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#### **BOARD OF DIRECTORS**



Shri D. K. Mehrotra Chairman (Upto 31-05-2013)



Shri S. K. Roy Chairman (From 01-07-2013)



**Shri Thomas Mathew T.** Director (Upto 30-06-2013)



**Shri S. B. Mainak** Director (Upto 13-12-2013)



Shri V. K. Sharma Director (From 14-12-2013)



Shri Jagdish Capoor
Director



Shri M. N. Singh Director



Smt. Bhavna G. Doshi Director



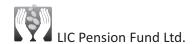
Shri S. Hariharan MD & CEO (Upto 31-05-14)



Shri S. Bandyopadhyay MD & CEO (From 01-06-14)

## Seventh Annual Report 2013-14





Banker to the Company
HDFC BANK
CORPORATION BANK

Statutory Auditors
M/S. P. C. GHADIALI & CO.

Internal Auditors
M/S. K. C. JAIN & CO.

Company Secretary

#### **Registered & Corporate Office**

SHRI. AVINASH C. ABHYANKAR

LIC Pension Fund Ltd.
"Yogakshema", East Wing, Floor 7,
Jeevan Bima Marg,
Mumbai – 400 021.

Tel: 022-22882871, Fax: 022-22822289 E-mail: licpensionfund@licindia.com Website: www.licpensionfund.in

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## Seventh Annual Report 2013-14

#### **DIRECTORS' REPORT**

#### To the Members,

LIC Pension Fund Ltd., Mumbai

Your Directors' are pleased to present the Seventh Annual Report together with the audited accounts for the year ended 31st March, 2014.

#### **Financial Performance**

Summary of your Company's financial performance is given below:

(Amt. in ₹)

Sr. No.	Particulars	Year ended 31st March			
	Particulars	2014	2013		
1.	Income from Operations	1,33,72,934	59,20,766		
2.	Other Income	3,20,99,491	1,92,62,172		
3.	Total (1+2)	4,54,72,425	2,51,82,938		
4.	Management expenses	2,81,99,637	1,95,82,934		
5.	Prior period Items (Annual Fees to PFRDA)	Nil	40,00,000		
6.	Profit/(Loss) before Tax (3-4-5)	1,72,72,788	16,00,004		
7.	Tax Expenses	56,04,394	21,01,356		
8.	Profit/(Loss) after Tax(6-7)	1,16,68,394	(5,01,352)		
9.	Net Fixed Assets	7,99,799	9,96,287		
10.	Cash and Bank balance	30,02,15,431	30,36,73,044		
11.	Paid up Capital	30,00,00,000	30,00,00,000		
12.	Net Worth	30,85,00,249	29,84,05,943		

#### Note:

Amount due to Sponsor (LIC of India) as on 31.03.2014 is ₹ 2,67,04,729/- as against ₹ 2,57,24,366/- as on 31.03.2013, and this has been duly accounted for in the Management Expenses.



#### Dividend

Your Directors are pleased to inform you that during the period under report, your Company has recorded an operational profit of ₹1,72,72,788/-. However in order to conserve the resources , no dividend has been recommended by your Directors.

#### **Review of performance**

The total income for the year under report was ₹ 4,54,72,425/- as against ₹ 2,51,82,938/- in the previous financial year. Your directors are pleased to inform that there has been operational Profit of ₹ 1,72,72,788/- in the current financial year as against operational profit of ₹ 16,00,004/- in the previous financial year registering a tenfold rise. For the financial year 2013-14 Management fee was charged @ 0.0102% on funds managed for Government Sector excluding Corporate CG Scheme for which Management Fee was charged @ 0.20% . For Private Sector Schemes the rate of investment Management fee was 0.25%.

#### **Financial Highlights**

LIC Pension Fund Ltd. was incorporated in 2007 and started managing investment of NPS funds from April 2008 and performed well during the last five years. For the year 2008-09, NPS Trust allocated only 5% of NPS assets to LIC Pension Fund Ltd. as against 40% to UTI Retirement Solutions Ltd. and 55% to SBI Pension Fund Ltd. This allocation was further increased in favour of LIC Pension Fund Ltd. in 2009-10 to 29% as against decline of UTI Retirement Solutions Ltd. to 31% and SBI Pension Fund Ltd. to 40%.

For the year 2010-11 and 2011-12, LIC Pension Fund Limited got 33% of fund allocation from PFRDA whereas SBI Pension Fund Limited got 33% and UTI Retirement Solutions Limited got 34%.

For the year 2012-13 Fund Allocation to LIC Pension Fund Limited was to the extent of ₹ 3,814.79 Crore, which was further increased to ₹ 5,063.77 Crores in the year 2013-14.

Sustained higher returns on the Government Pattern Scheme managed by LIC Pension Fund Limited has resulted in increased confidence by the NPS Trust which is reflected in Fund Allocation.

