principial Element of Lease Payments   | (33.82)                              | (33.12)                              |
| Interest Element of Lease Payments   | (8.64)                               | (8.95)                               |
| Final Equity Dividend Paid   | (724.43)                             | (595.96)                             |
| <b>Net cash from/(used in) financing activities (C)</b>  | <b>(745.53)</b>                      | <b>(627.57)</b>                      |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)</b>  | <b>0.19</b>                          | <b>(24.96)</b>                       |
| Cash and Cash Equivalents at the beginning of the year   | 1.68                                 | 26.64                                |
| Cash and Cash Equivalents at the end of the year   | 1.87                                 | 1.68                                 |
| Net Increase/(Decrease) in Cash and Cash Equivalents   | 0.19                                 | (24.96)                              |
| Cash and cash equivalents comprising of:   |                                      |                                      |
| Balance with banks   | 1.87                                 | 1.68                                 |
| Effect of exchange rate difference on balances with banks in foreign currency  | (0.00)                               | 0.00                                 |
| <b>Total</b>   | <b>1.87</b>                          | <b>1.68</b>                          |
| *Amount spent towards Corporate Social Responsibility expense as per Section 135(5) of the Companies Act, 2013 (see note 32) | 30.10                                | 26.99                                |

**Note:** The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

See summary of significant accounting policies and accompanying notes which form an integral part of the financial statements.

As per our report attached of even date

For and on behalf of the Board of Directors

For **BSR & 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

Mumbai, April 27, 2022

**Naozad Sirwalla**

Chief Financial Officer

**Sylvia Furtado**

Company Secretary

(ACS: 17976)

# Notes to Financial Statements

for the year ended March 31, 2022

## 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.

As at March 31, 2022, Housing Development Finance Corporation Limited, the holding company owned 52.60% 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 financial statements have been prepared and presented on going concern basis and in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act, as amended from time to time.

The financial statements were approved for issue by the Company's Board of Directors on April 27, 2022.

Details of the Company's accounting policies are included in Note 3.

#### b) Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 36.

#### c) Functional and presentation currency

Indian Rupee (₹) is the currency of the primary economic environment in which the Company operates and hence the functional currency of the Company. Accordingly, the management has determined that financial statements are presented in Indian Rupees (₹).

#### d) 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 exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in Statement of Profit or Loss.

#### 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 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 financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

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

# Notes to Financial Statements

for the year ended March 31, 2022

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 10 – impairment test of non-financial assets: key assumptions underlying recoverable amounts including the recoverability of expenditure on intangible assets;
- 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;
- Note 38 – estimation uncertainty relating to the global health pandemic.

## 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.

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

## 2.2 Recent Accounting Developments:

### Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification on accounting standards which would have been applicable to the Company from April 01, 2022.



# Notes to Financial Statements

for the year ended March 31, 2022

## 3. Significant Accounting Policies

### 3.1 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, call deposits and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### 3.2 Financial Instruments

#### (i) Recognition and initial measurement

All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability which is not recognised at Fair Value Through Profit and Loss, is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

#### 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 and Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- 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

# Notes to Financial Statements

for the year ended March 31, 2022

cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets.

## *Subsequent measurement and gains and losses:*

|                                    |  |
|------------------------------------|--|
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in the Statement of Profit and Loss. Any gain or loss on derecognition is recognised in the Statement of Profit and Loss.         |
| Debt investments measured at FVOCI | These assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment losses are recognised in the Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the Statement of Profit and Loss. |
| Equity investments at FVOCI        | These assets are subsequently measured at fair value. Dividends are recognised as income in the Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Statement of Profit or Loss.  |
| Financial assets at FVTPL          | These assets are subsequently measured at fair value. Net gains and losses, any interest or dividend income, are recognised and are presented separately in the Statement of Profit and Loss   |

## (ii) Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

## (iii) Financial liabilities:

### **Classification, subsequent measurement, gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in the Statement of Profit and Loss.

## (iv) Derecognition

### **Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

### **Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

## (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 Fair Value Through Profit and Loss or Equity investments at FVOCI. Expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk or the assets have

# Notes to Financial Statements

for the year ended March 31, 2022

become credit impaired from initial recognition in which case, those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in the Statement of Profit and Loss.

## Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows which the Company expects to receive).

## Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

## Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counter party does not have assets or sources of income that could generate cash flows to repay the amounts. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

## (vi) Off-setting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

## 3.3 (A) Property, plant and equipment

### (i) Recognition and measurement

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 Company 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  |
| 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 Financial Statements

for the year ended March 31, 2022

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 financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the 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.

##### (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 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 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 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 less accumulated impairment losses.

### 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 goodwill is the higher of its value in use and its fair value. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to it.

An impairment loss is recognised if the carrying amount of an asset or goodwill exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

# Notes to Financial Statements

for the year ended March 31, 2022

## 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 consideration specified in the contract with a customer. 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, the Company estimates the 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 and other clients.

| Services                       | Nature, timing of satisfaction of performance obligations and significant payment terms   |
|--------------------------------|---|
| Investment Management Services | <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> |

| Services                                   | Nature, timing of satisfaction of performance obligations and significant payment terms  |
|--|--|
| Portfolio Management and Advisory Services | <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 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 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 carrying amount of the 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 financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

# Notes to Financial Statements

for the year ended March 31, 2022

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 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 Statement of Profit and Loss.

Any brokerage or commission paid by the Company in line with the applicable regulations is being amortised over the contractual period.

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 schemes are borne by the Company and recognised in the Statement of Profit and Loss as and when incurred.

## 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 employees and certain 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 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

# Notes to Financial Statements

for the year ended March 31, 2022

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 and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the 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 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. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is not recognised but disclosed in the financial statements where an inflow of economic benefit is probable.

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,

# Notes to Financial Statements

for the year ended March 31, 2022

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 some office premises. The Company recognises Right-of-Use (ROU) and lease liabilities for these leases i.e. these leases are on-balance sheet.

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 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.

Leases may include options to extend, terminate the lease which are included in the ROU Assets and Lease Liability when they are reasonably certain of exercise.

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 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 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



# Notes to Financial Statements

for the year ended March 31, 2022

purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits, if any.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- 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 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 Trade receivables

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate method (where the time value of money is significant) net of any expected credit losses.

## 3.14 Trade payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade payables are presented as financial liabilities. They are recognised initially at their fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method where the time value of money is significant.

## 3.15 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 Financial Statements

for the year ended March 31, 2022

## Note 4 Cash and Cash Equivalents

| Particulars         | ₹ (in Crore)            |                         |
|---------------------|-------------------------|-------------------------|
|                     | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Balances with Banks | 1.87                    | 1.68                    |
| <b>Total</b>        | <b>1.87</b>             | <b>1.68</b>             |

## Note 5 Bank Balance other than Cash and Cash Equivalents

| Particulars   | ₹ (in Crore)            |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Other Bank Balances   |                         |                         |
| - Fixed Deposit with Bank (security against bank guarantee) | 0.14                    | 0.13                    |
| Earmarked Balances with Banks                               |                         |                         |
| - Unclaimed Equity Dividend                                 | 0.51                    | 0.45                    |
| - Withheld Brokerage  | 0.05                    | 0.09                    |
| - Unspent Corporate Social Responsibility Account           | 5.50                    | -                       |
| <b>Total</b>  | <b>6.20</b>             | <b>0.67</b>             |

## Note 6 Trade Receivables\*

(Considered good – Unsecured)

| Particulars   | ₹ (in Crore)            |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Investment Management Fee Receivable                                | 69.50                   | 76.13                   |
| Portfolio Management Fee and Other Advisory Services Fee Receivable | 5.03                    | 3.78                    |
| <b>Total</b>  | <b>74.53</b>            | <b>79.91</b>            |

## Trade Receivables Ageing

(Undisputed Trade receivables – Considered good)

| Particulars  | ₹ (in Crore)            |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Unbilled dues (A)  | 72.18                   | 79.55                   |
| Outstanding for following periods from due date of payment |                         |                         |
| Less than 6 months   | 2.35                    | 0.25                    |
| 6 months -1 year   | 0.00                    | 0.10                    |
| 1-2 years  | 0.00                    | 0.01                    |
| 2-3 years  | 0.00                    | 0.00                    |
| More than 3 years  | 0.00                    | 0.00                    |
| <b>Total Outstanding (B)</b>                               | <b>2.35</b>             | <b>0.36</b>             |
| <b>Total (A+B)</b>   | <b>74.53</b>            | <b>79.91</b>            |

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 7 Other Receivables\* (Considered good – Unsecured)

₹ (in Crore)

| Particulars                   | As at          | As at          |
|-------------------------------|----------------|----------------|
|                               | March 31, 2022 | March 31, 2021 |
| Related Parties (see note 26) | -              | -              |
| Other than Related Parties    | 5.98           | 3.85           |
| <b>Total</b>                  | <b>5.98</b>    | <b>3.85</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

₹ (in Crore)

| Sr. No. | Particulars                              | As at March 31, 2022 |                                       |                 | As at March 31, 2021 |                                       |                 |
|---------|--|----------------------|---------------------------------------|-----------------|----------------------|---------------------------------------|-----------------|
|         |  | Amortised Cost       | At Fair Value Through Profit and Loss | Total           | Amortised Cost       | At Fair Value Through Profit and Loss | Total           |
|         |  | (1)                  | (2)                                   | (3=1+2)         | (1)                  | (2)                                   | (3=1+2)         |
| 1       | Mutual Funds                             | -                    | 4,938.66                              | 4,938.66        | -                    | 4,158.41                              | 4,158.41        |
| 2       | Debt Securities                          | 462.93               | 6.98                                  | 469.91          | 490.13               | 32.01                                 | 522.14          |
| 3       | Equity Instruments                       | -                    | 22.85                                 | 22.85           | -                    | 0.63                                  | 0.63            |
| 4       | Alternative Investment Funds             | -                    | 115.70                                | 115.70          | -                    | 61.43                                 | 61.43           |
| 5       | Venture Capital Fund                     | -                    | 23.11                                 | 23.11           | -                    | 10.64                                 | 10.64           |
|         | <b>Total Gross Investments (A)</b>       | <b>462.93</b>        | <b>5,107.30</b>                       | <b>5,570.23</b> | <b>490.13</b>        | <b>4,263.12</b>                       | <b>4,753.25</b> |
| 6       | (i) Investments outside India            | -                    | -                                     | -               | -                    | -                                     | -               |
|         | (ii) Investments in India                | 462.93               | 5,107.30                              | 5,570.23        | 490.13               | 4,263.12                              | 4,753.25        |
|         | <b>Total (B)</b>                         | <b>462.93</b>        | <b>5,107.30</b>                       | <b>5,570.23</b> | <b>490.13</b>        | <b>4,263.12</b>                       | <b>4,753.25</b> |
|         | Less: Allowance for Impairment (C)       | -                    | -                                     | -               | -                    | -                                     | -               |
|         | <b>Total Net Investments (D = A - C)</b> | <b>462.93</b>        | <b>5,107.30</b>                       | <b>5,570.23</b> | <b>490.13</b>        | <b>4,263.12</b>                       | <b>4,753.25</b> |

## Note 9 Other Financial Assets

₹ (in Crore)

| Particulars                        | As at          | As at          |
|------------------------------------|----------------|----------------|
|                                    | March 31, 2022 | March 31, 2021 |
| Interest accrued on Fixed Deposits | 0.00           | 0.00           |
| Interest accrued on Investments    | 11.22          | 18.88          |
| Security Deposits                  | 13.98          | 13.47          |
| <b>Total</b>                       | <b>25.20</b>   | <b>32.35</b>   |

