

Board's Report

Dear Members,

The Board of Directors of Aditya Birla Sun Life Pension Management Limited (“your Company” or “the Company” or “ABSLPML”) is pleased to present the **Eighth** Annual Report and the Audited Financial Statements of your Company for the financial year ended March 31, 2022 (“financial year”).

FINANCIAL SUMMARY AND HIGHLIGHTS

The highlights of the Financial Results as per IND AS are as under:

Particulars	₹ in crore)	
	2021-22	2020-21
Revenue from operation	0.31	0.07
Other Income	2.28	4.35
Total Revenue	2.58	4.42
Total Expenses	5.29	5.48
Profit / (Loss) before tax	(2.71)	(1.05)
Tax Expense	0.03	0.02
Profit/(Loss) after tax	(2.73)	(1.08)
Minority Interest	Nil	Nil
Profit / (Loss) after Minority Interest	(2.73)	(1.08)
Share Capital	69	39
Other Equity	(12.61)	(9.88)
Net worth	56.39	29.12

The above figures are extracted from the Financial Statements prepared in accordance with accounting principles generally accepted in India including the Accounting Standards specified under section 129 and 133 of the Companies Act, 2013 (“the Act”) read with the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act.

The detailed Financial Statements as stated above are available on the Company’s website at <https://pensionfund.adityabirlacapital.com>

ACCOUNTING METHOD

Implementation of Indian Accounting Standards (Ind-AS) converged with International Financial Reporting Standards (IFRS)

The Company has prepared the financial statements as per Ind-AS (Indian Accounting Standards).

Since the Accounts of the Company are consolidated with Aditya Birla Sun Life Insurance Company Limited (“ABSLI”), the holding Company to which IGAAP applies, the Company has also prepared the financial statements in IGAAP format for FY 2021-22.

INDUSTRY OVERVIEW

The National Pension System (NPS) registered significant growth, both in terms of subscribers as well as Assets under Management (AuM), in FY 2021-22. The total subscriber base under various pension schemes overseen by the Pension Fund

Regulatory and Development Authority (PFRDA), as on March 31, 2022, stood at around 157 lakhs (excluding Atal Pension Yojana (APY)), a growth of 9.4 % over the previous year. The total AuM, under all sectors excluding APY, stood at about ₹ 7.15 lakh crores, a growth of about 27%.

In the coming year, Pension Fund market will continue to evolve quickly, not only reckoning with ongoing trends within the industry, but also in the continued response of the regulator to evolve and grow the industry. In the recently concluded RFP that opened the doors to more pension fund managers, they also introduced a five-fold jump in fees, making it lucrative to attract more players. Tata Asset Management and Max Life Insurance Co have recently received a nod from the pension sector regulator for setting up pension fund managers. By permitting entry of new pension fund managers, PFRDA aims to take the overall assets under management (AUM) of NPS to around ₹30 trillion in the next 10 years.

Further new initiatives by regulators to a) revise the guidelines on entry and exit following an increase in the maximum age for joining the NPS from 65 years to 70 years of age b) the entry age for NPS revised to 18-70 years from 18-65 years are steps taken in the right direction to attract more subscribers. Also, with the expectation of Minimum Assured Return Scheme (MARS) and setting up of an industry body will give necessary boost to the industry to attract more non-government subscribers. In the long run the industry metrics will evolve beyond subscriber counts to lifetime



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customer value, and existing business models evolve to find greater profitability amid increased competition.

Your Company is well prepared to take advantage of business opportunities given its focused business strategies, strong support from its shareholders and its strong relationship with investors and other stakeholders. More details on Industry outlook and opportunities and threats are provided in the Management Discussion and Analysis section, which forms part of this Report.

KEY HIGHLIGHTS

The key performance highlights of the Company during the financial year under review are as follows:

- Pension Fund Regulatory and Development Authority (PFRDA) issued a new Certificate of Registration dated December 10, 2021, under the new Request for Proposal floated by them for selection of Sponsors of Pension Funds under NPS for Private sector schemes and other Schemes Regulated/Administrated by PFRDA.
 - Revision in Investment Management Fees as per the following slab structure of aggregate Asset Under Management managed by the Company w.e.f. December 11, 2021
- | Slabs of AUM | Maximum Investment Management Fee |
|-----------------------|-----------------------------------|
| Upto 10,000 Cr. | 0.09% |
| 10,001 – 50,000 Cr. | 0.06% |
| 50,001 – 1,50,000 Cr. | 0.05% |
| Above 1,50,000 Cr. | 0.03% |
- The Company closed the fiscal with AUM of ₹ 555 crores.
 - The Returns for both Scheme C and Scheme G have been in top 2 Quartile, Scheme E has been in 4th Quartile on YTD basis.
 - The Company closed the fiscal with AUA of ₹ 378 Crores with a total corporate subscriber count of more than 7600.

MATERIAL EVENTS DURING THE YEAR

Impact on the Business Continuity of the Company amidst the spread of COVID-19

The outbreak of COVID-19 pandemic continued during 2021-22 with the second wave and third wave during the financial year under review.

The Company continued its operations under its Business Continuity Plan (BCP) and implemented a business normalization plan thereby mitigating the business impact. While following COVID-19 protocol as mandated by the Government, the Company gave utmost importance to the health and well-being

of its employees and continued operations in business continuity mode using technology and digital tools at all functional levels and serving customers at all locations.

Vaccination was identified as a key component in the fight against COVID-19 pandemic. To safeguard the health of the employees and their families, the Company also embarked on a vaccination drive for them and extended complete care and assistance at all levels during the pandemic.

Towards the end of the year, COVID-19 infections started ebbing and conditions started normalizing resulting in resumption of normal business operations by the Company in line with staggered relaxations notified by the Government. The details of BCP with reference to COVID-19 are covered comprehensively under the Business Continuity section.

HOLDING/SUBSIDIARIES/JOINT VENTURES/ ASSOCIATES COMPANIES

Holding Company

During the financial year under review, Grasim Industries Limited remains the ultimate Holding Company of your Company and Aditya Birla Capital Limited remained the Intermediary Holding Company and Aditya Birla Sun Life Insurance Company Limited is the Holding Company of your Company. Grasim Industries Limited and Aditya Birla Capital Limited are listed at Bombay Stock Exchange, National Stock Exchange and Luxembourg Stock Exchange.

Subsidiary Company

The Company does not have any Subsidiary Company.

Joint Ventures/Associates Company

During the financial year under review, there was no Joint Venture/Associate Company.

TRANSFER TO RESERVES

In view of carried forward losses, the Company has not transferred any amount to the General Reserve.

DIVIDEND

Your Directors do not recommend any dividend for the financial year under review.

SHARE CAPITAL

During the Financial year under review, following changes were made in the share capital:

- The authorized share capital of the Company was increased from ₹ 40 Crores to ₹ 45 Crores including alteration of the capital clause of Memorandum of Association and

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Articles of Association as per approval of the shareholders in its meeting held on June 25, 2021.

- The Company had made the allotment of 30,00,000 (Thirty Lakh only) equity shares of ₹ 10 amounting to ₹ 3,00,00,000/- (Rupees Three Crore only) by way of Rights issue to the Aditya Birla Sun Life Insurance Company Limited (Holding Company) on July 29, 2021, based on the Board approval dated July 29, 2021.
- Further, authorized share capital of the Company was increased from ₹ 45 Crores to ₹ 70 Crores including alteration of capital clause of Memorandum of Association and Articles of Association as per approval of the shareholders in their meeting held on 25th November 2021.
- Further, the Company also made the allotment of 2,70,00,000 (Two Crore Seventy Lakh) Equity Shares of ₹10/- (Rupees Ten Only) amounting to ₹ 27,00,00,000 (Rupees Twenty-Seven Crore Only) on Rights Basis to the Aditya Birla Sun Life Insurance Company Limited (Holding Company) based on the Board approval dated February 09, 2022, in order to meet the net worth criteria of the Company as specified in the PFRDA Regulations.

The authorized share capital of the Company is ₹ 70,00,00,000/- (Rupees Seventy Crores Only) comprising of 7,00,00,000 (Seven Crore) Equity Shares of ₹ 10/- (Rupees Ten) each amounting to ₹ 70,00,00,000 (Rupees Seventy Crores Only) as of March 2022.

Paid up share capital of the Company is ₹ 69,00,00,000 (Rupees Sixty-Nine Crore only) comprising 6,90,00,000 (Six Crore Ninety Lakh) equity shares of ₹ 10/- (Rupees Ten) each fully paid as of March 2022.

DEPOSITORY

As on 31st March 2022, 100% of the Company's paid-up Equity Share Capital comprising of 6,90,00,000 Equity Shares were held in dematerialised mode.

PUBLIC DEPOSITS

The Company has not accepted any deposits from the public during the financial year under review in accordance with Section 73 of the Act read with the rules framed thereunder.

PARTICULARS OF LOANS GIVEN, INVESTMENT MADE, GUARANTEES GIVEN OR SECURITY PROVIDED

The particulars of loans, guarantees and investments under the provisions of Section 186 of the Act read with the Companies

(Meetings of Board and its Powers) Rules, 2014 are given in the note 5 of the Notes to the financial statement and is available on your Company's website at: <https://pensionfund.adityabirlacapital.com>.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

The Company has no particulars with respect to the conservation of energy and technology absorption as required to be disclosed pursuant to provisions of Section 134(3) (m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings during the financial year under review as well as during the previous financial year.

PARTICULARS OF EMPLOYEES

Details as required under Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, with respect to information of employees of the Company will be provided upon request by a Member.

In terms of the provisions of Section 136(1) of the Act, the Report and Accounts, as set out therein, are being sent to all the Members of the Company, excluding the aforesaid Annexure which is available for inspection by the Members at the Registered Office of the Company during business hours on all working days of the Company up to the date of the Annual General Meeting. If any Member is interested in obtaining a copy thereof, the Member may write to the Company Secretary at the Registered Office of the Company in this regard.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY

There were no material changes and commitments affecting the financial position of the Company from end of the financial year up to the date of this Report.

CHANGE IN NATURE OF BUSINESS

During the financial year under review, there has been no change in the nature of business of the Company.

EMPLOYEE STOCK OPTION PLAN

Employee Stock Options have been recognised as an effective instrument to attract talent and align the interest of employees with that of the Company, thereby providing an opportunity to the employees to share in the growth of the Company and to create long term wealth in the hands of employees, thereby and acting as a retention tool.



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In view of the above, ABCL our Intermediary Holding Company had formulated "Aditya Birla Capital Limited Employee Stock Option Scheme 2017" ("Scheme 2017") for the employees of the Company.

The shareholders of Aditya Birla Capital Limited had also extended the benefits and coverage of the Scheme 2017 to the employees of Subsidiary Companies of Aditya Birla Capital Limited. Mention if any ESOP granted to your employees during the FY, If Nil then state no ESOP granted.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the financial year under review, is presented as **Annexure A**, which forms part of this Annual Report.

RISK MANAGEMENT

Risk Management is at the core of our business and ensuring we have the right risk-return trade-off in line with our risk appetite is the essence of our Risk Management while looking to optimize the returns that go with that risk.

The Board has constituted a Risk Management Committee as required under PFRDA Regulations to frame, implement and monitor the risk management plan of the Company.

The objectives and scope of the Risk Management Committee broadly include:

- Risk identification;
- Risk Assessment;
- Risk Response and Risk Management strategy; and
- Risk monitoring, communication and reporting.

The financial year 2021-22 witnessed disruption and challenges due to the pandemic and consequent lockdowns. The Company showed good resilience due to the strong Business Continuity Plan and Pandemic Plans in place. The year witnessed major Risk events like liquidity, Inflation, rise in Crude Price and credit crises and ended with less severity of this Covid Pandemic.

The Company is a Pension Funds manager and also acts as Point of Presence under National Pension System covered under applicable PFRDA regulation and its operations are limited to these independent activities. The operations of each activity, the risks faced, and the risk mitigation tools used to manage them are reviewed periodically by the Risk Management Committees and Board of Directors.

Over the years, the Company has built a strong Enterprise Risk Management (ERM) Framework supported by well-established policies and procedures. The ERM framework covers all business risks including strategic risk, operational risks, Cyber Security Risk and investment risks. The Company

has well-established Risk Management frameworks designed to identify, assess, monitor and mitigate risks inherent in the business. The framework enables effective risk management through a structure of Committees, policies, internal controls and reporting.

As a process, Key Risk Indicators are identified for each risk category, and these are monitored on a periodic basis by the Risk Management Function. Risk Mitigation measures are applied based on the severity of the risk identified based on key risk drivers and reported to the Risk Management Committee on a regular interval. The Company follows a Risk Control Self-Assessment process to embed the risk management culture in its day-to-day operations.

The organizational structure to manage the risk consists of "Three lines of defense":

First is: Line Management (Functional Heads) to ensure that accountability and ownership is as close as possible to the activity that creates the risks;

Second is: Risk Oversight including the Risk and Compliance Function and Risk Management Committee

Third is: Independent Assurance through Internal Audits being conducted under the supervision of the Audit Committee

ABSLPML recognizes that information is a critical business asset, and accordingly, ABSLPML has an information security and cyber security framework that ensures all information assets are safeguarded by establishing comprehensive management processes throughout the organization. The Company has an Information and Cyber Security framework in place with a Board approved policy on Information Security. The Policy has been designed to meet the business requirements of access to information, ensuring safe operations, protecting business data, safeguarding technology and achieving improved customer confidence within the overall framework of laws and regulations. The Company has implemented a comprehensive process of preventive controls, online monitoring and complementary audits as a part of its Information and Cyber Security framework.

ABSLPML's Investments Function is governed by the Investment Committee appointed by the Board of Directors. The Investment Policy and Standard Operating Guidelines laid down by the Board provide the framework for management and mitigation of the risks associated with investments. To mitigate the negative impact of likely unforeseen events, Stress Tests based on various scenarios are developed for the Investment made in Equities and Debt. The Potential Mark-to-Market loss derived based on these scenarios are reported to the Board in the form of result of Stress Test.

The Company has a well-documented Business Continuity Management Programme which has been designed to ensure

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continuity of critical processes during any disruption. The continual disruptions caused by the COVID-19 pandemic and frequent lockdowns tested the Business Continuity Policy of the Company. Nevertheless, it continued to operate in line with the procedures outlined in its Business Continuity Plan, which was modified to take care of the evolving situation and a Pandemic Plan was developed keeping in view the interest of various stakeholders like employees, customers, partners, distributors, etc. within the overall regulatory requirements and guidelines. As a result, your Company was able to continue to operate and serve customers while taking care of the health of their employees.

The Business Continuity Plan was also supplemented with a Business Normalization plan. This enabled the Company to resume Business Operations wherever the conditions had normalized. As the COVID-19 pandemic continues to evolve, the effort will be to support an effective return to work while ensuring safety of employees, distribution partners and customers

The world seems to be moving beyond the Pandemic now and all the offices of the company had resumed normal business operations from its various offices located throughout the company. However, there is still an element of uncertainty from different Covid variants emerging globally. We continue to monitor the situation and will act in best interest of our stakeholders in case of any eventuality.

In view of the increased move to digital and adoption of new technologies, there was a continued focus on Cyber Security and the Company continued to invest in a strong Cyber Defence Programme.

The Risk management teams of your company also watching the emerging Risk landscape and revisiting our strategies to deal with these risks and also to capitalize upon the opportunities presented in the new scenario.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During the financial year under review, all contracts / arrangements / transactions entered into by the Company with related parties were in ordinary course of business and on an arm's length basis and were not considered material as per the provision of Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014. Hence, disclosure in form AOC-2 under Section 134(3)(h) of the Act, read with the Rule 8 of Companies (Accounts of Companies) Rules, 2014, is not applicable.

