



HDFC PENSION MANAGEMENT COMPANY LTD.

Audited Financial Statements FY 2016-17

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 the Balance Sheet as at March 31, 2017, 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

2. The management and Board of Directors of the Company are 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 Companies (Accounts) Rules, 2014. 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 judgements and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are 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. 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 there

under. 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.

4. 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 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 accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. 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:
- (a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
 - (b) in case of Statement of Profit & Loss, of the loss for the year ended March 31, 2017;
 - (c) in the case of the Cash Flow Statement, cash flows for the year ended March 31, 2017.

Independent Auditor's Report

Emphasis of Matter

As also mentioned in the Note 2 (Background) of Notes to Accounts to the Financial Statements, The Company and its Sponsor (HDFC Standard Life Insurance Company Limited) had a litigation pending against the PFRDA for obtaining the Letter of Appointment.

However during the year, the PFRDA had issued a fresh Request For Proposal ('RFP') for selection of Pension Funds for private sector, pursuant to which Sponsor had submitted a Technical and Commercial bid. On November 29, 2016 the PFRDA issued a notice that the Commercial Bid would be opened on November 30, 2016 wherein the name of HDFC Life was included which implies that the Technical Bid of HDFC Life has been accepted. HDFC Pension is also given to understand that the Commercial Bid submitted by HDFC Life has also been accepted by the PFRDA and formal issuance of letter of appointment is awaited.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
8. As required by Section 143(3) of the Act, we further 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 appears from our examination of those books;
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) on the basis of written representations received from the Directors as on March 31, 2017 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2017 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 operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) in our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
 - (i) The Company does not have any pending litigations at the end of the financial year;
 - (ii) The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise;
 - (iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education Fund and Protection Fund. The question of delay in transferring such sums does not arise;
 - (iv) The Company has provided requisite disclosures in the financial statements as to holding as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - Refer Note 30 to the financial statements.

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No. 105215W/ W100057

Sandeep D. Welling
Partner
Membership No.: 44576

Place : Mumbai
Date : April 24, 2017

Annexure A to the Auditor's Report - March 31, 2017

Annexure A referred to in paragraph 7 of our Report of even date to the members of HDFC Pension Management Company Limited on the accounts of the Company for the year ended March 31, 2017.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets ;
 - (b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification;
 - (c) According to the information and explanation given to us and on the basis of examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Management has been conducted physical verification of the inventories at reasonable intervals, no major discrepancies were found in the physical verification. All minor discrepancies have been properly dealt with in books of accounts.
- (iii) The Company has not granted any loans, secured or unsecured to Companies, Firms, LLP or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In respect of loans, investments, guarantees and security provisions of Section 185 and Section 186 of the Companies Act, 2013 have been complied with.
- (v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
- (vi) As informed to us, the Central Government has not prescribed maintenance of cost records under Sub-section (1) of Section 148 of the Act.
- (vii) According to the information and explanations given to us and based on the records of the Company examined by us,
 - (a) The Company has been regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India ;
 - (b) According to the information and explanations given to us and based on the records of the Company examined by us, there are no dues of Income Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes for more than 6 months;
 - (c) The Company has been regular in transfer of sums to the Investor Education and Protection Fund.
- (viii) In our opinion, and according to the information and explanations given to us and based on our examination of the records, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, government or dues to debenture holders.
- (ix) In our opinion, and according to the information and explanations given to us, the Company does not raise money by way of initial public offer or further public offer and term loans.
- (x) During the course of audit, we have not noticed any fraud by the Company or any fraud on the Company by its officers or employees during the year.
- (xi) The Company is not a public limited Company, hence, para 3 (xi) of the Order is not applicable.
- (xii) The nature of business is not related to Nidhi Company; hence, this clause is not applicable.
- (xiii) In our opinion, and according to the information and explanations given to us and based on our examination

Annexure A to the Auditor's Report - March 31, 2017

of the records of the Company, all transactions with related parties are in compliances with the section 177 & 188 of the Companies Act, 2013 and details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) The Company has not entered into any non-cash transactions with directors or persons connected with him.