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 10 (A) Property, Plant and Equipment, Goodwill and Other Intangible Assets

₹ (in Crore)

| Particulars                                 | Gross Block          |              |              | Depreciation/Amortisation |              |              | Net Block            |                      |
|---|----------------------|--------------|--------------|---------------------------|--------------|--------------|----------------------|----------------------|
|   | As at April 01, 2021 | Additions    | Deductions   | As at April 01, 2021      | For the year | Deductions   | As at March 31, 2022 | As at March 31, 2022 |
| <b>Property, Plant and Equipment</b>        |                      |              |              |                           |              |              |                      |                      |
| Buildings                                   |                      |              |              |                           |              |              |                      |                      |
| Freehold                                    | 4.34                 | -            | -            | 0.40                      | 0.10         | -            | 3.84                 | 3.84                 |
| Right of Use Asset                          | 211.11               | 25.18        | 63.45        | 102.41                    | 35.25        | 62.98        | 98.16                | 98.16                |
| Furniture & Fixtures                        | 2.60                 | 0.22         | 0.05         | 1.80                      | 0.24         | 0.05         | 0.78                 | 0.78                 |
| Vehicles                                    | 0.50                 | -            | -            | 0.01                      | 0.12         | -            | 0.37                 | 0.37                 |
| Office Equipment                            | 9.83                 | 1.02         | 0.67         | 4.70                      | 2.07         | 0.67         | 4.08                 | 4.08                 |
| Computer Equipment                          | 25.92                | 5.29         | 3.50         | 14.40                     | 6.62         | 3.49         | 10.18                | 10.18                |
| Electrical Installations                    | 0.34                 | -            | -            | 0.34                      | -            | -            | -                    | -                    |
| Improvement of Rented Premises              | 17.05                | 1.10         | 0.37         | 10.77                     | 2.61         | 0.37         | 4.77                 | 4.77                 |
| <b>Total</b>                                | <b>271.69</b>        | <b>32.81</b> | <b>68.04</b> | <b>134.83</b>             | <b>47.01</b> | <b>67.56</b> | <b>114.28</b>        | <b>122.18</b>        |
| <b>Goodwill and Other Intangible Assets</b> |                      |              |              |                           |              |              |                      |                      |
| Goodwill                                    | 6.04                 | -            | -            | -                         | -            | -            | -                    | 6.04                 |
| Computer Software                           | 28.72                | 3.41         | 8.42         | 18.40                     | 6.84         | 8.41         | 16.83                | 6.88                 |
| <b>Total</b>                                | <b>34.76</b>         | <b>3.41</b>  | <b>8.42</b>  | <b>18.40</b>              | <b>6.84</b>  | <b>8.41</b>  | <b>16.83</b>         | <b>12.92</b>         |

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 10 (A) Property, Plant and Equipment, Goodwill and Other Intangible Assets

| Particulars                                 | Gross Block          |              |              | Depreciation/Amortisation |              |              | Net Block            |                      |
|---|----------------------|--------------|--------------|---------------------------|--------------|--------------|----------------------|----------------------|
|   | As at April 01, 2020 | Additions    | Deductions   | As at March 31, 2021      | For the year | Deductions   | As at March 31, 2021 | As at March 31, 2021 |
| <b>Property, Plant and Equipment</b>        |                      |              |              |                           |              |              |                      |                      |
| Buildings                                   |                      |              |              |                           |              |              |                      |                      |
| Freehold                                    | 4.34                 | -            | -            | 4.34                      | 0.10         | -            | 0.40                 | 3.94                 |
| Right of Use Asset                          | 200.74               | 44.06        | 33.69        | 211.11                    | 34.74        | 26.40        | 102.41               | 108.70               |
| Furniture & Fixtures                        | 2.48                 | 0.16         | 0.04         | 2.60                      | 0.43         | 0.04         | 1.80                 | 0.80                 |
| Vehicles                                    | -                    | 0.50         | -            | 0.50                      | 0.01         | -            | 0.01                 | 0.49                 |
| Office Equipment                            | 9.10                 | 1.10         | 0.37         | 9.83                      | 2.12         | 0.37         | 4.70                 | 5.13                 |
| Computer Equipment                          | 23.65                | 2.97         | 0.70         | 25.92                     | 6.59         | 0.70         | 14.40                | 11.52                |
| Electrical Installations                    | 0.34                 | -            | -            | 0.34                      | 0.04         | -            | 0.34                 | -                    |
| Improvement of Rented Premises              | 16.09                | 1.85         | 0.89         | 17.05                     | 3.85         | 0.89         | 10.77                | 6.28                 |
| <b>Total</b>                                | <b>256.74</b>        | <b>50.64</b> | <b>35.69</b> | <b>271.69</b>             | <b>47.88</b> | <b>28.40</b> | <b>134.83</b>        | <b>136.86</b>        |
| <b>Goodwill and Other Intangible Assets</b> |                      |              |              |                           |              |              |                      |                      |
| Goodwill                                    | 6.04                 | -            | -            | 6.04                      | -            | -            | -                    | 6.04                 |
| Computer Software                           | 20.15                | 8.57         | -            | 28.72                     | 7.53         | -            | 18.40                | 10.32                |
| <b>Total</b>                                | <b>26.19</b>         | <b>8.57</b>  | <b>-</b>     | <b>34.76</b>              | <b>7.53</b>  | <b>-</b>     | <b>18.40</b>         | <b>16.36</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 4.67% (Previous Year: 3.75%) 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 Financial Statements

for the year ended March 31, 2022

## Note 10 (B) Intangible Assets under Development

For the year ended March 31, 2022

### Intangible assets under development ageing schedule

₹ (in Crore)

| Intangible assets under development | As at March 31, 2022   |           |           |                   | 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                | 0.46   | -         | -         | -                 | 0.46        |
| Projects temporarily suspended      | -  | -         | -         | -                 | -           |
| <b>Total</b>                        | <b>0.46</b>  | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>0.46</b> |

There are no Intangible assets under development as at March 31, 2022, whose completion is overdue or has exceeded its cost compared to its original plan.

For the year ended March 31, 2021

### (a) Intangible assets under development ageing schedule

₹ (in Crore)

| Intangible assets under development | As at March 31, 2021   |             |             |                   | 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                | 0.05   | 0.89        | -           | -                 | 0.94        |
| Projects temporarily suspended      | -  | -           | 0.15        | 0.09              | 0.24        |
| <b>Total</b>                        | <b>0.05</b>  | <b>0.89</b> | <b>0.15</b> | <b>0.09</b>       | <b>1.18</b> |

### (b) (i) For Intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan

₹ (in Crore)

| Intangible assets under development                            | As at March 31, 2021 |           |           |                   | Total       |
|--|----------------------|-----------|-----------|-------------------|-------------|
|  | To be completed in   |           |           |                   |             |
| Particulars  | Less than 1 year     | 1-2 years | 2-3 years | More than 3 years |             |
| Customer Relationship Management Software – Completion Overdue | 0.93                 | -         | -         | -                 | 0.93        |
| <b>Total</b>   | <b>0.93</b>          | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>0.93</b> |

### (b) (ii) For Intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan and have been suspended

₹ (in Crore)

| Projects temporarily suspended   | As at March 31, 2021 |           |           |                   | Total       |
|--|----------------------|-----------|-----------|-------------------|-------------|
|  | To be completed in   |           |           |                   |             |
| Particulars  | Less than 1 year     | 1-2 years | 2-3 years | More than 3 years |             |
| Database Replication Software – Completion Overdue                         | 0.15                 | -         | -         | -                 | 0.15        |
| Automated Collection Accounts Reconciliation Software – Completion Overdue | 0.09                 | -         | -         | -                 | 0.09        |
| <b>Total</b>   | <b>0.24</b>          | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>0.24</b> |

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 11 Other Non-Financial Assets (Considered good – Unsecured)

| Particulars                            | ₹ (in Crore)            |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Capital Advances                       | 0.38                    | 0.47                    |
| Prepaid Expenses                       |                         |                         |
| - Related Parties (see note 26)        | 7.87                    | 13.78                   |
| - Others                               | 11.64                   | 13.57                   |
|  | <b>19.51</b>            | <b>27.35</b>            |
| Goods & Services Tax Credit Receivable | 6.95                    | 7.97                    |
| Other Receivable – Others              |                         |                         |
| - Related Parties (see note 26)        | 2.61                    | 0.70                    |
| - Others                               | 0.72                    | 0.81                    |
|  | <b>3.33</b>             | <b>1.51</b>             |
| <b>Total</b>                           | <b>30.17</b>            | <b>37.30</b>            |

## Note 12 Trade Payables

| Particulars  | ₹ (in Crore)            |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Outstanding dues of Small Enterprises and Micro Enterprises                      | -                       | -                       |
| Outstanding dues of creditors other than Small Enterprises and Micro Enterprises | 29.24                   | 25.88                   |
| <b>Total</b>   | <b>29.24</b>            | <b>25.88</b>            |
| <b>Trade Payables Ageing</b>   |                         |                         |
| <b>MSME</b>  | -                       | -                       |
| <b>Others – Undisputed</b>   |                         |                         |
| Unbilled dues  | 29.24                   | 25.88                   |
| <b>Total</b>   | <b>29.24</b>            | <b>25.88</b>            |

## Note 13 Other Financial Liabilities

| Particulars               | ₹ (in Crore)            |                         |
|---------------------------|-------------------------|-------------------------|
|                           | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Employee Benefits         | 65.06                   | 61.02                   |
| Other Dues                | 14.45                   | 23.11                   |
| Unclaimed Equity Dividend | 0.51                    | 0.45                    |
| Lease Liability           | 109.62                  | 119.55                  |
| <b>Total</b>              | <b>189.64</b>           | <b>204.13</b>           |

## Note 14 Provisions

| Particulars   | ₹ (in Crore)            |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Provision for Employee Benefits (Compensated absences & Leave encashment) | 11.79                   | 7.88                    |
| <b>Total</b>  | <b>11.79</b>            | <b>7.88</b>             |

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 15 Deferred Tax Liabilities (net) (see note 25)

| Particulars            | ₹ (in Crore)            |                         |
|------------------------|-------------------------|-------------------------|
|                        | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Deferred Tax Asset     | (41.39)                 | (41.57)                 |
| Deferred Tax Liability | 116.73                  | 73.70                   |
| <b>Total</b>           | <b>75.34</b>            | <b>32.13</b>            |

## Note 16 Other Non-Financial Liabilities

| Particulars       | ₹ (in Crore)            |                         |
|-------------------|-------------------------|-------------------------|
|                   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Statutory Dues    | 32.98                   | 38.70                   |
| Employee Benefits | 3.97                    | 5.46                    |
| <b>Total</b>      | <b>36.95</b>            | <b>44.16</b>            |

## Note 17 Share Capital

| Particulars   | ₹ (in Crore)            |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| <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<br>(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>   |                         |                         |
| 21,32,78,552 Equity Shares of ₹5 each (Previous Year: 21,29,54,202 Equity Shares of ₹5 each), fully paid-up   | 106.64                  | 106.48                  |
|   | <b>106.64</b>           | <b>106.48</b>           |

### a) Movement in Equity Share Capital during the year:

| Particulars  | ₹ (in Crore)         |               |                      |               |
|--|----------------------|---------------|----------------------|---------------|
|  | March 31, 2022       |               | March 31, 2021       |               |
|  | 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)  | 21,29,54,202         | 106.48        | 21,28,03,325         | 106.40        |
| Add: Shares issued during the year (face value of ₹5 each)               | 3,24,350             | 0.16          | 1,50,877             | 0.08          |
| <b>Shares outstanding at the end of the year (face value of ₹5 each)</b> | <b>21,32,78,552</b>  | <b>106.64</b> | <b>21,29,54,202</b>  | <b>106.48</b> |

### 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.



# Notes to Financial Statements

for the year ended March 31, 2022

3. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of preferential amount. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the Shareholders.
- c) 11,21,79,830 equity shares of ₹5 each (Previous Year: 11,21,79,830 equity shares of ₹5 each) are held by Housing Development Finance Corporation Limited (Holding Company).

