



# ANNUAL REPORT 2015-2016

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## ***Board of Directors***

Dr. S. A. Dave  
Mr. A. K. T. Chari  
Mr. Amitabh Chaudhry  
Ms. Vibha Padalkar

## ***Chief Executive Officer***

Mr. Sumit Shukla

## ***Chief Financial Officer***

Mr. Fagun Pancholi

## ***Company Secretary & Compliance Officer***

Mr. Nagesh Pai

## ***Statutory Auditors***

M/s B. K. Khare & Co. (upto 5<sup>th</sup> AGM)  
M/s Kirtane & Pandit LLP (proposed from 5<sup>th</sup> AGM)

## ***Registered Office***

14<sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound  
N. M. Joshi Marg, Mahalaxmi, Mumbai - 400 011.

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# Directors' Report

**TO  
THE MEMBERS OF  
HDFC PENSION MANAGEMENT COMPANY LIMITED**

The Board of Directors of HDFC Pension Management Company Limited ("Company") present the 5<sup>th</sup> Annual Report on the business and operations of the Company, along with the Audited Financial Statements for FY 2015-16.

## Financial Performance

The financial performance for the FY 2015-16 is summarized as under:

(Rs. Thousands)

Particulars	FY2015-16	FY2014-15
Gross Income	23,956	23,847
Total Expenses	23,808	23,596
<b>Profit before Tax</b>	<b>148</b>	<b>251</b>
Provision for Tax	28	48
<b>Profit after Tax</b>	<b>120</b>	<b>203</b>
Balance of Loss from previous years	(5,397)	(5,600)
Loss carried forward to the Balance Sheet	(5,277)	(5,397)

## Dividend and Reserves

In view of the inadequate profits, the Directors do not recommend any dividend for the Financial Year.

The Company has not carried forward any amount to its Reserves during the financial year under review.

## Share Capital

There has been no change in the Company's paid up equity share capital during the year, which stands at Rs 28 Crs. The entire paid-up capital of the Company is held by HDFC Standard Life Insurance Company Limited and its nominees.

## Business Review And Outlook

The general business environment had been good for Pension Funds during the FY 2015-16 with corporate and retail sector registering an AUM growth of 77 per cent, which includes PSU Banks wherein the Pension Funds are the three Government Sector Pension Funds, and the overall subscriber base of corporate sector growing by 27 per cent and that of retail sector growing by 148 per cent, as on March 31, 2016.

The Company's Assets Under Management ("AUM") grew by more than 5 times during this period. As on March 31, 2016, the Company has an AUM of Rs. 376.23 Crs. Growth has been driven by the corporate sector wherein the Company

registered a growth of 102 per cent over the previous financial year. In the retail sector, the Company registered a subscriber growth of 2,050 per cent.

With the Union Budget for FY2016-17 announcing a slew of measures for the NPS such as tax free withdrawal of 40 per cent of the corpus as lump sum as well as exempting service tax on annuity purchased from the retirement corpus, the Company is confident of growing and increasing its subscriber base.

## Key Regulatory Changes

The FY2015-16 had been a year of regulatory consolidation for the Pension Fund Management Industry. Pursuant to the notification of Pension Fund Regulatory and Development Authority ("PFRDA") Act in February 2014, several Regulations have been notified by PFRDA including the Pension Fund Regulatory and Development Authority (Pension Fund) Regulations, 2015.

Some of the key regulatory changes during the year were as follows:

- During the month of May 2015, the Pension Fund Regulatory and Development Authority (Pension Fund) Regulations, 2015 were formally notified and made effective. The regulations marked a significant shift in terms of eligibility to be allowed to undertake the business of Pension Fund Management under the



National Pension System.

- In July 2015, the PFRDA directed all the operating Pension Funds to re-register themselves under the new regulations. The Company had also submitted the necessary documents required under the process and is presently awaiting a revert from the PFRDA.
- In August 2015, PFRDA issued a formal guidance for Proxy Voting. The circular mandated every Pension Fund to vote on resolutions of the Companies in whose shares the Subscribers Funds had been invested, with the Voting decisions to be decided formally through a Proxy Voting Committee. A summary of the votes cast by the Company including its rationale may be accessed on the website of the Company.
- In a welcome change towards the approach for management of pension funds, the Investment Guidelines were revised in September 2015 wherein the PFRDA allowed the Pension Funds to manage equity funds actively, as opposed to passive management through index replication prescribed earlier. The Company believes that this shift would go a long way towards professional management of Pension Funds.
- The PFRDA also notified Pension Fund Regulatory and Development Authority (Redressal of Subscribers Grievances) Regulations, 2015 requiring every intermediary under NPS to have in place a structured Grievance Redressal Policy.

### **Networth**

The PFRDA (Pension Fund) Regulations, 2015 require a private sector Pension Fund to maintain a minimum positive tangible networth of Rs 25 Crs. As on March 31, 2016, the tangible networth of the Company stood at Rs 27.25 Crs.

### **Board Of Directors And Key Managerial Personnel**

#### **Board of Directors**

The Board of Directors of the Company oversees the business and operations of the Company. The Company has an optimum mix of non-independent and independent Directors. As on the date of making this report, the Board of Directors of the Company comprise of four Directors.

#### **Independent Directors**

The members may note that pursuant to the provisions

of the Companies Act, 2013, the Independent Directors are to be appointed for a period of five years. At the 3rd Annual General Meeting held on June 6, 2014, the existing Independent Directors, i.e Dr SA Dave and Mr AKT Chari have been appointed for a period of five years upto June 2019.

Further, under the new provisions, the Independent Directors will not be liable to retire by rotation and therefore shall not be counted for determining the number of Directors liable to retire by rotation.

#### **Non-Independent Directors**

Ms Vibha Padalkar, being a non-Independent Director, is liable to retire by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

A resolution for the said purpose along with a brief profile of Ms Vibha Padalkar is being included in the Notice of the forthcoming Annual General Meeting of the Company.

#### **Statement on Non-disqualification of Directors**

None of the Directors are disqualified under Section 164 of the Companies Act, 2013 to act as Director.

#### **Statement on Declaration by Independent Directors**

The Independent Directors of the Company have confirmed that they meet the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013.

#### **Key Managerial Personnel**

Mr Sumit Shukla, Manager under the Companies Act, 2013 (designated as Chief Executive Officer), Mr Fagun Pancholi, Chief Financial Officer, and Mr Nagesh Pai, Company Secretary & Compliance Officer, are designated as "Key Managerial Personnel" of the Company.

Mr Nagesh Pai has also been designated as the Compliance Officer under the applicable PFRDA Regulations.

Mr Fagun Pancholi was appointed as the Chief Financial Officer during the FY 2015-16.

