HDFC VENTURES TRUSTEE COMPANY LIMITED

A Wholly Owned Subsidiary of
Housing Development Finance Corporation Limited

Fifteenth Annual Report 2018-2019

Board of Directors

Mr. S. N. Shroff
(DIN: 00011169)
Mr. Sunil Shaligram
(DIN: 01583151)
Ms. Sonal Modi
(DIN: 03403571)

Statutory Auditors
Deloitte Haskins & Sells LLP
Chartered Accountants

Bankers
HDFC Bank Limited

Registered Office
HDFC House, H. T. Parekh Marg,
165-166, Backbay Reclamation,
Churchgate, Mumbai 400 020
Tel. No. : +91 22 6631 6190
Fax No. : +91 22 2282 9673

CIN: U65991MH2004PLC149329

Directors' Report

TO THE MEMBERS

Your directors are pleased to present the Fifteenth annual report of your Company with the audited accounts for the year ended March 31, 2019.

Financial Results

	For the year ended March 31, 2019 (₹)	For the year ended March 31, 2018 (₹)
Profit before Tax	**6,64,367**	4,90,100
Provision for Tax	**(1,04,583)**	(60,585)
Profit after Tax	**5,59,784**	4,29,515
Other Comprehensive Income	**—**	—
Total Comprehensive Income	**5,59,784**	4,29,515
Profit brought forward from previous year	**88,31,096**	84,01,581
Balance carried to Balance Sheet	**93,90,880**	88,31,096

Note: The financial statements for the year ended March 31, 2019 have been prepared under Indian Accounting Standards (Ind AS). The financial statements for the year ended March 31, 2018 have been restated in accordance with Ind AS for comparative purposes.

Convergence to Ind AS

The Ministry of Corporate Affairs on January 18, 2016 notified the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS Rules) effective from April 1, 2015 and suggested a phased convergence to Ind AS by various classes of companies.

As per the Ind AS rules, Housing Development Finance Corporation Limited (HDFC), holding company being a Housing Finance Company was required to prepare financial statements as per Ind AS from the financial year 2018-19. Accordingly, your Company, being a subsidiary of HDFC, was also required to converge to Ind AS from the current year, in terms of the Ind AS Rules.

Dividend

Your directors do not recommend any dividend for the year ended March 31, 2019.

Review of Operations

Your Company has reported a profit after tax of ₹ 5.60 lac during the year. Your Company is the Trustee to HDFC Property Fund (HPF), which is registered as a venture capital fund with the Securities and Exchange Board of India (SEBI). HPF had two schemes - HDFC India Real Estate Fund (HI-REF) and HDFC IT Corridor Fund (HI-ITCF). It is also the trustee to HDFC India Real Estate Fund III which is registered under SEBI (Alternative Investment Funds) Regulations, 2012 as a Category II Alternative Investment Fund.

HI-REF which had a corpus of ₹ 1,000 crore has made several profitable exits. HI-REF is in the process of concluding final exits from the balance portfolio. HI-ITCF has been fully exited.

Your Company is also a Trustee to HDFC Investment Trust and HDFC Investment Trust II, trusts set up by HDFC, for making investments in companies engaged in construction/ development projects in India. Your Company also acts as a trustee to 3E Education Trust and Maharashtra 3E Education Trust.

There was no change in the nature of business of your Company nor was there any material change or commitment that would affect its financial position during the year as also till the date of this Report.

Dematerialisation of shares

The Ministry of Corporate Affairs notified Companies (Prospectus and Allotment of Securities) (Third Amendment) Rules, 2018, wherein every unlisted public company was mandated to facilitate dematerialisation of all its existing securities. In compliance with the said notification, your Company in order to facilitate dematerialisation of all its securities, appointed Link Intime India Private Limited as Registrar and Share Transfer Agent and National Securities Depository Limited as the designated depository. All the issued shares of your Company are held in dematerialised form.

Loans, Guarantees or Investments

During the year, your Company has not provided any guarantee or security.

The details of loans and investments made by your Company are provided in the notes forming part of the financial statements of the Company for the year ended March 31, 2019.

Particulars of Contracts or Arrangements with Related Parties

Your Company has not entered into any contracts or arrangements with related parties requiring disclosure in Form No. AOC-2, as prescribed under Rule 8(2) of the Companies (Accounts) Rules, 2014.

Details of other related party transactions are provided in the notes to the financial statements.