All related party transactions have been approved by the Audit Committee of your Company and are reviewed on a periodic basis in accordance with the Related Party Transaction Policy.

The details of contracts and arrangements with related parties of your Company for the financial year under review, are given in notes no. 28 to the Financial Statements, which forms part of this Annual Report. The Policy on Related Party Transactions, as approved by the Board, is available on your Company's website at: <https://pensionfund.adityabirlacapital.com>.

INTERNAL FINANCIAL CONTROLS

Your Company has well-established internal control systems in place which are commensurate with the nature of its business and size and scale and complexity of its operations. Standard operating procedures (SOP) and Risk Control Matrices designed to provide a reasonable assurance are in place and are being continuously monitored and updated. During the year under review, no material or serious observation has been observed for inefficiency or inadequacy of such controls.

Internal audits are undertaken on periodic basis to independently validate the existing controls as per scope assigned to Internal Auditors under applicable regulations. The Internal audit scope under applicable regulation is reviewed by the Audit Committee at the beginning of the year to ensure that the coverage of the areas is adequate. Internal Audit Reports are regularly reviewed by the management and corrective action is initiated to strengthen controls and enhance the effectiveness of existing systems.

Significant audit observations, if any, are presented to the Audit Committee along with the status of management actions and the progress of implementation of recommendations.

INTERNAL AUDIT

The Company has in place an adequate internal audit framework to monitor the efficacy of internal controls. The Company is in compliance with the internal audit guidelines as defined by Pension Fund Regulatory Development and Authority (PFRDA) to monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent and reasonable assurance on the adequacy and effectiveness of the organization's risk management, internal control and governance processes.

The purpose, authority and responsibility of internal audit function are formally defined in the internal audit charter which is periodically reviewed by PFRDA which are also noted by the Audit Committee and the Board of the Company, and any key amendments are presented to the Board for approval.

The audit scope under applicable regulations is reviewed by the Audit Committee, which regularly reviews the compliance to the audit scope.



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DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act and to the best of their knowledge and belief and according to the information and explanations obtained from the operating management, Directors of your Company make the following state that:

- i) in the preparation of the Annual Accounts for the financial year ended March 31, 2022, the applicable accounting standards had been followed and there were no material departures from the same;
- ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and of the loss of the Company for financial year ended on that date;
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors had prepared the Annual Accounts on a 'going concern basis';
- v) the Directors had laid down Internal Financial Controls and that such Internal Financial Controls were adequate and were operating effectively; and
- vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointment/Resignation of Directors

As on March 31, 2022, the Board of Directors of your Company ("the Board") comprised of 6 (Six) Directors, wherein there are 3 (three) Non-executive Directors and 3 (Three) Independent Directors. Your Directors on the Board possess the requisite experience and competency and are renowned in their respective fields. All Directors are liable to retire by rotation except Independent Directors, whose term of office is of 5 (Five) consecutive years.

In the Year 2021-22 there were no appointment or resignation of the Directors.

Retirement by Rotation

As per the provisions of the Companies Act, 2013, Mr. Sandeep Asthana, (DIN: 00401858) retires from the Board by rotation

this year and being eligible, offers himself for re-appointment at the Eighth Annual General Meeting of the Company.

Declaration by Independent Directors

Pursuant to Section 149(7) of the Act read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, the Company received declarations from all Independent Directors of the Company confirming that they meet the 'criteria of Independence' as prescribed under Section 149 (6) of the Act and have submitted their respective declarations as required under Section 149 (7) of the Act.

Key Managerial Personnel

In terms of the provisions of Sections 2 (51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following employees were holding the position of Key Managerial Personnel ('KMP') of the Company as on March 31, 2022:

- Mr. Vikas Seth (Chief Executive Officer)
- Ms. Sandhya Upadhyay (Chief Financial Officer); and
- Mr. Jaibind Sahu (Company Secretary)

Mr. Vikas Seth was appointed as the Chief Executive Officer ('CEO') ("Key Managerial Personnel") of the Company w.e.f. July 20, 2021.

ANNUAL PERFORMANCE EVALUATION

The evaluation framework for assessing the performance of the Directors of your Company comprises of contributions at the Meeting(s) and strategic perspective or inputs regarding the growth and performance of your Company, amongst others.

Pursuant to the provisions of the Act and in terms of the Framework of the Board Performance Evaluation, the Nomination and Remuneration Committee and the Board of Directors carried out an annual evaluation of the performance of various Committees of the Board and individual Directors and the Chairman.

A formal mechanism has been adopted for evaluating the performance of the Board, Committees thereof, individual directors and the Chairman of the Board. The evaluation is based on criteria which include, among others, providing strategic perspective, chairmanship of Board and Committees, attendance and preparedness for the meetings, contribution at meetings, effective decision-making ability, role of the Committees etc. The Independent Directors at their meeting held on March 21, 2022, had completed the performance evaluation exercise. The non-executive Directors too had completed the performance evaluation exercise and submitted their feedback.

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Outcome of the Evaluation

The Board of your Company was satisfied with the functioning of the Board and its Committees. The Committees are functioning well and besides covering the Committees' terms of reference, as mandated by applicable laws, important issues are brought up and discussed in the Committee Meetings. The Board was also satisfied with the contribution of Directors in their individual capacities.

MEETINGS OF THE BOARD AND ITS COMMITTEES

BOARD

The Board meets at regular intervals to discuss and decide on the Company's performance and strategies.

Composition of Board, Attendance and Meetings

During the financial year under review, the Board met 5 (Five) times. Meetings of the Board were held on April 22, 2021, June 21, 2021, July 20, 2021, October 21, 2021 and January 21, 2022. The Composition of Board and the attendance of Directors at the Meeting during FY 2021-22 were as under:

Sr. No.	Name of the Directors	Designation	No. of Meeting Attended
1	Mr. S.C. Bhargava	Independent Director	5
2	Mr. Vijay Agarwal	Independent Director	5
3	Mr. Kamlesh Rao	Non-Executive Director	5
4	Mr. Sandeep Asthana	Non-Executive Director	3
5	Mr. Kumar Sharadindu	Independent Director	5
6	Mr. Balasubramanian Athmanathan	Non-Executive Director	3

AUDIT COMMITTEE

Your Company has constituted an Audit Committee with its composition, quorum, powers, roles and scope in line with the applicable provisions of the Act.

During the financial year under review, the Audit Committee reviewed the internal controls put in place to ensure that the accounts of your Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control system of your Company. The Committee has also reviewed the procedures laid down by your Company for assessing and managing risks.

During the financial year under review, all recommendations made by the Audit Committee were accepted by the Board.

Composition of Audit Committee, Attendance and Meetings

The Company has a qualified and independent Audit Committee, and its composition is in line with the applicable provisions of Section 177 of the Act. During the financial year under review, the Committee met 4 (Four) times. The meetings were held on April 22, 2021, July 20, 2021, October 21, 2021 and January 21, 2022.

The Composition of Audit Committee and the attendance of Members at the Meeting during FY 2021-22 were as under:

Sr. No.	Name of the Directors	Designation	No. of Meeting Attended
1	Mr. S.C. Bhargava	Independent Director	4
2	Mr. Vijay Agarwal	Independent Director	4
3	Mr. Kamlesh Rao	Non-Executive Director	4

NOMINATION AND REMUNERATION COMMITTEE

Your Company has a duly constituted Nomination and Remuneration Committee with its composition, quorum, powers, roles and scope in line with the applicable provisions of the Act.

Composition of Nomination and Remuneration Committee, Attendance and Meetings

The Company has a qualified and independent Nomination and Remuneration Committee, and its composition is in line with the applicable provisions of Section 178 of the Act. During the financial year under review, the Committee met 3 (Three) times. The meetings were held on April 22, 2021, July 20, 2021, and August 04, 2021.

The Composition of Nomination and Remuneration Committee and the attendance of Members at the Meeting during FY 2021-22 were as under:

Sr. No.	Name of the Directors	Designation	No. of Meeting Attended
1	Mr. Vijay Agarwal	Independent Director	3
2	Mr. Sandeep Asthana	Non-Executive Director	3
3	Mr. Kamlesh Rao	Non-Executive Director	3
4	Mr. Kumar Sharadindu	Independent Director	3

The Nomination and Remuneration Committee has formulated a policy on remuneration under the provisions of Section 178(3) of the Act and the same is attached as **Annexure B** to this report.

OTHER COMMITTEES

INVESTMENT COMMITTEE

The Board of Directors has also constituted the Investment Committee under the relevant provisions of the Companies Act, 2013 read with PFRDA Regulation 2015.



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Composition of Investment Committee

Pursuant to amendment in Schedule X (I) "Investment Committee" of the PFRDA (Pension Fund) (Third Amendment) Regulations, 2020, notified on May 14, 2020, the Pension fund shall constitute an Investment Committee consisting of two independent directors, the Chief Executive Officer, Chief Risk Officer and the Chief Investment Officer or Fund Manager in case CEO and CIO are the same official. Further the Independent director should not be the same for the Investment and the Risk Management Committee.

The Company has a qualified and independent Investment Committee, and its composition is in line with the applicable provisions of PFRDA Regulation for the Committee meeting during the financial year. During the financial year under review, the Committee met 4 (Four) times. The meetings were held on June 21, 2021, July 20, 2021, October 21, 2021, and January 21, 2022.

The Composition of Investment Committee and the attendance of Members at the Meeting during FY 2021-22 were as under:

Sr. No.	Name of the Directors	Designation	No. of Meeting Attended
1	Mr. Kamlesh Rao	Non-Executive Director	4
2	Mr. Sandeep Asthana	Non-Executive Director	3
3	Mr. Kumar Sharadindu	Independent Director	4
4	Mr. Vijay Agrawal	Independent Director	4
5	Mr. Vikas Seth	Chief Executive Officer	3
6	Ms. Sandhya Upadhyay (ceased to be a member w.e.f. October 21, 2021)	Chief Financial Officer	3
7	Mr. Anil Kini	Chief Investment Officer	1
8	Mr. Sanjeev Kumar	Chief Risk Officer	4
9	Mr. Paras Mehta (ceased to be a member w.e.f. December 27, 2021)	Fund Manager	3

Note:

- Mr. Vikas Seth, Chief Executive Officer (CEO) of the Company and assigned with the roles and responsibility of Chief Investment Officer (CIO) till appointment of new Chief Investment Officer was appointed as a member of Investment Committee in its meeting held on July 20, 2021.
- Upon appointment of CEO of the Company, who was assigned with the roles and responsibility of CIO till appointment of new CIO of the Company, Ms. Sandhya Upadhyay, CFO of the Company, was withdrawn as a member from the Investment Committee w.e.f. October 21, 2021.

- Mr. Anil Kini, Chief Investment Officer of the Company was appointed as a member of Investment Committee w.e.f. December 27, 2021.

- Upon appointment of new CIO of the Company, Mr. Paras Mehta, Fund Manager of the Company, was withdrawn as a member from the Investment Committee w.e.f. December 27, 2021.

RISK MANAGEMENT COMMITTEE

The Board of Directors has also constituted the Risk Management Committee under the relevant provisions of the Companies Act, 2013 read with PFRDA Regulation.

Composition of Risk Management Committee

Pursuant to the PFRDA (Pension Fund) (Third Amendment) Regulation, 2020, notified on May 14, 2020, in terms of Schedule X (II) "Risk Management Committee" of PFRDA (Pension Fund) Regulation 2015 the Pension fund shall constitute a Risk Management Committee which shall consist of at least one independent director, the Chief Executive Officer, Chief Risk Officer, Chief Investment Officer or fund manager in case CEO and CIO are the same official and the Compliance Officer.

The Company has a qualified and independent Risk Management Committee, and its composition is in line with the applicable provisions of PFRDA Regulation for the Committee meeting held during the financial year. During the financial year under review, the Committee met 4 (Four) times. The Meetings were held on June 21, 2021, July 20, 2021, October 21, 2021, and January 21, 2022.

The Composition of Risk Management Committee and the attendance of Members at the Meeting during FY 2021-22 were as under:

Sr. No.	Name of the Directors	Designation	No. of Meeting Attended
1	Mr. S.C. Bhargava	Independent Director	4
2	Mr. Vikas Seth	Chief Executive Officer	3
3	Mr. Anil Kini	Chief Investment Officer	1
4	Ms. Sandhya Upadhyay	Chief Financial Officer & Chief Information Security Officer	4
5	Mr. Jaibind Kumar Sahu	Compliance Officer	4
6	Mr. Sanjeev Kumar	Chief Risk Officer	4
7	Mr. Paras Mehta (ceased to be a member w.e.f. December 27, 2021)	Fund Manager	3

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Note:

1. Mr. Vikas Seth, Chief Executive Officer of the Company and assigned with the roles and responsibility of Chief Investment Officer (CIO) till appointment of new Chief Investment Officer was appointed as a member of Risk Management Committee with effect from July 20, 2021.
2. Mr. Anil Kini, Chief Investment Officer of the Company was appointed as a member of Risk Management Committee w.e.f. December 27, 2021.
3. Upon appointment of new CIO of the Company, the name of Mr. Paras Mehta, Fund Manager of the Company, was withdrawn as a member from the Investment Committee w.e.f. December 27, 2021.

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, the Annual Return in Form MGT-7 of the Company for the Financial Year ended 31st March 2022 is available on the Company's website at <https://pensionfund.adityabirlacapital.com>.

AUDITORS

STATUTORY AUDITORS, THEIR REPORT AND NOTES TO FINANCIAL STATEMENTS

Pursuant to Section 139 of Companies Act, 2013 and other applicable rules there under, M/s. Sharp & Tannan, Chartered Accountants (Firm Registration No 109982W) were appointed as Statutory Auditor of the Company for 5 consecutive financial years commencing from conclusion of 6th Annual General Meeting till the conclusion of 11th Annual General Meeting of the Company for the financial years 2020-21 to 2024-25.

Accordingly, M/s. Sharp & Tannan, Chartered Accountants shall continue to be the Statutory Auditors of the Company for F.Y 2022-23.

The observation(s) made in the Auditor's Report are self-explanatory and therefore, do not call for any further comments under Section 134(3)(f) of the Act.

The Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimer. Under Section 143(12) of the Act, the Statutory Auditors has not reported to the Audit Committee/ Board of Directors any incidents of fraud during the financial year under review.

SECRETARIAL AUDITORS

Pursuant to the requirements of Section 204 (1) of the Companies Act, 2013 read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Secretarial

Audit is not applicable to your Company. However, in view of best governance practices the Company has appointed M/s Dilip Bharadiya & Associates, Practicing Company Secretaries to conduct the secretarial audit for the financial year under review. The Secretarial Audit Report in Form MR-3 for the financial year under review as received from M/s Dilip Bharadiya & Associates, Practicing Company Secretaries is attached as **Annexure C** to this report.

The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

COST RECORDS AND AUDITORS

The provisions of Cost Records and Cost Audit as prescribed under Section 148 of the Companies Act, 2013 are not applicable to the Company.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

In compliance with the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 the Company has adopted the Aditya Birla Capital group Whistle Blower Policy for Directors and Employees to report concerns, and which is available on the Company's website at: <http://pensionfund.adityabirlacapital.com>.

POLICY ON PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Your Company has in place an appropriate policy which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints, if any, received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. Further details are as under:

- a. number of complaints filed during the financial year: Nil
- b. number of complaints disposed of during the financial year: Nil
- c. number of complaints pending as on end of the financial year: Nil

We confirm that the Company has complied with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

HUMAN RESOURCES

Your Company has always aspired to be an organization and a workplace which attracts, retains and provides a canvas for talent to operate. Holding Company continued its journey of developing the human resources of the firm towards the goal of increasing employee productivity and engagement with the



Board's Report (Contd.)

firm. Our vision of being a leader and a role model in a broad based and integrated financial services business and a culture that is purpose driven gives meaning to our people.