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

For [Kirtane & Pandit LLP](#)
Chartered Accountants
Firm Registration No. 105215W/ W100057

[Sandeep D. Welling](#)
Partner
Membership No.: 44576

Place : Mumbai
Date : April 24, 2017

Annexure B to the Auditor's Report - March 31, 2017

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

We have audited the internal financial controls over financial reporting of **HDFC Pension Management Company Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal

financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Annexure B to the Auditor's Report - March 31, 2017

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over

financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For [Kirtane & Pandit LLP](#)
Chartered Accountants
Firm Registration No. 105215W/ W100057

[Sandeep D. Welling](#)
Partner
Membership No.: 44576

Place : Mumbai
Date : April 24, 2017

Balance Sheet

as at March 31, 2017

HDFC Pension Management Company Limited

(₹ '000)			
Particulars	Note	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	4	280,000	280,000
Reserves and surplus	5	(8,336)	(5,277)
SubTotal		271,664	274,723
NON-CURRENT LIABILITIES			
Long-term borrowings		-	-
Other long-term liabilities		-	-
Long-term provisions		-	-
CURRENT LIABILITIES			
Short-term borrowings		-	-
Trade payables	6	4,714	3,179
Other current liabilities	7	230	203
Short-term provisions	8	1,528	1,197
Total		278,136	279,302
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
(i) Tangible assets	9	778	1,699
(ii) Intangible assets	10	211	2,137
(iii) Capital work-in-progress		-	-
Non-current investments	11	250,410	250,215
Deferred tax assets (net)		-	-
Long-term loans and advances	12	4,420	3,459
Other non-current assets	13	1,146	1,080
CURRENT ASSETS			
Current investments	14	15,336	13,731
Trade receivables	15	209	56
Cash and bank balances	16	119	1,235
Short-term loans and advances	17	81	158
Other current assets	18	5,426	5,532
Total		278,136	279,302
See accompanying notes forming part of the financial statements			

In terms of our report of even date attached.

For [Kirtane and Pandit LLP](#)
Chartered Accountants
Firm Registration No. 105215W / W100057

[Sandeep D. Welling](#)
(Partner)
Membership No. 044576

Place : Mumbai
Date : April 24, 2017

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

[Amitabh Chaudhry](#)
(Director)
(DIN : 00531120)

[Sumit Shukla](#)
(Chief Executive Officer)

[Nagesh Pai](#)
(Company Secretary)

[Vibha Padalkar](#)
(Director)
(DIN : 01682810)

[Fagun Pancholi](#)
(Chief Financial Officer)

Statement of Profit and Loss Account

for the year ended March 31, 2017

HDFC Pension Management Company Limited

(₹'000)			
Particulars	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
INCOME			
Revenue from operations - Investment management fees	19	657	135
Other income	20	23,700	23,821
Total revenue		24,357	23,956
EXPENSES			
Employee benefit expenses	21	17,654	15,384
Establishment expenses	22	1,770	1,845
Other expenses	23	5,108	3,746
Depreciation and amortisation	24	2,884	2,833
Total expenses		27,416	23,808
(Loss)/Profit before exceptional and extraordinary items and tax		(3,059)	148
Exceptional items		-	-
(Loss)/Profit before extraordinary items and tax		(3,059)	148
Extraordinary items		-	-
(Loss)/Profit before tax		(3,059)	148
Tax expense		-	28
(Loss)/Profit for the year from continuing operations		(3,059)	120
(Loss)/Profit from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
(Loss)/Profit for the year from discontinuing operations (after tax)		-	-
(Loss)/Profit for the year		(3,059)	120
Earnings per equity share (face value ₹10 each)	25		
Basic (₹)		(0.109)	0.004
Diluted (₹)		(0.109)	0.004
See accompanying notes forming part of the financial statements			

In terms of our report of even date attached.

For **Kirtane and Pandit LLP**

Chartered Accountants
Firm Registration No. 105215W / W100057

Sandeep D. Welling

(Partner)
Membership No. 044576

Place : Mumbai

Date : April 24, 2017

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

Amitabh Chaudhry

(Director)
(DIN : 00531120)

Sumit Shukla

(Chief Executive Officer)

Nagesh Pai

(Company Secretary)

Vibha Padalkar

(Director)
(DIN :01682810)

Fagun Pancholi

(Chief Financial Officer)

