



HDFC
PENSION

**HDFC PENSION MANAGEMENT
COMPANY LIMITED**

ANNUAL REPORT 2013 - 2014

HDFC Pension Management Company Limited

BOARD OF DIRECTORS

Dr. SA Dave
Mr. AKT Chari
Mr. Amitabh Chaudhry
Ms. Vibha Padalkar

CHIEF EXECUTIVE OFFICER

Mr. Sumit Shukla

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Nagesh Pai

BANKERS

HDFC Bank Limited

AUDITORS

M/s B K Khare & Co.

Registered Office

13th Floor, Lodha Excelus, Apollo Mills Compound
N M Joshi Marg, Mahalaxmi, Mumbai - 400 011

CORPORATE IDENTIFICATION NUMBER (CIN)

U66020MH2011PLC218824.

Directors' Report

To
THE MEMBERS OF,
HDFC PENSION MANAGEMENT COMPANY LIMITED,

The Directors have pleasure in presenting the 3rd Annual Report of HDFC Pension Management Company Limited ("Company"), together with the audited Financial Statements of the Company, for the Financial Year ended March 31, 2014 (FY 2014).

Financial Performance

The financial performance for the FY 2014 was as follows:

| Particulars | (₹ lacs) | |
|---|----------|---------|
| | FY 2014 | FY 2013 |
| Gross income | 203.29 | - |
| Depreciation and amortisation | (22.87) | - |
| Profit/ (Loss) before exceptional and extraordinary items and tax | 4.02 | (50.32) |
| Profit/ (Loss) before Tax | 4.02 | (50.32) |
| Profit/ (Loss) for the year from continuing operations | 3.25 | (50.32) |
| Loss carried forward to the Balance Sheet | (56.00) | (59.25) |

Dividend

The financial operations of the Company have resulted in a modest net profit (after tax) of ₹ 3.25 lacs. Considering the need to plough back profits for future plans, your Directors do not recommend any dividend on equity shares for this financial year.

Share Capital

The eligibility criteria prescribed by Pension Fund Regulatory and Development Authority ("PFRDA") for registration as a Pension Fund Manager ("PFM") *inter alia* required that the Company should have a minimum net worth of ₹ 25 Crs at all times. In light of the said requirement, the Authorised Share Capital of the Company was increased to ₹ 30 Crs from ₹ 10 Crs, divided into 30,000,000 Equity Shares of ₹ 10/- each. Further, the Company had during the year increased its paid-up share capital from ₹ 58 lacs to ₹ 28 Crs.

The entire share capital of the Company is held by HDFC Standard Life Insurance Company Limited, including shares held by it through nominee shareholders.

Business Review & Outlook

The Company commenced its operations in August, 2013 after procuring the license from PFRDA on April 23, 2013 by quickly setting up the necessary infrastructure required for the purpose. This was the first year of operations for the Company and the Company made good progress. The industry Assets Under Management ("AUM") grew 61% over last year from ₹ 29,851 Crs to ₹ 48,104.49 Crs. Out of this total AUM, AUM of ₹ 2,891.04 Crs was under the Corporate NPS. There were about 249002 subscribers last year in the Corporate NPS scheme. As on March 31, 2014, the Company had around 1195 subscribers. This was

HDFC Pension Management Company Limited

mainly due to the Company’s efforts of reaching out to various corporates and creating awareness for NPS resulting in them signing up for NPS. Your Company’s AUM stands at ₹ 5.87 Crs during the FY 2014. The Net Asset Value (“NAV”) of the various schemes managed by the Company as at close of March 28, 2014 and returns (since inception, absolute returns as on March 28, 2014) for the period of operations during the FY 2014 were as follows:

| Name of the Scheme | NAV as on March 28, 2014 | Fund Performance HDFC Pension | Benchmark* Returns |
|--------------------------------|--------------------------|-------------------------------|--------------------|
| Scheme C -Tier I | 10.7002 | 7.00% | 4.59% |
| Scheme E -Tier I | 11.9990 | 19.99% | 17.47% |
| Scheme G -Tier I | 10.3277 | 3.28% | 1.79% |
| Scheme C -Tier II [§] | 10.6116 | 6.12% | 4.59% |
| Scheme E -Tier II [#] | 10.7929 | 7.93% | 17.47% |
| Scheme G -Tier II | 10.5917 | 5.92% | 1.79% |

* Same period benchmarks; Nifty-50 for Scheme E, Composite Bond Fund Index for Scheme C and I-Sec Libex for Scheme G.

[§] Due to small fund size of Scheme C Tier II, investment has been made temporarily in Liquid Mutual Fund. Hence, Fund performance of the scheme for the period is not comparable with the benchmark.

[#] Due to small fund size of Tier II Scheme E investment has been made temporarily in Liquid Mutual Fund. The fund has started investment in equity securities in the month of March, 2014. Hence, Fund performance of the scheme for the period is not comparable with the benchmark.

The business environment was promising for pension fund managers towards the start of FY 2014. However, regulatory changes during the year have created a sense of uncertainty in the business plans of the Company.

This led your company to focus on keeping costs under control and operating in a lean structure. The various cost reduction initiatives coupled with the long-term returns on investments have resulted in the Company generating a net profit after tax of ₹ 3.25 lacs during the first year of its operations. Your Company strives to emerge as a strong player in the pension management business and will be channelizing its efforts going forward, to achieve the same.

Key Regulatory Changes

During the year under review, PFRDA has brought out several guidelines including the investment guidelines, KYC norms, registration of NPS-Lite subscribers etc. The investment guideline for pension assets was revised in

January, 2014 and has been made more conservative to enhance safety of investments. Your Company has implemented these guidelines earnestly and has sent regular reports to PFRDA confirming compliance to the aforementioned guidelines.

The new Companies Act, 2013 have been brought into force with most of its provisions effective from April 1, 2014. The law aims at *inter alia* further improving governance and disclosures.