In the Financial year 2013-14 LIC Pension Fund Limited has received approximately an amount of ₹ 5063.77crores as fresh inflow in respect of the following schemes :

Scheme Amt. (₹ in crore		
Central Govt.	1,950.57	
State Govt.	2,869.84	
NPS Lite	107.98	
Corporate CG Scheme	97.88	
E Tier – I	18.17	
C Tier – I	11.20	
G Tier – I	8.07	
E Tier – II	0.03	
C Tier – II	0.02	
G Tier – II	0.01	
Total	5,063.77	

Summary of Assets under Management of the Company as on 31st March for last three financial years was as follows :

Particulars	Amount ₹ in Crores
31-Mar-12	3,968.96
31-Mar-13	8,463.58
31-Mar-14	14,180.39

The Company is managing the AUM of ₹ 14,180.39 crore as at 31.03.2014 under the following NPS schemes:

Scheme Amt. (₹ in crore		
Central Govt.	7,081.37	
State Govt.	6,661.24	
NPS Lite	252.01	
Corporate CG Scheme	145.99	
E Tier – I	19.83	
C Tier – I	11.58	
G Tier – I	8.31	
E Tier – II	0.03	
C Tier – II	0.02	
G Tier – II	0.01	
Total	14,180.39	



From 29.01.2014, the revised guidelines on Investment Pattern as intimated by PFRDA have come into effect as detailed below:

Sr. No.	Instruments	Prescribed limit
1	Government Securities, Govt. Securities (Central Govt.) & State Government*	Upto 55%
2	Corporate Bonds, PSU Bonds, Private Corporate Debt, Fixed Deposit	Upto 40%
3	Money Market Instruments	Upto 5%
4	Equity	Upto 15%

<sup>\*</sup>SDL: Investment in State Development Loans is subject to further cap of 10% of total exposure in Govt. Securities.

Asset class E (equity market instruments) – The Investment by NPS subscriber in this asset class should not be more than 50%. The investment under Equity Asset class has to be made in Index funds/ Exchange Traded Funds that replicate the portfolio of either BSE Sensex index or NSE Nifty 50 index. Index Fund Schemes invest in securities in the same weightage comprising of an index. The PF will have to choose which index they intend to track in advance on an yearly basis. LICPFL has chosen BSE Sensex for replicating the portfolio.

**Asset class G (Government Securities)** – This asset class will be invested in Central Government bonds and State Government bonds.

Asset class C (credit risk bearing fixed income instruments) – This asset class contains bonds issued by any entity other than Central and State Government. This asset class will be invested in Fixed deposits and credit rated debt securities. This includes rated bonds/securities of Public Financial Institutions and Public sector companies, rated municipal bodies/infrastructure bonds and bonds of all firms (including PSU/PSE),

#### NAV for Government Sector NPS: (in ₹)

Scheme	31.03.2014	31.03.2013
Central Government	16.8155	15.8680
State Government	14.9673	14.1321
NPS Lite Scheme -Govt. Pattern	13.7626	12.9829
Corporate CG	11.0044	10.4090

#### NAV for Private Sector NPS#: (in ₹)

Scheme	31.03.2014
E Tier -I	11.3022
C Tier -l	10.7431
G Tier -I	10.5580
E Tier – II	9.8910
C Tier- II	10.4289
G Tier- II	10.7085

<sup>\* (</sup>For these schemes LIC Pension Fund Ltd. got the licencse in the year 2013-14)

The performance of investments function of debt oriented funds depends on market conditions, investment strategy, ability to forecast market movements, etc. The Company could register good performance due to the Company's ability to forecast the market movements and asset reallocation strategy adopted in fund management.

#### **Fixed Deposit**

Your Company has not accepted any fixed deposits, and as such, no amount of principal or interest was outstanding as on the balance sheet date.



#### **Directors**

Mrs. Bhavna Doshi will retire by rotation at the Annual General Meeting and being eligible offers herself for re-appointment. Shri. V.K. Sharma was appointed as an Additional Director w.e.f. 13th December, 2013 and holds office up to the date of ensuing Annual General Meeting. A notice from a member of the Company has been received proposing his candidature for the Office of Director.

Shri. S. Bandyopadhyay was appointed as an Additional Director w.e.f. 1st June, 2014 and holds office up to the date of ensuing Annual General Meeting. A notice from a member of the Company has been received proposing his candidature for the office of Director. Shri. S. Bandyopadhyay was also appointed as Managing Director w.e.f. the said date on the terms and conditions as approved by the Nomination and Remuneration Committee and the Board of Directors.

#### **Audit Committee**

The Audit Committee of the Company consists of three Directors viz,

Shri Jagdish Capoor Chairman Shri V. K. Sharma Member Shri M.N. Singh Member

#### **Auditors**

The Auditors of your Company are appointed by the Comptroller and Auditor General of India. M/s. P. C. Ghadiali & Co., Chartered Accountants, Mumbai, had been appointed as Statutory Auditors of the Company for the financial year 2013-14.