CASH FLOW STATEMENT

for the year ended March 31, 2017

HDFC Pension Management Company Limited

Particulars	(₹ '000)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	(3,059)	148
Adjustments for:		
Depreciation and amortisation	2,884	2,833
Interest income on investments	(22,686)	(22,764)
Profit on sale of investments	(819)	(861)
Amortisation of discount/(premium) on investments	(195)	(196)
Movement in working capital		
(Increase)/Decrease in trade receivable, loans and advances & other current assets	(983)	(1,248)
Increase/(Decrease) in trade payables, other current liabilities & short-term provisions	1,898	(717)
Income taxes paid (net)	(85)	(56)
NET CASH FROM OPERATING ACTIVITIES	(23,045)	(22,861)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(38)	(957)
Purchase of investments	-	(1,000)
Maturity/sale of investments	1,124	-
Income received on investment	23,572	23,455
NET CASH FROM INVESTING ACTIVITIES	24,658	21,498
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	-	-
NET CASH USED IN FINANCING ACTIVITIES	-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	1,613	(1,363)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	13,842	15,205
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	15,455	13,842
See accompanying notes forming part of the financial statements		
Components of cash and cash equivalents at end of year:		
Bank balances-current accounts (Refer note number 16)	119	111
Money market instruments (Refer note number 14)*	15,336	13,731
Total cash and cash equivalents	15,455	13,842
Reconciliation of cash and cash equivalents with cash and bank balances as per Balance Sheet:		
Cash and cash equivalents	15,455	13,842
Money market instruments (Refer note number 14) *	(15,336)	(13,731)
Bank deposit with maturity of less than 12 months (Refer note number 16)	-	1,124
Cash and bank balances as per Balance Sheet	119	1,235

* Money market instruments are at cost

In terms of our report of even date attached.

For **Kirtane and Pandit LLP**

Chartered Accountants

Firm Registration No. 105215W / W100057

Sandeep D. Welling

(Partner)

Membership No. 044576

Place : Mumbai

Date : April 24, 2017

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

Amitabh Chaudhry

(Director)

(DIN : 00531120)

Sumit Shukla

(Chief Executive Officer)

Nagesh Pai

(Company Secretary)

Vibha Padalkar

(Director)

(DIN : 01682810)

Fagun Pancholi

(Chief Financial Officer)

NOTES

forming part of the financial statements

1 Corporate information

HDFC Pension Management Company Limited ('the Company'/'HDFC Pension') 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 an 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 response from the PFRDA is awaited. However, vide a letter dated June 24, 2016, the PFRDA, while acknowledging our submission of annual fees, had granted an extension to continue as a pension fund until the selection of pension funds in terms of process specified under PFRDA (Pension Fund) Regulations, 2015. This extension was subject to the Order of the Supreme Court of India on the appeal filed against the Order of the High Court of Delhi. During the year, the PFRDA had issued a fresh RFP for selection of pension funds for private sector, pursuant to which the Sponsor had submitted a technical and commercial bid. On November 29, 2016 the PFRDA issued a notice that the commercial bid would be opened on November 30, 2016 wherein the name of HDFC Life was included which implies that the technical bid of HDFC Life has been accepted. HDFC Pension is also given to understand that the commercial bid submitted by HDFC Life has also been accepted by the PFRDA and formal issuance of letter of appointment 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. Accounting policies have been consistently applied to the extent applicable and in the manner so required.

NOTES

forming part of the financial statements

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. Any revision to the accounting estimates is recognised prospectively.

3.3 Revenue recognition

(a) 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.

(b) Other income

Interest income on debt investments is recognised on an accrual basis. Amortisation of premium or accretion of discount on 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 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 determined 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

NOTES

forming part of the financial statements

* 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 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 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. 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.

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. All short term employee benefits are accounted for on an undiscounted basis.

b) Post employment benefits

Defined contribution plan:

The Company's Provident Fund Scheme (Company contribution) and National Pension Scheme (Company contribution) 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 on an undiscounted basis.

Defined benefit plan:

The Company's Gratuity plan is an unfunded defined benefit plan. The gratuity benefit payable to the employees of the Company is as per the provisions of The Payment of Gratuity Act, 1972. 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 (Revised), 'Employee Benefits'.

Actuarial gains / losses, if any, due to experience adjustments and the effects of changes in actuarial assumptions are recognised in the Statement of Profit and Loss, in the year in which they arise.

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 are recognised in the Statement of Profit and Loss, in the year in which they arise.

3.8 Leases

a) 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

NOTES

forming part of the financial statements

value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower.

b) 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.