Deposits

Your Company has not accepted any deposit and as such, no amount of principal or interest was outstanding as at March 31, 2019.

Subsidiary/Associate Companies

Your Company does not have any subsidiary or associate company.

Particulars of Employees

Your Company had no employee on its payroll as at March 31, 2019.

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

The operations of your Company are not energy intensive. However, adequate measures have been taken for conservation of energy and usage of alternative source of energy, wherever possible.

During the year, your Company had no dealing in foreign exchange.

Directors

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. S. N. Shroff is liable to retire by rotation at the ensuing Annual General Meeting (AGM). He is eligible for re-appointment.

The necessary resolution for the re-appointment of Mr. Shroff and details as required under secretarial standard have been included in the notice convening the ensuing AGM.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors, in terms of Section 164(2) of the Companies Act, 2013.

None of the directors of your Company have been debarred from holding the office of director by virtue of any order from SEBI or any other such authority.

Board Meetings

During the year, the board met four times. The meetings were held on April 9, 2018, July 13, 2018, October 11, 2018 and January 9, 2019.

The attendance of the directors at the above-mentioned board meetings is listed below:

Directors	Number of Meetings attended
Mr. S. N. Shroff	4
Mr. Sunil Shaligram	4
Ms. Sonal Modi	4

Auditors

At the Tenth AGM of the Members of the Company held on July 30, 2014, the Members had appointed Messrs Deloitte Haskins & Sells LLP, Chartered Accountants, having Firm Registration Number 117366W/ W-100018 as the statutory auditors of the Company, for a period of five years, to hold office as such until the conclusion of the Fifteenth AGM.

In accordance with Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as the present term of the statutory auditors would be completed at the ensuing annual general meeting, the Board of Directors of the Company proposes to re-appoint Messrs Deloitte Haskins & Sells LLP as the Statutory Auditors of the Company for a term of five years to hold office from the conclusion of the Fifteenth AGM until the conclusion of the Twentieth AGM.

Messrs Deloitte Haskins & Sells LLP have consented to the said re-appointment and have issued a certificate to the effect that the re-appointment, if made, shall be in accordance with the conditions as prescribed in Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014. They have confirmed that they meet the criteria for independence, eligibility and qualification as prescribed in Section 141 of the Companies Act, 2013.

The necessary resolution for the re-appointment of the statutory auditors has been included in the notice convening the ensuing AGM.

The Auditor's Report annexed to the financial statements for the year under review does not contain any qualification.

Risk Management

Your directors are of the opinion that the Company is managing its risks through well defined internal financial controls and that there are no significant risks that may threaten the existence of the Company.

Significant and Material Orders passed by Regulators or Courts or Tribunals

During the year, no significant or material orders were passed by any regulator or court or tribunal against the Company impacting the going concern status and the Company's operations in future.

Secretarial Standards

The Company has complied with the applicable provisions of Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

Directors' Responsibility Statement

In accordance with the provisions of Section 134(3)(c) of the Companies Act, 2013 and based on the information provided by the management, your directors state that:

a. In the preparation of annual accounts, the applicable accounting standards have been followed;

b. Accounting policies selected have been applied consistently. Reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for the year ended on that date;

c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. The annual accounts of the Company have been prepared on a going concern basis; and

e. Systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

Annual Return and Extract thereof

The extract of Annual Return in Form No. MGT-9 as required under the provisions of the Companies Act, 2013 is annexed to this Report. The Annual Return for the financial year 2018-19 is uploaded at *www.hdfc.com/the-hdfc-group/subsidiaries-policies.*

Acknowledgements

Your directors would like to express their sincere appreciation to all stakeholders for their support and continued patronage.

Your directors appreciate the guidance received from various statutory/regulatory authorities including SEBI, Reserve Bank of India, Ministry of Corporate Affairs – Government of India, Registrar of Companies, Mumbai and the depositories.

Your directors also acknowledge the faith reposed in HDFC Property Fund by its investors and look forward to their continued support.