We believe that meaning at work is created when people relate to the purpose of the organization, feel connected to their leaders and have a sense of belonging. Our focus stays strong on providing our people a work environment that welcomes diversity, nurtures positive relationships, provides challenging work assignments and provides opportunities based on meritocracy for people to grow and build their careers with us in line with their aspirations.

Your Company's total workforce stood at 16 employees as on March 31, 2022, against 14 employees as on March 31, 2021.

Talent Management

Building a strong future ready talent pool and robust leadership succession pipeline continue to be priority areas for us in Talent Management. We continued to give prominence to identifying and developing our high potential employees and have steered towards more holistic, comprehensive and future oriented development interventions for them.

Employee Wellness and Engagement

Your Company's endeavour to provide a happy, vibrant and engaging work environment continued this year. It welcomed employees back to work and significant attention was given to help them restart and settle comfortably through support mechanisms and flexibility.

Your Company is also reinforcing the importance of health and wellbeing through wellness programs and initiatives. It continued to support the employees and their family members through medical infrastructure support and assistance programs during Wave 2 and 3 of COVID.

Learning

Your Company's philosophy is to provide every employee with continuous opportunities to learn & grow. Our learning interventions create an organisation wide impact as these are focused on enabling employees to do better at work.

An AI enabled learning app provides employees easy access to super personalized content that meets their unique individual requirements.

SECRETARIAL STANDARDS OF ICSI

Your Company is in compliance with the Secretarial Standards specified by the Institute of Company Secretaries of India ("ICSI") on Meetings of the Board of Directors (SS-1), General Meetings (SS-2).

OTHER DISCLOSURES

In terms of applicable provisions of the Act, your Company discloses that during the financial year under review that:

- i. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except under Employee Stock Option Scheme referred to in this Report.
- ii. There was no Scheme for provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
- iii. There was no public issue, bonus issue or preferential issue, etc. during the year under review.
- iv. There was no Issue of shares with differential rights.
- v. There were right issues of 30,00,000 equity shares of ₹ 10 amounting to ₹ 3 Cr. ranking pari passu in all respect with the existing shares of the Company on July 29, 2021 and 2,70,00,000 equity shares at ₹ 10 each on rights basis amounting to ₹ 27 Cr. ranking pari passu in all respect with the existing shares of the Company on February 09, 2022.
- vi. There was transfer of ten equity shares of the Company from Mr. Amit Jain jointly held with Aditya Birla Sun Life Insurance Company Limited to Mr. Sandesh Joshi jointly held with Aditya Birla Sun Life Insurance Company Limited, bearing Certificate No. 06 on October 21, 2021.
- vii. There was no transfer of un-paid or unclaimed amount to Investor Education and Protection Fund (IEPF).
- viii. There were no significant or material orders passed by the Regulators or Hon'ble Courts or Tribunals which impact the going concern status and Company's operations in future.
- ix. There were no proceedings for Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code, 2016
- x. There was no failure to implement any Corporate Action

CUSTOMER GRIEVANCE REDRESSAL

The Redressal of Subscriber Grievance regulations/guidelines issued by PFRDA and NPS Trust has established uniformity in terms of definitions, timeframes for complaint resolution and classifications of complaints. Your Company has in place an appropriate Grievance Redressal policy. The policy laid down the Redressal framework for handling subscriber grievances. Grievance Redressal team has been empowered to take decisions for ensuring effective resolution of customer complaints.

Board's Report (Contd.)

During the year, the Company received grievances for resolution from registered subscriber through the Central Grievance Management System (CGMS) raised on the respective Central Recordkeeping Agency (CRA) under which PRAN is generated such as contribution not reflected, incorrect amount of contribution reflected in the account, unable to make subsequent contribution due to freeze account status, service charges deduction and account withdrawal related etc. Accordingly, appropriate resolutions to the grievances were provided to the subscribers within stipulated time frame. A report on grievance placed to the Board for its review on periodical basis.

ACKNOWLEDGEMENTS

Your Board places on record its heartfelt appreciation of the dedicated efforts put in by the employees at all levels. The results of the year are testimony to their hard work and commitment.

Your Board takes this opportunity to express sincere thanks to NPS subscribers for selecting the Company as Fund Manager and for their continued patronage.

Your Board would also like to express its gratitude for the valuable advice, guidance, and support received from time to time from the Pension Fund Regulatory and Development Authority of India, National Pension System Trust, the Auditors and the other statutory authorities and look forward to their continued support in future.

By order of the Board of Directors
For **Aditya Birla Sun Life Pension Management Limited**

Kamlesh Rao
Director
(DIN - 07665616)

Sandeep Asthana
Director
(DIN - 00401858)

Mumbai, April 21, 2022



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF ECONOMY

2021 turned out to be the mirror image of growth compared to 2020 with growth rebounding from 2020 pandemic lows across the world. World economy rebounded sharply in 2021 to 5.9% after hitting the lowest level since World War 2 in 2020 at -3.2% y-y. The sharp uptick was on the back of continued ultra-accommodative monetary policy, impact of strong fiscal response to the pandemic and gradual normalization of economic activities from extreme Covid restrictions on the back of availability of vaccines and focus shifting to live with Covid.

After a 6.6 per cent contraction in FY 2020-21, the Indian economy rebounded to 8.9 per cent in FY 2021-22 as per the second advance estimates released by the NSO. The strong Delta wave in the beginning of the fiscal had a significant negative impact on growth in the first half of the fiscal. While economy has shown steady recovery from 2Q FY22 onwards, it has largely been a K shaped recovery with informal and contact intensive sectors lagging, and industry and agriculture doing much better. The Omicron wave in early 2022 also impacted growth, although to a much lesser extent than the Delta wave.

Falling infections, rapid vaccination coverage and quick normalisation of mobility have facilitated the recovery in economic activity over the last year. Rural demand has remained resilient while urban demand has also recovered with pent-up demand supporting the recovery in contact-intensive sectors. Private final consumption expenditure and consumption sentiment survey have been weak. However, recovery has moved much further in industrial sector, construction and exports.

Inflation also rose in India like in much of the world, but largely remained within the RBI tolerance band. Higher inflation in India has largely been due to high commodity prices and global supply disruptions. After remaining ultra-accommodative and giving preference to growth over inflation, high inflation has finally resulted in pivot by RBI which now gives more importance to inflation over growth, although remaining accommodative.

The Union Budget for FY 2022-23 was focused on growth revival, budgeting for an aggressive capex spending while setting a fiscal deficit target at an elevated level of 6.4% of GDP. Consequently, government borrowing remains elevated. High inflation, hawkish RBI, sharp increase in bond yields and the large borrowing program have caused interest rates in India to rise significantly.

Exports and Imports both jumped sharply in FY22 as high oil prices, demand for gold and strong global growth supported both imports and exports. India's trade deficit rose from

\$102.63bn in FY 2020-21 to \$192.24 bn in FY 2021-22 and CAD is also expected to have widened to 1.5% of GDP from 0.9% of GDP surplus in FY21. Going forward, oil prices will be the most important variable for the Indian economy as the same impacts India's GDP growth, inflation as well as BOP dynamics.

MARKET OUTLOOK

Equity Outlook

Over the past two years, markets have skyrocketed to new highs, with the Nifty 50 index delivering ~71% and ~19% gains in FY21 and FY22. Now, the real question is which theme can dominate in FY23. As we started 2022, the market was wrestling with a number of issues rising interest rates, high inflationary pressures, and continuation of COVID difficulties (Omicron). It did not factor in a Russian invasion of the Ukraine.

Uncertainties stemming from the Russian invasion of Ukraine, the continuing coronavirus disease (COVID-19) pandemic, and monetary tightening by the US Federal Reserve pose risks of slowing growth; dropping consumer sentiments and rising inflationary expectations. Higher inflation is pushing up nominal economic output values. However, it shall impact demand negatively & lead to decline in profit margins. These factors could lead to continued volatility in the market. The Indian economy expanded by 8.9 per cent in the fiscal ended March 2022 and most forecasts peg India's GDP growth at 7-7.5% in FY 2023. We note that economic activity has remained strong, after nearly 2 years, as the govt has lifted all COVID restrictions which has supported broad based reopening of the economy. Retail footfalls are now fully recovered to pre covid levels for the first time in 2 years. India still remains a relatively well-placed economy, amidst global uncertainties except for the flare-up in the international crude & natural gas prices entails a risk of increasing the twin deficits (fiscal deficit + current account deficit). Looking ahead, we think it is important to remember the path the market was on before Russia Ukraine conflict started. The global economy was on track to re-open and accelerate sharply, with factory output surging, inventories lean, and the service sector rebounding.

Portfolio Positioning

The opening up of the domestic economy will benefit retail and hospitality sector positively and should also support employment generation given that they are labour intensive industries. Other key themes in the medium term are a) Consolidation in businesses and rise of local manufacturing/import substitution b) The rise of technology-enabled (digital) businesses is a key area that is seeing rising activity levels

ANNEXURE-A to Director's Report (Contd.)

and driving employment generation. c) capital expenditure (particularly private capex) to improve, driven by deleveraged balance sheets of corporate India. These will potentially boost employment as well as credit growth.

Fixed Income Outlook

RBI kept the Policy rates unchanged throughout the financial year. However, Ten year Govt. Bond yields spiked by more than 65 basis points to 6.84% on the back of Global as well as Domestic factors. US 10 year Govt Bond yields rapidly hardened by more than 60 bps during the year due to multi decade high inflation leading to US FED turning hawkish and signalling faster pace of Normalization. Crude Oil prices continued to inch higher as Economic activity gathered pace across the world while OPEC and its allies continued to increase Oil output slower than the global demand. Russia Ukraine conflict towards the end of February 2022 lead to further spike in Crude oil prices along with several other commodities, raising fears of Inflation staying higher

for longer due to supply disruptions caused by Sanctions imposed by the west. Domestic factors that led to hardening of yields were Discontinuation of RBI OMO Purchases and Domestic Inflation inching higher. Growth for the full year FY 2022 is expected at 8.9% as per the second advance estimate by National Statistical Office, Ministry of Statistics and Programme Implementation whereas RBI expects Inflation to average at 5.3% for the full year FY 2022.

We expect the RBI to soon change its Monetary policy stance from Accommodative to Neutral and normalize the policy rates to at least pre pandemic levels due to upside risks to Inflation emanating from Russia Ukraine conflict.

Thus, we expect the markets to remain volatile due to heavy supply of Govt Bonds, Bear flattening of the curve on expectation of rate hikes against the backdrop of faster normalization by Advanced Economy central banks and Commodity price Inflation. Food price inflation and Domestic crude prices remain a key monitorable in determining the Trajectory of Inflation

INDUSTRY OUTLOOK AND PERFORMANCE

The National Pension System (NPS) registered significant growth, both in terms of subscribers as well as Assets under Management (AuM), in 2021-22.

The number of subscribers in various schemes under the National Pension System (NPS) has increased by 9 % from 1.43 Crore in March 2021 to 1.57 Crore in March 2022 (excluding APY) and assets under management stood at ₹ 715671 crore in March 2022 with an increase of 27% on a YoY basis (excluding APY)

Particulars	AUM as on (₹ in Crore)			No of subscribers (₹ in Crore)		
	As at 31 Mar 22	As at 31 Mar 21	Increase %	As at 31 Mar 22	As at 31 Mar 21	Increase %
Central Govt	2,18,577	1,81,788	20%	0.23	0.22	5%
State Govt	3,69,427	2,91,381	27%	0.56	0.51	8%
Corporate	90,634	62,609	45%	0.14	0.11	25%
All citizen	32,346	22,206	46%	0.23	0.16	39%
NPS Lite	4,687	4,354	8%	0.42	0.43	-3%
Total	7,15,671	5,62,338	27%	1.57	1.44	9%

Source: NPS Trust

Company's Initiatives & Strategy

During the year 2020 PFRDA had invited interested applicants to make an offer for being selected as a sponsor of a Pension Fund, which may be registered as a Pension Fund (PF) by the Pension Fund Regulatory and Development Authority (PFRDA) subject to satisfying the requisite criteria.

According to the new RFP, PFRDA has increased the Investment Management Fees from 0.01% to maximum Investment Management Fees up to 0.09%. The investment management fee is inclusive of brokerage but exclusive of custodian fee and applicable taxes.

Aditya Birla Sun Life Insurance Company Limited ("Sponsor") had submitted the said application under the new RFP dated January 20, 2021. Further, PFRDA extended the timelines of 9 months for meeting the requirement of pre-qualification criteria of Monthly Average Asset under Management (AAUM) of ₹ 50,000/- Crore. The Sponsor had met the pre-qualification criteria of monthly average assets under management of ₹ 50,000/- Crore as on September 30, 2021. Accordingly, PFRDA



ANNEXURE-A to Director's Report (Contd.)

issued letter of appointment as Sponsor vide its letter dated November 24, 2021.

PFRDA vide its letter dated December 10, 2021, issued fresh Certificate of Registration as Pension Fund to the Company w.e.f. December 10, 2021. As per applicable clauses under new RFP, the Company had revised Investment Management Fees at 0.09% upto 10,000 cr. of AUM as per the slab structure of aggregate Asset Under Management managed by the Company w.e.f. December 11, 2021

Given the large opportunity available in the pension fund space, your Company is taking several initiatives. In addition to the sales offices at Mumbai, New Delhi and Bangalore the Company plans to open another two or three sales office this year. We have the necessary digital infrastructure to do on-line on-boarding of subscribers. We intend strengthening our digital marketing efforts this year. Key initiatives for digital presence in terms of creating awareness through various digital platform, creating and managing digital campaigns, dedicated and segmented communication for creating awareness and marketing of NPS, website enhancement /transformation.

Strategic focus on fund performance and building distribution capabilities including synergy with group team to develop distribution and marketing network for corporate and UOS

segment, focus on corporate and subscriber servicing in long run, focus on digital presence and channel distribution.

Your Company is also strengthening its fund management and risk management capabilities.

Cautionary Statement

Statements in the Board's Report and the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Your Company is not obliged to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent development information or events or otherwise.

Kamlesh Rao
Director
(DIN - 07665616)

Sandeep Asthana
Director
(DIN - 00401858)

Date: April 21, 2022
Place: Mumbai

EXECUTIVE REMUNERATION PHILOSOPHY/POLICY

Aditya Birla Sun Life Pension Management Limited, (“the Company”), an Aditya Birla Group Company adopts/shall adopt this Executive Remuneration Philosophy/Policy as applicable across Group Companies. This philosophy/ policy is detailed below.

Aditya Birla Group: Executive Remuneration Philosophy/Policy

At the Aditya Birla Group, we expect our executive team to foster a culture of growth and entrepreneurial risk-taking. Our Executive Remuneration Philosophy/Policy supports the design of programs that align executive rewards – including incentive programs, retirement benefit programs, promotion and advancement opportunities – with the long-term success of our stakeholders.

Our business and organizational model

Our Group is a conglomerate and organized in a manner such that there is sharing of resources and infrastructure. This results in uniformity of business processes and systems thereby promoting synergies and exemplary customer experiences.

I. Objectives of the Executive Remuneration Program

Our executive remuneration program is designed to attract, retain, and reward talented executives who will contribute to our long-term success and thereby build value for our shareholders.

Our executive remuneration program is intended to:

1. Provide for monetary and non-monetary remuneration elements to our executives on a holistic basis
2. Emphasize “Pay for Performance” by aligning incentives with business strategies to reward executives who achieve or exceed Group, business and individual goals.