**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, 2022                 |                    | As at March 31, 2021                 |                    |
|---|--------------------------------------|--------------------|--------------------------------------|--------------------|
|   | No. of Equity Shares (Face Value ₹5) | % of Share Capital | No. of Equity Shares (Face Value ₹5) | % of Share Capital |
| Housing Development Finance Corporation Limited (Holding Company)                         | 11,21,79,830                         | 52.60              | 11,21,79,830                         | 52.68              |
| Abrdn Investment Management Limited (formerly known as Standard Life Investments Limited) | 3,45,78,305                          | 16.21              | 4,52,28,305                          | 21.24              |
| Life Insurance Corporation of India   | 1,49,29,855                          | 7.00               | Not Applicable                       | Not Applicable     |

- e) 14,52,648 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) 7,89,58,200 fully paid-up equity shares of ₹10 each were issued by way of bonus shares during the period of five years immediately preceding the reporting date.

**i) Details of shareholding of Promoters:**

| Promoter name   | As at March 31, 2022                 |                          |                                       | As at March 31, 2021                 |                          |                                       | As at April 01, 2020                 |
|---|--------------------------------------|--------------------------|---------------------------------------|--------------------------------------|--------------------------|---------------------------------------|--------------------------------------|
|   | 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) |
| Housing Development Finance Corporation Limited (Holding Company)                         | 11,21,79,830                         | 52.60                    | -                                     | 11,21,79,830                         | 52.68                    | -                                     | 11,21,79,830                         |
| Abrdn Investment Management Limited (formerly known as Standard Life Investments Limited) | 3,45,78,305                          | 16.21                    | (23.55)                               | 4,52,28,305                          | 21.24                    | (20.97)                               | 5,72,28,305                          |

<sup>#</sup> Computed vis-à-vis number of shares held by the same entity

# Notes to Financial Statements

for the year ended March 31, 2022

## 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 the net profit of the Company 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 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.

## Note 19 Asset Management Services

| Particulars  | ₹ (in Crore)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| Investment Management Fee                                | 2,103.24                             | 1,839.51                             |
| Portfolio Management Fee and Other Advisory Services Fee | 12.12                                | 13.02                                |
| <b>Total</b>   | <b>2,115.36</b>                      | <b>1,852.53</b>                      |

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 20 Other Income

| Particulars  | ₹ (in Crore)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| <b>Income from Investments</b>                                       |                                      |                                      |
| Interest Income from Investments                                     |                                      |                                      |
| - On Financial Assets measured at Amortised Cost                     | 31.01                                | 31.43                                |
| Interest on deposit with Banks                                       |                                      |                                      |
| - On Financial Assets measured at Amortised Cost                     | 0.00                                 | 0.00                                 |
| Net gain on Financial Instruments                                    |                                      |                                      |
| - On Financial Assets measured at Amortised Cost                     | -                                    | 0.00                                 |
| - On Financial Assets measured at Fair Value Through Profit and Loss | 279.59                               | 308.34                               |
| Dividend Income from Investments                                     |                                      |                                      |
| - On Financial Assets measured at Amortised Cost                     | -                                    | 0.23                                 |
| - On Financial Assets measured at Fair Value Through Profit and Loss | 0.19                                 | 0.34                                 |
| <b>Total Income from Investments (A)</b>                             | <b>310.79</b>                        | <b>340.34</b>                        |
| <b>Others</b>  |                                      |                                      |
| Net gain/(loss) on derecognition of Property, Plant and Equipment    | 0.03                                 | 0.04                                 |
| Net gain/(loss) on Foreign Exchange Transactions                     | 0.06                                 | (0.18)                               |
| Other Interest Income  | 2.57                                 | 1.15                                 |
| Miscellaneous Income   | 4.39                                 | 7.86                                 |
| <b>Total Others (B)</b>  | <b>7.05</b>                          | <b>8.87</b>                          |
| <b>Total Other Income (A+B)</b>                                      | <b>317.84</b>                        | <b>349.21</b>                        |

## Note 21 Employee Benefits Expenses

| Particulars                               | ₹ (in Crore)                         |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| Salaries, Allowances and Bonus            | 234.05                               | 207.97                               |
| Contribution to Provident and Other Funds | 12.02                                | 10.43                                |
| Share-based Payments to Employees*        | 63.32                                | 7.35                                 |
| Staff Welfare and Training Expenses       | 2.81                                 | 1.00                                 |
| <b>Total</b>                              | <b>312.20</b>                        | <b>226.75</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 Financial Statements

for the year ended March 31, 2022

## Note 22 Other Expenses

| Particulars   | ₹ (in Crore)                         |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| New Fund Offer and Mutual Fund Expenses   | 15.42                                | 4.02                                 |
| Advertisement, Publicity and Business Promotion   | 27.59                                | 14.99                                |
| Rent  | 0.35                                 | 0.36                                 |
| Rates and Taxes   | 0.54                                 | 0.49                                 |
| Electricity Charges   | 4.83                                 | 4.05                                 |
| Office Cleaning and Security Cost   | 17.06                                | 16.76                                |
| Repair and Maintenance  | 5.15                                 | 4.91                                 |
| Communication Expenses  | 6.05                                 | 6.64                                 |
| Printing, Stationery and Courier  | 10.20                                | 7.90                                 |
| Directors' Sitting Fees, Commission, allowances and expenses  | 3.23                                 | 3.56                                 |
| <b>Auditors Remuneration:</b>   |                                      |                                      |
| Audit Fee   | 0.26                                 | 0.24                                 |
| Tax Audit Fee   | 0.04                                 | 0.03                                 |
| Taxation Matters  | 0.19                                 | 0.16                                 |
| Reimbursement of Expenses   | 0.01                                 | 0.01                                 |
| Other Services  | 0.19                                 | 0.17                                 |
|   | <b>0.69</b>                          | <b>0.61</b>                          |
| Legal and Professional Fees   | 6.81                                 | 5.72                                 |
| Insurance Expenses  | 5.02                                 | 3.95                                 |
| Travel and Conveyance   | 4.83                                 | 2.07                                 |
| Subscription and Membership Fees  | 9.58                                 | 8.50                                 |
| Outsourced Services Cost  | 21.72                                | 22.23                                |
| Donations   | 0.02                                 | 0.02                                 |
| Corporate Social Responsibility expense as per Section 135 (5) of the Companies Act, 2013 (see note 32) | 30.10                                | 26.99                                |
| Software Expenses   | 21.18                                | 15.95                                |
| KYC Expenses related to Mutual Fund Investors   | 4.48                                 | 2.58                                 |
| Miscellaneous Expenses  | 2.96                                 | 3.69                                 |
| <b>Total</b>  | <b>197.81</b>                        | <b>155.99</b>                        |

## Note 23 Employee Benefits

### a) Defined Contribution Plan

The Company has recognised the following amounts in the Statement of Profit and Loss, which are included under Contributions to Provident Fund and Other Funds:

| Particulars  | ₹ (in Crore)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| Employer's contribution to Provident Fund          | 6.81                                 | 6.09                                 |
| Employer's contribution to National Pension System | 0.78                                 | -                                    |

# Notes to Financial Statements

for the year ended March 31, 2022

## 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 Statement of Profit and Loss, the funded status and amounts recognised in Balance Sheet.

### (i) Changes in Present Value of the Defined Benefit Obligation

| Particulars   | ₹ (in Crore)            |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Obligation as at beginning of the year  | 37.20                   | 36.14                   |
| Current service cost  | 3.71                    | 3.48                    |
| Interest cost   | 2.44                    | 2.47                    |
| Benefits paid   | (3.37)                  | (4.96)                  |
| Actuarial (gains)/losses on obligation – due to change in demographic assumptions | 0.23                    | 0.14                    |
| Actuarial (gains)/losses on obligation – due to change in financial assumptions   | (2.76)                  | (0.01)                  |
| Actuarial (gains)/losses on obligation – due to experience adjustments            | 0.87                    | (0.06)                  |
| Obligation as at the end of the year  | 38.32                   | 37.20                   |

### (ii) Change in the Fair Value of Plan Assets

| Particulars  | ₹ (in Crore)            |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Fair Value of Plan Assets at the beginning of the year | 32.31                   | 29.05                   |
| Expected return on plan assets                         | 2.12                    | 1.98                    |
| Contributions by the Employer                          | 4.88                    | 7.09                    |
| Benefit Paid from the Fund                             | (3.37)                  | (4.96)                  |
| Actuarial gain/(loss) on plan assets                   | (1.00)                  | (0.85)                  |
| Fair Value of Plan Assets at the end of the year       | 34.94                   | 32.31                   |

### (iii) Actual Return on Plan Assets

| Particulars                          | ₹ (in Crore)            |                         |
|--------------------------------------|-------------------------|-------------------------|
|                                      | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Expected return on Plan Assets       | 2.12                    | 1.98                    |
| Actuarial gain/(loss) on Plan Assets | (1.00)                  | (0.85)                  |
| Actual Return on Plan Assets         | 1.12                    | 1.13                    |

# Notes to Financial Statements

for the year ended March 31, 2022

## (iv) Amount recognised in the Balance Sheet

| Particulars   | ₹ (in Crore)            |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Present Value of defined benefit obligation           | (38.32)                 | (37.20)                 |
| Fair Value of Plan Assets                             | 34.94                   | 32.31                   |
| Funded status [surplus/(deficit)]                     | (3.38)                  | (4.89)                  |
| Net (Liability)/Asset recognised in the Balance Sheet | (3.38)                  | (4.89)                  |

## (v) Expenses recognised in the Statement of Profit and Loss

| Particulars   | ₹ (in Crore)                         |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| Current service cost                                    | 3.71                                 | 3.48                                 |
| Interest Cost   | 2.44                                 | 2.47                                 |
| Expected Return on Plan Assets                          | (2.12)                               | (1.98)                               |
| Expenses recognised in the Statement of Profit and Loss | 4.03                                 | 3.97                                 |

## (vi) Expenses recognised in Other Comprehensive Income (OCI)

| Particulars   | ₹ (in Crore)                         |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| Actuarial (gains)/losses on Obligation              | (1.66)                               | 0.07                                 |
| Actuarial (gains)/losses on Plan Assets             | 1.00                                 | 0.85                                 |
| Net (income)/expense for the year recognised in OCI | (0.66)                               | 0.92                                 |

## (vii) Amount recognised in the Balance Sheet

| Particulars   | ₹ (in Crore)            |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Liability at the end of the year                    | 38.32                   | 37.20                   |
| Fair Value of Plan Assets at the end of the year    | (34.94)                 | (32.31)                 |
| Amount recognised in the Balance Sheet as Liability | 3.38                    | 4.89                    |

## (viii) Balance sheet reconciliation

| Particulars   | ₹ (in Crore)            |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Net Liability as at the beginning of the year           | 4.89                    | 7.09                    |
| Expenses recognised in the Statement of Profit and Loss | 4.03                    | 3.97                    |
| Expenses/(Income) recognised in OCI                     | (0.66)                  | 0.92                    |
| Contributions by the Employer                           | (4.88)                  | (7.09)                  |
| Net Liability/(Asset) recognised in Balance Sheet       | 3.38                    | 4.89                    |