## Board Committees

The Board of Directors have constituted the following committees in compliance with the requirements of the Companies Act, 2013 read with the Pension Fund Regulatory and Development Authority (Pension Fund) Regulations, 2015 and the Investment Management Agreement executed with the NPS Trust. The details of the Board Committees are as follows:

Committees	Key Terms of Reference	Members	No of meetings held during the year
Investment Committee	<ul style="list-style-type: none"> <li>To formulate, implement and periodically review the Investment Policy of the Company</li> <li>To review changes in the Engagement Team and other matters relating to Investments</li> </ul>	<ul style="list-style-type: none"> <li>Mr AKT Chari, <i>Independent Director</i></li> <li>Mr Amitabh Chaudhry, <i>Non-Executive Director</i></li> <li>Ms Vibha Padalkar, <i>Non-Executive Director</i></li> <li>Mr Sumit Shukla, <i>Chief Executive Officer</i></li> <li>Mr Ashish Narula, <i>Chief Investment Officer</i></li> </ul>	4
Risk Management Committee	<ul style="list-style-type: none"> <li>To formulate and implement and periodically review the Risk Management Policy</li> <li>To oversee the Risk Management functions, disaster recovery and business contingency plans</li> </ul>	<ul style="list-style-type: none"> <li>Dr SA Dave, <i>Independent Director</i></li> <li>Mr Amitabh Chaudhry, <i>Non Executive Director</i></li> <li>Ms Vibha Padalkar, <i>Non-Executive Director</i></li> <li>Mr Sumit Shukla, <i>Chief Executive Officer</i></li> <li>Mr Ashish Narula, <i>Chief Investment Officer</i></li> <li>Mr Nagesh Pai, <i>Company Secretary &amp; Compliance Officer</i></li> </ul>	4
Audit Committee	<ul style="list-style-type: none"> <li>To review the financial statements before submission thereof to the Board of Directors</li> <li>To recommend the appointment of Statutory Auditors/Internal Auditors review their performance and effectiveness of audit process</li> <li>To approve related party transactions</li> <li>To evaluate internal financial controls and risk management systems</li> </ul>	<ul style="list-style-type: none"> <li>Dr SA Dave, <i>Independent Director</i></li> <li>Mr AKT Chari, <i>Independent Director</i></li> <li>Mr Amitabh Chaudhry, <i>Non Executive Director</i></li> </ul>	4
Nomination & emuneration Committee	<ul style="list-style-type: none"> <li>To formulate and implement a Remuneration Policy</li> <li>To undertake performance review of every individual performance</li> <li>To undertake succession planning activity</li> </ul>	<ul style="list-style-type: none"> <li>Dr SA Dave, <i>Independent Director</i></li> <li>Mr AKT Chari, <i>Independent Director</i></li> <li>Mr Amitabh Chaudhry, <i>Non Executive Director</i></li> </ul>	1

All meetings held during the financial year were attended by all Directors.

### Recommendations by the Audit Committee

During the preceding financial year, there were no instances where the recommendations made by the Audit Committee were not accepted by the Board of Directors.

### Particulars Regarding Conservation Of Energy, Technology Absorption And Foreign Exchange Earnings And Outgo

Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, requires disclosure of certain specified information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo in the Directors' Report.

#### Conservation of Energy and Technology Absorption

The Company has not incurred any expenditure on

conservation of energy, research and development or towards technology absorption and therefore there are no disclosures with respect to the same.

#### Foreign Exchange Earnings and Outgo

There were no foreign exchange earnings and outgo during the FY 2015-16.

#### Policy on Appointment and Remuneration of Directors

The Company has put in place a Policy on remuneration of Directors, Key Managerial Personnel and other employees.



The said Policy is guided by the set of principles and objectives as particularly envisaged under section 178 of the Companies Act 2013, which inter alia include principles pertaining to determining the qualifications, positive attributes, integrity and independence of Director etc.

The Nomination & Remuneration Committee of the Board deals with matters related to remuneration of employees of the Company. The Independent Directors remuneration comprise of sitting fees for attending the meetings of Board / Committees of the Board and may also be paid Commission within the monetary limits as approved by the Board.

### **Performance Evaluation of The Board of Directors**

Pursuant to Section 149 read with the Schedule IV of

### **Particulars of Loans, Guarantees and Investments**

The Company during the year has not given any loans and guarantees which attract the provisions of Section 186 of Companies Act, 2013. The particulars of investments made during the year are as mentioned below:

Name of Security	Purchases during the year (Rs.)	Sales during the year (Rs.)	Nature
ICICI Prudential Liquid - Direct Plan - Growth	22,899,999.79	25,020,000.93	Investment

### **Employee Stock Options**

During the FY 2015-16, the Company has not granted stock options to any of its employees. However, the Key Managerial Personnel of the Company have been granted Stock Options by the Holding Company i.e. HDFC Standard Life Insurance Company Limited.

During the year, there were no instances of loan granted by the Company to its employees for purchasing / subscribing its shares.

### **Related Party Transactions**

As per Section 177, read with Section 188 of the Companies Act, 2013, the Audit Committee of the Board of Directors, at its quarterly meeting, approves the related party transactions of the Company. Since all the transactions entered by the Company during FY 2015-16 have been on arms length basis and are in ordinary course of business, the approval of the Board / Shareholders was not required.

### **Deposits**

The Company has not accepted any Deposits from the Members or from the public during the financial year under review.

the Companies Act, 2013, the Company has put in place a mechanism to facilitate evaluation of performance of the Board as a whole, which includes separate evaluation of the performance of Directors and Board Committees, in line with the requirements under the Act.

As a part of the aforesaid process, tailored questionnaires were developed for Directors. Further, basis the response from the Directors, the Board has carried out an evaluation of its performance and that of its Committees and individual directors.

Further, the Independent Directors also held a meeting without the attendance of non-independent directors and Management to discuss matters as prescribed in Schedule IV of the Companies Act, 2013.

### **Auditors**

The Board of Directors propose the appointment of M/s Kirtane & Pandit LLP, Chartered Accountants, as the Statutory Auditors of the Company, effective from the conclusion of the forthcoming AGM to the conclusion of the 8<sup>th</sup> AGM of the Company. The appointment has been recommended by the Audit Committee of the Board of Directors at their meeting held on April 12, 2016, and M/s Kirtane & Pandit LLP, Chartered Accountants, have communicated their eligibility and willingness to accept the appointment.

M/s BK Khare & Co., Chartered Accountants are presently the Statutory Auditors of the Company.

The PFRDA (Appointment of Auditors) Guidance Note, 2013 ('Guidelines') require that a Statutory Auditor can conduct the audit of a Pension Fund Company for a maximum period of 3 consecutive financial years.

Thus, as per the PFRDA Guidelines read with provisions of the Companies Act, 2013, M/s BK Khare & Co., Chartered Accountants were appointed for a period of 3 years, i.e. upto the conclusion of the 5<sup>th</sup> AGM, at the 3<sup>rd</sup> AGM. Their term would expire at the conclusion of the forthcoming Annual General Meeting.



The Auditors have not made any qualification, reservation or adverse remark or disclaimer in their Audit Report for FY 2015-16.

### Annual Return Extract

The extract of Annual Return of the Company in the prescribed form MGT-9 has been annexed to this Report.

### Secretarial Compliance Certificate

As a part of good governance practice, the Company voluntarily undertakes an audit of the Secretarial records

### Remuneration of Directors and Other Employees

The details of remuneration paid to Directors are mentioned in the below table:

Sr. No	Name of Director	Particulars of Remuneration	Remuneration paid
1	Dr. S. A. Dave	Sitting Fees for attending meetings of the Board and Board Committees	Rs. 1,30,000/-
2	Mr. A. K. T. Chari	Sitting Fees for attending meetings of the Board and Board Committees	Rs. 1,30,000/-

### Risk Management, Internal Audit Framework & Vigil Mechanism

#### Risk Management

The Company firmly recognises Risk Management as an integral building block to proactively manage risks and maximize opportunities related to achievement of strategic objectives. The Risk Management function is primarily responsible for identification and classification of material risks, recommending risk control mitigants, implementation of risk management framework and to periodically update the Risk Management Committee on the risk profile and status. The Company has put in place a Risk Management Policy ('Policy'), which provides a base for the overall risk management framework of the Company. The Policy is reviewed by the Risk Management Committee and the Board of Directors on a quarterly basis.