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. Cash equivalents comprise money market instruments including 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, 2017	As at March 31, 2016
Authorised capital		
30,000,000 Equity shares of ₹ 10 each (Previous year: 30,000,000 Equity shares of ₹ 10 Each)	300,000	300,000
Total	300,000	300,000
Issued, subscribed and fully paid-up capital		
28,000,000 Equity shares of ₹ 10 each (Previous year: 28,000,000 Equity shares of ₹ 10 Each)	280,000	280,000
Total	280,000	280,000

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, 2017		As at March 31, 2016	
	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	-	-	-	-
Equity shares outstanding as at the end of year	28,000,000	280,000	28,000,000	280,000

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	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, 2017	As at March 31, 2016
Profit & Loss account		
Opening balance	(5,277)	(5,397)
Add:- (Loss)/profit during the year as per the Statement of Profit and Loss	(3,059)	120
Closing balance	(8,336)	(5,277)

6 Trade payables

(₹ '000)		
Particulars	As at March 31, 2017	As at March 31, 2016
Payable for expenses	4,714	3,179
Total	4,714	3,179

7 Other current liabilities

(₹ '000)		
Particulars	As at March 31, 2017	As at March 31, 2016
Payable for statutory dues	230	203
Total	230	203

8 Short-term provisions

(₹ '000)		
Particulars	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits	1,528	1,192
Provision for taxation (net of advance tax)	-	5
Total	1,528	1,197

NOTES

forming part of the financial statements

9 Tangible assets

Particulars	Cost / Gross Block			Depreciation			Net Block		
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017	As at April 01, 2016	For the year ended March 31, 2017	On Sales/ Adjustments	As at March 31, 2017	As at March 31, 2016
Land	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Information technology equipment - End user devices	143	38	-	181	122	38	-	159	21
Information technology equipment - Non end user devices	2,500	-	-	2,500	1,713	625	-	2,338	787
Furniture and fixtures	111	-	-	111	66	22	-	89	45
Office equipment	144	-	-	144	86	29	-	115	58
Motor Vehicles	957	-	-	957	180	239	-	419	777
Leasehold improvements	26	-	-	26	15	5	-	21	11
Total	3,881	38	-	3,919	2,182	958	-	3,141	1,699
Capital work in progress	-	-	-	-	-	-	-	-	-
Grand Total	3,881	38	-	3,919	2,182	958	-	3,141	1,699
Previous year	2,924	957	-	3,881	1,275	907	-	2,182	1,699

10 Intangible assets

Particulars	Cost / Gross Block			Depreciation			Net Block		
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017	As at April 01, 2016	For the year ended March 31, 2017	On Sales/ Adjustments	As at March 31, 2017	As at March 31, 2016
Intangibles (Computer software)	7,720	-	-	7,720	5,583	1,926	-	7,509	2,137
Previous year	7,720	-	-	7,720	3,657	1,926	-	5,583	2,137

NOTES

forming part of the financial statements

11 Non-current investments

(₹ '000)		
Particulars	As at March 31, 2017	As at March 31, 2016
Investments in Government Securities		
- 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)	47,786	47,642
- 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)	50,931	51,000
- 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)	53,100	53,216
Investments in Non convertible debentures (NCD) - Infrastructure Bonds	48,593	48,357
- 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)		
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)		
Total	250,410	250,215
Aggregate value of quoted investments	250,410	250,215
Market value of quoted investments	277,265	267,403

12 Long-term loans and advances

(₹ '000)		
Particulars	As at March 31, 2017	As at March 31, 2016
Loans	-	-
Others		
Unutilised service tax input credit	4,340	3,459
Advance tax paid - Tax deducted at source (net of provision for tax)	80	-
Total	4,420	3,459

13 Other non-current assets

(₹ '000)		
Particulars	As at March 31, 2017	As at March 31, 2016
Bank Deposits with maturity of more than 12 months (Refer note no.32)	1,000	1,000
Interest accrued on Fixed deposit	146	80
Total	1,146	1,080

14 Current investments

(₹ '000)		
Particulars	As at March 31, 2017	As at March 31, 2016
Investment in Mutual Funds - valued at lower of cost or market value		
(a) Quoted	-	-
(b) Unquoted - ICICI Prudential Liquid - Direct Plan-Growth 65476.465 units of ₹ 234.2182 each (Previous year 62900.210 units of ₹ 218.3059 each)	15,336	13,731
Total	15,336	13,731
Aggregate value of unquoted investments	15,336	13,731
Market value of unquoted investments*	15,757	14,095

* 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, 2017	As at March 31, 2016
(a) Outstanding for a period exceeding six months from the date they are due for payment - Unsecured, considered good	-	-
(b) Others - Unsecured, considered good	209	56
Total	209	56