# Notes to Financial Statements

for the year ended March 31, 2022

## (ix) Investment Pattern

| Particulars  | % Invested              |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Money Market Instruments, Public Deposits and Net Current Assets | 13.52                   | 100                     |
| Government Securities and Corporate Bonds                        | 86.48                   | -                       |

## (x) Actuarial Assumptions

| Particulars                      | As at<br>March 31, 2022  | As at<br>March 31, 2021  |
|----------------------------------|--|--|
| Expected Return on Plan Assets   | 7.15%  | 6.57%  |
| Rate of Discounting              | 7.15%  | 6.57%  |
| Rate of Salary Increase          | 5.00% p.a. for the next 1 year, 7.00% p.a. thereafter, starting from the 2nd year  | 5.00% p.a. for the next 1 year, 7.00% p.a. thereafter, starting from the 2nd year  |
| Rate of Employee Turnover        | For service 4 years and below 14.71% p.a. For service 5 years and above 5.17% p.a. | 7.00% p.a. for the next 1 year, 10.00% p.a. thereafter, starting from the 2nd year |
| Mortality Rate During Employment | Indian Assured Lives Mortality 2012-14 (Urban)                                     | Indian Assured Lives Mortality (2006-08)   |

(xi) The Company generally makes annual contributions to the plan based on the actuarial valuation of 'amount recognised in the 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<br>March 31, 2022 | As at<br>March 31, 2021 |
| The expected contributions to the plan for the next annual reporting period | 4.70                    | 4.49                    |

(xiii) Maturity Analysis of the benefit payments

| Particulars   | ₹ (in Crore)            |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Projected benefits payable in future years from the date of reporting |                         |                         |
| 1 <sup>st</sup> Following year  | 2.26                    | 2.55                    |
| 2 <sup>nd</sup> Following year  | 2.10                    | 3.57                    |
| 3 <sup>rd</sup> Following year  | 2.17                    | 3.69                    |
| 4 <sup>th</sup> Following year  | 2.32                    | 3.44                    |
| 5 <sup>th</sup> Following year  | 3.09                    | 3.94                    |
| Sum of years 6 to 10  | 18.78                   | 18.00                   |
| Sum of years 11 and above   | 52.32                   | 27.99                   |

The Weighted average duration of the projected benefit obligation is 10 years (March 31, 2021: 8 years).

# Notes to Financial Statements

for the year ended March 31, 2022

## (xiv) Sensitivity Analysis

| Particulars   | ₹ (in Crore)            |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Projected Benefit Obligation on Current Assumptions     | 38.32                   | 37.20                   |
| Delta Effect of +1% Change in Rate of Discounting       | (3.13)                  | (2.33)                  |
| Delta Effect of -1% Change in Rate of Discounting       | 3.62                    | 2.63                    |
| Delta Effect of +1% Change in Rate of Salary Increase   | 3.59                    | 2.60                    |
| Delta Effect of -1% Change in Rate of Salary Increase   | (3.17)                  | (2.35)                  |
| Delta Effect of +1% Change in Rate of Employee Turnover | 0.00                    | (0.12)                  |
| Delta Effect of -1% Change in Rate of Employee Turnover | 0.00                    | 0.13                    |

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 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.

#### (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.



# Notes to Financial Statements

for the year ended March 31, 2022

## (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 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 of the Board of Directors of the Company ('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 II (ESOS 2017 – Series II), the Company had on January 17, 2018 granted 6,000 stock options at an exercise price of ₹7,936/- per option, representing 6,000 equity shares of ₹10/- each to few employees 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 II, 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.

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.

Under Employees Stock Option Scheme 2015 – Series I (ESOS 2015 – Series I), the Company had on December 10, 2015 granted 10,00,000 stock options at an exercise price of ₹3,944/- per option, representing 10,00,000 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.

# Notes to Financial Statements

for the year ended March 31, 2022

In terms of ESOS 2015 – 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 three 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 2015 Series I  | 3,944.00             | 493.00                |
| ESOS 2017 Series I  | 5,353.00             | 669.13                |
| ESOS 2017 Series II | 7,936.00             | 992.00                |

Modifications, if any made to the terms and conditions of Employees Stock Option Schemes (ESOS), as approved by the Nomination & Remuneration Committee are disclosed separately.

The number of options vested during the year were 354,999 (Previous Year: Nil).

The number of options vested and forfeited/expired (after vesting) during the year were Nil (Previous Year: Nil).

## Movement in the options under ESOS 2015:

| Particulars  | No. of Options                       |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|  | ESOS 2015                            | ESOS 2015                            |
|  | Series I                             | Series I                             |
| Outstanding at the beginning of the year*                  | 80,000                               | 80,000                               |
| Granted during the year*                                   | Nil                                  | Nil                                  |
| Exercised during the year*                                 | 80,000                               | Nil                                  |
| Forfeited during the year*                                 | Nil                                  | Nil                                  |
| Outstanding at the end of the year*                        | Nil                                  | 80,000                               |
| Exercisable at the end of the year*                        | Nil                                  | 80,000                               |
| <b>For options outstanding at the end of the year:</b>     |                                      |                                      |
| Exercise price per option (₹)                              | -                                    | 493.00                               |
| Weighted average remaining contractual life (no. of years) | -                                    | 0.69                                 |

# Notes to Financial Statements

for the year ended March 31, 2022

## Movement in the options under ESOS 2017:

| Particulars  | No. of Options                    |           |                                   |           |
|--|-----------------------------------|-----------|-----------------------------------|-----------|
|  | For the year ended March 31, 2022 |           | For the year ended March 31, 2021 |           |
|  | ESOS 2017                         |           | ESOS 2017                         |           |
|  | Series I                          | Series II | Series I                          | Series II |
| Outstanding at the beginning of the year*                  | 4,17,098                          | 32,900    | 5,56,875                          | 44,000    |
| Granted during the year*                                   | Nil                               | Nil       | Nil                               | Nil       |
| Exercised during the year*                                 | 2,11,450                          | 32,900    | 1,39,777                          | 11,100    |
| Forfeited during the year*                                 | Nil                               | Nil       | Nil                               | Nil       |
| Outstanding at the end of the year*                        | 2,05,648                          | Nil       | 4,17,098                          | 32,900    |
| Exercisable at the end of the year*                        | 2,05,648                          | Nil       | 4,17,098                          | 32,900    |
| <b>For options outstanding at the end of the year:</b>     |                                   |           |                                   |           |
| Exercise price per option (₹)                              | 669.13                            | -         | 669.13                            | 992.00    |
| Weighted average remaining contractual life (No. of years) | 1.32                              | -         | 2.32                              | 2.80      |

## Movement in the options under ESOS 2020:

| Particulars  | No. of Options                    |                                   |                                   |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
|  | For the year ended March 31, 2022 | For the year ended March 31, 2021 | For the year ended March 31, 2022 |
|  | Grant Date February 22, 2021      | Grant Date February 22, 2021      | Grant Date January 24, 2022       |
|  |                                   |                                   |                                   |
| Outstanding at the beginning of the year*                  | 11,45,000                         | Nil                               | Nil                               |
| Granted during the year*                                   | Nil                               | 11,45,000                         | 1,82,000                          |
| Exercised during the year*                                 | Nil                               | Nil                               | Nil                               |
| Forfeited during the year*                                 | 80,000                            | Nil                               | Nil                               |
| Outstanding at the end of the year*                        | 10,65,000                         | 11,45,000                         | 1,82,000                          |
| Exercisable at the end of the year*                        | 3,54,999                          | Nil                               | Nil                               |
| <b>For options outstanding at the end of the year:</b>     |                                   |                                   |                                   |
| Exercise price per option (₹)                              | 2,934.25                          | 2,934.25                          | 2,369.40                          |
| Weighted average remaining contractual life (No. of years) | 5.90                              | 6.90                              | 6.82                              |

\* 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 ₹2,687 (Previous Year: ₹2,408)

### 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.

# Notes to Financial Statements

for the year ended March 31, 2022

The key assumptions used in Black-Scholes model for calculating fair value under ESOS 2015 – Series I, ESOS 2017 – Series I, ESOS 2017 – Series II and ESOS 2020 as on the date of grant were:

| Particulars                                     | ESOS 2015 – Series I | ESOS 2017 – Series I | ESOS 2017 – Series II |
|---|----------------------|----------------------|-----------------------|
| Date of grant                                   | December 10, 2015    | July 28, 2017        | January 17, 2018      |
| Risk-free interest rate                         | 7.18% p.a.           | 6.66% p.a.           | 6.97% p.a.            |
| Expected average life                           | 2.5 years            | 3.5 years            | 3.5 years             |
| Expected volatility                             | 0%                   | 0%                   | 40.67%                |
| Dividend yield                                  | 1.77% p.a.           | 1.86% p.a.           | 1.86% p.a.            |
| Fair value of the option                        | ₹478                 | ₹777                 | ₹2,726                |
| Fair value of the option after corporate action | ₹60                  | ₹97                  | ₹341                  |

| Particulars                               | ESOS 2020<br>(Grant Date<br>February 22, 2021) | ESOS 2020<br>(Grant Date<br>January 24, 2022) |
|---|--|---|
| Date of grant                             | February 22, 2021                              | January 24, 2022                              |
| Risk-free interest rate                   | 5.04% - 5.66 % p.a.                            | 5.34% - 5.98 % p.a.                           |
| Expected average life                     | 3.5 - 5.5 years                                | 3.5 - 5.5 years                               |
| Expected volatility                       | 36.10% - 37.08%                                | 33.91% - 35.52%                               |
| Dividend yield                            | 0.84% p.a.                                     | 0.92% p.a.                                    |
| Weighted Average Fair value of the option | ₹1,053   | ₹826  |

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 schemes ESOS 2015–Series I and 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 date of grant in case of ESOS 2017–Series II, the sector had only one listed stock which was listed during that year. The volatility derived from this stock had been annualised for the purpose of this valuation.

As on the date of grant in case of ESOS 2020 (Grant Date February 22, 2021 and Grant Date January 24, 2022), the trading history of the Company and its comparable company(s) listed on the Stock exchange are less than the life of the option. Hence, Nifty Financial Services Index is also considered for deriving the volatility.

## Details of modifications in terms and conditions of ESOS:

No modifications were made in the terms and conditions of ESOS during the current year. The Nomination & Remuneration Committee at its meeting held on July 20, 2016 had approved few modifications, viz. change in nomenclature of Employees Stock Option Scheme 2015 (ESOS 2015) to Employees Stock Option Scheme 2015 – Series I (ESOS 2015 – Series I) and change in the period over which, the options granted under ESOS 2015 – Series I can be exercised from the date of their respective vesting.

By virtue of the said modifications, the options granted under ESOS 2015 – Series I can now be exercised over a period of five years from the date of respective vesting. There was no change in any other parameters of the scheme.

The options thus modified have been fair valued as at July 20, 2016, being the modification date. The key assumptions considered in the pricing model for calculating fair value under ESOS 2015 – Series I as on the date of modification were:

# Notes to Financial Statements

for the year ended March 31, 2022

| Particulars                                     | ESOS 2015 – Series I |                |
|---|----------------------|----------------|
|   | Original Terms       | Modified Terms |
| Risk-free interest rate                         | 6.60% p.a.           | 6.70% p.a.     |
| Expected average life                           | 1.89 years           | 2.89 years     |
| Expected volatility                             | 0%                   | 0%             |
| Dividend yield                                  | 1.80% p.a.           | 1.80% p.a.     |
| Fair value of the option                        | ₹511                 | ₹672           |
| Fair value of the option after corporate action | ₹64                  | ₹84            |

The incremental share-based compensation determined under fair value method amounts to ₹161 (₹20 post corporate action) per option under ESOS 2015 – Series I. The incremental fair value granted is taken into consideration for the purpose of computing the net income and earnings per equity share.