#### **Organizational Structure of LIC Pension Fund Ltd**

Following PFRDA guidelines, LIC Pension Fund Ltd was set up as an independent Company by LIC of India. The operation of LIC Pension fund is carried out by the officials provided by the Sponsor i.e. LIC of India. The organizational structure of the Company has been designed keeping in view the requirement of a fund management company and the various guidelines of PFRDA and Investment Management Agreement signed with the NPS Trust.

The organization is steered by the Board of Directors. The Managing Director who is designated as Chief Executive Officer leads the Company's executive functions with HODs supervising the departments of Investment Management, Finance & Accounts, Compliance & Secretarial, Risk Management, Technology Support and Administration & Customer Relations.

#### **Directors' Responsibility Statement**

Your directors confirm:

- that in the preparation of annual accounts for the financial year ended 31.03.2014, applicable
  Accounting Standards have been followed along with proper explanation relating to material
  disclosures.
- that the Directors have selected such accounting policies and applied them consistently and made
  judgments and estimates that were reasonable and prudent so as to give a true and fair view of
  the state of affairs of the Company at the end of the financial year and of the profit or (loss) of the
  Company for that period.
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting
  records in accordance with the provisions of this Act for safeguarding the assets of the Company
  and for preventing and detecting fraud and other irregularities.
- 4. that the Directors have prepared annual accounts for the financial year ended 31.03.2014 on a 'going concern' basis.

#### **Employees' Particulars**

There is no employee in LIC Pension Fund Ltd , who is receiving remuneration exceeding the amount prescribed under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

#### Conservation of Energy, Technology absorption and Foreign Exchange Earnings and outgo

The Company is engaged in business of investment management of Pension Assets and not carrying on any manufacturing activities. Hence, the particulars as prescribed under section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 are not applicable.

Further, there were no foreign exchange earnings or outgo for the year under report.



#### **ACKNOWLEDGMENTS**

Your directors would like to place on record their appreciation of the support extended by Life Insurance Corporation of India, the Sponsor of LIC Pension Fund Ltd., Pension Fund Regulatory and Development Authority (PFRDA), National Pension System Trust (NPS Trust), Ministry of Corporate Affairs, Registrar of Companies, Mumbai, National Securities Depository Limited (NSDL) - Central Record Keeping Agency, Axis Bank, Bank of India - Trustee bank, Stock Holding Corporation of India Limited - Custodian, M/s. P. C. Ghadiali & Co., Chartered Accountants - Statutory Auditors of the Company Accounts, M/s. Kailash Chand Jain & Co. Chartered Accountants- Internal Auditors, M/s. Kalyaniwalla & Mistry, Chartered Accountants, Statutory Auditors of the Scheme Accounts managed by the Company, Shri Prasanna Gupchup - Practicing Company Secretary, K C Jain Kala & Company, Brokers and other Government agencies. Your Directors would also like to place on record the contribution made by the officials at all levels for the success of your company during the year.

For and on behalf of the Board of Directors

LIC Pension Fund Limited

SHRI S BANDYOPADHYAY

SHRIS, K. ROY

Managing Director & CEO

Chairman

Place: Mumbai Dated: 08.08..2014

# Financial Statements for the year 2013-14



#### INDEPENDENT AUDITORS' REPORT

To
The Members of
LIC PENSION FUND LIMITED

#### **Report on the Financial Statements**

We have audited the attached financial statements of **LIC Pension Fund Ltd**, which comprise the Balance Sheet as at March 31, 2014, and Statement of Profit and Loss and Cash Flow Statement for the year ended on the date annexed thereto, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevent to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

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

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

#### **Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2003, and read with the Amendments made by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub–section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, we report that;
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) the Balance Sheet, 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 Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956.
  - (e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub–section (1) of Section 274 of the Companies Act, 1956.
  - (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

R. T. DOSHI

Senior Partner

Membership Number: 013458

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For and on behalf of **P. C. GHADIALI & CO.** *Chartered Accountants* Firm No. 103132W

Place: Mumbai Date: April 29, 2014.



#### **ANNEXURE TO AUDITORS' REPORT**

### [Referred to in the Auditors' Report of even date to the members of LIC PENSION FUND LIMITED on the financial statements for the year ended March 31, 2014]

- i. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
  - (c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets have not been disposed of by the company during the year.
- ii. According to information and explanation given to us, the Company does not have any physical stock of inventory.
- iii. (a) The company has not granted unsecured loans and Inter Corporate Deposits to Companies covered in the register maintained under Section 301 of the Act.
  - (b) The company has not taken unsecured loan from parties covered in the register maintained under Section 301 of the Act.
  - (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- iv. In our opinion and according to the information and explanations given to us, we are of opinion that there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed asset. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. According to the information and explanations given to us, we are of the opinion that the company has not entered into any contracts or arrangements during the year that need to be entered in the register maintained under Section 301 of the Act.
- vi. The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company, has an internal audit system which is commensurate with the size of the Company and the nature of its business.
- viii. The Central Government of the India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for the company.
- ix. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is (generally) regular in depositing the undisputed statutory dues as applicable with the appropriate authorities.

- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of sales tax, income tax, wealth tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- x. According to the records of the company examined by us and information and explanation given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xi. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xii. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the company.
- xiii. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments, although it acts as a manager for managing the assets of Pension Fund.
- xiv. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xv. In our opinion, and according to the information an explanations given to us, the Company has not raised any term loans during the year.
- xvi. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- xvii. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xviii. The company has not issued any debenture during the year.
- xix. The company has not raised any money by public issues during the year.
- xx. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

R. T. DOSHI

Senior Partner

Membership Number: 013458

1 200

For and on behalf of **P. C. GHADIALI & CO.** *Chartered Accountants* Firm No. 103132W

Place: Mumbai Date: April 29, 2014.



## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF LIC PENSION FUND LIMITED FOR THE YEAR ENDED 31 MARCH 2014

The preparation of financial statements of LIC Pension Fund Limited for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 April 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of LIC Pension Fund Limited for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditor and is limited primarily to enquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619 (4) of the Companies Act, 1956.

For and on behalf of the Comptroller and Auditor General of India

(Y. N. THAKARE)

Principal Director of Commercial Audit & Ex–officio Member, Audit Board–I, Mumbai

Place: Mumbai

Date: 18 June 2014

#### **BALANCE SHEET AS AT**

	Particulars			March, 2014	March, 2013	
	. a.		No.	₹	₹	
I]	<b>EQUITY AND</b>	LIABILITIES				
	(1) Shareho	lder's Funds				
	(a) Shar	e Capital	1	30,00,00,000	30,00,00,000	
	(b) Rese	rves and Surplus	2	85,00,249	(31,68,145)	
	(2) Non-Cur	rent Liabilities		-	-	
	(3) Current	Liabilities				
	(a) Shor	t-Term Borrowings		-	-	
	(b) Trad	e Payables		-	-	
	(c) Othe	er Current Liabilities	3	2,67,29,689	2,58,74,252	
	(d) Shor	t-Term Provisions	4	71,97,310	20,95,951	
		TOTA	L	34,24,27,248	32,48,02,058	
II]	ASSETS					
	(1) Non-Cur	rent Assets				
	(a) Fixe	d Assets				
	(i)	Tangible Fixed Assets	5.A	7,99,799	9,96,287	
	(ii)	Intangible Fixed Assets	5.B	-	-	
	(b) Non	-Current investments		-	-	
	(c) Defe	rred tax assets (net)	6	2,19,519	2,19,635	
	(d) Othe	er non-current assets	7	2,80,95,357	1,01,71,944	
	(2) Current	Assets				
	(a) Curr	ent investments		-	-	
	(b) Inve	ntories		-	-	
	(c) Trad	e receivables	8	48,95,338	24,49,298	
	(d) Cash	and cash equivalents	9	30,02,15,431	30,36,73,044	
	(e) Shor	t-term loans and advances	10	81,96,218	72,91,850	
L	(f) Othe	er current assets		5,586	-	
		TOTA	L	34,24,27,248	32,48,02,058	

**Significant Accounting Policies** 

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Notes are integral part of Financial Statements

As per our report of even date

S. K. ROY

JAGDISH CAPOOR

P C GHADIALI & CO. **Chartered Accountants**  Chairman

Director

S. HARIHARAN **Managing Director** 

DGM

Smt. A.N. Desai AVINASH C.ABHYANKAR Company

& CEO

Accounts

Secretary

R T Doshi

Partner

Membership No.: 013458 Firm Reg. No.:103132W

PLACE: Mumbai **DATE:** April 29, 2014



#### PROFIT & LOSS STATEMENT FOR THE PERIOD ENDED ON

Sr.	Particulars		31st March, 2014	31st March, 2013
No	1 articulars	Note No.	₹	₹
- 1	Income:			
	Revenue from operations	11	1,33,72,934	59,20,766
	Other Income	12	3,20,99,491	1,92,62,172
	Total Income		4,54,72,425	2,51,82,938
II	Expenses:			
	Cost of materials consumed		-	-
	Purchase of Stock-in-Trade		-	-
	Changes in inventories of finished goods,		-	-
	Work-in-progress and Stock-in-Trade			
	Employee Benefit Expense	13	1,40,75,477	1,13,53,226
	Financial Costs		-	-
	Depreciation and Amortization Expense	14	2,22,731	2,17,498
	Fees Paid to PFRDA	15	55,00,000	10,00,000
	Other Administrative Expenses	16	84,01,430	70,12,210
	Prior Period Items - Annual Fees to PFRDA for			40,00,000
	previous 4 years, i.e., 2008-09 to 2011-12			
	Total Expenses		2,81,99,637	2,35,82,934
III	Profit before exceptional and extraordinary items and tax	(I - II)	1,72,72,788	16,00,004
IV	Exceptional Items		-	-
V	Profit before extraordinary items and tax (III-IV)		1,72,72,788	16,00,004
VI	Extraordinary Items(excess provision for earlier period)		-	
VII	Profit before tax (V - VI)		1,72,72,788	16,00,004
VIII	Tax expense:			
	(1) Current tax		56,04,278	-
	(2) Deferred tax assets	,	116	21,01,356
IX	Profit(Loss) from the perid from continuing operations	(VII-VIII)	1,16,68,394	(501,352)
X	Profit/(Loss) for the period (IX - XII)		1,16,68,394	(501,352)
ΧI	Earning per equity share:			(0.05)
	(1) Basic		0.39	(0.03)
	(2) Diluted		0.39	(0.03)
	Significant Accounting Policies	17		