A Request for Proposal (“RFP”) was floated by PFRDA in January, 2014 for selection of pension fund managers afresh to manage the NPS funds. As per the said RFP, the existing pension fund managers as well as new corporates were eligible to apply for an appointment with a validity period of 5 years. Your Company had participated in the RFP Process through the Sponsor i.e HDFC Standard Life Insurance Company Limited. However, the Company and the Sponsor apprehends that PFRDA is likely to disqualify your Company, and thus, the Sponsor has approached the Courts for suitable remedy. Meanwhile, since the Company’s licence was expiring on April 22, 2014, an application has also been filed with PFRDA to renew the license.

We strongly believe that having been granted a licence just a year back, it is highly unfair for the licence to be superseded or not renewed, and thus are very hopeful that our view will prevail.

Directors

As on the date of this report, the Company’s Board comprises of four Directors with half of the Board being Independent Directors.

It may be noted that pursuant to the provisions of the new Companies Act, 2013, the Independent Directors shall hold office for a term of five consecutive years, and shall be eligible for re-appointment for a further period of five years, subject to passing of special resolution by the Shareholders in General Meeting. Further, the Independent Director shall not be liable to retire by rotation at the ensuing AGM.

Thus, in line with the provisions of Sections 149 and 152 of the new Act, the existing Independent Directors i.e Dr. SA Dave and Mr. AKT Chari, shall hold office of Independent Director for a period of 5 years with effect from April 17, 2014. The resolutions proposing the

HDFC Pension Management Company Limited

same are included in the Notice convening the Annual General Meeting.

Further, under the provisions of the New Act, only the Non-Independent Directors are counted for the purpose of determining directors liable to retirement by rotation. Accordingly, Ms. Vibha Padalkar, will retire by rotation at the ensuing Annual General Meeting. Ms. Vibha Padalkar is eligible for re-appointment and resolution for the purpose is being proposed in the Notice convening the ensuing Annual General Meeting.

Profile of the Directors seeking re-appointment is given in the notice of the 3rd Annual General Meeting.

None of the directors of the Company are disqualified from being re-appointed as Directors in accordance with Section 274(1) (g) of the erstwhile Companies Act, 1956.

Board Committees

The Board has constituted various Committees, details of which are as follows:

a) Audit Committee:

Pursuant to the requirements of Section 292A of the erstwhile Companies Act, 1956, the Company has constituted an Audit Committee of the Board consisting of:

1. Dr. SA Dave, Independent Director;
2. Mr. AKT Chari, Independent Director; and
3. Mr. Amitabh Chaudhry, Non Executive Director

During the year, four meetings of the Audit Committee were held.

Members may note that the existing constitution of the Audit Committee is in line with the requirements prescribed under the new Companies Act, 2013. Further, the Terms of Reference of the Audit Committee has been modified to include the requirements specified under the Act.

b) Risk Management Committee:

Pursuant to the requirement emanating from Investment Management Agreement executed with the National Pension System Trust ("NPS Trust"), the Company has constituted a Risk Management Committee of the Board consisting of:

1. Dr. SA Dave, Independent Director;
2. Mr. Amitabh Chaudhry, Non Executive Director;
3. Ms. Vibha Padalkar, Non Executive Director;

4. Mr. Sumit Shukla, Chief Executive Officer;
5. Mr. Ashish Narula, Chief Investment Officer; and
6. Mr. Nagesh Pai, Company Secretary & Compliance Officer

During the year, three meetings of the Risk Management Committee were held.

c) Investment Committee:

Pursuant to the requirement emanating from Investment Management Agreement executed with NPS Trust, the Company has constituted an Investment Committee of the Board consisting of:

1. Mr. AKT Chari, Independent Director;
2. Mr. Amitabh Chaudhry, Non Executive Director;
3. Ms. Vibha Padalkar, Non Executive Director;
4. Mr. Sumit Shukla, Chief Executive Officer; and
5. Mr. Ashish Narula, Chief Investment Officer

During the year, three meetings of the Investment Committee were held.

d) Remuneration Committee:

Pursuant to the requirement emanating from the erstwhile Companies Act, 1956, the Company has constituted a Remuneration Committee of the Board consisting of:

1. Dr. SA Dave, Independent Director;
2. Mr. AKT Chari, Independent Director; and
3. Mr. Amitabh Chaudhry, Non Executive Director

During the year, Since there was no business to transact, the Remuneration Committee did not meet.

Reconstitution of Committee

In view of the requirements of the new Companies Act, 2013 ("Act"), the existing Remuneration Committee has been renamed and reconstituted as "Nomination and Remuneration Committee", and the terms of reference has been amended to included the requirements of the new Act. Further, the terms of reference of the Audit Committee has been amended in line with the requirements of the new Act. The members of the existing Remuneration Committee continue to be the members of the new Committee.

Appointment of Key Managerial Personnel

Pursuant to the provisions of the new Companies Act, 2013, the Company has designated and appointed

HDFC Pension Management Company Limited

the following personnel as its "Key Managerial Personnel":

1. Mr. Sumit Shukla, Chief Executive Officer;
2. Mr. Nagesh Pai, Company Secretary & Compliance Officer.

Auditors

M/s. B K Khare & Co., Chartered Accountants were appointed as the Statutory Auditors of the Company for FY 2014 at the 2nd Annual General Meeting to hold office upto the conclusion of 5th Annual General Meeting thereafter.

The Statutory Auditors have confirmed their eligibility and willingness to accept office, if re-appointed. Resolution seeking their re-appointment is included in the Notice of the ensuing Annual General Meeting. Your Directors recommend their re-appointment.

Internal Audit Framework

The Company has in place a Concurrent Audit framework for verification of Net Asset Values published for all schemes. Audits are conducted by an independent firm of Chartered Accountants as per the scope of audit clearly defined in the engagement letter. The audit process also factors in verifying compliance with process, systems, regulatory guidelines and controls.