## Note 25 Tax expense

### Components of Income Tax Expense

#### (a) Amounts recognised in the Statement of Profit and Loss

| Particulars                                       | ₹ (in Crore)                         |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| Current income tax                                | 418.96                               | 369.39                               |
| <b>Deferred tax (Income)/expense</b>              |                                      |                                      |
| Origination and reversal of temporary differences | 43.20                                | 53.80                                |
|   | 43.20                                | 53.80                                |
| <b>Income Tax expense for the year</b>            | <b>462.16</b>                        | <b>423.19</b>                        |

#### (b) Tax on amounts recognised in Other Comprehensive Income

| Particulars                                | ₹ (in Crore)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| Remeasurement of the defined benefit plans | (0.17)                               | 0.23                                 |
| <b>Total</b>                               | <b>(0.17)</b>                        | <b>0.23</b>                          |

# Notes to Financial Statements

for the year ended March 31, 2022

## (c) Reconciliation of Effective Tax Rate

|  | ₹ (in Crore)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| <b>Reconciliation between the statutory Income tax rate applicable to the Company and the effective Income tax rate of the Company</b> |                                      |                                      |
| <b>Profit before tax</b>   | <b>1,855.29</b>                      | <b>1,748.95</b>                      |
| Company's domestic tax rate  | 25.17%                               | 25.17%                               |
| Tax using the Company's domestic tax rate  | 466.94                               | 440.18                               |
| <b>Tax effect of/on:</b>   |                                      |                                      |
| Net expenses that are not deductible in determining taxable profit   | 23.52                                | 8.54                                 |
| Items which are taxed at different rates   | (20.76)                              | (17.81)                              |
| Incomes which are exempt from tax  | (7.80)                               | (7.91)                               |
| Others   | 0.26                                 | 0.19                                 |
| <b>Total</b>   | <b>(4.78)</b>                        | <b>(16.99)</b>                       |
| <b>Income Tax expense for the year</b>   | <b>462.16</b>                        | <b>423.19</b>                        |

## (d) Effective Tax Rate

| Particulars            | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|------------------------|--------------------------------------|--------------------------------------|
| Effective Tax Rate (%) | 24.91                                | 24.20                                |

## (e) Significant components and movement in deferred tax assets and liabilities:

|   | ₹ (in Crore)            |                                |                         |
|---|-------------------------|--------------------------------|-------------------------|
| Particulars   | As at<br>April 01, 2021 | Expense/(Income)<br>recognised | As at<br>March 31, 2022 |
| <b>Deferred Tax Assets</b>  |                         |                                |                         |
| - Property, Plant and Equipment & Other Intangible Assets (excluding ROU) | 8.26                    | (1.31)                         | 9.57                    |
| - Lease Liabilities   | 30.09                   | 2.50                           | 27.59                   |
| - Provision for Employee Benefits   | 1.98                    | (0.98)                         | 2.96                    |
| - Others  | 1.24                    | (0.03)                         | 1.27                    |
| <b>Total Deferred Tax Assets</b>  | <b>41.57</b>            | <b>0.18</b>                    | <b>41.39</b>            |
| <b>Deferred Tax Liabilities</b>   |                         |                                |                         |
| - Right of Use Asset  | 27.36                   | (2.65)                         | 24.71                   |
| - Prepaid Employee Benefits   | 3.01                    | (0.95)                         | 2.06                    |
| - Fair value gains/losses and impairment on Investments                   | 42.74                   | 45.91                          | 88.66                   |
| - Others  | 0.59                    | 0.71                           | 1.30                    |
| <b>Total Deferred Tax Liabilities</b>                                     | <b>73.70</b>            | <b>43.02</b>                   | <b>116.73</b>           |
| <b>Net Deferred Tax Assets/(Liabilities)</b>                              | <b>(32.13)</b>          | <b>43.20</b>                   | <b>(75.34)</b>          |

# Notes to Financial Statements

for the year ended March 31, 2022

₹ (in Crore)

| Particulars   | As at<br>April 01, 2020 | Expense/(Income)<br>recognised | As at<br>March 31, 2021 |
|---|-------------------------|--------------------------------|-------------------------|
| <b>Deferred Tax Assets</b>  |                         |                                |                         |
| - Property, Plant and Equipment & Other Intangible Assets (excluding ROU) | 7.69                    | (0.57)                         | 8.26                    |
| - Lease Liabilities   | 29.62                   | (0.47)                         | 30.09                   |
| - Provision for Employee Benefits   | 1.82                    | (0.16)                         | 1.98                    |
| - Others  | 1.27                    | 0.03                           | 1.24                    |
| <b>Total Deferred Tax Assets</b>  | <b>40.40</b>            | <b>(1.17)</b>                  | <b>41.57</b>            |
| <b>Deferred Tax Liabilities</b>   |                         |                                |                         |
| - Right of Use Asset  | 26.85                   | 0.51                           | 27.36                   |
| - Prepaid Employee Benefits   | -                       | 3.01                           | 3.01                    |
| - Fair value gains/losses and impairment on Investments                   | (8.78)                  | 51.52                          | 42.74                   |
| - Others  | 0.66                    | (0.07)                         | 0.59                    |
| <b>Total Deferred Tax Liabilities</b>                                     | <b>18.73</b>            | <b>54.97</b>                   | <b>73.70</b>            |
| <b>Net Deferred Tax Assets/(Liabilities)</b>                              | <b>21.67</b>            | <b>53.80</b>                   | <b>(32.13)</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 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.

## 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                       | Housing Development Finance Corporation Limited  |
| 2       | Fellow Subsidiaries                   | HDFC Trustee Company Limited<br>HDFC Life Insurance Company Limited<br>HDFC ERGO General Insurance Company Limited               |
| 3       | Investor with a significant influence | Abrdn Investment Management Limited (formerly known as Standard Life Investments Limited)  |
| 4       | Other Related Parties                 | HDFC Bank Limited<br>HDFC Securities Limited<br>HDFC Asset Management Company Limited Employees' Group Gratuity Assurance Scheme |

# Notes to Financial Statements

for the year ended March 31, 2022

| Sr. No. | Relationship   | Name of the Parties   |
|---------|--|---|
| 5       | Key Managerial Personnel (KMP)   | Deepak S. Parekh<br>Milind Barve (up to February 15, 2021)<br>Navneet Munot (from February 16, 2021)<br>Keki Mistry<br>Dhruv Kaji<br>Jairaj Purandare<br>Sanjay Bhandarkar<br>Parag Shah<br>Renu S. Karnad<br>Roshni Nadar Malhotra<br>Shashi Kant Sharma |
| 6       | Key Managerial Personnel of Holding Company (except covered in Sr. No. 5)                      | V. Srinivasa Rangan<br>Jamshed Jiji Irani   |
| 7       | Relatives of Company's Key Managerial Personnel and Holding Company's Key Managerial Personnel | Smita Deepak Parekh<br>Aditya Deepak Parekh<br>Harsha Shantilal Parekh<br>Arnaaz Keki Mistry<br>Bharat Karnad<br>Ashok Sud<br>V. Jayam<br>S. Anuradha<br>Abinaya Rangan<br>Malav Ashwin Dani  |

During the year ended March 31, 2021, Mr. Milind Barve's term as the Managing Director came to an end on February 15, 2021 and he ceased to be a Director of the Company. Mr. Navneet Munot who was appointed as a successor to Mr. Barve, joined the Company as the Managing Director & Chief Executive Officer effective February 16, 2021.



# Notes to Financial Statements

for the year ended March 31, 2022

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 |                | Fellow Subsidiaries |                | Investor with a Significant Influence |                | Other Related Parties |                |
|---|-----------------|----------------|---------------------|----------------|---------------------------------------|----------------|-----------------------|----------------|
|   | March 31, 2022  | March 31, 2021 | March 31, 2022      | March 31, 2021 | March 31, 2022                        | March 31, 2021 | March 31, 2022        | March 31, 2021 |
|   | ₹ (in Crore)    |                |                     |                |                                       |                |                       |                |
| <b>Income</b>                           |                 |                |                     |                |                                       |                |                       |                |
| Management Fees                         | -               | -              | -                   | -              | -                                     | 0.45           | -                     | -              |
| <b>Expense</b>                          |                 |                |                     |                |                                       |                |                       |                |
| Lease Rent                              | 11.98           | 12.28          | -                   | -              | -                                     | -              | -                     | -              |
| Bank Charges                            | -               | -              | 0.00                | 0.00           | -                                     | -              | 0.01                  | 0.00           |
| Fees and Commission                     | -               | -              | -                   | -              | -                                     | -              | 0.06                  | 0.07           |
| Technology Support Cost                 | 2.12            | 2.21           | -                   | -              | -                                     | -              | -                     | -              |
| Administration & Other Expenses         | 1.98            | 1.67           | 0.04                | -              | -                                     | -              | -                     | -              |
| Insurance Premium                       | -               | -              | 2.74                | 2.15           | -                                     | -              | -                     | -              |
| Custodian Charges                       | -               | -              | -                   | -              | -                                     | -              | 0.09                  | 0.05           |
| <b>Other Transactions</b>               |                 |                |                     |                |                                       |                |                       |                |
| Equity Dividend                         | 381.41          | 314.10         | -                   | -              | 153.78                                | 126.64         | -                     | -              |
| Contribution towards Gratuity Fund      | -               | -              | -                   | -              | -                                     | -              | 4.88                  | 7.09           |
| <b>Asset</b>                            |                 |                |                     |                |                                       |                |                       |                |
| Bank Balances                           | -               | -              | -                   | -              | -                                     | -              | 7.82                  | 2.18           |
| Account Receivable                      | -               | -              | 2.61                | 0.70           | -                                     | -              | -                     | -              |
| Prepaid Commission                      | -               | -              | -                   | -              | -                                     | -              | 0.00                  | 0.00           |
| Prepaid administrative & other expenses | -               | -              | -                   | -              | -                                     | -              | -                     | -              |
| Prepaid Insurance Premium               | -               | -              | 0.06                | 1.82           | -                                     | -              | -                     | -              |
| <b>Liability</b>                        |                 |                |                     |                |                                       |                |                       |                |
| Account Payable                         | 0.93            | 0.71           | 0.03                | -              | -                                     | -              | 0.10                  | 0.11           |

### Notes:

- (i) During the FY 2019-20, HDFC AMC had entered into an agreement with Holding company for using the Trademark of Holding company wherein no consideration is required to be paid. The said agreement does not envisage a specific sum of monies to be paid as fees at present, which is consistent with the practice followed for the last 20 years, based on the reciprocity of benefits to both parties to the transaction.
- (ii) 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 Financial Statements

for the year ended March 31, 2022

## (b) Details of remuneration to Company's KMPs

| Particulars                             | ₹ (in Crore)                         |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| Short-term employee benefits #          | 11.63                                | 9.94                                 |
| Post employment benefits                | 0.26                                 | 0.27                                 |
| Other long-term benefits                | 0.07                                 | 0.19                                 |
| Share-based payment                     | 46.74                                | 5.13                                 |
| Other Benefits                          | 0.03                                 | 0.01                                 |
| Directors Sitting Fees                  | 1.43                                 | 1.76                                 |
| Commission to Non Executive Directors * | 1.80                                 | 1.80                                 |
| <b>Total Remuneration</b>               | <b>61.96</b>                         | <b>19.10</b>                         |

# 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 is being amortised as per the terms of the contract. Out of the same, ₹4.15 Crore (Previous Year: ₹0.50 Crore) forms part of Short-term employee benefits above and the balance unamortised amount of ₹7.81 Crore (Previous Year: ₹11.96 Crore) as at March 31, 2022 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<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| Dividend on Equity Shares | 1.69                                 | 4.31                                 |

## (d) Details of dividend paid to relatives of Company's KMPs, Holding Company's KMPs and relatives of Holding Company's KMPs

| Particulars               | ₹ (in Crore)                         |                                      |
|---------------------------|--------------------------------------|--------------------------------------|
|                           | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| Dividend on Equity Shares | 0.01                                 | 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 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 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.