#### Internal Audit Framework & Internal Financial Controls

The Company has in place an Internal Audit framework. Internal Audit is conducted by an independent firm of Chartered Accountants as per the scope of audit defined in PFRDA (Appointment of Internal Auditor) Guidance Note - 2013. The audit process also factors in verifying compliance with process, systems, regulatory guidelines and controls.

Internal Audit Reports are placed at Audit Committee to discuss the audit observations and recommendations.

and had engaged the services of Mr. D. M. Dalal, Practising Company Secretary, to conduct the audit for FY 2015-16. The Auditor has not made any qualification, reservation or adverse remark or disclaimer in his Secretarial Compliance Certificate for FY 2015-16.

### Shifting of Registered Office

The Company has, during FY2015-16, shifted its Registered Office to 14<sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai- 400 011.

The Internal Auditors and the Audit Committee track the status of implementation of various recommendations / actionables. The internal audits, in addition to ensuring compliance to policies, regulations, processes etc also test and report adequacy of internal financial controls with reference to financial reporting/statements.

#### Vigil Mechanism

In terms of the provisions of the Companies Act, 2013 read with the Companies (Meeting and Powers of the Board of Directors) Rules, 2014, the Company is not required to have a Vigil Mechanism in place. Further, during the year under review, the Statutory Auditors have not come across and hence have not reported any incident of fraud to the Audit Committee of the Board of Directors.

#### Directors' Responsibility Statement

In accordance with the requirements of Section 134 of the Companies Act, 2013 ('Act'), the Board of Directors state that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures (if any);
- (ii) Such accounting policies have been selected and applied consistently, and judgments and estimates made that are reasonable and prudent, so as to give a true and fair view of the Company's state of



affairs, as on March 31, 2016, and of the Company's profit for the year ended on that date;

- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The annual accounts have been prepared on a going concern basis; and
- (v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws, and such systems were adequate and operating effectively.

### Material Orders affecting the Company

During the FY 2015-16, no significant and material orders were passed by the regulators or courts or tribunals that impacted the going concern status and Company's operations in future. It may however be noted that the litigation between the Pension Fund Regulatory and Development Authority and HDFC Standard Life Insurance Company Limited, the Holding Company, with regards to its Appointment as a Sponsor of a Pension Fund is presently pending in the Supreme Court of India.

### Form No MGT-9

### EXTRACT OF ANNUAL RETURN

### As on the financial year ended on March 31, 2016

[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

i)	CIN	U66020MH2011PLC218824
ii)	Registration Date	20/06/2011
iii)	Name of the Company	HDFC Pension Management Company Limited
iv)	Category / Sub Category of the Company	Public Company / Company Limited by Shares
v)	Address of the Registered office and contact details	14 <sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai 400 011 Telephone: 022-6751 6666 Fax: 022-6751 6333 Email: hdfcpensioninvest@hdfcpension.com
vi)	Whether listed Company	Yes (x)      No (✓)
vii)	Name, Address and Contact details of Registrar and Transfer Agent	Datamatics Financial Services Ltd Plot No. B-5 Part B Cross lane MIDC Andheri (East) Mumbai 400 093. Telephone No: +91-22-66712151 to 66712156 Fax no. : +91-22-66712011 Email: investorsqry@dfssl.com

### Appreciation And Acknowledgement

The Board of Directors thanks the subscribers, customers and business associates for reposing their trust in the Company. The Directors also thank the Company's employees for their continued hard work, dedication and commitment; and the Management for continuing success of the business.

The Directors further take this opportunity to thank HDFC Standard Life Insurance Company Limited, the Sponsor Company, and the HDFC Group for their invaluable and continued support and guidance. The Directors also would also like to thank the Pension Fund Regulatory and Development Authority, and other Government authorities for their support, advice and direction provided from time to time.

### On behalf of the Board of Directors

Dr. S. A. Dave  
Director

Mr. Amitabh Chaudhry  
Director

Mumbai  
April 12, 2016

## II. Principal Business Activities Of The Company

All the business activities contributing 10% or more of the total turnover of the Company shall be stated

SI No	Name and Description of main products/ services	NIC Code of the Product / Service	% to total turnover of the Company
1	Pension Fund Management	66020	100.00

## III. Particulars Of Holding, Subsidiary And Associate Companies

SI No	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	HDFC Standard Life Insurance Company Limited Add.: 13th Floor, Lodha Excelus, Apollo Mills Compound, Mahalaxmi, Mumbai - 400 011	U99999MH2000PLC128245	Holding Company	100.00	Section 2(87) of the Companies Act, 2013
2	Housing Development Finance Corporation Limited* Add.: Ramon House, 169, Backbay Reclamation, H T Parekh Marg, Mumbai - 400 020	L70100MH1977PLC019916	Holding Company	0.00	Section 2(87) of the Companies Act, 2013

\*Housing Development Finance Corporation Limited is the Holding Company of HDFC Standard Life Insurance Company Limited.

\*\*The Company does not have a Subsidiary Company

## IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

### I. Category-wise Shareholding

Category of Shareholders	Number of shares held at the beginning of the year				Number 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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(a) Individual / HUF	0	6	6	0.00	0	6	6	0.00	0.00
(b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
(c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d) Bodies Corp	0	2,79,99,994	2,79,99,994	100.00	0	2,79,99,994	2,79,99,994	100.00	0.00
(e) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
(f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (1)</b>	<b>0</b>	<b>2,80,00,000</b>	<b>2,80,00,000</b>	<b>100.00</b>	<b>0</b>	<b>2,80,00,000</b>	<b>2,80,00,000</b>	<b>100.00</b>	<b>0.00</b>
<b>(2) Foreign</b>									
(a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corp	0	0	0	0.00	0	0	0	0.00	0.00
(d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoter</b>	<b>0</b>	<b>2,80,00,000</b>	<b>2,80,00,000</b>	<b>100.00</b>	<b>0</b>	<b>2,80,00,000</b>	<b>2,80,00,000</b>	<b>100.00</b>	<b>0.00</b>
<b>(A) = (A) (1) + (A) (2)</b>	<b>0</b>	<b>2,80,00,000</b>	<b>2,80,00,000</b>	<b>100.00</b>	<b>0</b>	<b>2,80,00,000</b>	<b>2,80,00,000</b>	<b>100.00</b>	<b>0.00</b>

B. Public Shareholding									
<b>(1) Institutions</b>									
(a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
(b) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
(c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
(d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
(e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
(h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B) (1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>(2) Non- Institutions</b>									
(a) Bodies Corp -Indian -Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b) Individuals -Individual shareholders holding nominal share capital upto Rs 1 lakh -Individual share holders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0.00	0	0	0	0.00	0.00
(c) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Public Shareholding (B) = (B) (1) + (B) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>0</b>	<b>2,80,00,000</b>	<b>2,80,00,000</b>	<b>100.00</b>	<b>0</b>	<b>2,80,00,000</b>	<b>2,80,00,000</b>	<b>100.00</b>	<b>0.00</b>

## II. Shareholding of Promoters

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		Number of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	Number of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	HDFC Standard Life Insurance Company Limited	2,79,99,994	100.00	0.00	2,79,99,994	100.00	0.00	0.00
	<b>Total</b>	<b>2,79,99,994</b>	<b>100.00</b>	<b>0.00</b>	<b>2,79,99,994</b>	<b>100.00</b>	<b>0.00</b>	<b>0.00</b>