On behalf of the Board of Directors

S. N. Shroff
Sunil Shaligram
Directors

Mumbai
April 17, 2019

Annex to Directors' Report – I

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	U65991MH2004PLC149329
Registration Date	October 29, 2004
Name of the Company	**HDFC VENTURES TRUSTEE COMPANY LIMITED**
Category/Sub-Category of the Company	Company limited by shares/Non-Government Company
Address of the Registered Office and Contact Details	HDFC House, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020 Tel. No.: +91 22 6631 6190 Fax No.: +91 22 2282 9673
Whether listed company Yes/No	No
Name, Address and Contact Details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel. No. : +91 22 4918 6000 E-mail: *rnt.helpdesk@linkintime.co.in*

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main Products/ Services	NIC Code of the Product/Service	% of Total Turnover of the Company
1	Acts as a Trustee for Funds/Trusts	66190	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	**HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** Ramon House, H. T. Parekh Marg, 169 Backbay Reclamation, Churchgate, Mumbai 400 020	L70100MH1977PLC019916	Holding	100	2(46)

Annex to Directors' Report – I (Continued)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	–	–	–	–	60*	–	60*	0.12	0.12
(b) Central Govt.	–	–	–	–	–	–	–	–	–
(c) State Govt.(s)	–	–	–	–	–	–	–	–	–
(d) Bodies Corp.	–	50,000	50,000	100	49,940	–	49,940	99.88	(0.12)
(e) Banks/FI	–	–	–	–	–	–	–	–	–
(f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1)	**–**	**50,000**	**50,000**	**100**	**50,000**	**–**	**50,000**	**100**	**–**
(2) Foreign	–	–	–	–	–	–	–	–	–
Sub-total (A)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	**–**	**50,000**	**50,000**	**100**	**50,000**	**–**	**50,000**	**100**	**–**
B. Public Shareholding									
(1) Institutions	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
(2) Non-Institutions	–	–	–	–	–	–	–	–	–
Sub-total (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
C. Shares Held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	**–**	**50,000**	**50,000**	**100**	**50,000**	**–**	**50,000**	**100**	

* *The beneficial owner of these shares is Housing Development Finance Corporation Limited.*

Annex to Directors' Report – I (Continued)

(ii) Shareholding of Promoters

Sr. No.	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / Encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / Encumbered to Total Shares	
1	Housing Development Finance Corporation Limited	49,930	99.86	–	49,940	99.88	–	0.02
2	Housing Development Finance Corporation Limited jointly with its Nominees	70*	0.14	–	–	–	–	(0.14)
3	Mr. Sudhir Kumar Jha	–	–	–	10#	0.02	–	0.02
4	Mr. Prosenjit Gupta	–	–	–	10#	0.02	–	0.02
5	Mr. Ajay Agarwal	–	–	–	10#	0.02	–	0.02
6	Mr. Dipta Bhanu Gupta	–	–	–	10#	0.02	–	0.02
7	Mr. Conrad D'Souza	–	–	–	10#	0.02	–	0.02
8	Mr. Suresh Menon	–	–	–	10#	0.02	–	0.02
	Total	**50,000**	**100**	**–**	**50,000**	**100**	**–**	

** The shares held by Housing Development Finance Corporation Limited jointly with nominees were transferred to individual shareholders.*

 # Beneficial owner of these shares is Housing Development Finance Corporation Limited.

(iii) Change in Promoters' Shareholding:
During the year, there has been no change in Promoters' Shareholding

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable

(v) Shareholding of Directors and Key Managerial Personnel: NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment: NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/ or Manager: Not Applicable

B. Remuneration to other Directors:

Name of Directors	Particulars of Remuneration			
	Fees for Attending Board Meetings (₹)	Commission (₹)	Others, please specify (₹)	Total Amount (₹)
Mr. S. N. Shroff	80,000	–	–	80,000
Mr. Sunil Shaligram	80,000	–	–	80,000
Ms. Sonal Modi	80,000	–	–	80,000
Total	**2,40,000**	**–**	**–**	**2,40,000**
Overall ceiling as per the Companies Act, 2013	*	–	–	–

** The Company pays ₹ 20,000 as sitting fees to the directors for attending the meetings of the Board of Directors of the Company. The overall ceiling as per the Companies Act, 2013 for payment of sitting fees for attending each meeting is ₹1 lac.*

C. Remuneration to Key Managerial Personnel other than MD / MANAGER / WTD: Not Applicable

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES

During the year, no penalties were levied against the Company, its directors or any of its officers under the Companies Act, 2013, nor was there any punishment or compounding of offences against the Company, its directors or any of its officers.

Independent Auditor's Report

To The Members of HDFC VENTURES TRUSTEE COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HDFC VENTURES TRUSTEE COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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 Directors' Report (the "report"), but does not include the financial statements and our auditors' report thereon. The report are expected to be made available to us after the date of this auditors' report.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our 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.