The relevant details as described above are as follows:

| Particulars  | ₹ (in Crore except equity share data) |                                      |
|--|---------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2022  | For the year ended<br>March 31, 2021 |
| Profit after tax for the year                              | 1,393.13                              | 1,325.76                             |
| Weighted Average equity shares outstanding during the year | 21,31,32,019                          | 21,28,84,193                         |

# Notes to Financial Statements

for the year ended March 31, 2022

Following is the reconciliation between basic and diluted earnings per equity share:

| Particulars   | ₹                                    |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| Nominal value per share   | 5.00                                 | 5.00                                 |
| Basic earnings per share  | 65.36                                | 62.28                                |
| Effect of potential equity shares for stock options (per share) | (0.05)                               | (0.12)                               |
| Diluted earnings per share                                      | 65.31                                | 62.16                                |

| Particulars  | ₹                                    |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| Weighted average number of equity shares used in computing basic earnings per equity share                     | 21,31,32,019                         | 21,28,84,193                         |
| Effect of potential equity shares for stock options outstanding  | 1,54,673                             | 3,95,477                             |
| Weighted average number of equity shares used in computing diluted earnings per equity share                   | 21,32,86,692                         | 21,32,79,670                         |
| Weighted average number of anti dilutive options not considered in computing diluted earnings per equity share | 2,80,446                             | 59,955                               |

## 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 Balance Sheet.

### (i) Amounts recognised in the Balance sheet

| Particulars   | ₹ (in Crore)            |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| (a) Right of Use assets (net) (Property, Plant and Equipment) | 98.16                   | 108.70                  |
| (b) Lease liabilities   |                         |                         |
| Current   | 24.19                   | 32.02                   |
| Non-current   | 85.43                   | 87.53                   |
| <b>Total Lease liabilities</b>                                | <b>109.62</b>           | <b>119.55</b>           |

| Particulars                              | ₹ (in Crore)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| (c) Additions to the Right of Use assets | 25.18                                | 44.06                                |

### (ii) Amounts recognised in the Statement of Profit and Loss

| Particulars                                     | ₹ (in Crore)                         |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| (a) Depreciation charge for Right of Use assets | 35.25                                | 34.74                                |
| (b) Interest expense (included in finance cost) | 8.64                                 | 8.95                                 |
| (c) Expense relating to short-term leases       | 0.35                                 | 0.35                                 |

# Notes to Financial Statements

for the year ended March 31, 2022

## (iii) Cash Flows

| Particulars                      | ₹ (in Crore)                         |                                      |
|----------------------------------|--------------------------------------|--------------------------------------|
|                                  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| The total cash outflow of leases | 42.46                                | 42.07                                |

## (iv) Future Commitments

| Particulars   | ₹ (in Crore)            |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Future undiscounted lease payments to which leases is not yet commenced | 3.16                    | -                       |

## (v) Maturity analysis of undiscounted lease liability

| Particulars      | ₹ (in Crore)            |                         |
|------------------|-------------------------|-------------------------|
|                  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Less than 1 year | 31.55                   | 39.92                   |
| More than 1 year | 101.21                  | 105.46                  |
| <b>Total</b>     | <b>132.76</b>           | <b>145.38</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<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| Selling profit/(loss)   | (0.02)                               | 0.16                                 |
| Finance income on the net investment in the lease   | 0.20                                 | 0.13                                 |
| 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<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| Lease receivables as at the beginning of the year      | 1.58                                 | 1.71                                 |
| Add: Finance income on the net investment in the lease | 0.20                                 | 0.13                                 |
| Add: New leases entered during the year                | 3.60                                 | 0.82                                 |
| Less: Lease payments received during the year          | 1.33                                 | 1.08                                 |
| <b>Lease receivables as at the end of the year</b>     | <b>4.05</b>                          | <b>1.58</b>                          |

# Notes to Financial Statements

for the year ended March 31, 2022

(iii) The following table sets out a maturity analysis of lease receivables:-

|   |  | ₹ (in Crore)                             |  |
|---|--|--|--|
| Maturity Analysis of the Lease payments Receivables |  | As at<br>March 31, 2022                  | As at<br>March 31, 2021                  |
| Particulars   |  | Minimum Lease<br>payments<br>receivables | Minimum Lease<br>payments<br>receivables |
| Less than one year                                  |  | 1.46                                     | 0.74                                     |
| One to two years                                    |  | 1.36                                     | 0.52                                     |
| Two to three years                                  |  | 1.19                                     | 0.36                                     |
| Three to four years                                 |  | 0.67                                     | 0.16                                     |
| Four to five years                                  |  | -  | -  |
| More than five years                                |  | -  | -  |
| <b>Total undiscounted lease payments receivable</b> |  | <b>4.68</b>                              | <b>1.78</b>                              |
| Less: unearned finance income                       |  | 0.63                                     | 0.20                                     |
| <b>Present value of lease receivables *</b>         |  | <b>4.05</b>                              | <b>1.58</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<br>March 31, 2022 | As at<br>March 31, 2021 |
| Finance lease receivables | Hypothecation of the underlying car financed | 4.05                    | 1.58                    |

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 and portfolio management & advisory services to clients. The primary segment is identified as asset management services. As such, 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 Financial Statements

for the year ended March 31, 2022

## (b) Segment Revenue

The amount of its revenue from external customers broken down by location of the customers is shown in the table below:

| ₹ (in Crore)  |                                      |                                      |
|---------------|--------------------------------------|--------------------------------------|
| Revenue       | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| Within India  | 2,105.77                             | 1,842.19                             |
| Outside India | 9.59                                 | 10.34                                |
| <b>Total</b>  | <b>2,115.36</b>                      | <b>1,852.53</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:

| ₹ (in Crore)                  |                                      |                                      |
|-------------------------------|--------------------------------------|--------------------------------------|
| Particulars                   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| Revenue from HDFC Mutual Fund | 2,103.24                             | 1,839.51                             |

## Note 30 Contingent Liabilities and Commitments

| ₹ (in Crore)   |                         |                         |
|--|-------------------------|-------------------------|
| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| (a) Contingent liabilities not provided for:   |                         |                         |
| Disputed Income Tax demand   | 7.90                    | 5.50                    |
| (b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 59.86                   | 29.96                   |

## Note 31 Trade Payables

Trade Payables do not include any amount payable to Small Scale Industrial Undertakings and Micro, Small and Medium Enterprises. Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMEDA) which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the management, the following disclosures are made for the amounts due to the Micro, Small and Medium enterprises, which have registered with the competent authorities.

| ₹ (in Crore)  |                         |                         |
|---|-------------------------|-------------------------|
| Particulars   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Principal amount remaining unpaid to any supplier as at the year end  | Nil                     | Nil                     |
| Interest due thereon  | Nil                     | Nil                     |
| Amount of interest paid by the Company in terms of Section 16 of the MSMEDA, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year                | Nil                     | Nil                     |
| Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMEDA | Nil                     | Nil                     |
| Amount of interest accrued and remaining unpaid at the end of the accounting year   | Nil                     | Nil                     |

Dues to Micro, Small and Medium Enterprises have been determined on the basis of information collected by the Company.

# Notes to Financial Statements

for the year ended March 31, 2022

## 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<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| (i) Gross amount required to be spent by the Company during the year                       | 30.10                                | 26.99                                |
| (ii) Amount to be set off out of Pre-Spent balance (as approved by the Board of Directors) | 1.07                                 | -                                    |
| (iii) Amount approved by the Board to be spent during the year                             | 29.03                                | 28.06                                |

### (iv) Amount spent

| Particulars  | ₹ (in Crore)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| 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 Statement of Profit and Loss*                               | 30.10                                | 26.99                                |
| *Includes ₹5.24 Crore (Previous Year: ₹16.23 Crore) accrued towards Ongoing CSR Projects as well as ₹1.07 Crore (Previous Year: Nil) adjusted from CSR Pre-Spent balance |                                      |                                      |
| <b>Total</b>   | <b>30.10</b>                         | <b>26.99</b>                         |

### (v) Details of CSR Activities for the financial year ended March 31, 2022

#### a) Details of Ongoing CSR Projects

| Organisation  | Purpose  |
|---|--|
| Indian Cancer Society (for Indian Cancer Cure Fund Project) | To promote healthcare by providing financial aid for treatment of underprivileged and low income patients diagnosed with any curable/early detected cancers through the empanelled hospitals |
| Deepshikha  | To promote healthcare by providing financial aid towards operations of buses for cancer patients   |
| Rotary Club of Bombay – Urban Forest Project                | To promote environmental sustainability and ecological balance through Urban Forest using Akira Miyawaki technique and rejuvenating the water body part of the project site                  |

#### b) Details of Other than Ongoing CSR Projects

| Organisation                                     | Purpose  |
|--|--|
| Head and Neck Cancer Institute of India          | To promote healthcare by providing financial aid for the setup of Head and Neck Cancer Institute in Byculla, Mumbai.   |
| Doctors For You                                  | To promote health care including preventive health care by providing financial aid for vaccination camps.  |
| Aroehan  | To promote environmental sustainability by creating water structures that will enhance the water storage capacity in Palghar district.   |
| Rotary Club of Bombay – Water Lifting at Palghar | To promote environmental sustainability by providing water availability in Palghar district that is plagued with extreme water scarcity.   |
| Olympic Gold Quest                               | To promote sports by providing training to nationally recognised paralympic and olympic sports.  |
| Ashoka University                                | To promote education by supporting the construction of infrastructure such as building lecture theatres.   |
| 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. |

# Notes to Financial Statements

for the year ended March 31, 2022

| Organisation       | Purpose  |
|--------------------|--|
| Snehalaya          | To promote education by supporting a educational programme for underprivileged children.   |
| Muktangan          | To promote education by supporting a holistic educational programme designed for children through community participation.   |
| Sampark Foundation | To improve education in schools and to make the learning process enjoyable and easy. It is the goal of this strategic partnership to solve this unsolved problem in the state of Jharkhand in classes 1 to 5 over the years. |

## (vi) Details of CSR Activities for the financial year ended March 31, 2021

### a) Details of Ongoing CSR Projects

| Organisation  | Purpose   |
|---|---|
| Indian Cancer Society (for Indian Cancer Cure Fund Project) | To provide financial aid for treatment to underprivileged and low income patients diagnosed with any curable/early detected cancers through the empanelled hospitals as per the proposal submitted.   |
| Parivaar Education Society                                  | To provide nutritional and education aid to children by establishing Seva Kutirs in the villages of Madhya Pradesh. The Funds would be utilised towards operation of 20 Seva Kutirs.  |
| The Bombay Scottish Orphanage Society                       | Restoration and Refurbishment of the premises of Bombay Scottish School, Mahim for restoration of heritage site and to improve the infrastructure of the school which would facilitate better teaching facilities and atmosphere and also considering the safety of the students as the building structure is very old. |