Internal Audit Department oversees the work of Concurrent Auditors. Chief Executive Officer presents the Audit Reports to the Audit Committee of your Company, which discusses the audit observations and recommendations. The Concurrent Auditors and the Audit Committee track the status of implementation of various recommendations / actionables.

Statutory Disclosure of Particulars

The primary objective of the Company is to carry on the business of Pension Fund Management. There are no particulars to be disclosed regarding conservation of energy, technology upgradation, foreign exchange earnings and outgo as per Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, and the rules framed thereunder, the names and other particulars of relevant employees are set out in the Annexure to the Directors' Report.

Secretarial Audit Report

As a part of good governance practice, the Company conducted a Secretarial Audit by a Practicing Company Secretary. For this purpose, the Company had appointed

Mr. Devang Dalal, Practicing Company Secretary, to conduct the audit. The Auditor has not made any adverse remarks or comments in his Report for FY 2014.

Deposits

The Company has not accepted any fixed deposits during the year under review.

Directors' Responsibility Statement

The Directors, pursuant to the provisions of Section 217 (2AA) of the Act, wish to state:

1. That in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. That they have 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 at the end of the financial period and of profit or loss of the Company for that period;
3. That they have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. That they have prepared the annual accounts on a going concern basis.

Acknowledgments

Your Directors are grateful to the Pension Fund and Regulatory Development Authority ("PFRDA"), NPS Trust, various NPS intermediaries (i.e National Securities Depository Limited, Axis Bank, and Stock Holding Corporation of India, the Registrar of Companies and the Promoter / Sponsor of the Company (i.e. HDFC Standard Life Insurance Company Limited), and places on record its gratitude for their continued guidance and support.

Your Directors thank their business associates for reposing their trust in the Company and would like to express sincere thanks to its valued subscribers for their continued patronage.

Your Directors also thank the Company's employees for their hard work, dedication and commitment; and the Management for continuing growth of the business.

For and on behalf of the Board of Directors

SA Dave
Director

Amitabh Chaudhry
Director

Place: Mumbai
Date: April 17, 2014

Independent Auditors' Report

TO THE MEMBERS OF HDFC PENSION MANAGEMENT COMPANY LIMITED

Report on the financial statements

We have audited the accompanying financial statements of HDFC Pension Management Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, Statements of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, the Statements of Profit and Loss and Cash Flow dealt with by this report, comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - e. On the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No. 105102W
Devdatta Mainkar
Partner
Membership No. 109795

Place: Mumbai
Date: April 17, 2014

Annexure to the Auditors' Report

Annexure referred under the heading 'Report on other legal and regulatory requirements' of our report of even date Re: HDFC Pension Fund Management Company Limited

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- c) There was no disposal of substantial part of fixed assets during the year.
- (ii) The Company does not hold any inventory. Hence, provisions of clause 4(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(a) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system in respect of this area. The Company has not purchased any inventory or sold any goods during the year, hence adequacy of internal controls in respect of this area has not been commented upon.
- (v) According to the information and explanations provided by the management, there were no contracts or arrangements that were required to be entered in the Register maintained under section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company's present internal audit system is commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, for the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, service tax, cess and other material statutory dues applicable to it.
- As informed, the provisions of investor education and protection fund, employees' state insurance, sales tax, wealth tax, excise duty and customs duty are currently not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, service tax, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

As informed, the provisions of investor education and protection fund, employees' state insurance, sales tax, wealth tax, excise duty and customs duty are currently not applicable to the Company.

- (c) According to the information and explanation given to us, there are no dues of income tax, service tax and cess which have not been deposited on account of any dispute.
- As informed, the provisions of sales tax, wealth tax, excise duty and customs duty are currently not applicable to the Company.
- (x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xi) As informed, the Company has not borrowed any sums from a financial institution, bank or debenture holders.
- (xii) Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by other from bank or financial institution.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) According to the information and explanations given to us, the Company has not raised any money through a public issue during the year.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No. 105102W
Devdatta Mainkar
Partner
Membership No.109795

Place: Mumbai
Date: April 17, 2014

Balance Sheet

as at March 31, 2014

HDFC Pension Management Company Limited

(₹ '000)

| Particulars | Note | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|---|------|--------------------------------------|--------------------------------------|
| EQUITY AND LIABILITIES | | | |
| SHAREHOLDERS' FUNDS | | | |
| Share capital | 2 | 280,000 | 5,800 |
| Reserves and surplus | 3 | (5,600) | (5,925) |
| | | 274,400 | (125) |
| NON-CURRENT LIABILITIES | | | |
| Long-term borrowings | | - | - |
| Other long-term liabilities | | - | - |
| Long-term provisions | | - | - |
| CURRENT LIABILITIES | | | |
| Short-term borrowings | | - | - |
| Trade payables | | - | - |
| Other current liabilities | 4 | 3,632 | 2,543 |
| Short-term provisions | 5 | 491 | - |
| | | 278,523 | 2,418 |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed assets | | | |
| (i) Tangible assets | 6 | 2,324 | - |
| (ii) Intangible assets | 7 | 5,989 | - |
| (iii) Capital work-in-progress | | - | - |
| Non-current investments | 8 | 146,322 | - |
| Deferred tax assets (net) | | - | - |
| Long-term loans and advances | 9 | 1,583 | 12 |
| Other non-current assets | | - | - |
| CURRENT ASSETS | | | |
| Current investments | 10 | 62,299 | - |
| Trade receivables | | - | - |
| Cash and bank balances | 11 | 51,308 | 2,406 |
| Short-term loans and advances | 12 | 54 | - |
| Other current assets | 13 | 8,644 | - |
| | | 278,523 | 2,418 |
| See accompanying notes forming part of the financial statements | | | |

In terms of our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Devdatta Mankar
Partner
Membership No. 109795