Notes are integral part of Financial Statements

As per our report of even date

S. K. ROY

JAGDISH CAPOOR

P C GHADIALI & CO. **Chartered Accountants**  Chairman

Director

S. HARIHARAN **Managing Director** 

DGM

Smt. A.N. Desai AVINASH C.ABHYANKAR Company

& CEO

Accounts

Secretary

R T Doshi

Partner

Membership No.: 013458 Firm Reg. No.:103132W

**PLACE:** Mumbai **DATE:** April 29, 2014

#### **CASH FLOW STATEMENT AS ON**

S.N.	PARTICULARS	31st March, 2014	31st March, 2013
		₹	₹
Α	Cash Flow from Operating activities		
	Profit/(Loss) before extraordinary items and tax	1,72,72,788	16,00,004
	Adjustments:		
	Depreciation and amortization	2,22,731	2,17,498
	Provision no longer required - written back	(83,112)	(23,498)
	Interest on Fixed Deposit	(3,19,56,499)	(1,92,15,331)
	Interest on IT Refund	(52,558)	
	Interest on Savings a/c	(5,621)	(20,093)
	Provision for Income Tax	(56,04,278)	
	(Loss) before working capital changes	(2,02,06,550)	(1,74,41,420)
	Working capital changes:		
	(Increase)/Decrease in short-term loans and advances	(9,04,368)	(34,92,528)
	(Increase) /Decrease in other long-term loans and advances	-	(16,05,679)
	(Increase) /Decrease in other non-current assets	(1,79,23,413)	(13,88,008)
	(Increase) /Decrease in Trade receivables	(24,46,040)	(23,70,740)
	Increase/(Decrease) in other current liabilities	8,55,438	1,01,34,706
	Increase/(Decrease) in other current assets	(5,586)	-
	Increase/(Decrease) in short-term provisions	51,01,359	17,17,651
	Excess Provision Written Off	83,112	
		(1,52,39,497)	29,95,402
	Cash generated from operations Total of (A)	(3,54,46,047)	(1,44,46,018)
В	Cash Flow from Investing Activities		
	Capital expenditure on fixed assets	(26,243)	(71,405)
	Interest Received on Fixed Deposits	3,19,56,499	1,92,15,331
	Interest on Savings a/c	5,621	20,093
	Interest on IT Refund	52,558	
	Net cash from Investing Activities: Total of (B)	3,19,88,435	1,91,64,019
С	Cash Flow from Financing activities		
	Issue of Fresh Equity Shares	-	15,00,00,000
	Net cash from Financing Activities: Total of (C)	-	15,00,00,000
	Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(34,57,612)	15,47,18,001
	Add: Cash and cash equivalents as at 01.04.2012	30,36,73,043	14,89,55,042
	Cash and cash equivalents as at 31.03.2013	30,02,15,431	30,36,73,043

As per our report of even date **P C GHADIALI & CO.** 

S. K. ROY

**JAGDISH CAPOOR** 

Smt. A.N. Desai AVINASH C.ABHYANKAR

Chartered Accountants

Chairman

Director

S. HARIHARAN
Managing Director
& CEO

DGM Accounts Company Secretary

R T Doshi

Partner

Membership No.: 013458 PLACE: Mumbai
Firm Reg. No.:103132W DATE: April 29, 2014



#### Notes forming part of the financial statements as at

#### Note 1 : Share capital

	March	, 2014	March, 2013	
Particulars	Number of shares	₹	Number of shares	₹
(a) Authorised				
Equity shares of ₹ 10 each with voting rights	4,00,00,000	40,00,00,000	4,00,00,000	40,00,00,000
Total	4,00,00,000	40,00,00,000	4,00,00,000	40,00,00,000
(b) Issued				
Equity shares of ₹ 10 each with voting rights	3,00,00,000	30,00,00,000	3,00,00,000	30,00,00,000
Total	3,00,00,000	30,00,00,000	3,00,00,000	30,00,00,000
(c) Subscribed and fully paid up				
Equity shares of ₹ 10 each with voting rights	3,00,00,000	30,00,00,000	3,00,00,000	30,00,00,000
Total	3,00,00,000	30,00,00,000	3,00,00,000	30,00,00,000

#### Details of shares held by the holding company:

Particulars	March, 2014	March, 2013
Particulars	Number	of shares
Equity shares with voting rights		
Life Insurance Corporation of India	3,00,00,000	3,00,00,000