### III. Changes in Promoters' Shareholding (please specify, if there is no change)

Sl No	Date wise increase/ decrease in promoters shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity etc)	Shareholding at the beginning of the year			Cumulative Shareholding during the year		
		Number of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	Number of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares
1	<b>HDFC Standard Life Insurance Company Limited</b>	There was no change in the shareholding of HDFC Standard Life Insurance Company Limited					

### IV. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl No	For each of the top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding at the beginning of the year	
		Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
	Date wise increase/ decrease in promoters shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)				
The entire paid-up share capital of the Company is held by HDFC Standard Life Insurance Company Limited and its Nominees					

### V. Shareholding of Directors and Key Managerial Personnel

Sl No	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
1	<b>Dr SA Dave</b> (Non-Executive Independent Director)				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
2	<b>Mr AKT Chari</b> (Non-Executive Independent Director)				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
3	<b>Mr Amitabh Chaudhry</b> (Non-Executive Director)*				
	At the beginning of the year	1	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00
4	<b>Ms Vibha Padalkar</b> (Non-Executive Director) *				
	At the beginning of the year	1	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00
5	<b>Mr Sumit Shukla</b> [Manager (designated as Chief Executive Officer)]				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
6	<b>Mr Fagun Pancholi</b> (Chief Financial Officer)				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
7	<b>Mr Nagesh Pai</b> (Company Secretary)				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
*Held as a Nominee for HDFC Standard Life Insurance Company Limited					

#### V. Indebtedness

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	0	0	0	0
- Reduction	0	0	0	0
Net Change	0	0	0	0
<b>Indebtedness at the end of the financial year</b>				
i) Principal amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. The details on remuneration to Manager (designated as Chief Executive Officer) are given below:

Sl No	Particulars of Remuneration	Mr Sumit Shukla - Manager	Total Amount
1	Gross Salary:		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	82,55,867	82,55,867
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	32,400	32,400
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-
2	Stock Options* (Number of Options)	60,000	60,000
3	Sweat Equity	-	-
4	Commission:		
	- As % of profits	-	-
	-Others, specify	-	-
5	Others, please specify	-	-
	<b>Total (A)</b> [ Total of remuneration does not include the number of Stock Options]	<b>82,88,267</b>	<b>82,88,267</b>
	Ceiling as per the Act		

\*The Stock Options have been granted by the Holding Company i.e. HDFC Standard Life Insurance Company Limited

B. The details on remuneration to other Directors are given below:

Sl No	Particulars of Remuneration	Name of Directors		Total Amount
<b>1</b>	<b>Independent Directors</b>	<b>Dr SA Dave</b>	<b>Mr AKT Chari</b>	
	Fee for attending Board/ Committee meetings	1,30,000	1,30,000	2,60,000
	Commission	-	-	-
	Other, please specify	-	-	-
	<b>Total (1)</b>	<b>1,30,000</b>	<b>1,30,000</b>	<b>2,60,000</b>
<b>2</b>	<b>Other Non-Executive Directors</b>	<b>Mr Amitabh Chaudhry</b>	<b>Ms Vibha Padalkar</b>	
	Fee for attending Board/ Committee meetings	-	-	-
	Commission	-	-	-
	Other, please specify	-	-	-



	<b>Total (2)</b>	-	-	-
	<b>Total (B) = (1) + (2)</b>	<b>1,30,000</b>	<b>1,30,000</b>	<b>2,60,000</b>
	Total Managerial Remuneration*	<b>82,88,267</b>		
	<b>Overall ceiling as per the Act</b>	<b>1,68,00,000</b>		

\*The Total Managerial Remuneration is exclusive of Sitting Fees paid to Directors and is within the limits specified under Schedule V of the Companies Act, 2013

**C. The details on remuneration to Key Managerial Personnel are given below:**

Sl No	Particulars of Remuneration	Mr Fagun Pancholi Chief Financial Officer#	Mr Nagesh Pai Company Secretary	Total Amount
1	Gross Salary:			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	12,86,274	22,61,934	35,48,208
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	30,800	30,800
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Options * (Number of Options)	50,000	31,000	81,000
3	Sweat Equity	-	-	-
4	Commission:			
	- As % of profits	-	-	-
	- Others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total (C)</b> [Total of remuneration does not include the number of Stock Options]	<b>12,86,274</b>	<b>22,92,734</b>	<b>35,79,008</b>

\*The Stock Options have been granted by the Holding Company i.e. HDFC Standard Life Insurance Company Limited

#A part of remuneration paid to Mr Fagun Pancholi amounting to Rs 82,15,390/- (which comprises of the details as mentioned in 1(a) and 1(b) above) has been charged to HDFC Standard Life Insurance Company Limited.

**VII. Penalties/ Punishment/ Compounding Of Offences**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ Court]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment			None		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			None		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			None		
Compounding					

# Independent Auditor's Report

**TO,  
THE MEMBERS OF  
HDFC PENSION MANAGEMENT COMPANY LIMITED**

## Report on the Financial Statements

1. We have audited the accompanying financial statements of HDFC Pension Management Company Limited ("the Company"), which comprise of the Balance Sheet as at March 31, 2016, and the Statement of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report

under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

8. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Emphasis of matter

## Independent Auditor's Report

We draw attention to the Note 2 (Background paragraph) in Notes to the financial statements dealing with the Company and its Sponsor - HDFC Standard Life Insurance Company's (HDFC Life), litigation against Pension Fund Regulatory and Development Authority (PFRDA). The note describes the status of Company and its Sponsor's litigation against PFRDA arising out of PFRDA's objection to eligibility of the Sponsor to run a pension fund. Letter of appointment issued to the Sponsor and consequently the Company's ability to continue as a going concern is subject to the outcome of this pending litigation. Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 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 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books;
  - c. the Balance Sheet, the Statement 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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".
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 2 (Background paragraph) in Notes forming part of Financial Statements', Significant Accounting Policies.
    - ii. The Company did not have any long-term contracts including derivative contracts 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.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration Number 105102W

**Padmini Khare Kaicker**  
Partner  
Membership Number 044784

Mumbai, 12th April 2016

## Annexure to the Auditor's Report referred to in our report of even date:

- 1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 

tax, service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities.
- (b) These fixed assets were physically verified by the Management during the year at reasonable intervals and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.
 

(b) According to the records of the company and information and explanations given to us there are no disputed dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited with the relevant authority.
- (c) The Company has no immovable properties and hence Clause 3(i)(c) is not applicable to the company
- 2 On facts, Clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- 3 The Company has not granted any loans to parties covered in the register maintained under section 189 of Companies Act, 2013. Therefore, clause 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- 4 In our opinion and according to the information and explanations given to us the provisions of section 186 of the Companies Act, 2013 have been complied with. During the year, the Company has not provided loan to any of its directors', therefore, provisions of section 185 were not applicable during the year.
- 5 In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the company.
- 6 On facts, clause 3(vi) relating to maintenance of cost records is not applicable to the company.
- 7 (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales
 

8 On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not borrowed any money from financial institution or bank or debenture holders as at the Balance Sheet date.