Place : Mumbai
Date: April 17, 2014

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

Director
Amitabh Chaudhry

Vibha Padalkar

Sumit Shukla
Chief Executive Officer

Nagesh Pai
Company Secretary

Statement of Profit and Loss

for the year ended March 31, 2014

HDFC Pension Management Company Limited

| (₹ '000) | | | |
|---|------|--------------------------------------|--------------------------------------|
| Particulars | Note | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
| INCOME | | | |
| Revenue from operations - Investment management fees | | 32 | - |
| Other income | 14 | 20,297 | - |
| TOTAL REVENUE | | 20,329 | - |
| EXPENSES | | | |
| Employee benefit expenses | 15 | 13,279 | - |
| Establishment expenses | 16 | 1,855 | 4,938 |
| Other expenses | 17 | 2,506 | 94 |
| Depreciation and amortisation | 18 | 2,287 | - |
| TOTAL EXPENSES | | 19,927 | 5,032 |
| Profit/(Loss) before exceptional and extraordinary items and tax | | 402 | (5,032) |
| Exceptional items | | - | - |
| Profit/(Loss) before extraordinary items and tax | | 402 | (5,032) |
| Extraordinary items | | - | - |
| Profit/(Loss) before tax | | 402 | (5,032) |
| Tax expense | | 77 | - |
| Profit/(Loss) for the year from continuing operations | | 325 | (5,032) |
| Profit/(Loss) from discontinuing operations | | - | - |
| Tax expense of discontinuing operations | | - | - |
| Profit/(Loss) for the year from discontinuing operations (after tax) | | - | - |
| PROFIT/(LOSS) FOR THE YEAR | | 325 | (5,032) |
| Earnings per equity share (face value ₹ 10 each) | 19 | | |
| Basic (₹) | | 0.01 | (18.37) |
| Diluted (₹) | | 0.01 | (18.37) |
| See accompanying notes forming part of the financial statements | | | |

In terms of our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Devdatta Mainkar
Partner
Membership No. 109795

Place : Mumbai
Date : April 17, 2014

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

Director
Amitabh Chaudhry

Vibha Padalkar

Sumit Shukla
Chief Executive Officer

Nagesh Pai
Company Secretary

Cash Flow Statement

for the year ended March 31, 2014

HDFC Pension Management Company Limited

(₹ '000)

| Particulars | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|--|--------------------------------------|--------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit /(Loss) before tax | 402 | (5,032) |
| Adjustments for: | | |
| Depreciation and amortisation | 2,287 | - |
| Interest income on investments | (7,083) | - |
| Profit on sale of investments | (6,414) | - |
| Profit on sale of fixed assets | (4) | - |
| Unrealised loss and amortisation of discount on investments | (6,796) | - |
| Movement in working capital | | |
| (Increase)/Decrease in loans and advances & other current assets | (3,670) | (12) |
| Increase/(Decrease) in trade payables & current liabilities | 1,579 | 2,493 |
| Income taxes paid | - | - |
| NET CASH FROM OPERATING ACTIVITIES | (19,699) | (2,551) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (10,600) | - |
| Proceeds from sale of fixed assets | 4 | - |
| (Purchase)/Sale of investments | (233,230) | - |
| Interest income received on investments | 407 | - |
| NET CASH FROM INVESTING ACTIVITIES | (243,419) | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of share capital | 274,200 | 4,300 |
| NET CASH USED IN FINANCING ACTIVITIES | 274,200 | 4,300 |
| Net increase in cash and cash equivalents | 11,082 | 1,749 |
| Cash and cash equivalents at the beginning of the year | 2,406 | 657 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 13,488 | 2,406 |
| Components of cash and cash equivalents at end of the year: | | |
| Bank balances-current accounts (Refer note number 11) | 308 | 2,406 |
| Money market instruments (Refer note number 10) | 13,180 | - |
| TOTAL CASH AND CASH EQUIVALENTS | 13,488 | 2,406 |
| Reconciliation of cash and cash equivalents with cash and bank balances as per Balance Sheet: | | |
| Cash and cash equivalents | 13,488 | 2,406 |
| Money market instruments (Refer note number 10) | (13,180) | - |
| Bank deposit with maturity of more than 12 months (Refer note number 11) | 51,000 | - |
| CASH AND BANK BALANCES AS PER BALANCE SHEET | 51,308 | 2,406 |
| See accompanying notes forming part of the financial statements | | |

In terms of our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Devdatta Mainkar
Partner
Membership No. 109795

Place : Mumbai
Date: April 17, 2014

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

Director
Amitabh Chaudhry

Vibha Padalkar

Sumit Shukla
Chief Executive Officer

Nagesh Pai
Company Secretary

Notes

forming part of the financial statements

BACKGROUND

HDFC Pension Management Company Limited (formerly known as HDFC Life Pension Fund Management Company Limited) is a wholly owned subsidiary of HDFC Standard Life Insurance Company Limited. The Company is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company was incorporated on June 20, 2011 with Registration Number U66020MH2011PLC218824 with the specific purpose of managing pension fund business. Pursuant to the approval received from the Registrar of Companies, Mumbai, the Company has changed its name from 'HDFC Life Pension Fund Management Company Limited' to 'HDFC Pension Management Company Limited' with effect from March 26, 2013. In January 2014, a Request for Proposal ("RFP") was floated by Pension Fund Regulatory and Development Authority (PFRDA) seeking fresh bids for selection of pension fund managers afresh to manage the pension funds. In accordance with this requirement, HDFC Standard Life Insurance Company Limited ("Sponsor") has submitted a technical and commercial bid to the PFRDA in February 2014. On April 16, 2014, PFRDA scheduled the opening of bids of all bidders, except that of the Sponsor. To protect its interest and to ensure that it is included in the bid evaluation process, the Sponsor filed a writ petition in the Hon'ble High Court of Delhi. On April 16, 2014, the Hon'ble High Court directed PFRDA to open the Sponsor's bid along with the bids of other bidders and evaluate the same in accordance with law. The management of the Sponsor expects to qualify the bid evaluation process. The existing license of the Company is in force and valid as at March 31, 2014.