Management's Responsibility 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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Independent Auditors' Report (Continued)

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

Auditor's Responsibility 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 financial 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 the 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.
- 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit :

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

Independent Auditors' Report (Continued)

e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, section 197 of the Act related to the managerial remuneration is not applicable.

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 does not have any pending litigations as at the year-end which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts as at the year-end for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

G. K. Subramaniam
Partner
(Membership No. 109839)

MUMBAI
April 17, 2019

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **HDFC VENTURES TRUSTEE COMPANY LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Annexure “A” to the Independent Auditor’s Report (Continued)

in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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 March 31, 2019, based on the criteria for internal financial control over financial reporting established by the respective Company considering the essential components of internal control stated in the Guidance Note.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

G. K. Subramaniam
Partner
(Membership No. 109839)

MUMBAI
April 17, 2019

Annexure "B" to the Independent Auditors' Report (Continued)

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) The Company does not have any fixed assets and hence, reporting under clause 3(i) of the Order is not applicable.

(ii) The Company does not have any inventory and hence, reporting under clause 3(ii) of the Order is not applicable.

(iii) To the best of our knowledge and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

(iv) To the best of our knowledge and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees and hence, reporting under clause 3(iv) of the Order is not applicable.

(v) To the best of our knowledge and according to the information and explanations given to us, the Company has not accepted any deposits during the year and no order in this respect has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals.

(vi) To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Income-tax, Goods & Service Tax (GST), Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, GST, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) There were no dues of Income-tax, GST and Cess which have not been deposited as at March 31, 2019.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence, reporting under clause 3(viii) of the Order is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence, reporting under clause 3(ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers has been noticed or reported during the year.

(xi) The Company does not have any employees and hence, reporting under clause 3(xi) of the Order for the provisions of section 197 of the Act do not apply to the Company.

(xii) The Company is not a Nidhi Company and hence, reporting under clause 3(xii) of the Order is not applicable.

(xiii) To the best of our knowledge and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements, etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence, reporting under clause 3(xiv) of Order is not applicable to the Company.

(xv) To the best of our knowledge and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence, provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

G. K. Subramaniam
Partner
(Membership No. 109839)

MUMBAI
April 17, 2019

Balance Sheet as at March 31, 2019

Particulars	Note No.	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
ASSETS				
Non-Current Assets				
Income tax assets (net)	3	**3,24,969**	3,38,072	2,78,232
Other non-current assets	4	**24,000**	6,000	–
Total Non - Current Assets		**3,48,969**	3,44,072	2,78,232
Current Assets				
Financial assets				
Investments	5	**66,65,208**	61,49,689	2,60,387
Trade receivables	6	**6,17,760**	1,62,540	–
Cash and cash equivalents	7	**1,03,654**	5,02,875	1,01,39,700
Loans	8	**40,00,000**	40,00,000	–
Other current assets	9	**32,388**	76,273	84,165
Total Current Assets		**1,14,19,010**	1,08,91,377	1,04,84,252
Total Assets		**1,17,67,979**	1,12,35,449	1,07,62,484
EQUITY AND LIABILITIES				
Equity				
Equity share capital		**5,00,000**	5,00,000	5,00,000
Other equity		**1,10,46,533**	1,04,86,749	1,00,57,234
Total Equity		**1,15,46,533**	1,09,86,749	1,05,57,234
Liabilities				
Current Liabilities				
Financial liabilities				
Trade payables	10	**2,07,196**	2,17,900	1,91,750
Other current liabilities	11	**14,250**	30,800	13,500
Total Current Liabilities		**2,21,446**	2,48,700	2,05,250
Total Equity and Liabilities		**1,17,67,979**	1,12,35,449	1,07,62,484

The accompanying notes form an integral part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

G. K. Subramaniam
Partner

Mumbai, April 17, 2019

For HDFC Ventures Trustee Company Limited

S. N. Shroff
Director
(DIN : 00011169)

Sunil Shaligram
Director
(DIN : 01583151)