### b) Details of Other than Ongoing CSR Projects

| Organisation  | Purpose   |
|---|---|
| Indian Cancer Society (for Indian Cancer Cure Fund Project)                                   | To provide financial aid for treatment to underprivileged and low income patients diagnosed with any curable/early detected cancers through the empanelled hospitals. |
| Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM – CARES Fund) | To provide relief to those affected by any kind of emergency or distress situation such as that posed by COVID-19 pandemic.   |



# Notes to Financial Statements

for the year ended March 31, 2022

## (vii) Contribution for Corporate Social Responsibility (CSR)

| Particulars  | ₹ (in Crore)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| <b>Opening Balance:</b>  |                                      |                                      |
| - With Company   | 16.23                                | -                                    |
| - In Separate CSR Unspent A/c  | -                                    | -                                    |
| <b>Amount Transferred in Separate CSR Unspent A/c during the year</b>  |                                      |                                      |
| - From balance with the Company  | 16.23                                | -                                    |
| - From CSR Pre-Spent balance   | 1.07                                 | -                                    |
| - To Separate CSR Unspent A/c  | 17.30                                | -                                    |
| Amount required to be spent during the year as per Section 135 (5) of the Companies Act, 2013  | 30.10                                | 26.99                                |
| <b>Amount spent during the year:</b>   |                                      |                                      |
| - From Company's bank A/c  | 23.79                                | 10.76                                |
| - From Separate CSR Unspent A/c  | 11.80                                | -                                    |
| <b>Closing Balance:</b>  |                                      |                                      |
| - With Company (excludes an amount in Previous Year of ₹1.07 Crore booked as 'CSR Pre-Spent' as approved by the Board of Directors of the Company) | 5.24                                 | 16.23                                |
| - In Separate CSR Unspent A/c  | 5.50                                 | -                                    |

## (viii) Excess amount spent

| Particulars   | ₹ (in Crore)                         |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| Opening Balance   | 1.07                                 | -                                    |
| Amount required to be spent during the year   | 30.10                                | 26.99                                |
| Amount Adjusted from CSR Pre-Spent balance  | 1.07                                 | -                                    |
| Amount spent during the year, (net of adjustment from Pre-Spent balance)  | 29.03                                | 28.06                                |
| [including an amount of ₹ Nil (Previous Year: ₹1.07 Crore) booked as 'CSR Pre-Spent', as approved by the Board of Directors of the Company] |                                      |                                      |
| Closing Balance *   | -                                    | 1.07                                 |

\* Until year ended March 31, 2020 any amount spent in excess of the prescribed limit was not allowed to be carried forward. Based on the amendment in Companies (Corporate Social Responsibilities Policy) Rules, 2014, with effect from the year ended March 31, 2021, such amount spent in excess of the prescribed limit can be adjusted against future spends up to three financial years. Accordingly, any excess amount spent is accounted as CSR Pre-Spent under Other Non-Financial Assets.

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 33 Dividend Paid and Proposed

| Particulars  | ₹ (in Crore)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| <b>Dividends on equity shares declared and paid during the year:</b>   |                                      |                                      |
| Final dividend   |                                      |                                      |
| Paid for the earlier financial year  | 724.43                               | 595.96                               |
| Dividend per share for the earlier financial year (₹)  | 34.00                                | 28.00                                |
| <b>Total Dividend paid</b>   | <b>724.43</b>                        | <b>595.96</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) |                                      |                                      |
| Final dividend for the same financial year   | 895.77                               | 724.04                               |
| Dividend per share for the same financial year (₹)   | 42.00                                | 34.00                                |

## 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 Financial Statements

for the year ended March 31, 2022

## 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, 2022</b>                |                 |                |                       |                 |               |               |                 |
| <b>Financial Assets</b>                    |                 |                |                       |                 |               |               |                 |
| Investments in:-                           |                 |                |                       |                 |               |               |                 |
| Mutual Funds                               | 4,938.66        | -              | 4,938.66              | 4,758.57        | 180.09        | -             | 4,938.66        |
| Debt Securities                            | 6.98            | 462.93         | 469.91                | -               | 512.67        | 6.98          | 519.65          |
| Equity Instrument in Others                | 22.85           | -              | 22.85                 | -               | -             | 22.85         | 22.85           |
| Investment in Alternative Investment Funds | 115.70          | -              | 115.70                | -               | -             | 115.70        | 115.70          |
| Investment in Venture Capital Fund         | 23.11           | -              | 23.11                 | -               | -             | 23.11         | 23.11           |
| Trade & Other Receivables*                 | -               | 80.51          | 80.51                 | -               | -             | -             | 80.51           |
| Cash and Cash Equivalents*                 | -               | 1.87           | 1.87                  | -               | -             | -             | 1.87            |
| Other Bank Balances*                       | -               | 6.20           | 6.20                  | -               | -             | -             | 6.20            |
| Other Financial Asset*                     | -               | 25.20          | 25.20                 | -               | -             | -             | 25.20           |
| <b>Total</b>                               | <b>5,107.30</b> | <b>576.71</b>  | <b>5,684.01</b>       | <b>4,758.57</b> | <b>692.76</b> | <b>168.64</b> | <b>5,733.75</b> |
| <b>Financial Liabilities</b>               |                 |                |                       |                 |               |               |                 |
| Trade Payables*                            | -               | 29.24          | 29.24                 | -               | -             | -             | 29.24           |
| <b>Other Financial Liabilities</b>         |                 |                |                       |                 |               |               |                 |
| Lease Liabilities                          | -               | 109.62         | 109.62                | -               | 111.59        | -             | 111.59          |
| Others*                                    | -               | 80.02          | 80.02                 | -               | -             | -             | 80.02           |
| <b>Total Other Financial Liabilities</b>   | <b>-</b>        | <b>189.64</b>  | <b>189.64</b>         | <b>-</b>        | <b>111.59</b> | <b>-</b>      | <b>191.61</b>   |
| <b>Total</b>                               | <b>-</b>        | <b>218.88</b>  | <b>218.88</b>         | <b>-</b>        | <b>111.59</b> | <b>-</b>      | <b>220.85</b>   |

₹ (in Crore)

# Notes to Financial Statements

for the year ended March 31, 2022

| Particulars                                | Carrying Amount |                | Total Carrying amount | Fair Value      |               |              | Total           |
|--|-----------------|----------------|-----------------------|-----------------|---------------|--------------|-----------------|
|  | FVTPL           | Amortised Cost |                       | Level 1         | Level 2       | Level 3      |                 |
| <b>As at March 31, 2021</b>                |                 |                |                       |                 |               |              |                 |
| <b>Financial Assets</b>                    |                 |                |                       |                 |               |              |                 |
| Investments in:-                           |                 |                |                       |                 |               |              |                 |
| Mutual Funds                               | 4,158.41        | -              | 4,158.41              | 4,000.24        | 158.17        | -            | 4,158.41        |
| Debt Securities                            | 32.01           | 490.13         | 522.14                | -               | 562.84        | 6.40         | 569.24          |
| Equity Instrument in Others                | 0.63            | -              | 0.63                  | -               | -             | 0.63         | 0.63            |
| Investment in Alternative Investment Funds | 61.43           | -              | 61.43                 | -               | -             | 61.43        | 61.43           |
| Investment in Venture Capital Fund         | 10.64           | -              | 10.64                 | -               | -             | 10.64        | 10.64           |
| Trade & Other Receivables*                 | -               | 83.76          | 83.76                 | -               | -             | -            | 83.76           |
| Cash and Cash Equivalents*                 | -               | 1.68           | 1.68                  | -               | -             | -            | 1.68            |
| Other Bank Balances*                       | -               | 0.67           | 0.67                  | -               | -             | -            | 0.67            |
| Other Financial Asset*                     | -               | 32.35          | 32.35                 | -               | -             | -            | 32.35           |
| <b>Total</b>                               | <b>4,263.12</b> | <b>608.59</b>  | <b>4,871.71</b>       | <b>4,000.24</b> | <b>721.01</b> | <b>79.10</b> | <b>4,918.81</b> |
| <b>Financial Liabilities</b>               |                 |                |                       |                 |               |              |                 |
| Trade Payables*                            | -               | 25.88          | 25.88                 | -               | -             | -            | 25.88           |
| <b>Other Financial Liabilities</b>         |                 |                |                       |                 |               |              |                 |
| Lease Liabilities                          | -               | 119.55         | 119.55                | -               | 121.43        | -            | 121.43          |
| Others*                                    | -               | 84.58          | 84.58                 | -               | -             | -            | 84.58           |
| <b>Total Other Financial Liabilities</b>   | <b>-</b>        | <b>204.13</b>  | <b>204.13</b>         | <b>-</b>        | <b>121.43</b> | <b>-</b>     | <b>206.01</b>   |
| <b>Total</b>                               | <b>-</b>        | <b>230.01</b>  | <b>230.01</b>         | <b>-</b>        | <b>121.43</b> | <b>-</b>     | <b>231.89</b>   |

\*Fair value of cash and cash equivalents, bank balances, trade & other receivables, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to current maturities of these instruments. Accordingly, fair value hierarchy for these financial instruments have not been presented above.

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 Financial Statements

for the year ended March 31, 2022

## 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). Investment in close ended Mutual Funds 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.   |
| Debt Securities                                       | Discounted cash flow based on present value of the expected future economic benefit.   |
| Equity Instruments in Others                          | Discounted cash flow based on present value of the expected future economic benefit and/or price of recent investment.   |
| 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.

## 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.

# Notes to Financial Statements

for the year ended March 31, 2022

## As at March 31, 2022

| 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 ₹0.70 Crore. A 10% decrease in the valuation factor would increase the carrying value of investment by ₹0.70 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 ₹10.03 Crore. A 10% decrease in the NAV would decrease the carrying value of investment by ₹10.03 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 ₹2.31 Crore. A 10% decrease in the NAV would decrease the carrying value of investment by ₹2.31 Crore.                           |

## As at March 31, 2021

| 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 ₹0.64 Crore. A 10% decrease in the valuation factor would increase the carrying value of investment by ₹0.64 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 ₹6.12 Crore. A 10% decrease in the NAV would decrease the carrying value of investment by ₹6.12 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 ₹1.06 Crore. A 10% decrease in the NAV would decrease the carrying value of investment by ₹1.06 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)    |                             |  |                                    |  | Total         |
|---|-----------------|-----------------------------|--|------------------------------------|--|---------------|
|   | Debt Securities | Equity Instrument in Others | Investment in Alternative Investment Funds | Investment in Venture Capital Fund |  |               |
| <b>Balance as at April 01, 2020</b>   | <b>31.50</b>    | <b>0.36</b>                 | <b>42.41</b>                               | <b>11.20</b>                       |  | <b>85.47</b>  |
| Net gain/(losses) on Financial Instruments recognised in the Statement of Profit and Loss | 60.50           | 0.27                        | 7.35                                       | 1.00                               |  | 69.12         |
| Purchases of Financial Instruments  | -               | -                           | 13.41                                      | -                                  |  | 13.41         |
| Sales of Financial Instruments  | (76.92)         | -                           | (1.74)                                     | (1.56)                             |  | (80.22)       |
| Transfers out of Level 3 *  | (8.68)          | -                           | -  | -                                  |  | (8.68)        |
| <b>Balance as at March 31, 2021</b>   | <b>6.40</b>     | <b>0.63</b>                 | <b>61.43</b>                               | <b>10.64</b>                       |  | <b>79.10</b>  |
| Net gain/(losses) on Financial Instruments recognised in the Statement of Profit and Loss | 0.58            | 0.05                        | 49.97                                      | 12.47                              |  | 63.07         |
| Purchases of Financial Instruments  | -               | 22.17                       | 17.25                                      | -                                  |  | 39.42         |
| Sales of Financial Instruments  | -               | -                           | (12.95)                                    | -                                  |  | (12.95)       |
| <b>Balance as at March 31, 2022</b>   | <b>6.98</b>     | <b>22.85</b>                | <b>115.70</b>                              | <b>23.11</b>                       |  | <b>168.64</b> |

\* The Company holds investments in certain debt securities with fair value of ₹25.62 Crore as at March 31, 2021. The fair value of these investments were categorised as Level 3 as at March 31, 2020. This was because of the illiquidity factor applied to the underlying collateral while valuing these investments. These debt securities matured during the year ended March 31, 2021. As at March 31, 2021, the residual amount of the said debt securities were categorised as Level 2 as the cash flows were expected from the collaterals which are listed and the collateral attributable to these debt securities has been sold with minimal impact cost during the FY 2020-21. No illiquidity factor was therefore being considered for the valuation of these investments.