II. Covered Executives

Our Executive Remuneration Philosophy/Policy applies to the following:

1. Directors of the Company:
2. Key Managerial Personnel: Chief Executive Officer and equivalent (eg: Deputy Managing Director), Chief Financial Officer and Company Secretary.
3. Senior Management:

III. Business and Talent Competitors

We benchmark our executive pay practices and levels against peer companies in similar industries, geographies and of similar size. In addition, we look at secondary reference (internal and external) benchmarks in order to ensure that pay policies and levels across the Group are broadly equitable and support the Group’s global mobility objectives for executive talent. Secondary reference points bring to the table, the executive pay practices and pay levels in other markets and industries, to appreciate the differences in levels and medium of pay and build in as appropriate for decision making.

IV. Executive Pay Positioning

We aim to provide competitive remuneration opportunities to our executives by positioning target total remuneration (including perks and benefits, annual incentive pay-outs, long term incentive pay-outs at target performance) and target total cash compensation (including annual incentive pay-outs) at target performance directionally between median and top quartile of the primary talent market. We recognize the size and scope of the role and the market standing, skills and experience of incumbents while positioning our executives.

We use secondary market data only as a reference point for determining the types and amount of remuneration while principally believing that target total remuneration packages should reflect the typical cost of comparable executive talent available in the sector.

V. Executive Pay-Mix

Our executive pay-mix aims to strike the appropriate balance between key components: (i) Fixed Cash compensation (Basic Salary + Allowances) (ii) Annual Incentive Plan (iii) Long-Term Incentives (iv) Perks and Benefits

Annual Incentive Plan:

We tie annual incentive plan pay-outs of our executives to relevant financial and operational metrics achievement and their individual performance. We annually align the financial and operational metrics with priorities/ focus areas for the business.

Long-Term Incentive:

Our Long-term incentive plans incentivize stretch performance, link executive remuneration to sustained long term growth and act as a retention and reward tool.



ANNEXURE-B to Director's Report (Contd.)

We use stock options as the primary long-term incentive vehicles for our executives as we believe that they best align executive incentives with stockholder interests.

We grant restricted stock units as a secondary long-term incentive vehicles, to motivate and retain our executives.

VI. Performance Goal Setting

We aim to ensure that for both annual incentive plans and long-term incentive plans, the target performance goals shall be achievable and realistic.

Threshold performance (the point at which incentive plans are paid out at their minimum, but non-zero, level) shall reflect a base-line level of performance, reflecting an estimated 90% probability of achievement.

Target performance is the expected level of performance at the beginning of the performance cycle, taking into account all known relevant facts likely to impact measured performance.

Maximum performance (the point at which the maximum plan payout is made) shall be based on an exceptional level of achievement, reflecting no more than an estimated 10% probability of achievement.

VII. Executive Benefits and Perquisites

Our executives are eligible to participate in our broad-based retirement, health and welfare, and other employee benefit plans. In addition to these broad-based plans, they are eligible for perquisites and benefits plans commensurate with their roles. These benefits are designed to encourage long-term careers with the Group.

Other Remuneration Elements

Each of our executives is subject to an employment agreement. Each such agreement generally provides for a total remuneration package for our executives including continuity of service across the Group Companies.

We limit other remuneration elements, for e.g. Change in Control (CIC) agreements, severance agreements, to instances of compelling business need or competitive rationale and generally do not provide for any tax gross-ups for our executives.

Risk and Compliance

We aim to ensure that the Group's remuneration programs do not encourage excessive risk taking. We review our remuneration programs for factors such as remuneration mix overly weighted towards annual incentives, uncapped pay-outs, unreasonable goals or thresholds, steep pay-out cliffs at certain performance levels that may encourage short-term decisions to meet pay-out thresholds.

Claw back Clause:

In an incident of restatement of financial statements, due to fraud or non-compliance with any requirement of the Companies Act 2013 and the rules made thereafter, we shall recover from our executives, the remuneration received in excess, of what would be payable to him / her as per restatement of financial statements, pertaining to the relevant performance year.

Implementation

The Group and Business Centre of Expertise teams will assist the Nomination & Remuneration Committee in adopting, interpreting and implementing the Executive Remuneration Philosophy/Policy. These services will be established through "arm's length", agreements entered into as needs arise in the normal course of business.

Kamlesh Rao
Director
(DIN - 07665616)

Sandeep Asthana
Director
(DIN - 00401858)

Date: April 21, 2022
Place: Mumbai

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 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,
ADITYA BIRLA SUN LIFE PENSION MANAGEMENT LIMITED
16th Floor, One World Centre Tower I,
Jupiter Mills Compound,
841 S. B. Marg,
Mumbai 400 013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Aditya Birla Sun Life Pension Management 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.

On account of ongoing and evolving pandemic of COVID-19 and consequent lockdown as directed by the Central and State Government(s), the process of audit has been modified. Some of the documents /records /returns / registers /minutes were not verified physically, however, the documents were made available in electronic mode and were verified based on the representations received from the Company for its accuracy and authenticity. Our report also covers the due adherence of the miscellaneous circulars/ notifications/ guidelines as issued by the regulatory bodies from time to time. Further we have verified 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 31st 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:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in **Annexure - A**, for the period under review, according to the applicable provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder and the Companies Act, 1956 (to the extent applicable);
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder (to the extent applicable);
- (iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent applicable;
- (iv) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - to the extent applicable

The Laws/ Regulations specifically applicable to the Company:

- i. The Pension Fund Regulatory and Development Authority Act, 2013 (PFRDA) and Guidelines, Notifications & Circulars as may be applicable.
 - ii. Pension Fund Regulatory and Development Authority (Pension Fund) Regulations, 2015
 - iii. Pension fund Regulatory and Development Authority (National Pension System Trust) Regulations 2015
 - iv. Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2018
 - v. Pension Fund Regulatory and Development Authority (Redressal of Subscriber Grievance) Regulations, 2015
 - vi. Prevention of Money Laundering Act, 2002
2. We have relied on the representations made by the Company and its officers and to the report of the Internal Auditors and the Statutory Auditors for systems and mechanism formed by the Company and for compliances being carried out under other applicable Laws. Observations in the report of the Internal Auditor are being appropriately replied.



ANNEXURE-C to Director's Report (Contd.)

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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

We further report that

The Company is 100% subsidiary of Aditya Birla Sunlife Insurance Company Limited. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors/ Key Managerial Personnel that took place during the period under review were carried out in compliance with the provisions of the Act and as per the regulations of PFRDA.

Adequate notice is given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance 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.

All resolutions/decisions including Circular Resolutions of the Board of Directors and its Committees are approved by the requisite majority and are duly recorded in the respective minutes.

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

There were observations reported in the Internal Audit Reports of the Company during the financial year under review and the Correspondences received from the PFRDA Department were noted and the management has taken corrective action to bring the compliances within the rationale as informed by the PFRDA Department and Regulations.

We further report that

- i. The Board of Directors in their meeting held on April 22, 2021, had ratified the resolution passed by way of circulation and has approved the condensed interim financial statements for period ended on 31st December

2020 for onward submission to the ultimate holding Company "Grasim Industries Limited" for the issuance of Bonds in Singapore Exchange under applicable Regulations, Rules, Guidelines.

- ii. The Board of Directors in their meeting held on April 22, 2021, had approved the increase in the authorized share capital of the Company from ₹ 40 Crores to ₹ 45 Crores including alteration of Memorandum and Articles of Association and has complied with the various provisions of the Act, after obtaining the approval of the shareholders in their meeting held on 25th June 2021.
- iii. The Board of Directors in their meeting held on October 21, 2021, had ratified the resolution passed by way of circulation and has approved the allotment of 30,00,000 Equity Shares of ₹ 10/- each at par on Rights Basis to the existing shareholders of the Company and has complied with the provisions of the Act.
- iv. The Board of Directors in their meeting held on October 21, 2021, had approved the increase in the authorized share capital of the Company from ₹ 45 Crores to ₹ 70 Crores including alteration of Memorandum and Articles of Association and has complied with the various provisions of the Act, after obtaining the approval of the shareholders in their meeting held on 25th November 2021.
- v. The Board of Directors in their meeting held on January 21, 2022, had approved the allotment of 2,70,00,000 Equity Shares of. 10/- each at par aggregating to ₹27Crores on Rights Basis to the existing shareholders of the Company and has complied with the provisions of the Act.

This report is to be read with our letter of even date, which is annexed as **Annexure - B** to this report.

For **DILIP BHARADIYA & ASSOCIATES**

DILIP BHARADIYA

Proprietor

Place : Mumbai

Date : April 21, 2022

FCS No.: 7956., C P No.: 6740

UDIN : FO07956D000173528

ANNEXURE-C to Director's Report (Contd.)

ANNEXURE - A

List of documents verified:

1. Memorandum and Articles of Association of the Company.
2. Annual Report for the Financial Year ended March 31, 2021.
3. Minutes and Attendance Registers of the meetings of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Investment Committee, held during the period under review.
4. Minutes of General Body Meetings held during the period under review.
5. Various Policies governing the company in accordance with the Pension Fund Regulatory & Development Authority
6. Statutory Registers viz.
 - Register of Members;
 - Register of Directors and Key Managerial Personnel and their Shareholding;
 - Register of loans, guarantee, security and acquisition made by the Company;
 - Register of Contracts with Related Party and contracts and bodies, etc. in which directors are interested.
7. Agenda papers submitted to all the Directors / Members for the Board and Committee Meetings.
8. Declarations received from the Directors of the Company pursuant to the provisions of Sections 184(1), 164(2), 149(3) and 149(7) of the Act.
9. E-Forms filed by the Company, from time-to-time, under applicable provisions of the Act, alongwith the attachments thereof, during the period under review.



ANNEXURE-C to Director's Report (Contd.)

ANNEXURE - B

To,
The Members,
ADITYA BIRLA SUN LIFE PENSION MANAGEMENT LIMITED
16th Floor, One World Centre Tower I,
Jupiter Mills Compound,
841 S. B. Marg,
Mumbai 400 013

Our report 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 followed by us 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) Wherever 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 future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For **DILIP BHARADIYA & ASSOCIATES**

DILIP BHARADIYA

Proprietor

FCS No.: 7956., C P No.: 6740

Place : Mumbai

Date : April 21, 2022

Independent Auditor's Report

To the Members of

Aditya Birla Sun Life Pension Management Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **Aditya Birla Sun Life Pension Management Limited** (the 'Company'), which comprise the Balance Sheet as at 31st March 2022, and the Statement of Profit and Loss and the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of Significant Accounting Policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2022, and its loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's

Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditor's Report (Contd.)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the 'Order') issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the **Annexure 'A'** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss, 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 Indian Accounting Standards specified under Section 133 of the Act;
 - (e) on the basis of the written representations received from the directors as on 31st March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 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 over financial reporting of the Company and

Independent Auditor's Report (Contd.)

the operating effectiveness of such controls, refer to our separate Report in **Annexure 'B'**;

- (g) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197 (16) of the Act, as amended, the provisions of Section 197 of the Act as regards managerial remuneration are not applicable to the Company; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us;
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – (Refer Note 25 to the financial statements);
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - (iv) (a) The management of the Company 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 person or entity, including foreign entities (the 'Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (the 'Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The management of the Company has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities (the 'Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (the 'Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures, we have 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 (a) and (b) above, contain any material mis-statement.
- (v) The Company neither declared nor paid dividend during the year. Accordingly, the Company is not required to comply with Section 123 of the Act.

For **SHARP & TANNAN**
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Edwin P Augustine
Partner
Membership No. 043385
UDIN: 22043385xxxxxxxxxx

Place: Mumbai
Date : 21st April 2022

Annexure - A

To The Independent Auditor's Report

(Referred to in paragraph 1 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment;

The Company has maintained proper records showing full particulars of intangible assets;

- (b) As explained to us, property, plant and equipment have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification;
- (c) According to the information and explanations given to us, the Company does not hold any immovable property. Accordingly, the Paragraph 3(i)(c) of the Order is not applicable to the Company;
- (d) The Company has not revalued its property, plant and equipment (including Right of Use assets) or intangible assets during the year;
- (e) According to the information and explanations given to us, the Company does not hold any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, the Paragraph 3(i)(e) of the Order is not applicable to the Company;
- (ii) Since the Company is engaged in service activity, it does not hold any inventory and accordingly the Paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, during the financial year, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the Paragraph 3 (iii) of the Order is not applicable to the Company.
- (iv) According to the information and explanation given to us, the Company has not advanced any loan, made any investment, given any guarantee or provided any security to the parties covered under Section 185 and 186 of the Act. Accordingly, the Paragraph 3(iv) of the Order is not applicable to the Company.

- (v) According to the information and explanations given to us, the Company has not accepted any deposits or amount which are deemed to be deposits from the public during the year to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 and other relevant provisions of the Act and the rules framed thereunder apply.. Accordingly, the Paragraph 3(v) of the Order is not applicable to the Company;

- (vi) According to the information and explanations given to us, the maintenance of cost records specified by the Central Government under Section 148(1) of the Act is not applicable to the Company;

- (vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Goods and Service Tax, provident fund, employees' state insurance, income tax, sales tax, services tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, where applicable, to the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records examined by us, there are no disputed statutory dues as at 31st March 2022 which have not been deposited on account of dispute.

- (viii) According to the information and explanations given to us and records of the Company examined by us, there are no instances of transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961);

- (ix) (a) According to the information and explanations given to us and records of the Company examined by us, the Company has not taken any loans or other borrowings. Accordingly, the Paragraph 3(ix)(a) of the Order is not applicable to the Company.

- (b) According to the information and explanations given to us and the records examined by us, the Company is not declared wilful defaulter by any bank or financial institution or other lender;

- (c) According to the information and explanations given to us and the records examined by us, the Company has not availed any term loan. Accordingly, the Paragraph 3(ix)(c) of the Order is not applicable to the Company;

Annexure - A To The Independent Auditor's Report (Contd.)

- (d) According to the information and explanations given to us and the records examined by us, the Company has not utilized funds raised on short term basis for long term purposes;
- (e) According to the information and explanations given to us and the records examined by us, 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. Accordingly, the Paragraph 3(ix)(e) of the Order is not applicable to the Company;
- (f) According to the information and explanations given to us and the records examined by us, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly, the Paragraph 3(viii)(f) of the Order is not applicable to the Company;
- (x) (a) According to the information and explanations given to us, the Company has not raised monies by way of initial public offer or further public offer (including debt instruments. Accordingly, the Paragraph 3(x)(a) of the Order is not applicable to the Company;
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the Paragraph 3(x)(b) of the Order is not applicable to the Company;
- (xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud by the Company or any fraud on the Company or reported during the year nor have we been informed of such case by management;
- (b) According to the information and explanations given to us and the records examined by us, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and upto the date of this report; Accordingly, the Paragraph 3(xi)(b) of the Order is not applicable to the Company;
- (c) According to the information and explanations given to us, no whistle-blower complaints have been received during the year by the Company.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the Paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us, all the transactions with the related parties are in compliance with Sections 177 and Section 188 of the Act, where applicable and the relevant details of such related party transactions have been disclosed in the financial statements, etc., as required under the applicable Indian Accounting Standards.
- (xiv) In our opinion and based on our examination, the Company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Act.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, the Paragraph 3 (xv) of the Order is not applicable to the Company.
- (xvi) (a) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.
- (b) The Company has not conducted any Non-Banking financial or Housing Finance activity during the year.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India,
- (xvii) The Company has incurred cash losses amounting to ₹20,992.64 (₹ in Thousands) and ₹17,087.19 (₹ in Thousands) in the financial year covered by our audit and in the immediately preceding financial year respectively.
- (xviii) There has been no change in the statutory auditors of the Company during the year. Accordingly, the Paragraph 3 (xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, we are of the

Annexure - A To The Independent Auditor's Report (Contd.)

opinion that no material uncertainty exists as on the date of the audit report that Company is capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. 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 or any assurance that all liabilities falling due within a period of one year from the Balance Sheet date will get discharged by the Company as and when they fall due.

