



# **HDFC PENSION MANAGEMENT COMPANY LTD.**

## **Audited Financial Statements FY 2015-16**

# 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.

## Independent Auditor's Report

### Emphasis of matter

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 I 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 derivate 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 I 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 tax, service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities.
- 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 I 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

# Annexure A to the Independent Auditor's Report of even date on the financial statements of HDFC Pension Management Company Limited

## 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, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in

## **Annexure A to the Independent Auditor's Report of even date on the financial statements of HDFC Pension Management Company Limited**

accordance with authorisations of management and directors of the company; and

- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes 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, 2016, 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 **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>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	4	280,000	280,000
Reserves and surplus	5	(5,277)	(5,397)
		<b>274,723</b>	<b>274,603</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings		-	-
Other long-term liabilities		-	-
Long-term provisions		-	-
<b>CURRENT LIABILITIES</b>			
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>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed assets</b>			
(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
<b>CURRENT ASSETS</b>			
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**  
(Director)  
**Vibha Padalkar**  
(Director)  
**Sumit Shukla**  
(Chief Executive Officer)  
**Fagun Pancholi**  
(Chief Financial Officer)  
**Nagesh Pai**  
(Company Secretary)

# Statement of 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**  
(Director) **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

Particulars	(₹ '000)	
	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>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,363)	1,717
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	15,205	13,488
<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**  
(Director)  
  
**Sumit Shukla**  
(Chief Executive Officer)  
  
**Nagesh Pai**  
(Company Secretary)

**Vibha Padalkar**  
(Director)  
  
**Fagun Pancholi**  
(Chief Financial Officer)

# 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 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 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

### 9 Tangible assets

Particulars	Cost / Gross Block			Depreciation			Net Block		
	As at April 01, 2015	Additions	Deductions	As at March 31, 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>3,881</b>	<b>1,275</b>	<b>907</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>3,881</b>	<b>1,275</b>	<b>907</b>	-	<b>2,182</b>	<b>1,649</b>
<b>Previous year</b>	<b>2,875</b>	<b>49</b>	-	<b>2,924</b>	<b>551</b>	<b>724</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 March 31, 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
<b>Previous year</b>	<b>7,720</b>	<b>-</b>	<b>-</b>	<b>7,720</b>	<b>1,731</b>	<b>1,926</b>	<b>-</b>	<b>3,657</b>	<b>4,063</b>

# 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)		
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)		
	<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

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## 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
<b>Investment income on current investments</b>		
Interest income	99	1,796
Amortisation of discount on investments	-	681
Profit on sale of investments	861	908
Unrealised gain/(loss) on investments	-	201
<b>Investment income on long-term investments</b>		
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	For the year ended	
	March 31,2016	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

# 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

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### 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	(₹'000)			
		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:

(₹'000)

Particulars	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:

(₹'000)

Particulars	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:

(₹'000)

Gratuity (Unfunded Plan)	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	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.