Statement of Profit and Loss for the Year ended March 31, 2019

Particulars	**Note No.**	**Year ended March 31, 2019 ₹**	Year ended March 31, 2018 ₹
Revenue from operations	**12**	**10,00,000**	10,00,000
Other income	**13**	**318,649**	3,29,713
Total income		**13,18,649**	13,29,713
Expenses			
Other expenses	**14**	**6,54,282**	8,39,613
Total Expenses		**6,54,282**	8,39,613
Profit before tax		**6,64,367**	4,90,100
Tax expenses	**20**		
(1) Current tax		**1,08,000**	69,000
(2) Excess Provision for earlier years written back		**(3,417)**	(8,415)
		1,04,583	60,585
Profit for the year		**5,59,784**	4,29,515
Other comprehensive income		**—**	—
Total comprehensive income for the year		**5,59,784**	4,29,515
Earnings per equity share : (Face value of ₹ 10 each)			
Basic	**18**	**11.20**	8.59
Diluted		**11.20**	8.59

The accompanying notes form an integral part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

G. K. Subramaniam
Partner

Mumbai, April 17, 2019

For HDFC Ventures Trustee Company Limited

S. N. Shroff
Director
(DIN : 00011169)

Sunil Shaligram
Director
(DIN : 01583151)

Statement of Changes in Equity

A. Equity Share Capital

Balance as at April 1, 2017	**5,00,000**
Changes in Equity Shares Capital during the year	—
Balance as at March 31, 2018	**5,00,000**
Changes in Equity Shares Capital during the year	—
Balance as at March 31, 2019	**5,00,000**

B. Other Equity

Particulars	Retained Earnings	General Reserve	Total
Balance as at April 1, 2017	84,01,581	16,55,653	1,00,57,234
Adjustment of Opening Balance	—	—	—
Surplus/(Deficit) transferred from Statement of Profit and Loss	4,29,515	—	4,29,515
Other Comprehensive Income	—	—	—
Closing Balance as at March 31, 2018	**88,31,096**	**16,55,653**	**1,04,86,749**
Surplus/(Deficit) transferred from Statement of Profit and Loss	5,59,784	—	5,59,784
Other Comprehensive Income	—	—	—
Closing Balance as at March 31, 2019	**93,90,880**	**16,55,653**	**1,10,46,533**

The accompanying notes form an integral part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

G. K. Subramaniam
Partner

Mumbai, April 17, 2019

For HDFC Ventures Trustee Company Limited

S. N. Shroff
Director
(DIN : 00011169)

Sunil Shaligram
Director
(DIN : 01583151)

Cash Flow Statement for the year ended March 31, 2019

		For the Year Ended March 31, 2019 ₹	For the Year Ended March 31, 2018 ₹
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	**6,64,367**	490,100
	Adjustments for :		
	Dividend on Current Investment	**(3,15,519)**	(2,89,302)
	Interest on Bank Deposits	**—**	(40,411)
	Operating profit before working capital changes	**3,48,848**	1,60,387
	(Increase)/Decrease in Current and Non Current Assets		
	- Trade Receivables	**(4,55,220)**	(1,62,540)
	- Other Current Assets	**43,885**	(39,92,108)
	- Other Non Current Assets	**(18,000)**	5,220
	Decrease in Current Liabilities		
	- Trade Payables	**(10,704)**	26,150
	- Other Current Liabilities	**(16,549)**	17,300
	Cash Generated from Operations	**(1,07,741)**	(39,45,591)
	Income tax paid	**(91,480)**	(1,27,604)
	Net cash from / (used in) Operating activities	**(1,99,221)**	(40,73,195)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Investments in mutual funds		
	Purchase of Investments	**(13,15,519)**	(1,63,89,302)
	Proceeds from Sale of Investments	**8,00,000**	1,05,00,000
	Dividend on Current Investments	**3,15,519**	2,89,302
	Interest on Bank Deposits	**—**	36,370
	Net cash from / (used in) Investing activities	**(2,00,000)**	(55,63,630)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**	**—**	—
	Net Increase / (Decrease) in cash and cash equivalents	**(3,99,221)**	(96,36,825)
	Add : Cash and Cash equivalents at the beginning of the year (As per Note 9)	**5,02,875**	1,01,39,700
	Cash and Cash equivalents at the end of the year (As per Note 9)	**1,03,654**	5,02,875

The accompanying notes form an integral part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

G. K. Subramaniam
Partner

Mumbai, April 17, 2019

For HDFC Ventures Trustee Company Limited

S. N. Shroff
Director
(DIN : 00011169)

Sunil Shaligram
Director
(DIN : 01583151)