- (xx) According to the information and explanations given to us, the provisions of Section 135 of the Act are not applicable to the Company. Accordingly, the Paragraph 3 (xx) of the Order is not applicable to the Company.

For **SHARP & TANNAN**
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Edwin P Augustine
Partner
Membership No. 043385
UDIN: 22043385xxxxxxxxxx

Place: Mumbai
Date : 21st April 2022

Annexure - B

To The Independent Auditor's Report

(Referred to in paragraph 2(f) of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER SECTION 143 (3) (I) OF THE COMPANIES ACT, 2013 (THE 'ACT')

We have audited the internal financial controls over financial reporting of **Aditya Birla Sun Life Pension Management Limited** (the 'Company'), as of 31st March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Annexure - B To The Independent Auditor's Report (Contd.)

Opinion

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

financial reporting were operating effectively as at 31st March 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **SHARP & TANNAN**
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Edwin P Augustine
Partner
Membership No. 043385
UDIN: 22043385xxxxxxxxxx

Place: Mumbai
Date : 21st April 2022

Statement of Balance Sheet

as at 31st March 2022

(₹ in Thousand)

Particulars	Notes No	As at 31 Mar 22	As at 31 Mar 21
I ASSETS			
1 Financial Assets			
(a) Cash and Cash Equivalents	2	7,975.87	4,144.90
(b) Bank Balance other than (a) above	3	3,684.80	3,503.04
(c) Receivables			
(i) Trade Receivables	4	440.44	81.67
(ii) Other Receivables			
(d) Investments	5	5,43,638.69	2,71,644.79
(e) Other Financial Assets	6	3,824.78	150.00
Sub-Total		5,59,564.58	2,79,524.40
2 Non Financial Assets			
(a) Current Tax Assets (Net)	7	205.46	27.58
(b) Deferred tax assets (Net)		233.25	489.54
(c) Property, Plant and Equipment	8	157.33	713.79
(d) Other Intangible assets	9	1,783.69	1,751.56
(e) Other non-Financial assets	10	30,166.73	29,031.60
Sub-Total		32,546.46	32,014.07
Total Assets		5,92,111.04	3,11,538.46
II LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial Liabilities			
(a) Payables			
Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	11	9,382.82	6,245.37
(b) Other Financial Liabilities	12	17,657.39	13,974.89
Sub-Total		27,040.21	20,220.27
2 Non Financial Liabilities			
(a) Other Non Financial Liabilities	13	1,175.28	92.57
Sub-Total		1,175.28	92.57
3 Equity			
(a) Equity Share capital	14	6,90,000.00	3,90,000.00
(b) Other Equity	15	(1,26,104.45)	(98,774.38)
Sub-Total		5,63,895.55	2,91,225.62
Total Equity and Liabilities		5,92,111.04	3,11,538.46

Significant Accounting Policies

The accompanying notes are an integral part of the financial statements.
In terms of our report attached

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For **SHARP & TANNAN**
Chartered Accountants
Firm's Registration No. 109982WFor and on behalf of the Board of Directors
Aditya Birla Sun Life Pension Management Limited**Edwin P. Augustine**
Partner
Membership No. 043385**Kamlesh Rao**
Director
DIN:07665616**Sandeep Asthana**
Director
DIN:00401858**Vikas Seth**
CEO**Jaibind Sahu**
Company Secretary**Sandhya Upadhyay**
CFOPlace: Mumbai
Date : 21st April 2022Place: Mumbai
Date : 21st April 2022

Statement of Profit and Loss

for the year ended 31st March 2022

(₹ in Thousand)

Particulars	Note	For the year ended 31 Mar 22	For the year ended 31 Mar 21
1 Revenue from Operations			
Fees and Commission Income	16	3,058.41	695.13
2 Other Income			
Interest Income	17	20,538.05	20,609.53
Net Gain on Fair Value Changes	18	(3,453.71)	9,522.71
Excess Provision Written Back	19	5,694.52	13,408.14
Total Other Income		22,778.86	43,540.38
3 Total Income (1+2)		25,837.27	44,235.51
4 Expenses			
(a) Fees and Commission Expenses	20	388.62	193.02
(b) Employee Benefits Expense	21	35,973.92	39,103.64
(c) Depreciation and Amortisation Expense	22	1,769.95	1,846.62
(d) Other Expenses	23	14,778.56	13,636.24
Total Expenses		52,911.05	54,779.53
5 Profit/(Loss) before Tax (3 - 4)		(27,073.78)	(10,544.02)
6 Tax Expense			
Current Tax		0.00	0.00
Short/(Excess) Provision for Tax Related to Earlier Years (Net)		0.00	0.00
Deferred Tax		256.29	221.08
Total Tax Expense		256.29	221.08
7 Profit/(Loss) after Tax (5-6)		(27,330.07)	(10,765.10)
8 Other Comprehensive Income (OCI)		-	-
9 Total Comprehensive Income (7 + 8)		(27,330.07)	(10,765.10)
10 Paid Up Equity Share Capital			
(Face Value of ₹ 10 each)		69000	39000
11 Earnings per Equity Share of ₹ 10 each	24		
Basic- (Amount in Rupees)		(0.63)	(0.28)
Diluted - (Amount in Rupees)		(0.63)	(0.28)

In terms of our report attached

For **SHARP & TANNAN**
Chartered Accountants
Firm's Registration No. 109982W

Edwin P. Augustine
Partner
Membership No. 043385

Place: Mumbai
Date : 21st April 2022

For and on behalf of the Board of Directors
Aditya Birla Sun Life Pension Management Limited

Kamlesh Rao
Director
DIN:07665616

Jaibind Sahu
Company Secretary

Place: Mumbai
Date : 21st April 2022

Sandeep Asthana
Director
DIN:00401858

Vikas Seth
CEO

Sandhya Upadhyay
CFO

Statement of Changes in Equity

for the year ended 31st March 2022

Name of the Shareholder	As at 31 Mar 22		As at 31 Mar 21	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares of face value of ₹10/- each issued, subscribed and fully paid up	3,90,00,000	3,90,000	3,50,00,000	3,50,000
Balance at the beginning of the year	3,00,00,000	3,00,000	40,00,000	40,000
Changes in Equity share capital during the Period				
Balance at the end of the period	6,90,00,000	6,90,000	3,90,00,000	3,90,000

Particulars	Reserve and Surplus		Items of Other Comprehensive Income		Equity attributable to Shareholders of Company	Equity Component of ESOP	Total Other Equity
	Retained Earnings		Comprehensive Income				
	Surplus as per Statement of Profit and Loss	General Reserve	Financial Instrument through Other Comprehensive Income	Foreign Currency Translation reserve			
Balance as of 1st April 2021	(98,774.37)	-	-	-	(98,774.37)	-	(98,774.37)
Loss for the period	(27,330.07)	-	-	-	(27,330.07)	-	(27,330.07)
Total Comprehensive income	(1,26,104.45)	-	-	-	(1,26,104.45)	-	(1,26,104.45)
Addition during the year	-	-	-	-	-	-	-
Loss during the year	-	-	-	-	-	-	-
Comprehensive loss during the year	-	-	-	-	-	-	-
ESOP expenses	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-
Balance as on 31st March 2022	(1,26,104.45)	-	-	-	(1,26,104.45)	-	(1,26,104.45)



Statement of Changes in Equity

for the year ended 31st March 2022

Particulars	Reserve and Surplus		Items of Other Comprehensive income				Equity attributable to Shareholders of Company	Equity Component of ESOP	Total Other Equity
	Retained Earnings		Comprehensive income		"Effective Portion of Cash flow hedges"	Equity attributable to Shareholders of Company			
	Surplus as per Statement of Profit and Loss	General Reserve	Financial Instrument through Other Comprehensive Income	Foreign Currency Translation reserve					
Balance as of 1st April 2020	(88,009.27)	-	-	-	-	(88,009.27)	-	(88,009.27)	
Loss for the period	(10,765.10)	-	-	-	-	(10,765.10)	-	(10,765.10)	
Total Comprehensive income	(98,774.38)	-	-	-	-	(98,774.38)	-	(98,774.38)	
Addition during the year	-	-	-	-	-	-	-	-	
Loss during the year	-	-	-	-	-	-	-	-	
Comprehensive loss during the year	-	-	-	-	-	-	-	-	
ESOP expenses	-	-	-	-	-	-	-	-	
Share issue expenses	-	-	-	-	-	-	-	-	
Balance as on 31st March 2021	(98,774.38)	-	-	-	-	(98,774.38)	-	(98,774.38)	

(₹ in Thousand)

For SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W

Edwin P. Augustine
Partner
Membership No. 043385

Place: Mumbai
Date : 21st April 2022

For and on behalf of the Board of Directors
Aditya Birta Sun Life Pension Management Limited

Kamlesh Rao
Director
DIN:07665616

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Place: Mumbai
Date : 21st April 2022

Sandeep Asthana
Director
DIN:00401858

Vikas Seth
CEO
Sandhya Upadhyay
CFO

Statement of Cash Flow

for the year ended 31st March 2022

Particulars	(₹ in Thousand)	
	For the year ended 31 Mar 22	For the year ended 31 Mar 21
Cash Flow from Operating Activities		
Loss Before Tax	(27,073.78)	(10,544.02)
Adjustment for-		
Expense on Employee Stock Options Scheme		
Interest on Bonds	(20,327.94)	(20,401.46)
Interest on Fixed Deposit	(207.50)	(208.07)
Unrealised (Gain)/loss on investments	4,311.19	(8,389.79)
realised Gain on investments	(857.48)	(1,132.92)
Provision no longer required written back	(5,694.52)	(13,408.14)
Loss on assets written off	5.18	0.00
Depreciation and Amortisation	1,769.95	1,846.62
Operating Profit before Working Capital changes	(48,074.89)	(52,237.78)
Adjustment for-		
Decrease/(Increase) in Trade Receivables	(358.77)	(24.84)
Decrease/(Increase) in Other Financial Assets	(4,068.61)	
Decrease/(Increase) in Other Non Financial Assets	(1,135.13)	(6,438.28)
(Decrease)/Increase in Trade Payables	3,137.45	2,285.91
(Decrease)/Increase in other Financial Liabilities	9,377.01	(228.08)
(Decrease)/Increase in other Non Financial Liabilities	1,082.71	(21.04)
Cash used in Operations	(40,045.24)	(56,664.11)
Income Taxes Refund/(paid)	34.19	(14.48)
Net cash (Used in)/from operations (A)	(40,006.05)	(56,678.59)
Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment and Intangibles	(1250.80)	(1,212.75)
Purchase of Investments (non-current)	(4,214.00)	
Purchase of Investments (Current)	(3,66,975.00)	(87,707.97)
Proceeds from sale of Investments (non-current)		10,882.99
Proceeds from sale of Investments (Current)	95,913.15	77,241.20
Interest Received on Investments	20,363.68	20,384.33
Net Cash (Used in)/from Investing Activities (B)	(2,56,157.79)	19,587.80
Cash Flow from Financing activities		
Share of Proceeds from Issue of Equity Shares	3,00,000.00	40,000.00
Net Cash (Used in)/from financing Activities (C)	3,00,000.00	40,000.00
Net increase in Cash and Cash Equivalents (A+B +C)	3,830.98	2,909.21
Opening Cash and Cash Equivalents	4,144.90	1,235.69
Closing Cash and Cash Equivalents	7,975.87	4,144.90
Net increase in Cash and Cash Equivalents	3,830.98	2,909.21
<i>Notes : Cash and cash equivalents are as disclosed under Note 2 of the financial statements The aforesaid statement has been prepared under the indirect method, as set out in "Indian Accounting Standard 7 - Statement of Cash Flows"</i>		

Significant Accounting Policies

The accompanying notes are an integral part of the financial statements.

In terms of our report attached

For **SHARP & TANNAN**
Chartered Accountants
Firm's Registration No. 109982W

For and on behalf of the Board of Directors
Aditya Birla Sun Life Pension Management Limited

Edwin P. Augustine
Partner
Membership No. 043385

Kamlesh Rao
Director
DIN:07665616

Sandeep Asthana
Director
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Vikas Seth
CEO

Jaibind Sahu
Company Secretary

Sandhya Upadhyay
CFO

Place: Mumbai
Date : 21st April 2022

Place: Mumbai
Date : 21st April 2022

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

NOTE 1

1.1 CORPORATE INFORMATION

Aditya Birla Sun Life Pension Management Limited (“the Company”) is a wholly owned subsidiary of Aditya Birla Sun Life Insurance Company Limited. The Company is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company was incorporated on January 09, 2015 with Registration Number U66000MH2015PLC260801 with specific purpose of managing pension fund business. Pension Fund Regulatory and Development Authority (“PFRDA”) has granted Certificate of Registration vide a letter dated February 23, 2016 (bearing registration No.: PFRDA/Birla PF/2016) to Aditya Birla Sun Life Pension Management Limited to act as pension fund under National Pension System (NPS).

1.2 SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financials statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

A. Basis of Preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Companies Act, 2013 (“the Act”).

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. These financial statements were authorized for issue by the Company’s Board of Director’s on 21st April 2022

The financial statements have been prepared on a historical cost basis except for the following:

- Certain financial assets and liabilities - measured at fair value (refer accounting policy regarding financial instruments)
- Net defined benefit (asset) / liability: plan assets are measured at fair value less present value of defined benefit obligation
- Assets held for sale: measured at fair value less costs to sell.

The financial statements are presented in Indian Rupees, which is the functional currency of the Company.

B. Summary of significant accounting policies

i. Use of Estimates and Judgement

The preparation of the financial statements in conformity with generally accepted accounting principles (‘GAAP’) requires that the Company’s management make estimates and assumptions that affect the reported amounts of income and expenses for the year, reported balances of assets and liabilities and disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and assumptions used in the financial statements are based upon management’s evaluation of the relevant facts and circumstances as on date of the financial statement. Any revision to accounting estimates is recognised prospectively. Actual results could differ from those estimates

C. New standards and amendments to existing Ind AS

The Ministry of Corporate Affairs notifies new standard or amendments to existing standards. There is no such notification which would have been applicable from April 1, 2022.

D. Revenue Recognition of Income

- 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 customer is recognised when services are provided, and it is highly probable that a significant reversal of revenue is not expected to occur.
- The Company manages the investments of the National Pension System as formed by the Government of India through the Pension Fund Regulatory & Development Authority (PFRDA). Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services Investment Management

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

Fee is recognised at specific rates agreed with the relevant schemes, applied on the daily net assets managed. The investment management fees are presented net of Goods and Services Tax in the Statement of Profit & Loss Account.

- The Company is engaged in the business of distribution and marketing of National Pension System as per the terms and condition of appointment as a Point of Presence as per the Certificate of Registration vide registration number POP254022019 The POP income includes account opening fees, contribution processing fees and persistency income. i) Account opening fees are due and recognised on generation of Permanent retirement account number (PRAN). ii) Contribution Processing fees are recognised on receipt of contribution from the customer. iii) Persistency Income is recognised on subscriber accounts active for more than six months. POP Income are presented net of Goods and Services Tax in the Statement of Profit & Loss Account.
- Purchase and sale of investments are recorded on trade date. The profit / loss on sale of investments is recognised in the Statement of Profit and Loss on the trade date, using the weighted average cost method.
- For all Financial instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of Profit & Loss Account.

E. Financial Instruments

1. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held such that it best reflects the way the business is managed and is consistent with information provided to the management. The information considered includes:

- the objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets.
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised
- the risks that affect the performance of the business model, the financial assets held within that business model and how those risks are managed.

Assessment whether contractual cash flows are solely payments of principal and interest

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, as well as profit margin.

2. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified based on the business model as per IND AS 109, for managing the financial assets and the contractual cashflow characteristics of the financial assets in following categories:

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

Financial asset at amortised cost

Financial asset at fair value through other comprehensive income (FVTOCI) Financial asset at fair value through profit or loss (FVTPL)

The Company classifies its financial assets as subsequently measured at either amortised cost or fair value based on the business model for managing the financial assets and the contractual cashflow characteristics of the financial assets

i. Financial asset at amortised cost

A financial asset is measured at the amortised cost if both the following conditions are met: The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and Contractual terms of the asset give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

ii. Financial asset at FVTOCI

A financial asset is classified as at the FVTOCI if both of the following criteria are met: The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of Profit or Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

iii. Financial asset at FVTPL

Any financial asset which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Financial instruments included within the FVTPL category are measured at fair value at each reporting date with all changes recognised in the Statement of Profit and Loss.

Equity instruments at FVOCI

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI when such instruments meet the definition of definition of Equity under Ind AS 32 Financial Instruments:

Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

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

iv. Financial liabilities

The company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Liabilities which are classified at fair value through profit or loss, including derivatives that are liabilities, shall be subsequently measured at fair value

3. Impairment of Financial Assets

Methodology for computation of Expected Credit Losses (ECL)

The financial instruments covered within the scope of ECL include financial assets measured at amortised cost and FVOCI, such as loans, trade receivables, balances with banks and other financial assets. ECL has not been determined on financial assets measured at FVTPL.

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

The loss allowance has been measured using lifetime ECL except for financial assets on which there has been no significant increase in credit risk since initial recognition. In such cases, loss allowance has been measured at 12-month ECL

At each reporting date, the Company assesses whether financial assets carried at amortized cost and FVOCI is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred since initial recognition. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower.
- a breach of contract, such as a default or past due event.
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.
- the disappearance of an active market for that financial asset because of financial difficulties

ECL is probability weighted estimate of credit losses estimated by determining the probability of default ('PD'), Exposure At Default ('EAD') and loss given default ('LGD').

For trade receivables the Company applies a simplified approach. It recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The expected credit losses on these financial assets are estimated considering the credit worthiness of counter parties and their credit ratings adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date

4. Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- o The rights to receive cash flows from the asset have expired, or
- o The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in the Statement of Profit and Loss.

Financial Liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

5. Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired.

In this case, the original financial asset is derecognised, and a new financial asset is recognised at fair value

Financial liabilities

The Company derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

6. Fair Values of Financial Instruments

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable, and the unobservable inputs have a significant effect on the instrument's valuation.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

F. Property, plant and equipment

• Property, plant and equipment and depreciation

Property, plant and equipment are stated at historical cost less depreciation. Historical costs include expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repair and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual values

Assets costing up to Rs.5000 are fully depreciated in the year of acquisition. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their useful lives as follows. The useful life of assets which are

different from Schedule II to the Companies Act, 2013 are as under:

S. No	Asset Type	As per Schedule II of the Companies Act 2013 (years)	Estimated Useful life (years)
1	Computers	3	3
2	Vehicles	8	4
3	Office Equipment	5	5

• Intangible assets and amortisation

Computer Software

Costs associated with maintaining software programmes are recognised as expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets.

Amortisation methods and period

Software licenses are amortised using Straight Line Method over a period of 3 years from the date of being ready for use.

• Impairment of Assets

At each balance sheet date, management assesses whether there is any indication, based on internal / external factors, that an asset may be impaired. Impairment occurs where the carrying value exceeds the higher of present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal or its fair value less cost to sell. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to maximum of depreciable historical cost

G. Taxation

i) Direct Taxes Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future

and taxable profit will be available against which the temporary differences can be utilised

ii) Indirect Taxes

The Company claims credit of service tax/GST for input services, which is set off against tax on output services. The unutilised credits, if any are carried forward to the future period for set off where there is reasonable certainty of utilization

H. Provisions and Contingencies

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect current best estimates. A disclosure for contingent liability is made when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources or it cannot be reliably estimated. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. A contingent asset is neither recognized nor disclosed.

I. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding at the balance sheet date. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

J. Cash and Cash Equivalents

Cash and cash equivalents for the purposes of Statement of Cash flows include cash and cheques in hand, bank balances, liquid mutual funds and other investments with original maturity of three months or less which are subject to insignificant risk of changes in value.

K. Cash Flow Statement:

Cash flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

L. Leases

The Company as a lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

1. The contract involves the use of an identified asset
2. The Company has substantially all the economic benefits from use of the asset through the period of the lease and
3. The Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes right – of – use (“ROU”) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell

and the value – in – use) is determined on an individual asset basis unless the asset generates cash flows that are largely dependent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment on exercise of an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

M. Segment Reporting

Identification of Segments

Operating Segments are identified based on monitoring of operating results by the chief operating decision maker (CODM) separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss of the Company.

Operating Segment is identified based on the nature of products and services, the different risks and returns, and the internal business reporting system.

Segment Policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

Further, inter-segment revenue has been accounted for based on the transaction price agreed to between segments, which is primarily market based.

Unallocated Corporate Items include general corporate income and expenses, which are not attributable to segments.

N. Employee Benefit Expenses

Short-Term Employee Benefits

All employee benefits payable within twelve months of rendering the service are classified as short-term employee

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

benefits. Benefits such as salaries and bonuses are recognized in the period in which the employee renders the related service.

Long Term Employment Benefits

The Company has both defined contribution and defined benefit plans. These plans are financed by the Company.

- **Defined Contribution Plans:**

The Company makes defined contribution to schemes for provident fund to provide retirement benefits to its employees. The contributions are recognised as a part of “Employee Benefits Expenses” in the period in which the employee renders services, against which such contributions are due.

- **Defined Benefit Plans:**

Gratuity liability is defined benefit obligation and is funded. The Company accounts for liability for future gratuity benefits based on independent actuarial valuation under revised Accounting Standard 15 (AS 15) on ‘Employee Benefits’.

Other Long Term Employment Benefits

Compensated absences are entitled to be carried forward for future encashment or availment, at the option of the employee during the tenure of the employment, subject to the rules framed by the Company in this regard. Accumulated compensated absences entitlements outstanding at the close of the year are accounted on the basis of an independent actuarial valuation. Accumulated entitlements at the time of separation are entitled to be encashed.

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

NOTE: 2 CASH AND CASH EQUIVALENTS

(₹ in Thousand)		
Particulars	As at 31 Mar 22	As at 31 Mar 21
Cash on Hand	-	-
Balances with Banks		
Current Accounts	7,975.87	4,144.90
	7,975.87	4,144.90

NOTE: 3 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Thousand)		
Particulars	As at 31 Mar 22	As at 31 Mar 21
Deposit Accounts *(with maturity of more than 12 months)	3,684.80	3,503.04
	3,684.80	3,503.04

* As per the PFRDA regulation, the Pension Fund company needs to provide a performance bank guarantee. Accordingly the fixed deposit of ₹ 3,000,000 (Previous year ₹ 3,000,000) has been marked as lien against the bank guarantee.

NOTE: 4 TRADE RECEIVABLES

(₹ in Thousand)		
Particulars	As at 31 Mar 22	As at 31 Mar 21
Unsecured, Considered Good	440.44	81.67
Unsecured, Considered doubtful	11.20	-
	451.64	81.67
Less: Provision for impairment	11.20	-
	440.44	81.67
Ageing		
Outstanding for the following period from the due date of payments -		
Undisputed Trade Receivable considered Good		
Less than 6 months	440.44	81.67
6 months - 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
Total	440.44	81.67
Undisputed Trade Receivable considered doubtful		
Less than 6 months	-	-
6 months - 1 year	-	-
1-2 years	11.20	-
2-3 years	-	-
More than 3 years	-	-
Total	11.20	0.00

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

NOTE: 5 INVESTMENTS

		(₹ in Thousand)			
S.No	Particulars	Designated at Fair Value through PL	Total	Designated at Fair Value through PL	Total
1	Mutual Funds	2,85,012.66	2,85,012.7	11,900.25	11,900.3
	(Units)	(247904.9)	(247904.9)	(35894.6)	(35894.6)
2	Others				
	9.34% HDFC 28 th August 2024	1,13,127.90	1,13,127.90	1,16,137.37	1,16,137.37
	(Face Value)	(10000.00)	(10000.00)	(10000.00)	(10000.00)
	(Units)	(100.0)	(100.0)	(100.0)	(100.0)
	9.24% LICHF 30 th Sept 2024	56,096.69	56,096.69	57,380.64	57,380.64
	(Face Value)	(5000.00)	(5000.00)	(5000.00)	(5000.00)
	(Units)	(50.0)	(50.0)	(50.0)	(50.0)
	8.47% LICHF 15 th June 2026 Put 15 Jul 19	84,855.53	84,855.53	86,226.53	86,226.53
	(Face Value)	(7500.00)	(7500.00)	(7500.00)	(7500.00)
	(Units)	(75.0)	(75.0)	(75.0)	(75.0)
	9.39% POWER FINANCE CORPORATION LTD. SR-118 B-II BD 27AG24	4,545.92	4,545.92		
	(Face Value)	(400)	(400)		
	(Units)	(04.0)	(04.0)		
	Total	5,43,638.69	5,43,638.69	2,71,644.79	2,71,644.79

NOTE: 6 OTHER FINANCIAL ASSETS

		(₹ in Thousand)	
Particulars		As at 31 Mar 22	As at 31 Mar 21
(Unsecured, unless otherwise stated)			
Deposit		150.00	150.00
Receivable from Holding Company		3,674.78	-
		3,824.78	150.00

NOTE: 7 INCOME TAXES

		(₹ in Thousand)	
Particulars		As at 31 Mar 22	As at 31 Mar 21
The major components of income tax expense are:			
Profit or loss section			
Current income tax:			
Current income tax charge		-	-
Adjustments in respect of current income tax of previous year		-	-
		-	-
Deferred tax:			
Relating to origination and reversal of temporary differences		-	-
Relating to origination and reversal of temporary differences of previous year		256.29	221.08
Income tax expense/(income) reported in Profit or Loss		256.29	221.08

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

Particulars	(₹ in Thousand)	
	As at 31 Mar 22	As at 31 Mar 21
Accounting profit/(loss) before income tax	(27,073.78)	(10,544.02)
Corporate tax rate	26%	26%
Tax on Accounting profit/(loss)	(7,039.18)	(2,741.45)
Capital gains tax on sale of mutual funds		
Adjustments in respect of current income tax of previous years		
Adjustments in respect of Deferred Tax not being created on tax losses	7,295.47	2,962.52
Relating to origination and reversal of temporary differences		
Tax effect on other items		
Income tax expense/(income) reported in the statement of profit and loss	256.29	221.08

Deferred tax relates to the following:

Name of the Shareholder	(₹ in Thousand)			
	Balance Sheet		Profit & Loss	
	As at 31 Mar 22	As at 31 Mar 21	For the Year ended 31 Mar 22	For the Year ended 31 Mar 21
Deferred tax Assets				
Other items giving rise to temporary differences				
Depreciation	613.56	551.58	(61.99)	(159.78)
Deferred tax Liabilities				
Depreciation				
Other items giving rise to temporary differences	380.32	62.04	318.28	61.31
Deferred tax (expense)/income	233.24	489.54	256.29	(221.08)

Reflected in the balance sheet as follows:

Particulars	(₹ in Thousand)	
	As at 31 Mar 22	As at 31 Mar 21
Deferred tax assets	613.56	551.58
Deferred tax liabilities	380.32	62.04
Deferred tax Assets/(liabilities), net	233.24	489.54
Reconciliation of deferred tax Assets/(liabilities) (net):		
Opening balance as of 1st April Asset/(Liabilities)	489.54	710.62
Tax income/(expense) during the year recognised in profit or loss	(233.24)	(221.08)
MAT Credit recognized directly in the Balance Sheet		
Relating to origination and reversal of temporary differences of previous year		
Closing balance as of 1st April Asset/(Liabilities)	256.30	489.54

Unused tax losses on which no deferred tax asset is recognised in the Balance Sheet

Particulars	(₹ in Thousand)		
	Base amount	Deferred tax asset	Expiry date (A.Y)
pertaining to Assessment year 2021-22			
- Unabsorbed depreciation	1637.87	425.85	Indefinitely
- Brought forward business loss	27597.58	7157.37	AY 2029-2030
pertaining to Assessment year 2022-23			
- Unabsorbed depreciation	1531.53	398.20	Indefinitely
-Brought forward business loss	21,587.39	5612.72	AY 2030-2031

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

NOTE: 8 PROPERTY, PLANT AND EQUIPMENT

Particulars	(₹ in Thousand)		
	Base amount	Deferred tax asset	Expiry date (A.Y)
Gross Block			
As at 1 st April 2020	5,144.11	119.96	5,264.07
Additions	105.02	29.21	134.23
Deletions			
As at 31st March 2021	5,249.13	149.16	5,398.29
Additions	70.80		70.80
Deletions	(60.96)	(45.23)	(106.19)
As at 31st March 2022	5,258.97	103.93	5,362.90
Accumulated Depreciation			
As at 1 st April 2020	3,866.00	64.46	3,930.46
For the year	728.10	25.94	754.05
Deletions			
As at 31st March 2021	4,594.10	90.40	4,684.50
For the year	590.81	31.27	622.08
Deletions	(60.96)	(40.05)	(101.01)
As at 31st March 2022	5,123.95	81.62	5,205.57
As at 31 st March 2021	655.03	58.76	713.79
As at 31st March 2022	135.02	22.31	157.33

NOTE: 9 INTANGIBLE ASSETS

Particulars	(₹ in Thousand)	
	Computers Software	Total
Gross Block		
As at 1 st April 2020	4,668.07	4,668.07
Additions	1,078.52	1,078.52
Deletions		
As at 31st March 2021	5,746.59	5,746.59
Additions	1,180.00	1,180.00
Deletions		
As at 31st March 2022	6,926.59	6,926.59
Accumulated Depreciation		
As at 1 st April 2020	2,902.45	2,902.45
For the year	1,092.58	1,092.58
Deletions		
As at 31st March 2021	3,995.03	3,995.03
For the year	1,147.87	1,147.87
Deletions		
As at 31st March 2022	5,142.90	5,142.90
As at 31st March 2021	1,751.56	1,751.56
As at 31st March 2022	1,783.69	1,783.69

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

NOTE: 10 OTHER NON-FINANCIAL ASSETS

Particulars	(₹ in Thousand)	
	As at 31 Mar 22	As at 31 Mar 21
(Unsecured, unless otherwise stated)		
Balance with Government authorities	30,140.46	29,031.60
Advances for expenses	26.27	-
	30,166.73	29,031.60

NOTE: 11 TRADE PAYABLES

Particulars	(₹ in Thousand)	
	As at 31 Mar 22	As at 31 Mar 21
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises		
- Total outstanding dues of creditors other than micro enterprises and small enterprises:	9,382.82	6,245.37
	9,382.82	6,245.37

**Note:*

There are no Micro, Small and Medium Enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at 31st March 2021 and no interest payment made during the year to any Micro, Small and Medium Enterprises. (Previous Year MSME/Interest: NIL), This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties has been identified on the basis of information available with the company."