#### Details of shares held by each shareholder holding more than 5% shares:

	March	, 2014	March	, 2013
Class of shares / Name of shareholder	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Life Insurance Corporation of India	3,00,00,000	100	3,00,00,000	100

#### Note 2: Reserves and Surplus

Posti sulo su	March, 2014	March, 2013
Particulars	₹	₹
Profit/(Loss) Account		
Opening balance	(31,68,145)	(26,66,793)
Add: Transferred from <b>Surplus</b> in Statement of Profit/(Loss)	1,16,68,394	(5,01,352)
Closing balance	85,00,249	(31,68,145)
Total	85,00,249	(31,68,145)

#### **Note 3: Other Current Liabilities**

Postinulous	March, 2014	March, 2013
Particulars Particulars	₹	₹
Amt payable to Life Insurance Corporation of India	2,67,04,729	2,57,24,366
Amount payable to NPS Trust		
TDS payable	24,960	1,49,787
Service Tax Payable		99
Total	2,67,29,689	2,58,74,252

#### **Note 4: Short Term Provisions**

Particulars	March, 2014	March, 2013
	₹	₹
Provision for Tax	56,04,278	
Other outstanding expenses	15,93,032	20,95,951
Total	71,97,310	20,95,951





Amt in ₹

				Gross	Gross Block		Acı	cumulated	Accumulated Depreciaton	uc	Net Block	slock
Sr. No	Particulars	Rate	Balance as at 1st April, 2013	Addition during the year	Balance Addition Deduction as at 1st during the during the pril, 2013 year year	Balance as at 31st March, 2014	Balance as at 1st April, 2013	Addition during the year	Addition Deduction during during the the year year	Balance as at 31st March, 2014	Balance as at 31st WDV as on WDV as on March, 31.03.2014 31.03.2013 2014	WDV as on 31.03.2013
Н	Furnitures & Fixtures	6.33%	5,14,718	26,243	1	5,40,961	5,40,961 1,18,667	33,403	1	1,52,070	1,52,070 3,88,891	3,96,051
2	Office Equipment	4.75%	4,11,968	I	ı	4,11,968	69,462	19,568	ı	89,030	3,22,938	3,42,506
3	Computer	16.21%	10,44,472	I	ı	10,44,472	7,95,218 1,69,309	1,69,309	ı	9,64,527	79,945	2,49,254
4	Library Books	4.75%	9,490	I	ı	9,490	1,014	451	I	1,465	8,025	8,476
	Total		19,80,648	26,243	ı	20,06,891	9,84,361 2,22,731	2,22,731	1	12,07,092	7,99,799	9,96,287
	Previous Year		2,15,37,28 71,405 2,44,485 19,80,648 10,11,348 2,17,498 2,44,485	71,405	2,44,485	19,80,648	10,11,348	2,17,498	2,44,485	9,84,361	9,96,287	

B. Intangible Assets

Net Block	Addition Deduction during the year year 2014 31.03.2013	I	I	
Net E	WDV as on 31.03.2014	I	ı	
ou	Balance as at 31st March, 2014	54,37,102	54,37,102	54,37,102
Accumulated Depreciaton	Addition Deduction as at 31st during during the March,	I	-	ı
cumulated		I	ı	ı
Ac	Balance as at 1st April, 2013	54,37,102	54,37,102	54,37,102
	Balance Balance as at 31st as at 1st March, April, 2014	54,37,102 54,37,102	54,37,102 54,37,102	54,37,102 54,37,102
Gross Block	Addition Deduction during the during the year year	I	I	ı
Gross	Addition during the year	I	I	1
	Balance as at 1st April, 2013	54,37,102	54,37,102	54,37,102
	Rate			
	Particulars	Computer Software	Total	Previous Year
	Sr. No			

Note 5: Fixed Assets

A. Tangible Assets

#### Note 6: Deferred Tax

Position la se	March, 2014	March, 2013
Particulars Particulars	₹	₹
Opening Deferred tax (liability) / asset	2,19,635	23,20,991
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	116	-
	116	-
Tax effect of items constituting deferred tax assets		
On difference between book balance and tax balance of fixed assets	-	3,715
Brought Forward Business Loss	_	(21,05,071)
	_	(21,01,356)
Closing Net deferred tax (liability) / asset	2,19,519	2,19,635

#### **Note 7: Other Non Current Assets**

Particulars	March, 2014	March, 2013
Particulars	₹	₹
Interest Accrued on Fixed Deposits	2,80,95,357	1,01,71,944
Total	2,80,95,357	1,01,71,944

#### Note 8 : Trade Receivables

Particulars	March, 2014	March, 2013
Particulars	₹	₹
Management fees due from NPS Trust	48,95,338	24,49,298
Total	48,95,338	24,49,298



#### Note 9: Cash & Cash Equivalents

Particulars	March, 2014	March, 2013
Particulars	₹	₹
Cash-in-hand	_	_
Bank Balances		
With HDFC Current A/c No. 47831	6,136	6,136
With Corporation Bank Saving Bank Account no. 38163	7,294	81,908
Fixed Deposit with Banks	30,02,02,000	30,35,85,000
(City Union Bank, Karur Vyasa Bank and Tamilnad Mercantile Bank)		
Total	30,02,15,431	30,36,73,044