Notes forming part of the Financial Statements

1. GENERAL INFORMATION

HDFC Ventures Trustee Company Limited (HVTCL) is incorporated and domiciled in India under the Companies Act, 2013, having its registered office in Mumbai. HVTCL is engaged in providing trusteeship services HDFC Property Fund (HPF), which is registered as a venture capital fund with the Securities and Exchange Board of India (SEBI). HVTCL is also a Trustee to HDFC Investment Trust and HDFC Investment Trust II, trusts set up by Housing Development Finance Corporation Limited (HDFC Ltd) for making investments in companies engaged in construction/ development projects in India.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements:

Compliance with Indian Accounting Standards (Ind AS)

Effective from April 1, 2018, the Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 First Time adoption of the Indian Accounting Standards, with April 1, 2017 as the transition date. The transition was carried out from the Indian Accounting Principle generally accepted in India as prescribed under Section 133 of the Companies Act 2013 (“the Act”) read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the Company.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

2.2 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Further results could differ due to these estimates and the differences between the actual results and the estimates are recognized on the periods in which the results are known /materialize.

Fair Valuation :

When the fair value of investments cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the Discounted Cash Flow (DCF) model, market comparable method and based on recent transactions happened in the Trust. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Changes in assumptions about these factors could affect the reported fair value of financial instruments

Notes forming part of the Financial Statements (Continued)

2.3 Presentation of financial statements:

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

2.4 Revenue Recognition:

Trusteeship Fees are accrued in accordance with the terms of the agreement.

Dividend Income is recognised when the right to receive the same is established.

Interest Income is recognised on accrual basis.

Fair value gain / loss on Investments is recognized to the extent that the revenues can be reliably measured, and where there is significant certainty of recoverability.

2.5 Taxes on Income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961 (the "Income Tax Act").

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and tax laws enacted or substantively enacted as at the reporting date. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

2.6 Cash and Cash Equivalent :

Cash and Bank balances comprises cash on hand and demand deposits with banks. Bank balances are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.7 Cash Flow Statement :

Cash Flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.8 Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. The Company has not issued any financial instrument that entitles or may entitle its holder to acquire equity shares in future.

2.9 Provisions and contingencies:

<u>Provisions are recognised only when:</u>

(i) An entity has a present obligation (legal or constructive) as a result of a past event; and

(ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(iii) A reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Notes forming part of the Financial Statements (Continued)

Contingent liability is disclosed in case of:

(i) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

(ii) A present obligation arising from past events, when no reliable estimate is possible. Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent Assets:

Contingent assets are not recognised in the financial statements

2.10 Goods and Service Tax (GST) Input Credit:

GST input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilizing the credits.

2.11 Operating Cycle:

Based on the nature of activities of the Company, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.12 Financial instruments:

Financial instruments – initial recognition

Date of recognition

Financial assets and liabilities, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for the Day 1 profit or loss, as described below.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Measurement categories of Financial Assets and Liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- Fair value through Profit or Loss (FVTPL)
- Fair value through Other Comprehensive Income (FVTOCI),

Financial Assets and Liabilities

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial

Notes forming part of the Financial Statements (Continued)

liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

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 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.

Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the

Notes forming part of the Financial Statements (Continued)

exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'at amortised cost'.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. INCOME TAX ASSETS (NET)

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Advance Payment of Income Tax (Net of Provision)	**3,24,969**	3,38,072	2,67,012
Advance Payment of Fringe Benefit Tax	**—**	—	11,220
	3,24,969	3,38,072	2,78,232

4. OTHER NON CURRENT ASSETS

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Advance Profession Tax	**4,000**	6,000	—
Security Deposits	**20,000**	—	—
	24,000	6,000	—

5. INVESTMENTS

	Units	NAV	**As at March 31, 2019 ₹**	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Investments in Mutual Funds (Unquoted) (Refer note 15)					
HDFC Liquid Fund - Direct Plan - Daily Dividend - Reinvestment	6535.671	1019.82	**66,65,208**	—	—
HDFC Cash Management Fund - Savings Plan - Direct Plan - Daily Dividend - Reinvestment	5781.739	1063.64	**—**	61,49,689	2,60,387
			66,65,208	61,49,689	2,60,387

Notes forming part of the Financial Statements (Continued)

6. TRADE RECEIVABLES
(Unsecured, Considered Good)

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Trusteeship Fees			
– Outstanding for period exceeding 6 months from the date they become due	**6,17,760**	1,62,540	—
Others	**—**	—	—
	6,17,760	1,62,540	—