Ageing		
Outstanding for the following period from the due date of payments -		
MSME		
Not Due		
Unbilled Amounts	-	-
Less than 6 months	-	-
6 months - 1 year	-	-
	-	-
Others		
Not Due	-	-
Unbilled Amounts	9257.93	6104.92
Less than 6 months	124.89	140.45
6 months - 1 year	-	-
	9,382.82	6,245.37

NOTE: 12 OTHER FINANCIAL LIABILITIES

Particulars	(₹ in Thousand)	
	As at 31 Mar 22	As at 31 Mar 21
(Carried at amortised cost, except otherwise stated)		
Payable to NPS Trust	5,198.98	1,357.06
Other Payables		
Payable related to employees	12,458.41	8,500.00
Payable to Holding Company	-	4,117.84
	17,657.39	13,974.89

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

NOTE: 13 OTHER NON FINANCIAL LIABILITIES

Particulars	(₹ in Thousand)	
	As at 31 Mar 22	As at 31 Mar 21
Payable for Statutory Dues	1,175.28	92.57
	1,175.28	92.57

NOTE: 14 SHARE CAPITAL

Particulars	Numbers	(₹ in Thousand)		
		As at 31 Mar 22	Numbers	As at 31 Mar 21
Authorised:				
EQUITY SHARE CAPITAL				
Equity Shares of ₹ 10/- each	7,00,00,000	7,00,000.00	4,00,00,000	4,00,000.00
Issued:				
EQUITY SHARE CAPITAL				
Equity Shares of ₹ 10/- each	6,90,00,000	6,90,00,000	3,90,00,000	3,90,00,000
Subscribed and Paid-up:				
EQUITY SHARE CAPITAL				
Equity Shares of ₹ 10/- each, fully paid-up	6,90,00,000	6,90,000.00	3,90,00,000	3,90,000.00

1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Description	(₹ in Thousand)			
	As at 31 Mar 22		As at 31 Mar 21	
	Equity	Preference	Equity	Preference
No of Shares Outstanding at the beginning of the year	3,90,00,000	Nil	3,50,00,000	Nil
Allotment of fully paid up shares during the year	3,00,00,000	Nil	40,00,000	Nil
No. of Shares Outstanding at the end of the year	6,90,00,000	Nil	3,90,00,000	Nil

2 Term/Right Attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of the equity shares held by the shareholders.

There are no equity Shares issued as fully paid-up pursuant to any contract in consideration of other than cash or bonus shares or shares bought back during the preceding last five years.

3 Equity Shares in the Company held by each shareholder holding more than 5 per cent shares and the number of equity shares held are as under:

Description	(₹ in Thousand)			
	As at 31 Mar 22		As at 31 Mar 21	
	No of shares held	% of Total Paid-up Equity Share Capital	No of shares held	% of Total Paid-up Equity Share Capital
"Aditya Birla Sun Life Insurance Company Limited (with nominees)"	6,90,00,000	100%	3,90,00,000	100%
	6,90,00,000	100%	3,90,00,000	100%

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

NOTE: 15 OTHER EQUITY

Particulars	(₹ in Thousand)	
	As at 31 Mar 22	As at 31 Mar 21
i) Surplus in Profit and loss account		
Opening Balance	(98,774.37)	(88,009.27)
Addition:		
Loss for the year	(27,330.07)	(10,765.10)
	(1,26,104.45)	(98,774.38)

NOTE: 16 FEES AND COMMISSION

Particulars	(₹ in Thousand)	
	Year ended 31 Mar 22	Year ended 31 Mar 21
Fees and Commission		
Investment Management Fees	1,692.25	218.15
PoP fees	1,366.16	476.98
	3,058.41	695.13

NOTE: 17 INTEREST INCOME

Particulars	(₹ in Thousand)	
	Year ended 31 Mar 22	Year ended 31 Mar 21
Interest Income from Investments		
On Financial Assets measured at fair value through OCI		
On financial Assets Measured at Amortised Cost		
On Financial Assets classified at fair value through profit or loss	20,327.94	20,401.46
Interest on deposits with Banks		
On Financial Assets measured at fair value through OCI		
On financial Assets Measured at Amortised Cost		
On Financial Assets classified at amortised cost	207.50	208.07
Other Interest (on income tax refund)	2.62	-
	20,538.05	20,609.53

NOTE: 18 NET GAIN ON FAIR VALUE CHANGES

Particulars	(₹ in Thousand)	
	Year ended 31 Mar 22	Year ended 31 Mar 21
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
Equity investment at FVTPL	-	-
Debt instrument at FVTPL	(3,453.71)	9,522.71
Others		
Gain/(loss) on sale of debt FVOCI instrument		
Derivative gain/(loss) financial instruments at FVTPL		
	(3,453.71)	9,522.71
Fair Value changes :		
Realised	857.48	1,132.92
Unrealised	(4,311.19)	8,389.79

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

NOTE: 19 PROVISION NO LONGER REQUIRED WRITTEN BACK

Particulars	(₹ in Thousand)	
	Year ended 31 Mar 22	Year ended 31 Mar 21
Provision no longer required written back	5,694.52	13,408.14
	5,694.52	13,408.14

NOTE: 20 FEES AND COMMISSION EXPENSES

Particulars	(₹ in Thousand)	
	Year ended 31 Mar 22	Year ended 31 Mar 21
Brokerage	371.95	185.72
Investment transaction cost	16.67	7.30
	388.62	193.02

NOTE: 21 EMPLOYEE BENEFIT EXPENSES

Particulars	(₹ in Thousand)	
	Year ended 31 Mar 22	Year ended 31 Mar 21
Salaries and Wages	31,751.74	33,007.99
Contribution to Provident and Other Funds (Refer Note no 26A)	1,729.90	1,374.79
Gratuity (Refer Note no 26A)	755.76	2,987.72
Leave Encashment (Refer Note no 26A)	484.72	853.38
Expense on Employee Stock Options Scheme (Refer Note no 26B)	102.04	432.15
Staff Welfare Expenses	1,149.77	447.62
	35,973.92	39,103.64

NOTE: 22 DEPRECIATION AND AMORTISATION

Particulars	(₹ in Thousand)	
	Year ended 31 Mar 22	Year ended 31 Mar 21
Depreciation on Property, plant and equipment	622.08	754.05
Amortization of Intangible Assets	1,147.87	1,092.58
	1,769.95	1,846.62

NOTE: 23 OTHER EXPENSES

Particulars	(₹ in Thousand)	
	Year ended 31 Mar 22	Year ended 31 Mar 21
Rent	3,106.10	3,278.85
Rates and Taxes	3,868.80	2,229.56
Repairs and Maintenance (others)	307.39	169.72
Repairs and Maintenance (software)	1,000.00	1,904.10
Software license annual maintenance charges	800.00	556.80
Auditors remuneration		
- Audit Fees	100.00	100.00
- Other services	325.00	305.00
- Reimbursement of Expenses	3.29	7.50
Legal and Professional Expenses	2,348.46	3,931.94
Provision for Doubtful debts	11.20	-
Distribution & Marketing expenses	411.67	-
Insurance	16.13	15.86
Director sitting fees	2,155.00	1,040.00
Miscellaneous Expenses	325.52	96.91
Total	14,778.56	13,636.24

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

NOTE: 24 DISCLOSURE AS REQUIRED BY IND AS 33 EARNING PER SHARE

Particulars	(₹ in Thousand)	
	Year ended 31 Mar 22	Year ended 31 Mar 21
Disclosure as required by IND AS 33 Earning Per Share		
Earnings per Share (EPS) is calculated as under:		
Weighted-average Number of Equity Shares for calculation of Basic EPS (A)	4,32,50,000	3,87,26,712
Add: Shares Held in Abeyance		
Add: Dilutive impact of Employee Stock Options		
Add: Potential Equity Shares Due to Share Warrants		
Weighted-average number of Equity Shares for calculation of Diluted EPS (B)	4,32,50,000	3,87,26,712
Nominal Value of Shares (₹)	10.00	10.00
Loss attributable to equity holders :	(27,330.07)	(10,765.10)
Continuing Operations (C)		
Basic EPS (₹)	(0.63)	(0.28)
Diluted EPS (₹)	(0.63)	(0.28)
Discontinued Operations (D)		
Basic EPS (₹)	-	-
Diluted EPS (₹)	-	-
Continuing and Discontinued Operations (E)		
Basic EPS (₹)	(0.63)	(0.28)
Diluted EPS (₹)	(0.63)	(0.28)

NOTE: 25 CONTINGENT LIABILITIES NOT PROVIDED FOR

S.No. Particulars	(₹ in Thousand)	
	Year ended 31 Mar 22	Year ended 31 Mar 21
1 Claims Against the Company not acknowledged as debts		
Nature : others		
Performance Guarantee issued to Pension Fund Regulatory Development authority (PFRDA)	3,000.00	3,000.00
	3,000.00	3,000.00
2 Commitments made and outstanding on Fixed Assets		
Estimated amounts of contracts to be executed on capital account and not provided for (net of advances)	-	-

NOTE: 26A EMPLOYEE BENEFITS

Defined Contribution Plan

During the year the company has recognised the below amounts in the statement of profit and loss under defined contribution plan

Particulars	(₹ in Thousand)	
	Year ended 31 Mar 22	Year ended 31 Mar 21
Contribution to Employees Provident Fund	1,171.01	1,168.82
Contribution to National Pension Scheme	556.229	205.96
	1,727.24	1,374.79

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

Defined benefit plan

Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering all employees as at balance sheet date using projected unit credit method. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Company. The employees were on deputation from ABSLI till 31st March 2021. The entire service cost pertaining till 31st March 2021 i.e ₹ 18,83,717 has been paid to ABSLI towards discharge of retirement liabilities. The gratuity benefit payable is greater of the provisions of the Payment of Gratuity Act, 1972 and the Company's Gratuity Scheme as mentioned below:

Changes in Defined Benefit Obligations

Particulars	(₹ in Thousand)
	Year ended 31 Mar 22
Present value of Defined benefit obligations as at beginning of the year	
Service cost (*Includes ₹ 18,83,717 upto 31.03.2021 paid to ABSLI and accounted in FY 20-21)	2,639.48
Interest cost	-
Liability assumed on acquisition/Settled on divestiture	-
Benefits paid	-
Past Service Cost	-
Actuarial loss due to curtailment	-
Actuarial loss due on obligations	-
Present value of Defined benefit obligations as at end of the year	2,639.48
Reconciliation of present value of the obligation and the fair value of the plan assets	
Opening Fair Value of Plan assets	-
Contributios by the employer for the year	-
Benefits paid	-
Expected Return o Plan Assets	-
Liability assumed on acquisition/Settled on divestiture	-
Actuarial Gain/(Loss)	-
Closing Fair Value of Plan Assets	-
Net asset/(liability) as at end of the year (** Funded upto amount of ₹ 24,31,826)	
Cost recognised for the year	
Current Service cost	2,639.48
Interest cost	-
Expected return on plan assets	-
Past service cost	1,883.72
Actuarial (gain)/loss due to curtailment	-
Cost of Gratuity for FFS not part of Valuation	-
Actuarial (gain)/loss	-
Net Gratuity Cost	755.76

Transitional Liability expended in Revenue Account

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

Asset Allocation

The assets are managed by ABSLI . Till 31st Mar 2021, the employees were on deputation from ABSLI to ABSLPM . The Company is in transision of movement of Assets from the holding Company.

Particulars	(₹ in Thousand)	
	As at 31 Mar 22	
Defined Benefit Obligation	2,639.48	
Plan Assets		
(surplus)/deficit		
Experience adjustment on plan liabilities		
Experience adjustment on plan assets		

Accumulated Compensated Absenses

The liability for accumulated compensated absenses as at the balancesheet date has been calculated by using projected unit credit method. This method takes into account the pattern of availment of leave while in service and qualifying salary on the date of availment of leave.

Present value of obligation for accumulated compensated absenses as determined by Actuary is given below

Particulars	(₹ in Thousand)	
	Year ended 31 Mar 22	
Present value of obligations as at the end of the year	738.70	
Fair value of plan assets	-	
Acturial assumptions used		
Discount rate	6.17%	
Salary escalation rate	7.50%	
Cost recognised during the year (*Funded upto ₹ 4,00,350 to ABSLI)	484.72	

NOTE: 26B EMPLOYEE STOCK OPTION PLAN

Pursuant to ESOP Plan being established by the intermediary holding company (i.e. Aditya Birla Capital Limited), stock options were granted to the employees of the Company during the financial year.Total cost incurred by the holding company till date is being recovered from the Company over the period of vesting. Accordingly, a sum of ₹ 1,02,039. has been recovered from the Company during the year (Previous year ₹ 4,32,145)

NOTE: 27 RELATED PARTY DISCLOSURE

List of related parties which exercise control and status of transactions entered during the year :

Name of the related party and nature of relationship	Transactions carried out during the year (Yes/No)
Ultimate Holding Company	
Grasim Industries Limited	No
Intermediary Holding Company	
Aditya Birla Capital Limited	Yes
Holding Company	
Aditya Birla Sun Life Insurance Company Limited (100%)	Yes

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

Name of the related party and nature of relationship	Transactions carried out during the year (Yes/No)
Fellow Subsidiary Company	
Aditya Birla Capital Technology Services Limited	No
Aditya Birla Financial Shared Services Limited	Yes
Aditya Birla Insurance Brokers Limited	Yes
Aditya Birla Finance Limited	Yes
Group Company	
Aditya Birla Management Corporation Private Limited	Yes

List of key management personnel with whom transactions were carried out during the year

S C Barghav	- Independent Director
Vijay Agarwal	- Independent Director
Kumar Shardindu	- Independent Director
Harish Engineer	- Independent Director (till 31 st Jan 2021)
Vikas Seth	- Chief Executive Officer (wef 20th July 2021)
Sashi Krishnan	- Chief Executive Officer (till 20th Jan 2021)

The following transactions were carried out with the related parties in the ordinary course of business:

S.No.	Nature of Transactions	₹ in Thousand)	
		Year ended 31 Mar 22	Year ended 31 Mar 21
1	Aditya Birla Sun Life Insurance Company Limited		
	Equity Share Capital	3,00,000.00	40,000.00
	Reimbursement of expenses (incl. taxes)	(3,142.88)	41,919.01
	Rent (incl. taxes)	3,596.27	3,850.57
2	Aditya Birla Capital Limited		
	- allotment of ESOP's to employees	102.04	431.15
3	Aditya Birla Capital Technology Services Limited		
	- Software development service (incl. taxes)	-	648.88
4	Aditya Birla Financial Shared Services Limited		
	Reimbursement of vaccination and oxygen contractor cost	22.98	-
5	Aditya Birla Insurance Brokers Limited		
	- Employee cost (incl. taxes)	57.50	-
6	Aditya Birla Finance Limited		
	- Employee cost (incl. taxes)	19.40	-
7	Birla Management Centre Services Limited		
	- Payroll Support cost (incl.taxes)	9.41	-
8	Director sitting fees		
	Harish Engineer		320.00
	S.C Bhargav	715.00	340.00
	Vijay Agarwal	820.00	380.00
	Kumar Shardindu	620.00	
9	Remuneration to Key Management Personnel		
	Sashi Krishnan		
	Short term employee benefits *	-	13,493.58
	Post employment benefits *	-	2,364.25
10	Vikas Seth		
	Short term employee benefits	9,197.02	
	Post employment benefits		

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

Amount due to related parties

Nature of transaction/relationship	₹ in Thousand)	
	As at 31 Mar 22	As at 31 Mar 21
Receivable		
Aditya Birla Sun Life Insurance Company Ltd	(3,674.78)	4,117.84
Aditya Birla Capital Ltd	-	-
Aditya Birla Capital Technology Services Limited	-	-
Aditya Birla Financial Shared Services Limited	-	-
Aditya Birla Insurance Brokers Limited	-	-
Aditya Birla Finance Limited	-	-
Birla Management Centre Services Limited	-	-

NOTE: 28 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement are met through equity and operating cash flows.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2021 and 31st March 2022

1 Financial instruments measured at fair value – Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1:** Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

Quantitative disclosures fair value measurement hierarchy for assets as at 31st March 2022

(₹ in Thousand)

Particulars	Level 1	Level 2	Level 3	Total
FVTPLAssets:				
Equity				-
Treasurybills				-
Corporate NCDs	2,58,626.03			2,58,626.03
Mutual fund investments		2,85,012.66		2,85,012.66
CBLO				-
Preferenceshares				-
Others				-
Total	2,58,626.03	2,85,012.66	-	5,43,638.69

Quantitative disclosures fair value measurement hierarchy for assets as at 31st March 2021

(₹ in Thousand)

Particulars	Level 1	Level 2	Level 3	Total
FVTPLAssets:				
Equity				-
Treasurybills				-
Corporate NCDs	2,59,744.54			2,59,744.54
Mutual fund investments		11,900.25		11,900.25
CBLO				-
Preferenceshares				-
Others				-
Total	2,59,744.54	11,900.25	-	2,71,644.79

The management assessed that cash and cash equivalents, other bank balances, trade payables and other financial liabilities, other financial assets approximate their carrying amount largely due to short term maturity of these instruments

Key Inputs for Level 2 Fair Valuation Technique:

- 1 Mutual Funds: Based on Net Asset Value of the Scheme (Level 2)

NOTE: 29 RISK MANAGEMENT FRAMEWORK

The Company has an Enterprise Risk Management (ERM) framework covering procedures to identify, assess and mitigate the key business risks. Aligned with the business planning process, the ERM framework covers all business risks including strategic risk, operational risks and investment risks. The key business risks identified are approved by the Board's Risk Management Committee and monitored by the Risk Management team thereafter. The Company also has in place an Operational Risk Management (ORM) framework that supports excellence in business processes, system and facilitates matured business decisions to move to a proactive risk assessment and is in the process of implementing the key operational risk components.