1 Significant Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006, in terms of Section 211(3C) of the Companies Act 1956, to the extent applicable and in the manner so required. The accounting policies and practices which are material in determining the results of operations for the year are consistent with those adopted in the financial statements for the previous financial year.

1.2 Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles in India ('Indian GAAP') requires that the Company's management makes estimates and assumptions that affect the reported amounts of income and expenses for the year, reported

balances of assets and liabilities and disclosures relating to contingent liabilities as of Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances upto and as of the date of the financial statements. Actual results could differ from the estimates. Any revision to the accounting estimates is recognised prospectively.

1.3 Revenue recognition

Investment management fees

Investment management fees are recognised on an accrual basis in accordance with the terms of the "Investment Management Agreement"(IMA) entered into with the National Pension System (NPS) Trust. The investment management fees are presented net of service tax in the Statement of Profit and Loss.

Other income

Interest income on investments is recognised on an accrual basis. Amortisation of premium or accretion of discount on money market instruments and zero coupon bonds is amortised over the holding / maturity period on a straight line basis, subject to the change in value of investments due to market movements.

Dividend income is recognised on the "ex-dividend" date in case of listed equity shares and in case of unlisted equity shares when right to receive dividend is established.

Profit or loss on sale of debt investments is calculated as the difference between the net sale proceeds and the weighted average cost.

Profit or loss on sale of money market instruments is calculated as the difference between the net sale proceeds and weighted average amortised cost.

Profit or loss on sale of equity shares/mutual fund units is calculated as the difference between the net sale proceeds and weighted average cost.

1.4 Investments

Investments that are by nature readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long term investments and disclosed as non-current investments. Current investments are valued at lower of cost or fair value, which valuation is calculated for each individual investment. Long term investments are valued at cost. However, provision for diminution in value is made to recognise a decline, other than temporary in the value of the investments.

Notes

forming part of the financial statements

1.5 Fixed assets and Depreciation / Amortisation

Fixed assets are stated at cost less accumulated depreciation. Cost includes the purchase price and any cost directly attributable to bring the asset to its working condition for its intended use. Subsequent expenditure incurred on existing fixed assets is expensed out except where such expenditure increases the future economic benefits from the existing assets. Depreciation is charged on prorated basis from the month in which the asset is put to use and upto the previous month of sale. Fixed assets individually costing less than ₹ 5,000 are fully depreciated in the year of purchase.

Advances paid towards the acquisition of fixed assets as at the Balance Sheet date and cost of fixed assets not ready for its intended use as at such date is disclosed as capital work in progress.

Tangible assets

The Company has adopted the straight line method of depreciation so as to depreciate 100% of the cost of the following types of assets over the useful life of the assets at rates equal to or higher than those prescribed under Schedule XIV of the Companies Act, 1956 based on the management estimate of useful life of such assets:

| Asset | Depreciation rate |
|------------------------|-------------------|
| Computer hardware | 25% |
| Furniture and Fixtures | 20% |
| Office Equipment | 20% |
| Leasehold Improvements | 20% |

Intangible assets

Intangible assets comprising computer software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, less accumulated amortisation and impairment. These are amortised over the useful life of the software subject to a maximum of four years. Any expenditure for support or maintenance of the software is charged to the Statement of Profit and Loss.

1.6 Impairment of assets

The Company's management periodically assesses, using internal and external sources, whether there is any indication that an asset may be impaired. If any such indication of impairment exists, the recoverable amount of such amount is estimated. An impairment loss is recognised in the Statement of Profit and Loss where the carrying value of an asset exceeds its recoverable amount. Impairment loss is determined as the excess of the asset's carrying value over the recoverable amount. The recoverable amount is

the higher of the asset's net selling price and value in use, which is the present value of future cash flows expected to arise from the continuing use of the asset and its ultimate disposal. When there is an indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

1.7 Employee benefits

a) Short-term employee benefits:

All employee benefits payable within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries and bonuses, short term compensated absences and contribution towards Employee Deposit Linked Insurance are recognised in the period in which the employee renders the related service.

b) Post employment benefits

Defined contribution plan:

The Company's Provident Fund is a defined contribution plan. The contributions paid/payable towards the fund are charged to the Statement of Profit and Loss during the year in which the employee renders the related service.

Defined benefit plan:

The Company's Gratuity plan is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on the actuarial valuation at the Balance Sheet date using the projected unit credit method. Provision for gratuity is accounted for taking into consideration the actuarial valuation of plan obligation as at the Balance Sheet date.

c) Other Long-term employee benefits

The obligation for long term employee benefits such as long term compensated absences, are accounted for based on actuarial valuation determined using the projected unit credit method.

Actuarial gains / losses, if any, due to change in actuarial valuation of all such employee benefit plans are recognised in the year of occurrence for all employee benefits.

1.8 Leases

Finance leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower.

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Operating leases

Leases where lessor effectively retains substantially all the risk and the benefits of ownership over the leased term are classified as operating leases. Rental payments under operating leases including committed increase in rentals are recognised as an expense, on a straight line basis, over the non cancellable lease period.

1.9 Taxation

a) Direct tax

i) Provision for current tax

Provision for income tax is made in accordance with the provisions of the Income Tax Act, 1961 as applicable to the company carrying on pension business.

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

ii) Deferred tax

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

b) Indirect tax

The Company claims credit of service tax on input services, which is set off against service tax on output services. As a matter of prudence, unutilised credit towards service tax on input services is carried forward under 'Long-term loans and advances', wherever there is reasonable certainty of utilisation.

1.10 Provisions, contingent liabilities and contingent assets

Provisions are recognised in respect of present obligations that arise as a result of past event and it is

probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Contingent liabilities are disclosed in respect of ;

- a) possible obligations that arise from past events, the existence or otherwise of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company or
- b) present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither accounted for nor disclosed.

