

*6th
Annual
Report*

2012-2013



You Save, We Secure
Peaceful Retirement



LIC Pension Fund Ltd.

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 (From 09-07-2013)



Shri Jagdish Capoor
Director



Shri M. N. Singh
Director



Smt. Bhavna G. Doshi
Director



Shri S. Hariharan
MD & CEO

Sixth Annual Report 2012-13



LIC Pension Fund Ltd.



LIC Pension Fund Ltd.

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

Shri. Avinash C. Abhyankar

Registered & Corporate Office

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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LIC Pension Fund Ltd.

Sixth Annual Report 2012-13

DIRECTORS' REPORT

To the Members,

Your Directors' are pleased to present the sixth Annual Report together with the audited accounts for the year ended 31st March, 2013.

Financial Performance

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

(Amt. in ₹)

Sr. No.	Particulars	Year ended 31st March	
		2013	2012
1.	Income from Operations	59,20,766	2,52,884
2.	Other Income	1,92,62,172	1,36,88,547
3.	Total (1+2)	2,51,82,938	1,39,41,431
4.	Management expenses	1,95,82,934	1,61,50,244
5.	Prior period Items (Annual Fees to PFRDA)	40,00,000	–
6.	Profit/(Loss) before Extraordinary items and Tax	16,00,004	(22,08,813)
7.	Extraordinary Items	–	(2,260)
8.	Profit/(Loss) after tax and Extraordinary Items	16,00,004	(22,06,553)
9.	Deferred Tax Assets	21,01,356	(6,73,622)
10.	Profit/(Loss) after Tax	(5,01,352)	(15,32,931)
11.	Net Fixed Assets	9,96,287	11,42,381
12.	Cash and Bank balance	30,36,73,044	14,89,55,042
13.	Amount due to sponsor (LIC of India)	2,57,24,366	1,56,81,969
14.	Paid up Capital	30,00,00,000	15,00,00,000

Note:

Authorised Capital of the Company has been increased from ₹ 25 Crores to ₹ 40 Crores and Paid up Capital of the Company has been increased from ₹ 15 Crores to ₹ 30 Crores during the year under Report.



Dividend

Your Directors are pleased to inform you that during the period under report, your Company is showing an operational profit of ₹ 16,00,004/- However after considering the previous year's losses and tax expenses no dividend is recommended by your directors.

Review of performance

The total income during the current financial year was ₹ **2,51,82,938/-** as against ₹ 1,39,41,431/- in the previous financial year. Your directors are pleased to inform that there has been operational Profit of ₹ **16,00,004/-** in the current financial year as against loss of ₹ 22,08,813/- in the previous financial year. In the financial year 2012-13 the Management fee was enhanced from 0.0009% in the previous financial year 2011-12 to 0.0102% on funds managed under Central and State Government Scheme. Therefore the fee income on Assets under Management invested on behalf of NPS Trust has also enhanced to ₹ **59,20,766/-** in the current financial year as compared to ₹ 2,52,884/- in the last financial year.

Financial Highlights

LIC Pension Fund Ltd. was incorporated in 2007 but 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 2011-12, the allocations have seen yet another change and LIC Pension Fund Ltd got **33.5%** whereas SBI Pension Fund Pvt Ltd got 32.5% and UTI Retirement Solutions Ltd got 34.0%.

In the Financial year 2012-13 LIC Pension Fund Ltd has received approximately an amount of ₹ 3814.79 crores. Out of ₹ 3814.79 crores, an amount of ₹ 1522.77 crores was received for CG Scheme and ₹ 2174.36 crores for SG Schemes, ₹ 77.22 crores for NPS Lite Scheme and ₹ 40.44 crores for Corporate CG Scheme which was bifurcated from the Central Government Scheme during the year 2012-13.

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

Particulars	Amount in Crores
31-Mar-11	1,878.93
31-Mar-12	3,968.96
31-Mar-13	8,463.58

Out of the AUM of ₹ 8463.58 crores as at 31.03.2013, the Company is managing a sum of ₹ 4783.07 crores under CG Scheme, ₹ 3498.06 crores under SG Scheme, ₹ 135.94 crores under NPS Lite Scheme and ₹ 46.51 crores under Corporate CG- Scheme.