ABSLPML recognizes that information is a critical business asset, and that our ability to operate effectively and succeed in a competitive market depends on our ability to ensure that business information is protected adequately through appropriate controls and proactive measures. Accordingly, BSLPML has an information security framework that ensures all the information assets are safeguarded by establishing comprehensive management processes throughout the organization.

The Company's Investments Function is governed by the Investment Committee appointed by the Board of Directors. Investment Policy and Operating Guidelines laid down by the Board provide the framework for management and mitigation of the risks associated with investments.

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

ERM encompasses the following areas:



Risk Policies

The following risk policies govern and implement effective risk management practices- Code of Conduct;Anti Money Laundering;Business Continuity Planning;Grievances redressal Policy;Information Security Policy;Information Security -Acceptable usage of assets;Investment Code of Conduct;Broker empanelment Policy;Credit Policy ;Investment Policy;PPP norms; Risk Management Policy;Valuation Policy;Voting Policy; Whistle Blower Policy

Capital management objectives, policies and approach

The company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- 1) To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders
- 2) To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders
- 3) To maintain a healthy capital ratios in order to support its business objectives and maximise shareholders value

The company has met all of these requirements throughout the financial year.

Approach to capital management

The company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders

The company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels (by regulated entity) on a regular basis and taking appropriate actions to influence the capital position of the company in the light of changes in economic conditions and risk characteristics. An important aspect of the company's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the company is focused on the creation of value for shareholders.

The primary source of capital used by the company is equity .

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

Available capital resources at 31st March 2022

Particulars	₹ in Thousand	
		Total
Paid up Capital		6,90,000.00
Retained earning		(1,26,104.45)
Total		5,63,895.55

Available capital resources at 31st March 2021

Particulars	₹ in Thousand	
		Total
Paid up Capital		3,90,000.00
Retained earning		(98,774.38)
Total		2,91,225.62

Regulatory framework

Regulators are primarily interested in protecting the rights of pension fund subscribers and monitor them closely to ensure that the company is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the company maintains an appropriate solvency position to meet unforeseeable liabilities arising from economic shocks or natural disasters. The operations of the company are subject to regulatory requirements within the jurisdictions in which it operates.

NOTE: 30 FINANCIAL RISK

1. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to other party by failing to discharge an obligation. We are subject to credit risk in connection with issuers of securities held in our investment portfolio. The losses may occur when a counterparty fails to make timely payments pursuant to the terms of the underlying contractual arrangement or when the counterparty's credit rating or risk profile otherwise deteriorates. The credit risk can occur at multiple levels, as a result of broad economic conditions, challenges within specific sectors of the economy, or from issues affecting individual companies. Events that result in defaults, impairments or downgrades of the securities in our investment portfolio would cause the company to record realized or unrealized losses and increase our provisions for asset default, adversely impacting earnings

Governance structure, in form of the Investment Committee, and well defined investment policies and processes are in place to ensure that the risks involved in investments are identified and acceptable levels are defined. Stringent investment norms and approval structure ensures healthy portfolio while delivering the expected performance. All regulatory and internal norms are built in the investment system.

Industry Analysis

As on 31st March 2022

S. No	Particulars	₹ in Thousand							Total
		Construction	Electricity, Gas, Steam And Air Conditioning Supply	Financial And Insurance Activities	Govt	Information And Communication	Manufacturing	Others	
1	Financial Assets At FVTPL								-
	Debt	-	4,545.92	2,54,080.11	-	-	-	-	2,58,626.03
	Equity								-
	Equity Exchange Traded Funds								-
	Mutual Fund Units	-	-	2,85,012.66	-	-	-	-	2,85,012.66
	Preference Shares								-
2	Amortised Cost Financial Assets								-
	Debt								-
	Total credit risk exposure	-	4,545.92	5,39,092.77	-	-	-	-	5,43,638.69

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

As on 31st March 2021

								(₹ in Thousand)	
S. No	Particulars	Construction	Electricity, Gas, Steam And Air Conditioning Supply	Financial And Insurance Activities	Govt	Information And Communication	Manufacturing	Others	Total
1	Financial Assets At FVTPL								-
	Debt	-	-	2,59,744.54	-	-	-	-	2,59,744.54
	Equity								-
	Equity Exchange Traded Funds								-
	Mutual Fund Units	-	-	11,900.25	-	-	-	-	11,900.25
	Preference Shares								-
2	Amortised Cost Financial Assets								-
	Debt								-
	Total credit risk exposure	-	-	2,71,644.79	-	-	-	-	2,71,644.79

Credit exposure by credit rating

As on 31st March 2022

								(₹ in Thousand)	
S. No	Particulars	UNR	SOVER-EIGN	AAA	AA+	AA	A1+	Others	Total
1	Financial Assets At FVTPL								-
	Debt			2,54,080.11					2,54,080.11
	Equity								-
	Equity Exchange Traded Funds								-
	Mutual Fund Units						2,85,012.66		2,85,012.66
	Preference Shares								-
2	Amortised Cost Financial Assets								-
	Debt								-
	Total credit risk exposure	-	-	2,54,080.11	-	-	2,85,012.66	-	5,39,092.77

As on 31st March 2021

								(₹ in Thousand)	
S. No	Particulars	UNR	SOVER-EIGN	AAA	AA+	AA	A1+	Others	Total
1	Financial Assets At FVTPL								-
	Debt			2,59,744.54					2,59,744.54
	Equity								-
	Equity Exchange Traded Funds								-
	Mutual Fund Units						11,900.25		11,900.25
	Preference Shares								-
2	Amortised Cost Financial Assets								-
	Debt								-
	Total credit risk exposure	-	-	2,59,744.54	-	-	11,900.25	-	2,71,644.79

It is the company's policy to maintain accurate and consistent risk ratings across its credit portfolio. This enables management to focus on the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the company's rating policy. The attributable risk ratings are assessed and updated regularly.

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

NOTE: 31 LIQUIDITY RISK

Liquidity risk is the possibility that the Company will not be able to fund all cash outflow commitments as they fall due. Our primary funding obligations arise in connection with the payment to subscribers. Sources of available cash flow include investment related inflows (such as maturities, principal repayments, investment income and proceeds of asset sales). An asset-liability mismatch occurs when the financial terms of an institution's assets and liabilities do not correspond. These can lead to non-payment/deferment of claims, expenses, etc. Effective cash management and capital planning, ensures that, all obligations are properly met.

Maturity analysis on expected maturity bases

As on 31st March 2022

(₹ in Thousand)

Particulars	Less than 3 month	More than 3 month less than 6 month	More than 6 months to not more than 12 months	More than 12 months	Total
Financial assets					
Amortised Cost	3,824.78			3,684.80	7,509.58
FVOCI					-
FVTPL	2,85,012.66			2,54,080.11	5,39,092.77
Investment contract liabilities					-
Other financial liabilities	17,657.39				17,657.39
Trade and other payables	9,382.82				9,382.82

As on 31st March 2021

(₹ in Thousand)

Particulars	Less than 3 month	More than 3 month less than 6 month	More than 6 months to not more than 12 months	More than 12 months	Total
Financial assets					
Amortised Cost	150.00			3,503.04	3,653.04
FVOCI					-
FVTPL	11,900.25			2,59,744.54	2,71,644.79
Investment contract liabilities					-
Other financial liabilities	13,974.89				13,974.89
Trade and other payables	6,245.37				6,245.37

NOTE: 32 MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. We are exposed to financial and capital market risks – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes or volatility in market prices. Market risk includes equity market and interest rate risks. Market risk governance practices are in place, including independent monitoring and review and reporting to senior management and the Risk Management Committee. The company has an investment policy where all the guidelines are specified for asset allocation and limits.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments exposes the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.



Notes forming part of the Financial Statements

for the Period ended 31st March 2022

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear. The method used for deriving sensitivity information and significant variables has not changed from the previous period.

Market indices	Change in Interest rate	31 Mar 22	
		Impact on loss before tax	Impact on equity
Interest rate	0.0025	₹ 14.21 lakh	₹ 14.21 lakh

Market indices	Change in Interest rate	31 Mar 21	
		Impact on loss before tax	Impact on equity
Interest rate	0.0025	₹ 17.97 lakh	₹ 14.21 lakh

Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

NOTE: 33 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. Derivatives have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

(₹ in Thousand)

Particulars	As at 31 Mar 22			As at 31 Mar 21		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	7,975.87	-	7,975.87	4,144.90	-	4,144.90
Bank Balance other than above	-	3,684.80	3,684.80	-	3,503.04	3,503.04
Trade receivables	440.44	-	440.44	81.67	-	81.67
Investments	2,85,012.66	2,58,626.03	5,43,638.69	11,900.25	2,59,744.54	2,71,644.79
	3,674.78	150.00	3,824.78	-	150.00	150.00
Total Financials Assets	2,97,103.76	2,62,460.83	5,59,564.58	16,126.82	2,63,397.58	2,79,524.40
Non-financial Assets						
Current tax asset	205.46	-	205.46	27.58	-	27.58
Deferred tax assets (Net)	-	233.25	233.25	-	489.54	489.54
Property, plant and equipment	-	157.33	157.33	-	713.79	713.79
Other intangible assets	-	1,783.69	1,783.69	-	1,751.56	1,751.56
Other Non Financial Assets	30,166.73	-	30,166.73	29,031.60	-	29,031.60
Total non financial assets	30,372.19	2,174.27	32,546.46	29,059.18	2,954.89	32,014.07
Total assets	3,27,475.95	2,64,635.09	5,92,111.04	45,186.00	2,66,352.46	3,11,538.46

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

(₹ in Thousand)

Particulars	As at 31 Mar 22			As at 31 Mar 21		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Liabilities						
Financial Liabilities						
Trade payables						
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	9,382.82	-	9,382.82	6,245.37	-	6,245.37
Other Financial Liabilities	17,657.39	-	17,657.39	13,974.89	-	13,974.89
Total financial liabilities	27,040.21	-	27,040.21	20,220.27	-	20,220.27
Non-financial Liabilities	1,175.28	-	1,175.28	92.57	-	92.57
Total Liabilities	28,215.49	-	28,215.49	20,312.84	-	20,312.84
Net	2,99,260.46	2,64,635.09	5,63,895.55	24,873.16	2,66,352.46	2,91,225.62

NOTE: 34 OPERATING SEGMENTS

The company has two major operational segment such as POP (distribution of NPS) and managing the funds as a Pension Fund Manager (PFM)

(₹ in Thousand)

S. No	Particular	As at 31 Mar 22	As at 31 Mar 21
1	Segment Revenue		
	Pension Fund Management (PFM)	1,692.25	218.15
	Point of Presence (POP)	1,366.16	476.98
	Total Segmental Revenue	3,058.41	695.13
	Less: Inter Segment Revenue	-	-
	Total Income from Operations (Net)	3,058.41	695.13
2	Segment Results (Profit before Finance Costs and Tax)		
	Pension Fund Management (PFM)	(35,440.73)	(40,692.16)
	Point of Presence (POP)	(6,749.44)	(8,322.60)
	Total Segment Result	(42,190.17)	(49,014.76)
	Less: Finance Costs	-	-
	Add: Interest Income	20,538.05	20,609.53
	Add: Excess prov written back	5,694.52	-
	Add/Less - Net gain on fair value changes	(3,453.71)	(9,522.71)
	Less: Other Un-allocable (Expenditure)/Income - net	(7,662.47)	(8,338.50)
	Profit after Finance Costs but before Exceptional Items	(27,073.78)	(10,544.02)
	Exceptional Items		
3	Profit before Tax	(27,073.78)	(10,544.02)
4	Capital Employed		
	(Segment Assets - Segment Liabilities)		
	Pension Fund Management (PFM)	879.78	654.26
	Point of Presence (POP)	853.88	1,833.70
	Total Segment Capital Employed	1,733.66	2,487.95
	Add: Unallocated Corporate Assets	5,90,377.39	2,88,737.67
	Total Capital Employed	5,92,111.04	2,91,225.63

Notes forming part of the Financial Statements

for the Period ended 31st March 2022

The Company is domiciled in India and conducts all its operations from within India. Hence the reporting requirements as regards revenue from customer and non currents by location of customer does not arise.

NOTE: 35 LEASES

The Company has adopted Ind AS 116 - ""Leases"" w.e.f. 1st April 2019. Since at the date of intital application, the lease term for all lease contracts were less than 12 months, the Company has elected not to apply the requirements of Ind AS 116 to such short term leases in accordance with the said standard. Considering the aforesaid, there is no impact on the financial statements on adoption of Ind AS 116. The Company has taken computers and other accessories on cancellable operating lease. Lease rentals amounting to ₹1,04,200 (Previous year ₹ 1,09,814) has been charged to the Statement of Profit and Loss. Furthermore based on the cost sharing arrangement with the holding Company , in respect of premises take on cancellable operating lease, lease rentals amounting to Rs,30,01,896 (Previous year ₹ 31,69,063) have been charged to the Statement of Profit and Loss. There are no restrictive covenants in the aforesaid lease agreements.

NOTE: 36 MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT 2006 (MSMED ACT)

Based on the information and records available with the Company there are no dues payable to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to dues which were outstanding for more than 45 days as at 31st March 2022 together with interest payable under this Act does not arise. (Previous year - Nil)

NOTE: 37

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. The outbreak was identified in China and on 11st March 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 has taken its toll on not just human life, but business and financial markets too. Various governments have introduced a variety of measures to contain the spread of the virus. The Indian government had announced countrywide lockdown which is continued at present.

In this nation-wide lock-down period, though all the services across the nation were suspended (except the specified essential services), some establishments including securities market intermediaries could operate and were exempted from the lock-down.

"The management has, at the time of approving the financial statements, assessed the potential impact of the COVID-19 on the Company. Barring any future covid 19 related escalations, based on the current assessment, the management is of the view that impact of COVID 19 on the operations of the Company and the carrying value of its assets and liabilities is not likely to be material."

For **SHARP & TANNAN**
Chartered Accountants
Firm's Registration No. 109982W

Edwin P. Augustine
Partner
Membership No. 043385

Place: Mumbai
Date : 21st April 2022

For and on behalf of the Board of Directors
Aditya Birla Sun Life Pension Management Limited

Kamlesh Rao
Director
DIN:07665616

Jaibind Sahu
Company Secretary

Place: Mumbai
Date : 21st April 2022

Sandeep Asthana
Director
DIN:00401858

Vikas Seth
CEO

Sandhya Upadhyay
CFO