1.11 Earnings per equity share

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

1.12 Cash flow statement

Cash flows are reported using the indirect method as explained in Accounting Standard (AS) 3, "Cash Flow Statements" issued by The Institute of Chartered Accountants of India, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are separately presented.

1.13 Cash and cash equivalents (for cash flow statement purposes)

Cash comprises cash, cheques in hand and bank balances and cash equivalents comprise of highly liquid mutual funds and highly liquid investments that are readily convertible into measurable amounts of cash and which are subject to insignificant risk of change in value.

Notes

forming part of the financial statements

2 Share capital

The Company is a wholly owned subsidiary of HDFC Standard Life Insurance Company Limited. Details of outstanding share capital are as given below:

| Particulars | (₹ '000) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Authorised capital | | |
| 30,000,000 Equity shares of ₹ 10 each | 300,000 | 300,000 |
| (Previous year 30,000,000 Equity shares of ₹ 10 each) | | |
| | 300,000 | 300,000 |
| Issued, subscribed and fully paid-up capital | | |
| 28,000,000 Equity shares of ₹ 10 each (Previous year 580,000 Equity shares of ₹ 10 each) | 280,000 | 5,800 |
| | 280,000 | 5,800 |

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

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

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

| Particulars | As at March 31, 2014 | | As at March 31, 2013 | |
|---|----------------------|----------------|----------------------|--------------|
| | Number of shares | ₹ '000 | Number of shares | ₹ '000 |
| Equity shares outstanding as at the beginning of the year | 580,000 | 5,800 | 50,000 | 500 |
| Equity shares issued during the year | 27,420,000 | 274,200 | 530,000 | 5,300 |
| Equity shares outstanding as at the end of year | 28,000,000 | 280,000 | 580,000 | 5,800 |

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

| Particulars | As at March 31, 2014 | | As at March 31, 2013 | |
|---|----------------------|-----------------|----------------------|-----------------|
| | Number of shares | % of holding | Number of shares | % of holding |
| HDFC Standard Life Insurance Company Ltd. along with its nominees | 28,000,000 | 100% | 580,000 | 100% |

3 Reserves and surplus

| Particulars | (₹ '000) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Profit & Loss account | | |
| Opening balance | (5,925) | (893) |
| Add:- Profit/(Loss) during the year as per the Statement of Profit and Loss | 325 | (5,032) |
| Closing balance | (5,600) | (5,925) |

4 Other current liabilities

| Particulars | (₹ '000) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Due to HDFC Standard Life Insurance Company Ltd. (Holding Company) | - | 2,505 |
| Payable for expenses | 3,588 | 38 |
| Other payables | 44 | - |
| | 3,632 | 2,543 |

5 Short-term provisions

| Particulars | (₹ '000) | |
|---------------------------------|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Provision for employee benefits | 491 | - |
| | 491 | - |

Notes

forming part of the financial statements

6 Tangible assets

| Particulars | Cost / Gross Block | | | Depreciation | | | Net Block | | |
|--------------------------|----------------------|--------------|------------|----------------------|----------------------|-----------------------------------|------------------------|----------------------|----------------------|
| | As at April 01, 2013 | Additions | Deductions | As at March 31, 2014 | As at April 01, 2013 | For the year ended March 31, 2014 | On Sales / Adjustments | As at March 31, 2014 | As at March 31, 2013 |
| Land | - | - | - | - | - | - | - | - | - |
| Buildings | - | - | - | - | - | - | - | - | - |
| Computer hardware | - | 2,594 | - | 2,594 | - | 495 | - | 2,099 | - |
| Furniture and fixtures | - | 111 | - | 111 | - | 22 | - | 89 | - |
| Office equipment | - | 149 | 5 | 144 | - | 34 | 5 | 115 | - |
| Leasehold improvements | - | 26 | - | 26 | - | 5 | - | 21 | - |
| TOTAL | - | 2,880 | 5 | 2,875 | - | 556 | 5 | 2,324 | - |
| Capital work in progress | - | - | - | - | - | - | - | - | - |
| GRAND TOTAL | - | 2,880 | 5 | 2,875 | - | 556 | 5 | 2,324 | - |
| Previous year | - | - | - | - | - | - | - | - | - |

7 Intangible assets

| Particulars | Cost / Gross Block | | | Depreciation | | | Net Block | | |
|---------------------------------|----------------------|-----------|------------|----------------------|----------------------|-----------------------------------|------------------------|----------------------|----------------------|
| | As at April 01, 2013 | Additions | Deductions | As at March 31, 2014 | As at April 01, 2013 | For the year ended March 31, 2014 | On Sales / Adjustments | As at March 31, 2014 | As at March 31, 2013 |
| Intangibles (Computer software) | - | 7,720 | - | 7,720 | - | 1,731 | - | 5,989 | - |
| Previous year | - | - | - | - | - | - | - | - | - |

Notes

forming part of the financial statements

8 Non-current investments

| Particulars | (₹ '000) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Investments in Government securities | 98,477 | - |
| Investments in Non convertible debentures (NCD) - Public sector unit bonds | 47,845 | - |
| | 146,322 | - |
| Aggregate value of quoted investments | 146,322 | - |
| Market value of quoted investments | 144,805 | - |
| Aggregate value of un-quoted investments | - | - |

9 Long-term loans and advances

| Particulars | (₹ '000) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Loans | - | - |
| Others | | |
| Advance tax paid - Tax deducted at source (net of provision for tax) | 38 | - |
| Unutilised service tax input credit | 1,545 | 12 |
| | 1,583 | 12 |