9 On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans.

10 On the basis of our examination of the relevant records of the Company, carried out in accordance with generally accepted auditing practices and according to the information and explanations given to us, no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

11 On the basis of examination of relevant records and according to the information and explanations given to us, the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

12 The Company is not a 'Nidhi Company', therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

13 On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable. The Company has

## Annexure to the Auditor's Report referred to in our report of even date:

- disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.
- 14 The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit, therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- 15 On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- 16 On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For [B. K. Khare & Co.](#)  
Chartered Accountants  
Firm's Registration Number 105102W

[Padmini Khare Kaicker](#)  
Partner  
Membership Number 044784

Mumbai, 12th April 2016

# Balance Sheet

## as at March 31, 2016

HDFC Pension Management Company Limited

(₹'000)

Particulars	Note	As at March 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
SHAREHOLDERS' FUNDS			
Share capital	4	280,000	280,000
Reserves and surplus	5	(5,277)	(5,397)
		<b>274,723</b>	<b>274,603</b>
NON-CURRENT LIABILITIES			
Long-term borrowings		-	-
Other long-term liabilities		-	-
Long-term provisions		-	-
CURRENT LIABILITIES			
Short-term borrowings		-	-
Trade payables	6	3,179	4,089
Other current liabilities	7	203	291
Short-term provisions	8	1,197	944
		<b>279,302</b>	<b>279,927</b>
<b>ASSETS</b>			
NON-CURRENT ASSETS			
Fixed assets			
(i) Tangible assets	9	1,699	1,649
(ii) Intangible assets	10	2,137	4,063
(iii) Capital work-in-progress		-	-
Non-current investments	11	250,215	250,018
Deferred tax assets (net)		-	-
Long-term loans and advances	12	3,459	2,407
Other non-current assets	13	1,080	1,167
CURRENT ASSETS			
Current investments	14	13,731	14,990
Trade receivables	15	56	10
Cash and bank balances	16	1,235	215
Short-term loans and advances	17	158	15
Other current assets	18	5,532	5,393
		<b>279,302</b>	<b>279,927</b>
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  
**Padmini Khare Kaicker**  
(Partner)  
Membership No.044784  
Place- Mumbai  
Date- April 12, 2016

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

**Amitabh Chaudhry**  
Managing Director & CEO

**Vibha Padalkar**  
(Director)

**Sumit Shukla**  
(Chief Executive Officer)

**Fagun Pancholi**  
(Chief Financial Officer)

**Nagesh Pai**  
(Company Secretary)

# Profit and Loss Account

## for the year ended March 31, 2016

HDFC Pension Management Company Limited

(₹ '000)			
Particulars	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>INCOME</b>			
Revenue from operations - Investment management fees		135	103
Other income	19	23,821	23,744
<b>Total revenue</b>		<b>23,956</b>	<b>23,847</b>
<b>EXPENSES</b>			
Employee benefit expenses	20	15,384	17,259
Establishment expenses	21	1,845	1,096
Other expenses	22	3,746	2,591
Depreciation and amortisation	23	2,833	2,650
<b>Total expenses</b>		<b>23,808</b>	<b>23,596</b>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>148</b>	<b>251</b>
Exceptional items		-	-
<b>Profit before extraordinary items and tax</b>		<b>148</b>	<b>251</b>
Extraordinary items		-	-
<b>Profit before tax</b>		<b>148</b>	<b>251</b>
Tax expense		28	48
<b>Profit for the year from continuing operations</b>		<b>120</b>	<b>203</b>
Profit from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit for the period from discontinuing operations (after tax)		-	-
<b>Profit for the year</b>		<b>120</b>	<b>203</b>
<b>Earnings per equity share</b> (face value ₹ 10 each)	24		
Basic (₹)		0.004	0.007
Diluted (₹)		0.004	0.007
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  
**Padmini Khare Kaicker**  
(Partner)  
Membership No.044784  
Place- Mumbai  
Date- April 12, 2016

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

**Amitabh Chaudhry**  
Managing Director & CEO

**Vibha Padalkar**  
(Director)

**Sumit Shukla**  
(Chief Executive Officer)

**Fagun Pancholi**  
(Chief Financial Officer)

**Nagesh Pai**  
(Company Secretary)

# CASH FLOW STATEMENT

## for the year ended March 31, 2016

HDFC Pension Management Company Limited

(₹ '000)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	148	251
Adjustments for:		
Depreciation and amortisation	2,833	2,650
Interest income on investments	(22,764)	(21,680)
Profit on sale of investments	(861)	(908)
Unrealised gain / loss and amortisation of discount on investments	(196)	(1,153)
Movement in working capital		
(Increase)/Decrease in trade receivable, loans and advances & other current assets	(1,248)	1,133
Increase/(Decrease) in trade payables, other current liabilities & short-term provisions	(717)	1,168
Income taxes received as refund / (paid) - net	(56)	24
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(22,861)</b>	<b>(18,515)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(957)	(49)
Purchase of investments	(1,000)	(104,550)
Sale of investments	-	101,000
Income received on investment	23,455	23,831
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>21,498</b>	<b>20,232</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of share capital	-	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,363)</b>	<b>1,717</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>15,205</b>	<b>13,488</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>13,842</b>	<b>15,205</b>
See accompanying notes forming part of the financial statements		
Components of cash and cash equivalents at end of the year:		
Bank balances-current accounts (Refer note number 16)	111	215
Money market instruments (Refer note number 14) *	13,731	14,990
<b>Total cash and cash equivalents</b>	<b>13,842</b>	<b>15,205</b>
<b>Reconciliation of cash and cash equivalents with cash and bank balances as per Balance Sheet:</b>		
Cash and cash equivalents	13,842	15,205
Money market instruments (Refer note number 14) *	(13,731)	(14,990)
Bank deposit with maturity of less than 12 months (Refer note number 16)	1,124	-
Cash and bank balances as per Balance Sheet	1,235	215

\* Money market instruments at cost

In terms of our report of even date attached.

For **B.K.Khare & Co.**  
Chartered Accountants  
Firm Registration No.105102W  
**Padmini Khare Kaicker**  
(Partner)  
Membership No.044784  
Place- Mumbai  
Date- April 12, 2016

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

**Amitabh Chaudhry**  
Managing Director & CEO

**Vibha Padalkar**  
(Director)

**Sumit Shukla**  
(Chief Executive Officer)

**Fagun Pancholi**  
(Chief Financial Officer)

**Nagesh Pai**  
(Company Secretary)

# NOTES

## forming Part of the financial statements

### 1 Corporate information

HDFC Pension Management Company Limited (the Company) is a wholly owned subsidiary of HDFC Standard Life Insurance Company Limited (or 'HDFC Life'). The Company is a public limited company domiciled in India and incorporated under the provisions of the erstwhile Companies Act, 1956. The Company was incorporated on June 20, 2011 with Registration Number U66020MH2011PLC218824 with the purpose of managing pension fund business under the National Pension System, to which HDFC Life acts as the Sponsor. The Company was granted licence to undertake pension management under the National Pension System by the Pension Fund Regulatory and Development Authority ('PFRDA') on April 23, 2013 and is in business from August 2013.