16 Cash and bank balances

Particulars	(₹'000)	
	As at March 31, 2017	As at March 31, 2016
Cash on hand	-	-
Balances with banks:		
- In current accounts	119	111
Other bank balances		
- Deposits with maturity of less than 12 months	-	1,124
- Deposits with maturity of more than 12 months	1,000	1,000
Sub-Total	1,119	2,235
Amount disclosed under other non-current assets (Refer note no. 13)	(1,000)	(1,000)
Total	119	1,235

17 Short-term loans and advances

Particulars	(₹'000)	
	As at March 31, 2017	As at March 31, 2016
Loans	-	-
Others	-	-
Prepaid expenses	81	101
Others	-	57
Total	81	158

18 Other current assets

Particulars	(₹'000)	
	As at March 31, 2017	As at March 31, 2016
Interest accrued on investments	5,391	5,523
Receivable from pension schemes (service tax)	35	9
Total	5,426	5,532

19 Investment management fees

Investment management fees @ 0.01% (Previous Year @0.01%) per annum is charged on daily closing assets under management across respective schemes under pension funds amounting to ₹ 657 thousands (Previous Year ₹ 135 thousands).

20 Other income

Particulars	(₹'000)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Investment income on current investments		
Interest income	14	99
Profit on sale of investments	819	861
Investment income on long-term investments		
Interest income	22,672	22,665
Amortisation of discount/(premium) on investments	195	196
Total	23,700	23,821

NOTES

forming part of the financial statements

21 Employee benefit expenses

Particulars	(₹ '000)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries and bonuses	16,835	14,634
Contributions to Provident fund and National Pension Scheme	819	750
Total	17,654	15,384

22 Establishment expenses

Particulars	(₹ '000)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Rent	724	633
PFRDA licence fees	1,000	1,188
Other expenses	46	24
Total	1,770	1,845

23 Other expenses

Particulars	(₹ '000)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Payment to auditors :		
- as auditor	100	100
- others	-	5
Directors sitting fees	260	260
General office expenses	47	45
Legal & professional charges	1,165	885
Information technology support expenses	296	280
Marketing and outsourcing expenses	1,273	782
Miscellaneous expenses	151	263
Travel expenses	551	442
Brokerage expenses	1,265	684
Total	5,108	3,746

24 Depreciation and amortisation

Particulars	(₹ '000)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation on tangible assets	958	907
Amortisation of intangible assets	1,926	1,926
Total	2,884	2,833

25 Earnings per share

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
(Loss)/Profit as per Statement of Profit & Loss (₹ '000)	(3,059)	120
Weighted average number of equity shares for Basic earnings per share	28,000,000	28,000,000
Basic earnings per share (₹)	(0.109)	0.004
Weighted average number of equity shares for Diluted earnings per share	28,000,000	28,000,000
Diluted earnings per share (₹)	(0.109)	0.004
Nominal value of share (₹)	10.00	10.00

NOTES

forming part of the financial statements

26 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 ₹ NIL (Previous Year ₹ 28 thousands) in the Statement of Profit and loss for the year ended March 31, 2017 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 carry forward of losses /unabsorbed depreciation, 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.

27 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 ₹ 35 thousands (Previous Year ₹ 141 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.

28 Related party & other group company disclosures

During the year ended March 31, 2017, 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:

Related party disclosures as per Accounting Standard 18

Related parties and nature of relationship

Nature of the relationship	Name of Related Party
Ultimate holding company	Housing Development Finance Corporation Limited (HDFC Ltd.)
Holding company	HDFC Standard Life Insurance Company Limited
Fellow subsidiaries of holding company	HDFC International Life and Re Company Limited
	HDFC Asset Management Company Limited
	HDFC Developers Limited
	HDFC Holdings Limited
	HDFC Trustee Company Limited
	HDFC Realty Limited
	HDFC Investments Limited
	HDFC ERGO General Insurance Company Limited
	GRUH Finance Limited
	HDFC Sales Private Limited
	HDFC Venture Capital Limited
	HDFC Ventures Trustee Company Limited
	HDFC Property Ventures Limited
	Credila Financial Services Private Limited
	Griha Investments (Subsidiary of HDFC Holdings Ltd.)
	HDFC Education and Development Services Private Limited
	Griha Pte Ltd., Singapore (Subsidiary of HDFC Investments Ltd.)
	HDFC Capital Advisors Limited
	HDFC General Insurance Co. Ltd.(Subsidiary of HDFC ERGO General Insurance Co.Limited)