7. CASH AND CASH EQUIVALENTS

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Balances with banks			
– In Current Account	**1,03,504**	5,02,725	1,39,540
– In Deposit	**—**	—	1,00,00,000
Cash on hand	**150**	150	160
	1,03,654	5,02,875	1,01,39,700

8. LOANS

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Advance to HDFC India Real Estate Fund	**30,00,000**	30,00,000	—
Advance to HDFC India Real Estate Fund III	**10,00,000**	10,00,000	—
	40,00,000	40,00,000	—

9. OTHER CURRENT ASSETS

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Balance with Government Authorities	**29,895**	74,273	83,117
Advance Profession Tax	**2,000**	2,000	—
Others	**493**	—	1,048
	32,388	76,273	84,165

10. TRADE PAYABLES

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Due to micro enterprises and small enterprises			
Due to Other than micro enterprises and small enterprises			
– Provision for expenses	**40,000**	40,000	—
– Other Payables (Refer Note 17)	**1,67,196**	1,77,900	1,91,750
	2,07,196	2,17,900	1,91,750

Notes forming part of the Financial Statements (Continued)

10.1 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the year is given below :

Particulars		**As at March 31, 2019 ₹**	As at March 31, 2018 ₹	As at April 1, 2017 ₹
(a)	Amounts outstanding but not due as at year end	**—**	—	—
(b)	Amounts due but unpaid as at year end	**—**	—	—
(c)	Amounts paid after appointed date during the year	**—**	—	—
(d)	Amounts of interest accrued and unpaid as at year end	**—**	—	—
(e)	The amount of further interest due and payable even in the succeeding year	**—**	—	—
	Total	**—**	—	—

10.2 There is no amount payable during the year by the Company to suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.

11. OTHER CURRENT LIABILITIES

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Statutory Dues	**14,250**	20,800	13,500
Others	**—**	10,000	—
	14,250	30,800	13,500

12. REVENUE FROM OPERATIONS

Particulars	**Year ended March 31, 2019 ₹**	Year ended March 31, 2018 ₹
Trusteeship Fees (Refer Note 17)	**10,00,000**	10,00,000
	10,00,000	10,00,000

13. OTHER INCOME

	Year ended March 31, 2019 ₹	Year ended March 31, 2018 ₹
Dividend Income on Current Investments	**3,15,519**	2,89,302
Interest from Bank Deposits	**—**	40,411
Interest on Income Tax Refund	**3,130**	—
	3,18,649	3,29,713

Notes forming part of the Financial Statements (Continued)

14. OTHER EXPENSES

Particulars	Year ended March 31, 2019 ₹	Year ended March 31, 2018 ₹
Auditors' Remuneration	**2,15,000**	2,15,000
Directors Sitting Fees	**2,40,000**	3,60,000
Printing and Stationary	**—**	10,541
Professional Fees	**54,540**	1,54,540
Other Expenses	**1,44,742**	99,532
	6,54,282	8,39,613

14.1 Payment to Auditors comprises of :

	Year ended March 31, 2019 ₹	Year ended March 31, 2018 ₹
Audit Fees	**1,00,000**	1,00,000
Other Matters	**1,15,000**	1,15,000
	2,15,000	2,15,000

15. FAIR VALUE MEASUREMENT:

Financial Assets	March 31, 2019					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at FVTPL –						
Investments	5					
Investment in Mutual Funds		66,65,208	—	66,65,208	—	**66,65,208**

Financial Assets	March 31, 2018					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at FVTPL –						
Investments	5					
Investment in Mutual Funds		61,49,689	—	61,49,689	—	**61,49,689**

Financial Assets	March 31, 2017					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at FVTPL –						
Investments	5					
Investment in Mutual Funds		2,60,387	—	2,60,387	—	**2,60,387**

For financial assets that are measured at fair value, the carrying amounts are equal to the fair values

Valuation Process

All investments are measured at fair value.

Costs of certain unquoted equity instruments has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value

Notes forming part of the Financial Statements (Continued)

within that range. These investments in instruments are not held for trading. Instead, they are held for medium or long term strategic purpose.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company.

The Compamy assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

16. OPERATING SEGMENTS:

The Company is primarily engaged in the investment management business in India. As such, there are no separate reportable segments, as per Ind AS 108 on "Operating Segments.