### 2 Background

"In January 2014, a fresh Request for Proposal ('RFP') was floated by the PFRDA seeking bids from Sponsors for selection of pension fund managers afresh to manage the pension funds. In response to the RFP, HDFC Life (the Sponsor) had submitted its technical and commercial bid. The technical bid made under RFP was opened in April 2014 and the bid submitted by the Sponsor was not accepted by the PFRDA on technical grounds of not having profitability for a period of 3 years. The Sponsor, therefore, filed a Writ Petition before the Hon'ble High Court of Delhi, challenging the said rejection. The Hon'ble High Court of Delhi by its Order dated May 15, 2014 quashed and set aside the PFRDA's rejection of the Sponsor's bid and directed the PFRDA to evaluate the bid in accordance with the steps set out in the RFP. While the PFRDA cleared the Sponsor's technical and commercial bid and the Sponsor even agreed to match the lowest commercial bid, the PFRDA declined to grant the Sponsor a 'Letter of Appointment'. The Sponsor therefore filed another Writ Petition before the Hon'ble High Court of Delhi against the rejection. Vide its Order dated December 18, 2014 the Hon'ble High Court of Delhi quashed and set aside the PFRDA's rejection of the Sponsor's bid and directed the PFRDA to grant HDFC Life a 'Letter of Appointment' to act as a Sponsor. Subsequently, the PFRDA has filed a Special Leave Petition before the Hon'ble Supreme Court of India challenging the above said Order dated December 18, 2014. The Hon'ble Supreme Court, by its Order dated March 9, 2015, refused to grant the PFRDA any ad-interim relief and the matter is presently pending hearing. On March 27, 2015, complying with the High Court order, the

PFRDA had issued a 'Letter of Appointment' in favour of the Sponsor, stating inter alia that such appointment is subject to the outcome of the above proceedings filed before the Hon'ble Supreme Court. The Company has obtained a opinion from its lawyers, as per which the Company stands a fairly good chance of succeeding in the matter. It may be noted that the PFRDA (Pension Fund) Regulations, 2015 were notified in May 2015, pursuant to which re-registration of all pension funds was sought by the PFRDA. HDFC Pension has submitted its application for the same, and a revert from the PFRDA is awaited."

### 3 Significant accounting policies

#### 3.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with generally accepted accounting principles in India ('Indian GAAP'). Pursuant to Section 133 of Companies Act, 2013, read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, the accounting standards as specified in Annexure to the Companies (Accounting Standards) Rules, 2006 shall be the accounting standards applicable to companies other than the classes of companies specified in Rule 4. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards specified under section 211 (3C) of the Companies Act, 1956 notified under Companies (Accounting Standards) Rules, 2006, as amended. 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 except where changes are required as per new rules and regulations or new pronouncements made by the regulatory authorities.

#### 3.2 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 on the date of the financial statements. 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.

# NOTES

## forming Part of the financial statements

Any revision to the accounting estimates is recognised prospectively.

### 3.3 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 debt investments is recognised on an accrual basis. Amortisation of premium or accretion of discount on long term debt investments is recognised over the period of maturity / holding of the investments on a straight line basis.

Amortisation of premium or accretion of discount on money market instruments, zero coupon bonds and current debt investments is recognised over the period of maturity / holding 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, including money market instruments, is calculated as the difference between the net sale proceeds and the 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 the weighted average cost.

### 3.4 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 is calculated for each individual investment. Long term investments are valued at cost, subject to amortisation of premium or accretion of discount, over the period of maturity/holding, on a straight

line basis. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

### 3.5 Fixed assets and Depreciation / Amortisation

The fixed assets are stated at cost less accumulated depreciation/amortisation and impairment if any. Cost includes the purchase price and any cost directly attributable to bring the asset to its working condition for its intended use. Fixed assets individually costing less than ₹ 5,000, are fully depreciated in the month of purchase. Subsequent expenditure incurred on existing fixed assets is expensed out except where such expenditure increases the future economic benefits from the existing assets.

Any additions to the original fixed assets are depreciated over the remaining useful life of the original asset.

Depreciation/amortisation is charged on pro-rata basis from the month in which the asset is put to use and in case of assets sold, up to the previous month of sale.

Cost of assets as at the Balance Sheet date not ready for its intended use as at such date are disclosed as capital work in progress. Advances given towards acquisition of fixed assets are disclosed under 'Long term loans and advances' in Balance Sheet.

#### Tangible fixed assets

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management.

Useful lives of the tangible assets are as follows:

Asset class	Useful life of assets (years)
Information technology equipment-End user devices ^	3
Information technology equipment- Non end user devices* ^	4
Furniture & Fixtures* ^	5
Office Equipment ^	5
Motor Vehicles* ^	4

\* For these class of assets, based on internal assessment and internal technical evaluation carried out by the management, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the

# NOTES

## forming Part of the financial statements

useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

^ For these class of assets, based on internal assessment carried out by the management, the residual value is considered to be nil.

Leasehold improvements are amortised over the lock in period of the leased premises subject to a maximum of five years.

### Intangible assets

Intangible assets comprising of computer software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition for its intended use, less accumulated amortisation and impairment if any. These are amortised over the useful life of the software subject to maximum of four years.

Any expenditure for support & maintenance of the computer software is charged to the Statement of Profit and Loss.

### 3.6 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 asset 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. 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.

### 3.7 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 Scheme 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 an unfunded 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 which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Provision for gratuity is accounted for taking into consideration the actuarial valuation of plan obligation as at the Balance Sheet date, in accordance with Accounting Standard (AS) 15, 'Employee Benefits'.

#### c) Other long term employee benefits

The obligation for long term employee benefits such as accumulated 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 experience adjustments and the effects of changes in actuarial assumptions, for all such employee benefit plans are recognised in the Statement of Profit and Loss, in the year in which they arise.

### 3.8 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.

#### Operating leases

Leases, where lessor effectively retains substantially all the risks and benefits of ownership over the lease 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.

# NOTES

## forming Part of the financial statements

### 3.9 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 requirements of Accounting Standard (AS) - 22, "Accounting for Taxes on Income", 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.

### 3.10 Provisions, contingent liabilities and contingent assets

Provisions are recognised in respect of present obligations that arise as a result of past events where 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. Provisions are determined on the basis of best estimate of the outflow of economic benefits required to settle the obligation at the Balance Sheet date. Where no reliable estimate can be made, a disclosure is made as contingent liability.

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 there is remote probability 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 nor disclosed.

### 3.11 Earnings per equity share

In accordance with the requirement of Accounting Standard (AS) 20, "Earnings Per 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. Potential equity shares are treated as dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

### 3.12 Cash flow statement

Cash flows are reported using the indirect method as explained in Accounting Standard (AS) - 3, "Cash Flow Statements", 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.

### 3.13 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

### 4 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, 2016	As at March 31, 2015
<b>Authorised capital</b>		
30,000,000 Equity shares of ₹ 10 each (Previous year: 30,000,000 Equity shares of ₹ 10 Each)	300,000	300,000
	<b>300,000</b>	<b>300,000</b>
<b>Issued, subscribed and fully paid-up capital</b>		
28,000,000 Equity shares of ₹ 10 each (Previous year: 28,000,000 Equity shares of ₹ 10 Each)	280,000	280,000
	<b>280,000</b>	<b>280,000</b>

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, 2016		As at March 31, 2015	
	Number of shares held	(₹ '000)	Number of shares held	(₹ '000)
Equity shares outstanding as at the beginning of the year	28,000,000	280,000	28,000,000	280,000
Equity shares issued during the year	-	-	-	-
<b>Equity shares outstanding as at the end of year</b>	<b>28,000,000</b>	<b>280,000</b>	<b>28,000,000</b>	<b>280,000</b>

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number of Shares held	Percentage of holding	Number of Shares held	Percentage of holding
HDFC Standard Life Insurance Company Ltd. along with it's nominees	28,000,000	100%	28,000,000	100%

# NOTES

## forming Part of the financial statements

### 5 Reserves and surplus

(₹'000)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Profit &amp; Loss account</b>		
Opening balance	(5,397)	(5,600)
Add:- Net Profit during the year as per the Statement of Profit and Loss	120	203
<b>Closing balance</b>	<b>(5,277)</b>	<b>(5,397)</b>

### 6 Trade payables

(₹'000)

Particulars	As at March 31, 2016	As at March 31, 2015
Payable for expenses	3,179	4,089
	<b>3,179</b>	<b>4,089</b>