10 Current investments

| Particulars | (₹ '000) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Investments in Certificate of Deposits: (valued at lower of cost or market value) | | |
| (a) Quoted | - | - |
| (b) Unquoted: Corporation bank | 49,119 | - |
| Investment in Mutual Funds - valued at lower of cost or market value | | |
| (a) Quoted | - | - |
| (b) Unquoted | 13,180 | - |
| - ICICI Prudential Liquid - Direct Plan-Growth 70205.321 units (Previous year: Nil) of ₹ 187.7382 each | | |
| | 62,299 | - |

11 Cash and bank balances

| Particulars | (₹ '000) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Cash on hand | | |
| Balances with banks: | | |
| -In current accounts | 308 | 2,406 |
| Other bank balances | | |
| -Deposits with maturity of more than 12 months | 51,000 | - |
| | 51,308 | 2,406 |

12 Short-term loans and advances

| Particulars | (₹ '000) | |
|------------------|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Loans | - | - |
| Others | | |
| Prepaid expenses | 54 | - |
| | 54 | - |

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13 Other current assets

| Particulars | (₹ '000) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Due from HDFC Standard Life Insurance Company Ltd. (Holding Company) | 1,932 | - |
| Interest accrued | 6,676 | - |
| Receivable from pension schemes (Investment management fees) | 32 | - |
| Receivable from pension schemes (service tax) | 4 | - |
| | 8,644 | - |

14 Other income

| Particulars | (₹ '000) | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
| Investment income from current investments | | |
| Interest income on investments | 7,083 | - |
| Amortisation of discount on investments | 6,997 | - |
| Less: Change in value of investments due to market movements | (201) | - |
| Profit on sale of investments | 6,414 | - |
| Profit on sale of fixed assets | 4 | - |
| | 20,297 | - |

15 Employee benefit expenses

| Particulars | (₹ '000) | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
| Salaries and bonuses | 12,885 | - |
| Contributions to Provident fund and NPS fund | 394 | - |
| | 13,279 | - |

16 Establishment expenses

| Particulars | (₹ '000) | |
|--------------------|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
| Rent | 547 | - |
| PFRDA licence fees | 1,000 | - |
| Other expenses | 308 | 4,938 |
| | 1,855 | 4,938 |

17 Other expenses

| Particulars | (₹ '000) | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
| Auditor's remuneration (Audit fees) | 247 | 81 |
| Directors sitting fees | 170 | 10 |
| General office expenses | 151 | 3 |
| Legal & professional charges | 672 | - |
| Membership & subscription | 274 | - |
| Information technology support expenses | 105 | - |
| Computer expenses | 107 | - |
| Marketing expenses | 200 | - |
| Miscellaneous expenses | 222 | - |
| Travel expenses | 358 | - |
| | 2,506 | 94 |

Notes

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18 Depreciation and amortisation

(₹ '000)

| Particulars | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|-----------------------------------|--------------------------------------|--------------------------------------|
| Depreciation on tangible assets | 556 | - |
| Amortisation of intangible assets | 1,731 | - |
| | 2,287 | - |

19 Earnings per share

| Particulars | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|---|--------------------------------------|--------------------------------------|
| Net Profit/(Loss) as per Statement of Profit & Loss (₹ '000) | 325 | (5,032) |
| Weighted average number of equity shares for Basic earnings per share | 26,292,822 | 273,945 |
| Basic earnings per share (₹) | 0.01 | (18.37) |
| Weighted average number of equity shares for Diluted earnings per share | 26,292,822 | 273,945 |
| Diluted earnings per share (₹) | 0.01 | (18.37) |
| Nominal value of share (₹) | 10.00 | 10.00 |

20 Tax provision

a) Direct tax

i) Provision for current tax

The Company has made a provision for Minimum Alternate Tax (MAT) u/s 115JB of the Income Tax Act, 1961 of ₹ 77 thousands (Previous Year ₹ Nil) in the Statement of Profit and loss for the year ended March 31, 2014 in accordance with the Rules and Regulations there under, as applicable to the Company.

In the absence of convincing evidence with respect to its utilisation, MAT credit entitlement for the year has not been recognised.

ii) Deferred tax

With reference to the accounting policy on deferred tax, in view of lack of virtual certainty supported by convincing

evidence in the business, that future taxable income will be available against which the deferred tax asset can be realised, the Company has concluded that it would not be prudent to recognise deferred tax asset during the year.

21 Leases

In accordance with the Accounting Standard (AS) 19, "Leases", issued by The Institute of Chartered Accountants of India, the following disclosures are made in respect of operating leases:

The Company has taken motor vehicles on operating lease for a term of upto 5 years. In respect of the operating leases, the lease rentals debited to the Statement of Profit and Loss are ₹ 108 thousands (Previous Year ₹ Nil). The minimum future lease rentals payable for specified duration in respect of such leases, are as given below:

(₹ '000)

| Particulars | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|--|--------------------------------------|--------------------------------------|
| Not later than 1 year | 144 | - |
| Later than 1 year but not later than 5 years | 180 | - |

The lease terms do not contain any exceptional/restrictive covenants which will have significant detrimental impact on the Company's financials nor are there any options given to the Company to purchase the motor vehicles.

22 Related party disclosures as per Accounting Standard 18

A) Related parties and nature of relationship:

| Sr. No. | Name of related party | Nature of relationship |
|---------|---|--------------------------|
| 1 | Housing Development Finance Corporation Limited | Ultimate Holding Company |
| 2 | HDFC Standard Life Insurance Company Limited | Holding Company |