17. RELATED PARTY TRANSACTIONS:

As per the Accounting Standard on "Related Party Disclosures" (Ind AS-24), the following are the related parties of the Company with whom there were transactions during the year:

Holding Company:	Housing Development Finance Corporation Limited.
Controlled by the Holding Company:	HDFC Investment Trust
	HDFC Investment Trust II (w.e.f. June 24, 2014)
Associate of Holding Company:	HDFC Bank Limited

The nature and volume of transactions of the Company during the year, with the above related parties were as follows:

Particulars	Holding Company ₹	Controlled by the Holding Company ₹	Associate of Holding Company ₹
Income			
Trusteeship fees	—	@5,00,000 (5,00,000)	
Trusteeship fees	—	*5,00,000 (5,00,000)	
Interest on Fixed Deposit			- (40,411)
Expenditure			
Other Expenses			3,915 (3,100)
Assets			
Balance with bank in Current Account			1,03,504 (5,02,725)
Bank Deposits Placed			Nil (25,00,000)
Bank Deposits Matured/Withdrawn			Nil (1,25,00,000)
Balance with bank in Deposit Account			Nil (1,00,00,000)

Note : Figures in bracket are in respect of previous year

The above amounts are excluding Service Tax / Goods and Service Tax

@ HDFC Investment Trust

* HDFC Investment Trust II

Notes forming part of the Financial Statements (Continued)

18. EARNINGS PER SHARE:

In accordance with the Accounting Standard on "Earnings Per Share" (Ind - AS-33): , the Earnings Per Share has been computed as under:

Particulars	Current Year	Previous Year
(a) Nominal value per share (₹)	**10**	10
(b) Profit after Tax (₹)	**5,59,784**	4,29,515
(c) Number of Equity Shares Outstanding	**50,000**	50,000
(d) Earnings Per Share (₹)	**11.20**	8.59
(b)/(c) {Basic and Diluted}		

19. CONTINGENT LIABILITY AND CAPITAL COMMITMENTS:

There is no Contingent liability and Capital Commitments outstanding as at March 31, 2019 (Previous Year NIL).

20. RECONCILIATION OF EFFECTIVE TAX RATE

Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18
Profit / (Loss) before tax	6,64,368	4,90,100
Income tax expense calculated at 26% (2018: 25.75%)	1,72,736	1,26,201
Effect of income that is exempt from taxation	(82,035)	(74,495)
Effect of expenses allowed	(11,214)	–
Effect of expenses disallowed	27,616	16,451
Total	1,07,103	68,157
Rounded off	**1,08,000**	**69,000**
Adjustments recognised in the current year in relation to the current tax of prior years	3,417	8,415
Income tax expense recognised In profit or loss	**1,04,583**	**60,585**

21. FIRST-TIME ADOPTION OF IND-AS :

The Company has prepared financial statements for the year ended 31st March, 2019, in accordance with Ind AS for the first time. For the periods upto and including the year ended 31st March, 2018, the Company prepared its financial statements in accordance with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). Accordingly, the Company has prepared its financial statements to comply with Ind AS for the year ending 31st March, 2019, together with comparative information as at and for the year ended 31st March, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening Balance Sheet was prepared as at 1st April, 2017 i.e. the transition date to Ind AS for the Company.

Notes forming part of the Financial Statements (Continued)

This note explains the principal adjustment made by the Company in restating its Previous GAAP financial statements, including the Balance Sheet as at 1st April, 2017, and the financial statements as at and for the year ended 31st March, 2018.

(i) Reconciliation of Total Equity :

Particulars	As at 31 March 2018	As at 1 April 2017
Equity as reported under previous GAAP	**1,09,86,749**	1,05,57,234
Ind AS: Adjustments	—	—
Equity as reported under IND AS	**1,09,86,749**	1,05,57,234

(ii) Reconciliation of Total Comprehensive Income :

Particulars	Year Ended 31 March 2018
Profit as per previous GAAP	4,29,515
Ind AS: Adjustments	
Profit under Ind AS	—
Other comprehensive Income	—
Total comprehensive income under Ind AS	**4,29,515**

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

22. EXEMPTIONS AVAILED:

Classification and Measurement of Financial Assets:

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Fair Value of Financials Assets and Liabilities:

As per Ind AS exemption, the Company has not fair valued the financial assets and liabilities retrospectively and has measured the same prospectively.

For Deloitte Haskins & Sells LLP
Chartered Accountants

G. K. Subramaniam
Partner

Mumbai, April 17, 2019

For HDFC Ventures Trustee Company Limited

S. N. Shroff
Director
(DIN : 00011169)

Sunil Shaligram
Director
(DIN : 01583151)