### 7 Other current liabilities

(₹'000)

Particulars	As at March 31, 2016	As at March 31, 2015
Payable to holding company	-	53
Payable for statutory dues	203	238
	<b>203</b>	<b>291</b>

### 8 Short-term provisions

(₹'000)

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits	1,192	911
Provision for Taxation (net of advance tax)	5	33
	<b>1,197</b>	<b>944</b>

## NOTES

forming Part of the financial statements

Particulars	Cost / Gross Block			Depreciation			Net Block		
	As at April 01, 2015	Additions	Deductions	As at April 01, 2016	As at April 01, 2015	For the year ended March 31, 2016	On Sales / Adjustments	As at March 31, 2016	As at March 31, 2015
Land	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Computer hardware - Non end user devices	2,500	-	-	2,500	1,088	625	-	1,713	1,412
Computer hardware - End user devices	143	-	-	143	75	47	-	122	68
Furniture and fixtures	111	-	-	111	44	22	-	66	67
Office equipment	144	-	-	144	58	28	-	86	86
Vehicles	-	957	-	957	-	180	-	180	-
Leasehold improvements	26	-	-	26	10	5	-	15	16
<b>Total</b>	<b>2,924</b>	<b>957</b>	<b>-</b>	<b>3,881</b>	<b>1,275</b>	<b>907</b>	<b>-</b>	<b>2,182</b>	<b>1,649</b>
Capital work in progress	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>2,924</b>	<b>957</b>	<b>-</b>	<b>3,881</b>	<b>1,275</b>	<b>907</b>	<b>-</b>	<b>2,182</b>	<b>1,649</b>
<b>Previous year</b>	<b>2,875</b>	<b>49</b>	<b>-</b>	<b>2,924</b>	<b>551</b>	<b>724</b>	<b>-</b>	<b>1,275</b>	<b>1,649</b>

### 10 Intangible assets

Particulars	Cost / Gross Block			Depreciation			Net Block		
	As at April 01, 2015	Additions	Deductions	As at April 01, 2016	As at April 01, 2015	For the year ended March 31, 2016	On Sales / Adjustments	As at March 31, 2016	As at March 31, 2015
Intangibles (Computer software)	7,720	-	-	7,720	3,657	1,926	-	5,583	4,063
Previous year	7,720	-	-	7,720	1,731	1,926	-	3,657	4,063

# NOTES

## forming Part of the financial statements

### 11 Non-current investments

Particulars	(₹'000)	
	As at March 31, 2016	As at March 31, 2015
<b>Investments in Government Securities</b>		
- 8.32% GOI, August 2, 2032 --- 500,000 units of face value ₹100 each (Previous year 500,000 units of face value of ₹100 each)	47,642	47,497
- 9.20% GOI, September 30, 2030 --- 500,000 units of face value ₹100 each (Previous year 500,000 units of face value of ₹100 each)	51,000	51,069
- 9.23% GOI, December 23, 2043 --- 500,000 units of face value ₹100 each (Previous year 500,000 units of face value of ₹100 each)	53,216	53,332
Investments in Non convertible debentures (NCD) - Infrastructure Bonds	48,357	48,120
- 8.90% Power Finance Corporation Limited, March 18, 2023 - 50 units of face value ₹1,000,000 each (Previous year 50 units of face value of ₹1,000,000 each)	50,000	50,000
Investments in Non convertible debentures (NCD) - Private Corporate Bonds	50,000	50,000
- 9.51% LIC Housing Finance Company Limited, July 24, 2019 - 50 units of face value ₹1,000,000 each (Previous year 50 units of face value of ₹1,000,000 each)	50,000	50,000
	<b>250,215</b>	<b>250,018</b>
Aggregate value of quoted investments	250,215	250,018
Market value of quoted investments	267,403	269,755

### 12 Long-term loans and advances

Particulars	(₹'000)	
	As at March 31, 2016	As at March 31, 2015
Loans	-	-
Others		
Unutilised service tax input credit	3,459	2,407
Advance tax paid -Tax deducted at source (net of provision for tax)	-	-
Capital advances	-	-
	<b>3,459</b>	<b>2,407</b>

### 13 Other non-current assets

Particulars	(₹'000)	
	As at March 31, 2016	As at March 31, 2015
Bank Deposits with maturity of more than 12 months (Refer note no.30)	1,000	1,124
Interest accrued on Fixed deposit	80	43
	<b>1,080</b>	<b>1,167</b>

### 14 Current investments

Particulars	(₹'000)	
	As at March 31, 2016	As at March 31, 2015
Investment in Mutual Funds - valued at lower of cost or market value		
(a) Quoted	-	-
(b) Unquoted - ICICI Prudential Liquid - Direct Plan-Growth 62900.210 units of ₹ 218.3059 each (Previous year 74195.159 units of 202.0348 each)	13,731	14,990
	<b>13,731</b>	<b>14,990</b>
Aggregate value of unquoted investments	13,731	14,990
Market value of unquoted investments*	14,095	15,359

\* Market value is the net asset value as declared by ICICI Prudential Mutual Fund

# NOTES

## forming Part of the financial statements

### 15 Trade receivables

Particulars	(₹ '000)	
	As at March 31, 2016	As at March 31, 2015
(a) Outstanding for a period exceeding six months from the date they are due for payment - Unsecured, considered good	-	-
(b) Others - Unsecured, considered good	56	10
	<b>56</b>	<b>10</b>

### 16 Cash and bank balances

Particulars	(₹ '000)	
	As at March 31, 2016	As at March 31, 2015
<b>Cash on hand</b>	-	-
<b>Balances with banks:</b>		
- In current accounts	111	215
<b>Other bank balances</b>		
- Deposits with maturity of less than 12 months	1,124	-
- Deposits with maturity of more than 12 months	1,000	1,124
<b>Sub-Total</b>	<b>2,235</b>	<b>1,339</b>
Amount disclosed under other non-current assets (Refer note no.13)	(1,000)	(1,124)
	<b>1,235</b>	<b>215</b>

### 17 Short-term loans and advances

Particulars	(₹ '000)	
	As at March 31, 2016	As at March 31, 2015
Loans	-	-
Others	-	-
Prepaid expenses	101	15
Others	57	-
	<b>158</b>	<b>15</b>

### 18 Other current assets

Particulars	(₹ '000)	
	As at March 31, 2016	As at March 31, 2015
Interest accrued on investments	5,523	5,391
Receivable from pension schemes (service tax)	9	2
	<b>5,532</b>	<b>5,393</b>

### 19 Other income

Particulars	(₹ '000)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Investment income on current investments		
Interest income	99	1,796
Amortisation of discount on investments	-	681
Profit on sale of investments	861	908
Unrealised gain/(loss) on investments	-	201
Investment income on long-term investments		
Interest income	22,665	19,884
Amortisation of discount on investments	196	271
Interest on income tax refund	-	3
	<b>23,821</b>	<b>23,744</b>

# NOTES

## forming Part of the financial statements

### 20 Employee benefit expenses

Particulars	(₹'000)	
	For the year ended March 31,2016	For the year ended March 31,2015
Salaries and bonuses	14,634	16,483
Contributions to Provident fund and National Pension Scheme	750	776
	<b>15,384</b>	<b>17,259</b>

### 21 Establishment expenses

Particulars	(₹'000)	
	For the year ended March 31,2016	For the year ended March 31,2015
Rent	633	571
PFRDA licence fees	1,188	500
Other expenses	24	25
	<b>1,845</b>	<b>1,096</b>