Notes

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| Sr. No. | Name of related party | Nature of relationship |
|---------|--|--------------------------|
| 3 | HDFC Asset Management Company Limited | Fellow Subsidiary |
| 4 | HDFC Developers Limited | Fellow Subsidiary |
| 5 | HDFC Holdings Limited | Fellow Subsidiary |
| 6 | HDFC Trustee Company Limited | Fellow Subsidiary |
| 7 | HDFC Realty Limited | Fellow Subsidiary |
| 8 | HDFC Investments Limited | Fellow Subsidiary |
| 9 | HDFC ERGO General Insurance Company Limited | Fellow Subsidiary |
| 10 | GRUH Finance Limited | Fellow Subsidiary |
| 11 | HDFC Sales Private Limited | Fellow Subsidiary |
| 12 | HDFC Venture Capital Limited | Fellow Subsidiary |
| 13 | HDFC Ventures Trustee Company Limited | Fellow Subsidiary |
| 14 | HDFC Property Ventures Limited | Fellow Subsidiary |
| 15 | HDFC IT Corridor Fund | Fellow Subsidiary |
| 16 | HDFC Investment Trust | Fellow Subsidiary |
| 17 | Credila Financial Services Private Limited | Fellow Subsidiary |
| 18 | HDFC Asset Management Company (Singapore) Pte. Limited (subsidiary of HDFC Asset Management Company Limited) | Fellow Subsidiary |
| 19 | Griha Investments (subsidiary of HDFC Holdings Limited) | Fellow Subsidiary |
| 20 | HDFC Education and Development Services Private Limited | Fellow Subsidiary |
| 21 | Griha Investments Pte Ltd., Singapore (Subsidiary of HDFC Investments Ltd.) | Fellow Subsidiary |
| 22 | H.T.Parekh Foundation | Fellow Subsidiary |
| 23 | Mr. Amitabh Chaudhry | Key Management Personnel |
| 24 | Ms. Vibha Padalkar | Key Management Personnel |
| 25 | Mr. Sumit Shukla | Key Management Personnel |

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

| Particulars | Description | (₹ '000) | | | |
|---|---|---|---|---|---|
| | | Total value of transactions for the year ended March 31, 2014 | Receivable/ (payable) at March 31, 2014 | Total value of transactions for the year ended March 31, 2013 | Receivable/ (payable) at March 31, 2013 |
| HDFC Standard Life Insurance Company Ltd. | Share Capital received | 274,200 | - | 5,300 | - |
| | Reimbursement paid/ (received) for expenses | 3,795 | - | 2,517 | - |
| | Receivable/ (payable) for expenses | - | 1,932 | - | (2,505) |
| Mr. Sumit Shukla | Managerial remuneration | 5,567 | - | - | - |
| | Reimbursements paid for expenses | 414 | - | - | - |

23 Employee benefit obligations

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

Defined contribution plans:

| Particulars | (₹ '000) | |
|---|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
| Contribution to Employees Provident Fund | 251 | - |
| Contribution to Employee Deposit Linked Insurance | 13 | - |

Provident Fund contributions are being deposited with the Regional Provident Fund Commissioner (RPFC).

Notes

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Defined benefit plan

i) Gratuity:

a) General description of defined plan

Gratuity: This is an unfunded defined benefit plan. The plan provides for lumpsum payment to vested employees either at retirement, or on death while in employment or on termination of employment. The benefit vests after five years of continuous service.

During the year, the Company has provided for ₹ 90 thousands (Previous year ₹ Nil) as defined benefit liability based on actuarial valuation and charged the same amount to the Statement of Profit and Loss.

b) The following table sets out the status of the Gratuity plan as at March 31, 2014:

The Company has recognised following amounts in the Balance Sheet:

| Particulars | (₹ '000) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Present value of defined benefit obligations at the end of the year | 90 | - |
| Fair value of plan assets at the end of the year | - | - |
| Liability recognised in Balance Sheet | 90 | - |

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

| Particulars | (₹ '000) | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
| Current service cost | 90 | - |
| Interest cost | - | - |
| Expected return on plan assets | - | - |
| Actuarial (gains)/losses | - | - |
| Total of above included in "Employee benefit expenses" in the Statement of Profit and Loss | 90 | - |

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

| Particulars | (₹ '000) | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
| Present value of defined benefit obligations at the beginning of the year | - | - |
| Current service cost | 90 | - |
| Interest cost | - | - |
| Actuarial (gains)/losses | - | - |
| Benefits paid | - | - |
| Present value of defined benefit obligations at the end of the year | 90 | - |

ii) Principal assumptions for actuarial valuation as at the Balance Sheet date:

| Particulars | For the year ended | |
|-----------------|---|----------------|
| | March 31, 2014 | March 31, 2013 |
| Discount rate | 9.33% | N.A. |
| Salary growth | 8% for the first year and 7.50% for future years | N.A. |
| Attrition rate | 3.50% | N.A. |
| Mortality table | Indian Assured Lives Mortality (2006-08) Ultimate | N.A. |

Notes

forming part of the financial statements

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

24 Managerial remuneration

The details of managerial remuneration are as given below:

| Particulars | (₹ '000) | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
| Salary and allowances | 5,247 | - |
| Company's contribution to Provident Fund and Gratuity Fund | 287 | - |
| Perquisites | 32 | - |

The managerial remuneration for the year does not include the actuarially valued employee benefits that are accounted as per Accounting Standard (AS) 15 on "Employee Benefits", issued by The Institute of Chartered Accountants of India.

25 Segment Reporting

The segment reporting disclosure as required by Accounting Standard (AS) 17, "Segment Reporting", issued by The Institute of Chartered Accountants of India is not applicable, since the Company has a single reportable business segment of providing pension fund management services as per the PFRDA Regulations.

26 Encumbrances on assets

The assets of the Company are free from any encumbrance at March 31, 2014 (Previous Year ₹ Nil), except for fixed deposits of ₹ 1,000 thousands (Previous Year ₹ Nil) which has been deposited with HDFC Bank Limited, as a security towards guarantee issued by the bank on behalf of the Company in favour of Pension Fund Regulatory and Development Authority (Refer Note 27 on Contingent liabilities below)

27 Contingent liabilities

| Particulars | (₹ '000) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Bank guarantee given on behalf of Company: | | |
| Issued in favour of Pension Fund Regulatory and Development Authority | 1,000 | - |

28 There are no dues payable to vendors covered by the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2014 (Previous Year ₹ Nil).

29 Previous year comparatives

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