NOTES

forming part of the financial statements

Nature of the relationship	Name of Related Party
Entities over which control is exercised	Grandeur Properties Pvt. Ltd.
	Winchester Properties Pvt. Ltd.
	Windermere Properties Pvt. Ltd.
	Haddock Properties Pvt. Ltd.
	Pentagram Properties Pvt. Ltd.
Key management personnel	HDFC Investment Trust
	HDFC Investment Trust II
	Mr. Sumit Shukla

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

(₹'000)					
Particulars	Description	Total value of transactions for the year ended March 31, 2017	Receivable/ (payable) at March 31, 2017	Total value of transactions for the year ended March 31, 2016	Receivable/ (payable) at March 31, 2016
HDFC Standard Life Insurance Company Ltd.	Cost of resource utilisation	4,357	-	3,868	-
HDFC ERGO General Insurance Company Ltd.	Car Insurance Premium	15	-	-	-
Mr. Sumit Shukla	Managerial remuneration	10,688	-	11,885	-

29 Employee benefit obligations:

a) Defined contribution plans

During the year, the Company has recognised the below amounts in the Profit & Loss Account under defined contribution plans:

(₹'000)		
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Contribution to Employees Provident Fund	448	410
Contribution to National Pension Scheme	371	340
Total	819	750

b) Defined benefit plans

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, 2017:

The Company has recognised following amounts in the Balance Sheet:

(₹'000)		
Particulars	As at March 31, 2017	As at March 31, 2016
Present value of defined benefit obligations at the end of the year	777	485
Fair value of plan assets at the end of the year	-	-
Liability recognised in Balance Sheet	777	485

NOTES

forming part of the financial statements

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

(₹'000)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current service cost	173	131
Interest cost	38	23
Expected return on plan assets	-	-
Actuarial (gains)/losses	81	36
Total of above included in "Employee benefit expenses" in the Statement of Profit and Loss	292	190

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

(₹'000)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Present value of defined benefit obligations at the beginning of the year	485	295
Current service cost	173	131
Interest cost	38	23
Actuarial (gains)/losses	81	36
Benefits paid	-	-
Present value of defined benefit obligations at the end of the year	777	485

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

(₹'000)

Gratuity (Unfunded Plan)	FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14
Present value of the defined benefit obligation at the end of the year	777	485	295	90
Fair value of the plan assets at the end of the year	NA	NA	NA	NA
Unfunded liability transferred from Group Company	NA	NA	NA	NA
(Surplus) / Deficit in the plan	NA	NA	NA	NA
Experience adjustments on plan commitments - (Gain) / Loss	39	33	77	NA
Experience adjustments on plan assets - Gain / (Loss)	NA	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 of defined benefit obligation of gratuity plan as at the Balance Sheet date:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Discount rate	7.40%	7.86%
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)	Indian Assured Lives Mortality (2006-08)

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

c) Other long term employee benefits

Long term compensated absences: This is an unfunded employee benefit. The liability for accumulated long term absences is determined by actuarial valuation using projected unit credit method. The assumptions used for valuation are as given below:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Discount rate	7.40%	7.86%
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)	Indian Assured Lives Mortality (2006-08)

30 Disclosure of details of Specified Bank Notes (SBN)

In accordance with the requirement of the notification issued by Ministry of Corporate Affairs (MCA) dated March 30, 2017, amending Schedule III of the Companies Act, 2013, the disclosure of details of SBN held and transacted during the period from November 8, 2016 to December 30, 2016 is provided in the table below. As per the explanation to the Clause 2 of this notification, for the purposes of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016.

Details of SBNs held and transacted during the period November 8, 2016 to December 30, 2016 are provided in the table below :

Particulars	(₹ '000)		
	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	NIL	NIL	NIL
(+) Permitted receipts	NIL	NIL	NIL
(-) Permitted payments	NIL	NIL	NIL
(-) Amount deposited in Banks	NIL	NIL	NIL
Closing cash in hand as on 30.12.2016	NIL	NIL	NIL

31 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 (Pension Fund) Regulations 2015.

32 Encumbrances on assets

The assets of the Company are free from all encumbrance as at March 31, 2017, except for fixed deposits of ₹ 1,000 thousands (Previous Year ₹ 1,000 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 33 on Contingent liabilities below).

33 Contingent liabilities

Particulars	(₹ '000)	
	As at March 31, 2017	As at March 31, 2016
Bank guarantee given on behalf of Company: Issued in favour of the PFRDA	1,000	1,000

34 There are no dues payable to vendors covered by the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2017 (Previous Year ₹ Nil).

35 Previous year comparatives

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