### 22 Other expenses

Particulars	(₹'000)	
	For the year ended March 31,2016	For the year ended March 31,2015
Payment to auditors :		
- as auditor	100	100
- others	5	-
Directors sitting fees	260	280
General office expenses	45	48
Legal & professional charges	1,601	1,236
Information technology support expenses	445	535
Marketing expenses	66	31
Miscellaneous expenses	782	199
Travel expenses	442	162
	<b>3,746</b>	<b>2,591</b>

### 23 Depreciation and amortisation

Particulars	(₹'000)	
	For the year ended March 31,2016	For the year ended March 31,2015
Depreciation on tangible assets	907	724
Amortisation of intangible assets	1,926	1,926
	<b>2,833</b>	<b>2,650</b>

### 24 Earnings per share

Particulars	(₹'000)	
	For the year ended March 31,2016	For the year ended March 31,2015
Net Profit as per Statement of Profit & Loss (₹'000)	120	203
Weighted average number of equity shares for Basic earnings per share	28,000,000	28,000,000
Basic earnings per share (₹)	0.004	0.007
Weighted average number of equity shares for Diluted earnings per share	28,000,000	28,000,000
Diluted earnings per share (₹)	0.004	0.007
Nominal value of share (₹)	10.00	10.00
	<b>3,746</b>	<b>2,591</b>

# NOTES

## forming Part of the financial statements

### 25 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 ₹ 28 thousands (Previous Year ₹ 48 thousands) in the Statement of Profit and loss for the year ended March 31, 2016 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.

### 26 Leases

In accordance with the Accounting Standard (AS) - 19, "Leases", 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 ₹ 141 thousands (Previous Year ₹ 176 thousands).

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.

### 27 Related party & other group company disclosures

During the year ended March 31, 2016, the Company had transactions with related parties, which have been identified by the management as per the requirements of the Accounting Standard (AS) 18, "Related Party Disclosures". Details of these related parties, nature of the relationship, transactions entered into with them and the balances in related party accounts at year end, are as mentioned below:

#### A) Related party disclosures as per Accounting Standard 18

##### Related parties and nature of relationship

Name of related party	Nature of relationship
Housing Development Finance Corporation Limited (HDFC Ltd.)	Ultimate holding company
HDFC Standard Life Insurance Company Limited	Holding company
HDFC International Life and Re Company Limited	Fellow subsidiary
HDFC Asset Management Company Limited	Fellow subsidiary
HDFC Developers Limited	Fellow subsidiary
HDFC Holdings Limited	Fellow subsidiary
HDFC Trustee Company Limited	Fellow subsidiary
HDFC Realty Limited	Fellow subsidiary
HDFC Investments Limited	Fellow subsidiary
HDFC ERGO General Insurance Company Limited	Fellow subsidiary
GRUH Finance Limited	Fellow subsidiary
HDFC Sales Private Limited	Fellow subsidiary
HDFC Venture Capital Limited	Fellow subsidiary
HDFC Ventures Trustee Company Limited	Fellow subsidiary
HDFC Property Ventures Limited	Fellow subsidiary
Credila Financial Services Private Limited	Fellow subsidiary
Griha Investments (Subsidiary of HDFC Holdings Ltd.)	Fellow subsidiary

# NOTES

## forming Part of the financial statements

Name of related party	Nature of relationship
HDFC Education and Development Services Private Limited	Fellow subsidiary
Griha Investments Pte Ltd., Singapore (Subsidiary of HDFC Investments Ltd.)	Fellow subsidiary
H.T.Parekh Foundation	Fellow subsidiary
Grandeur Properties Pvt. Ltd.	Fellow subsidiary
Winchester Properties Pvt. Ltd.	Fellow subsidiary
Windermere Properties Pvt. Ltd.	Fellow subsidiary
Haddock Properties Pvt. Ltd.	Fellow subsidiary
Pentagram Properties Pvt. Ltd.	Fellow subsidiary
Mr. Sumit Shukla	Key management personnel

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

Particulars	Description	Total value of transactions for the year ended March 31, 2016	Receivable/ (payable) at March 31, 2016	Total value of transactions for the year ended March 31, 2015	Receivable/ (payable) at March 31, 2015
HDFC Standard Life Insurance Company Ltd.	Cost of resource utilisation	3,868	-	4,998	-
	Purchase of Fixed assets	-	-	49	-
	Receivable/ (payable) for expenses	-	-	-	(53)
Mr. Sumit Shukla	Managerial remuneration	9,309	-	7,462	-
	Reimbursements paid for expenses	451	-	132	-

### 28 Employee benefit obligations:

The Company has recognised ₹ 413 thousands (Previous Year ₹ 395 thousands) in the Statement of Profit and Loss for the year under defined contribution plans.

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

### 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.

##### b) The following tables set out the status of the Gratuity plan as at March 31, 2016:

The Company has recognised following amounts in the Balance Sheet:

Particulars	(₹ '000)	
	As at March 31, 2016	As at March 31, 2015
Present value of defined benefit obligations at the end of the year	485	295
Fair value of plan assets at the end of the year	-	-
Liability recognised in Balance Sheet	485	295

## NOTES

### forming Part of the financial statements

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

Particulars	(₹ '000)	
	For the year ended March 31,2016	For the year ended March 31,2015
Current service cost	131	75
Interest cost	23	8
Expected return on plan assets	-	-
Actuarial (gains)/losses	36	122
Total of above included in "Employee benefit expenses" in the Statement of Profit and Loss	190	205

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

Particulars	(₹ '000)	
	For the year ended March 31,2016	For the year ended March 31,2015
Present value of defined benefit obligations at the beginning of the year	295	90
Current service cost	131	75
Interest cost	23	8
Actuarial (gains)/losses	36	122
Benefits paid	-	-
Present value of defined benefit obligations at the end of the year	485	295

The amounts of the present value of the obligation and experience adjustments arising on plan liabilities for the current year and comparative two previous years are as given below:

Particulars	(₹ '000)		
	FY 2015-16	FY 2014-15	FY 2013-14
Present value of the defined benefit obligation at the end of the year	485	295	90
Fair value of the plan assets at the end of the year	NA	NA	NA
Unfunded liability transferred from Group Company	NA	NA	NA
(Surplus) / Deficit in the plan	NA	NA	NA
Experience adjustments on plan commitments - (Gain) / Loss	33	77	-
Experience adjustments on plan assets - Gain / (Loss)	NA	NA	NA

Since FY 2013-14, is the first year when the company employed staff on its pay rolls, the above information has been given from FY 2013-14.

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

Particulars	(₹ '000)	
	For the year ended March 31,2016	For the year ended March 31,2015
Discount rate	7.86%	7.92%
Salary growth	8.00% for the first year and 7.50% for future years	8.00% for the first year and 7.50% for future years
Attrition rate	3.50%	3.50%
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

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.

# NOTES

## forming Part of the financial statements

### 29 Segment Reporting

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

### 30 Encumbrances on assets

The assets of the Company are free from any encumbrance as at March 31, 2016, except for fixed deposits of ₹ 1,000 thousands (Previous Year ₹ 1,124 thousands) with HDFC Bank Limited, as a security towards guarantee issued by the bank on behalf of the Company in favour of the PFRDA (Refer Note 31 on Contingent liabilities below).

### 31 Contingent liabilities

Particulars	(₹'000)	
	As at March 31, 2016	As at March 31, 2015
Bank guarantee given on behalf of Company: Issued in favour of the PFRDA	1,000	1,124

**32** There are no dues payable to vendors covered by the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2016 (Previous Year ₹ Nil).

### 33 Previous year comparatives

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