# Notes to Financial Statements

for the year ended March 31, 2022

## 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, 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 |

### 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, trade and other receivables and financial assets measured at amortised cost.

| Particulars                     | ₹ (in Crore)            |                         |
|---------------------------------|-------------------------|-------------------------|
|                                 | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Maximum exposure to credit risk | 576.71                  | 608.59                  |

#### Expected Credit Loss (ECL) on Financial Assets

The Company continuously monitors all financial assets subject to ECLs. In order to determine whether an instrument is subject to 12 month ECL (12mECL) or life time ECL (LTECL), the Company assesses whether there has been a significant increase in credit risk or the asset has become credit impaired since initial recognition. The Company applies following quantitative and qualitative criteria to assess whether there is significant increase in credit risk or the asset has been credit impaired:

- Historical trend of collection from counterparty
- Company's contractual rights with respect to recovery of dues from counterparty
- Credit rating of counterparty and any relevant information available in public domain.

# Notes to Financial Statements

for the year ended March 31, 2022

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:

- Cash and cash equivalent
- Trade & other receivables
- Investment in debt securities measured at amortised cost.

## Trade and Other Receivables

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.

## Cash and Cash Equivalents

The Company holds cash and cash equivalents and other bank balances as per note 4 and 5. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be high.

## 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 government 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.

The following tables show reconciliation from the opening to the closing balance of the loss allowance for financial assets measured at amortised cost.

|   | ₹ (in Crore) |
|---|--------------|
| <b>Reconciliation of loss allowance provision</b> | <b>LTECL</b> |
| <b>Loss allowance as at April 01, 2020 *</b>      | 40.00        |
| Less: Financial asset derecognised                | (40.00)      |
| <b>Loss allowance as at March 31, 2021</b>        | -            |
| Less: Financial asset derecognised                | -            |
| <b>Loss allowance as at March 31, 2022</b>        | -            |

\* Relates to ECL provision on one of the financial instrument where the Company had assessed a significant increase in credit risk which had subsequently become credit impaired.

## 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.



# Notes to Financial Statements

for the year ended March 31, 2022

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.

₹ (in Crore)

| As at March 31, 2022                                    | Carrying amount | Contractual Cash Flows |                |                  |
|---|-----------------|------------------------|----------------|------------------|
|   |                 | Total                  | 1 year or less | More than 1 year |
| <b>Financial Liabilities</b>                            |                 |                        |                |                  |
| Trade Payables  | 29.24           | 29.24                  | 29.24          | -                |
| Lease Liability (remaining contractual maturities)      | 109.62          | 132.76                 | 31.55          | 101.21           |
| Other Financial Liabilities (excluding Lease Liability) | 80.02           | 80.02                  | 80.02          | -                |
| <b>Total</b>  | <b>218.88</b>   | <b>242.02</b>          | <b>140.81</b>  | <b>101.21</b>    |

₹ (in Crore)

| As at March 31, 2021                                    | Carrying amount | Contractual Cash Flows |                |                  |
|---|-----------------|------------------------|----------------|------------------|
|   |                 | Total                  | 1 year or less | More than 1 year |
| <b>Financial Liabilities</b>                            |                 |                        |                |                  |
| Trade Payables  | 25.88           | 25.88                  | 25.88          | -                |
| Lease Liability (remaining contractual maturities)      | 119.55          | 145.38                 | 39.92          | 105.46           |
| Other Financial Liabilities (excluding Lease Liability) | 84.58           | 84.58                  | 84.58          | -                |
| <b>Total</b>  | <b>230.01</b>   | <b>255.84</b>          | <b>150.38</b>  | <b>105.46</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

# Notes to Financial Statements

for the year ended March 31, 2022

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 and Loss and is as follows:

| Particulars            | ₹ (in Crore)            |                         |
|------------------------|-------------------------|-------------------------|
|                        | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Exposure to price risk | 5,107.30                | 4,263.12                |

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 of 5% :

| Particulars                      | ₹ (in Crore)                         |                                      |
|----------------------------------|--------------------------------------|--------------------------------------|
|                                  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| <b>Effect on Profit and Loss</b> |                                      |                                      |
| 5% increase in the prices        | 255.37                               | 213.16                               |
| 5% decrease in the prices        | (255.37)                             | (213.16)                             |

## 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.

| Particulars                             | ₹ (in Crore)         |                 |                 |                      |                 |                 |
|---|----------------------|-----------------|-----------------|----------------------|-----------------|-----------------|
|   | As at March 31, 2022 |                 |                 | As at March 31, 2021 |                 |                 |
|   | 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               | 1.87                 | -               | 1.87            | 1.68                 | -               | 1.68            |
| Bank Balance other than above           | 6.20                 | -               | 6.20            | 0.67                 | -               | 0.67            |
| <b>Receivables</b>                      |                      |                 |                 |                      |                 |                 |
| (i) Trade Receivables                   | 74.53                | -               | 74.53           | 79.91                | -               | 79.91           |
| (ii) Other Receivables                  | 3.39                 | 2.59            | 5.98            | 3.01                 | 0.84            | 3.85            |
| Investments                             | 1,331.65             | 4,238.58        | 5,570.23        | 1,106.18             | 3,647.07        | 4,753.25        |
| Other Financial Assets                  | 13.94                | 11.26           | 25.20           | 20.74                | 11.61           | 32.35           |
| <b>Sub-total – Financial Assets</b>     | <b>1,431.58</b>      | <b>4,252.43</b> | <b>5,684.01</b> | <b>1,212.19</b>      | <b>3,659.52</b> | <b>4,871.71</b> |
| <b>Non-Financial Assets</b>             |                      |                 |                 |                      |                 |                 |
| Current Tax Assets (net)                | -                    | 30.63           | 30.63           | -                    | 31.29           | 31.29           |
| Property, Plant and Equipment           | -                    | 122.18          | 122.18          | -                    | 136.86          | 136.86          |
| Intangible Assets Under Development     | -                    | 0.46            | 0.46            | -                    | 1.18            | 1.18            |
| Goodwill                                | -                    | 6.04            | 6.04            | -                    | 6.04            | 6.04            |
| Other Intangible Assets                 | -                    | 6.88            | 6.88            | -                    | 10.32           | 10.32           |
| Other Non-Financial Assets              | 22.83                | 7.34            | 30.17           | 22.46                | 14.84           | 37.30           |
| <b>Sub-total – Non-Financial Assets</b> | <b>22.83</b>         | <b>173.53</b>   | <b>196.36</b>   | <b>22.46</b>         | <b>200.53</b>   | <b>222.99</b>   |
| <b>Total Assets</b>                     | <b>1,454.41</b>      | <b>4,425.96</b> | <b>5,880.37</b> | <b>1,234.65</b>      | <b>3,860.05</b> | <b>5,094.70</b> |

# Notes to Financial Statements

for the year ended March 31, 2022

₹ (in Crore)

| Particulars   | As at March 31, 2022 |                 |               | As at March 31, 2021 |                 |               |
|---|----------------------|-----------------|---------------|----------------------|-----------------|---------------|
|   | 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                       | -                    | -               | -             | -                    | -               | -             |
| (ii) Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises | 29.24                | -               | 29.24         | 25.88                | -               | 25.88         |
| <b>Other Financial Liabilities</b>  | 104.21               | 85.43           | 189.64        | 116.60               | 87.53           | 204.13        |
| <b>Sub-total – Financial Liabilities</b>  | <b>133.45</b>        | <b>85.43</b>    | <b>218.88</b> | <b>142.48</b>        | <b>87.53</b>    | <b>230.01</b> |
| <b>Non-Financial Liabilities</b>  |                      |                 |               |                      |                 |               |
| Current Tax Liabilities (net)   | 7.37                 | -               | 7.37          | 4.34                 | -               | 4.34          |
| Provisions  | 1.21                 | 10.58           | 11.79         | 0.87                 | 7.01            | 7.88          |
| Deferred Tax Liabilities (net)  | -                    | 75.34           | 75.34         | -                    | 32.13           | 32.13         |
| Other Non-Financial Liabilities   | 36.95                | -               | 36.95         | 44.16                | -               | 44.16         |
| <b>Sub-total – Non-Financial Liabilities</b>  | <b>45.53</b>         | <b>85.92</b>    | <b>131.45</b> | <b>49.37</b>         | <b>39.14</b>    | <b>88.51</b>  |
| <b>Total Liabilities</b>  | <b>178.98</b>        | <b>171.35</b>   | <b>350.33</b> | <b>191.85</b>        | <b>126.67</b>   | <b>318.52</b> |

## Note 37

₹ (in Crore)

| Ratios   | Numerator | Denominator | March 31, 2022 | % Variance |
|--|-----------|-------------|----------------|------------|
| (a) Capital to risk-weighted assets ratio (CRAR)*  | -         | -           | -              | -          |
| (b) Tier I CRAR*   | -         | -           | -              | -          |
| (c) Tier II CRAR *   | -         | -           | -              | -          |
| (d) Liquidity Coverage Ratio (no.of times)<br>[Total Financial Assets (within 12 months)/ Total Liabilities (within 12 months)]<br>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. | 1,431.58  | 178.98      | 8.00           | 26.59      |

₹ (in Crore)

| Ratios   | Numerator | Denominator | March 31, 2021 | % Variance |
|--|-----------|-------------|----------------|------------|
| (a) Capital to risk-weighted assets ratio (CRAR)*  | -         | -           | -              | -          |
| (b) Tier I CRAR*   | -         | -           | -              | -          |
| (c) Tier II CRAR *   | -         | -           | -              | -          |
| (d) Liquidity Coverage Ratio (no.of times)<br>[Total Financial Assets (within 12 months)/ Total Liabilities (within 12 months)]<br>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. | 1,212.19  | 191.85      | 6.32           | (46.78)    |

\*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.

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 38

COVID-19 was declared a pandemic in March 2020 and since then it has had a sizable impact on the economies of various countries. Nations across the globe at this juncture seem to be returning to normalcy as a result of waning infection levels. An aggressive vaccination drive by the government in India has led to significant improvement in the situation which has provided a pathway to the normalisation of economic activity. However, the situation will have to be monitored till the pandemic is finally put to rest.

While the Company's operations have shown resilience, the extent to which the pandemic may impact its future results financial statements will depend on ongoing developments. The Company continues to closely monitor material changes in economic conditions, markets and the operating environment.

Further, during the year ended March 31, 2022, there has been no material change in the controls or processes followed in the preparation of the financial statements.

## Note 39

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.

## Note 40

Previous year figures have been regrouped/reclassified wherever necessary, in order to make them comparable.

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 27, 2022

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

HDFC House, 2nd Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation,  
Churchgate, Mumbai - 400020, Maharashtra.