#### **Note 10: Short Terms Loans and Advances**

Particulars	March, 2014	March, 2013
Particulars	₹	₹
Advance Against Registration Charges	_	25,00,000
Application Charges to PFRDA	_	10,00,000
Prepaid Expenses	77,234	39,559
Advance Income Tax/Refund Due	9,874	9,874
Service Tax Credit Receivable	_	37,605
TDS Receivable	81,09,110	37,04,812
Total	81,96,218	72,91,850

#### Note 11 : Revenue from Operations

Positi sula sa	March, 2014	March, 2013
Particulars	₹	₹
Management Fees	1,33,72,934	59,20,766
Total	1,33,72,934	59,20,766

#### **Note 12 : Other Income**

Particulars -	March, 2014	March, 2013
	₹	₹
Interest on Fixed Deposits	3,19,56,499	1,92,15,331
Interest on Savings a/c	5,621	20,093
Other Receipts	1,700	3,250
Provision written back	83,112	23,498
Interest on IT Refund	52,558	
Total	3,20,99,491	1,92,62,172

#### Note 13 : Employment Benefit Expenses

Dantindana	March, 2014	March, 2013
Particulars	₹	₹
Salaries, Bonus, PF	1,24,10,233	1,00,95,251
Directors Remuneration	16,65,244	12,57,975
Total	1,40,75,477	1,13,53,226

#### Note 14 : Depreciation & Amortised Cost

Particulars	March, 2014	March, 2013
Particulars	₹	₹
Depreciation	2,22,731	2,17,498
Total	2,22,731	2,17,498

#### Note 15: Fees Paid to PFRDA

Postinulous	March, 2014	March, 2013
Particulars	₹	₹
Annual Fees to PFRDA	20,00,000	10,00,000
Application Charges to PFRDA	10,00,000	
Registration Charges	25,00,000	
Total	55,00,000	10,00,000



#### Note 16 : Other Administrative Expenses

Paret and an	March, 2014	March, 2013
Particulars	₹	₹
Car Expenses	5,33,826	5,24,805
Computer Maintenance & Software	15,90,878	12,65,288
Interest paid on Service Tax	144	2,183
Internet & Website Expenses	51,701	55,102
Office Up-Keep	85,730	84,000
Payment to Auditors (Refer to Note below)	14,15,170	13,49,818
Printing & Stationery Expenses	1,38,529	1,26,938
Professional Charges	50,819	28,952
Rent, Rates & Taxes	42,939	40,912
ROC Fees	10,604	7,50,500
Sitting Fees	1,35,000	1,91,686
Stamp duty Charges	_	4,51,769
Board Meeting	38,807	39,204
Telephone Expenses	1,27,677	79,365
Advertisement Exp.	78,497	_
Brokerage Charges	28,13,428	14,87,201
Travelling Expenses	4,20,103	1,64,740
Valuation Services	1,80,801	2,00,782
Miscellaneous Expenses	1,44,825	1,68,964
Digital Signature Exp.	13,447	
Entertainment Exp.	95,014	
LTC Charges	4,31,690	
Conference Exp.	1,800	
Total	84,01,430	70,12,210

#### Note:

Particulars	March, 2014	March, 2013
Particulars	₹	₹
Payments to the auditors comprises :		
Internal Audit Fees Company	1,68,540	1,17,978
Statutory Audit Fees	62,922	56,180
Statutory Audit Scheme	11,50,000	9,83,150
Statutory Audit Scheme for previous periods	_	1,71,274
Tax Consultancy Charges	11,236	_
Tax Audit Fees	22,472	21,236
For other services	_	_
Total	14,15,170	13,49,818

#### Note 17: SIGNIFICANT ACCOUNTING POLICIES

#### A) Basis of Accounting

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, Accounting Standards notified under Section 211(3C) of the Companies Act, 1956, and the relevant provisions of the Companies Act 1956.

#### B) Revenue Recognition

- Revenue is recognized as and when there is reasonable certainty of ultimate realization.
- Income on investments is accounted for on accrual basis.

#### C) Fixed Assets & Depreciation

- Fixed Assets are stated at cost less accumulated depreciation and impairment loss, if any.
   Depreciation is provided on the straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- Intangible assets are amortised over a period of three years, on the SLM basis.
- Additions to fixed assets whose value per item is less than ₹5,000/- is fully depreciated in the year of addition.

#### D) Investments

- Long Term investments are considered as held till maturity and are valued at cost. Provision is made for diminution in the value of investments, if any, other than temporary in nature.
- Short Term investments are valued at cost or fair value whichever is lower.
- The cost of investments includes acquisition charges such as brokerage, etc. Front-end discount / incentive earned in respect of direct subscription are adjusted towards the cost of investments.

#### E) Income Tax

- Income Tax expense for the period, comprising of current tax and deferred tax is included in determining the net profit for the period.
- A provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws. A provision is made for deferred tax for all timing differences arising between taxable incomes and accounting incomes at tax rates enacted / substantively enacted by the Balance Sheet date.
- Deferred Tax Assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

#### **NOTES TO FINANCIAL STATEMENTS**

- 1) In the opinion of the Board, current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business.
- 2) Sundry Creditors include overdue amount of ₹ NIL (including interest of ₹ NIL) payable to Micro, Small and Medium enterprises.
- 3) Employee Cost represents the amount to be reimbursed by the company to Life Insurance Corporation of India (LIC) in respect of employees posted to the company.
- 4) Arrears of Salary, LTC etc. in respect of the employees of LIC posted to the company is provided in the books of the company in accordance of the working and advice provided by LIC in this respect.
- 5) The segment reporting disclosure as required by Accounting Standard-17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable, since the company has a single reportable business segment of providing asset management services as per the Pension Fund Regulatory and Development Authority Regulations.
- 6) Related Party Disclosure

Related Party disclosures as required by AS -18 "Related Party Disclosures" are given below:

(a) Name of Related Parties and Nature of Relationship where control exist:

Sr. No.	Related Party	Nature of Relationship
1	Life Insurance Corporation of India	Promoter / Sponsor of the entity
2	Shri S. Hariharan	Key Management Personnel

(b) Details of Transactions with related parties (P. Y. figures are shown in bracket)

(Amt in ₹)

Nature of Transaction	Life Insurance Corporation of India	Shri S. Hariharan
Reimbursement to be made towards expenses on staff posted to the company	1,24,10,233	
	(1,19,83,129)	
Reimbursement to be made for purchase of fixed assets	26,243	
	(71,405)	
Sale/Transfer of Fixed assets	0	

Nature of Transaction	Life Insurance Corporation of India	Shri S. Hariharan
Payment made towards reimbursement of expenses	1,26,03,009	
	(1,56,81,969)	
Remuneration		16,65,244
	_	(12,57,975)
Balance outstanding at the end of the year		
Amount Payable - Other current liabilities	2,67,04,729	NIL
	(2,57,24,366)	NIL

Above mentioned related parties are identified by the management as per Accounting Standard (AS - 18) "Related Party Disclosures" issued by the Institute of Chartered Accountants of India and relied upon by the auditors.

7) In accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India, the required disclosure is given below.

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Net profit attributable to shareholder (₹)	1,16,68,394	(5,01,352)
Weighted average number of equity shares (Nos.)	3,00,00,000	1,87,50,000
Basic and Diluted earnings per share (in ₹)	0.39	(0.03)
Face Value	10	10

#### 8) Auditors' Remuneration

Particulars	Year ended 31.03.2014 (₹)	Year ended 31.03.2013 (₹)
Statutory Audit Fees	*56,000	50,000
Other matters	*10,000	_
Total	66,000	50,000

<sup>\*</sup>Exclusive of applicable taxes



#### LIC Pension Fund Ltd.

- 9) Management Fees is recognized at a specific rate of 0.20% p.a. for Corporate CG scheme, whereas for CG Scheme, SG Scheme and NPS Lite Scheme it is at 0.0102% p.a. of the assets under management on daily basis as per the agreement entered into by the company with National Pension System Trust. For Private Sector Scheme it is 0.25% on daily basis.
- 10) All transaction related charges such as brokerage transaction cost etc. inclusive of all applicable taxes relating to assets under management of National Pension System Trust are borne by the company.
- 11) Figures of the previous period have been re-grouped, re-arranged wherever necessary.
- 12) Contingent Liability of ₹ 10 lacs in respect of Performance Bank Guarantee given by Tamilnad Mercantile Bank Limited on behalf of LIC Pension Fund Limited to Pension Fund Regulatory Development Authority (PFRDA) for managing private sector pension funds.

As per our report of even date

P C GHADIALI & CO. Chartered Accountants S. K. ROY JAGDISH CAPOOR
Chairman Director

Accounts

S. HARIHARAN
Managing Director
& CEO

Smt. A.N. Desai AVINASH C.ABHYANKAR

DGM Company

**R T Doshi** *Partner* 

Membership No.: 013458 Firm Reg. No.:103132W PLACE: Mumbai

**DATE:** April 29, 2014

Secretary

# oin National Pension System (NPS) to secure your future tomorrow with LICPFL today







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- Auto choice-Investment as per lifecycle fund
- Allow switching from one option to another, once in a year
  - Income tax benefit to Individuals whether salaried or not and Employers
- Regulated by PFRDA, set up by the Government of India.
- Very economical, due to Low cost structure of the scheme.
- All India portability with unique PRAN number

LICPFL, a 100% owned company by Life Insurance Corporation of India has been granted registration certificate by PFRDA for managing private sector funds (including Corporates) under National Pension System.



| LIC Pension Fund Ltd

For more information log on to our website www.licpensionfund.in, or call 022-66598871, 022-22855974 email:licpension.mktg@licindia.com