From 14.01.2013, the revised guidelines on Investment Pattern as intimated by NPS Trust 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%

NAV of Central Government scheme: As on 31-03-2013, it was ₹ **15.8680**. (as on 31.03.2012 it was ₹ 14.1604)

NAV of State Government scheme: As on 31-03-2013, it was ₹ **14.1321**. (as on 31.03.2012 it was ₹ 12.5339)

NAV of NPS Lite Scheme -Govt. Pattern: As on 31-03-2013, it was ₹ **12.9829**. (as on 31.03.2012 it was ₹ 11.4876)

NAV of Corporate CG Scheme: As on 31.03.2013 it was ₹ **10.4090** (This scheme was introduced in the financial year 2012-13 only)

The performance of investments function of debt oriented funds depends on size of the fund, investment strategy, ability to forecast market movements, etc. In spite of funds size of LIC Pension Fund Limited., being small, we could register good performance due to our ability to forecast the market movements, size reallocation and futuristic strategy adopted by us.

Fixed Deposit

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



Directors

Further pursuant to Section 255 and 256 of the Companies Act 1956 and Article 104 of the Articles of Association of the Company, Shri Jagdish Capoor and Shri M N Singh will retire by rotation at the Annual General Meeting and being eligible, offer themselves for re-appointment.

Audit Committee

The audit committee of the Company consists of three Directors viz,

Shri Jagdish Capoor	<i>Chairman</i>
Shri Thomas Mathew T.	<i>Member</i>
Shri M.N. Singh	<i>Member</i>

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 2012-13.

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:

1. that in the preparation of annual accounts for the financial year ended 31.03.2013, applicable Accounting Standards have been followed along with proper explanation relating to material disclosures.

2. 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.
3. 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 31.03.2013 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. Further, the Company has not earned any foreign currency nor incurred any expenditure in foreign currency during the financial year. 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.



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, National Securities Depository Limited (NSDL) - Central Record Keeping Agency, 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. K C Jain & Co. Chartered Accountants- Internal Auditors, M/s. Kalyaniwalla & Mistry, Chartered Accountants, Statutory Auditors of the Scheme Accounts managed by the 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. Hariharan
Managing Director & CEO

Shri D. K. Mehrotra
Chairman

Place: Mumbai

Dated: 28.05.2013

Financial Statements for the year 2012-13



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, 2013, and the 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 relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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, 2013;
- (b) In the case of the Profit and Loss Account, of the loss 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.

Other Matters

The financial statements of the Company for the year ended March 31, 2012, were audited by another auditor who expressed an unmodified opinion on those statements on June 18, 2012.

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, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, 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

Partner

Membership Number: 013458

For and on behalf of

P. C. Ghadiali & Co.

Chartered Accountants

Firm No. 103132W

Place: Mumbai

Date: May 28, 2013.



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, 2013]

- 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 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. The Company has accumulated losses as at March 31, 2013 less than fifty percent of its net worth. Further, it has not incurred cash losses in the current financial year however it has incurred cash losses in the immediately preceding financial year,
- xi. According to the records of the Company examined by us and the 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.
- xii. 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.
- xiv. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- xv. 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.
- xvi. In our opinion, and according to the information and explanations given to us, the Company has not raised any term loans during the year.
- xvii. 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.
- xviii. 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.
- xix. The Company has not issued any debenture during the year.
- xx. The Company has not raised any money by public issues during the year.
- xxi. 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 explanation 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

Partner

Membership Number: 013458

For and on behalf of

P. C. Ghadiali & Co.

Chartered Accountants

Firm No. 103132W

Place: Mumbai

Date: May 28, 2013.



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 2013

The preparation of financial statements of LIC Pension Fund Limited for the year ended 31 March 2013 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 Auditing and Assurance Standards 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 28 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditor on the accounts of LIC Pension Fund Limited for the year ended 31 March 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

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

(Parama Sen)

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

Place : Mumbai

Date : 16 July 2013

BALANCE SHEET AS AT 31ST MARCH 2013

Particulars	Note No.	As at 31st March, 2013	As at 31st March, 2012
		₹	₹
I] EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	30,00,00,000	15,00,00,000
(b) Reserves and Surplus	2	(31,68,145)	(26,66,793)
(2) Non-Current Liabilities		–	–
(3) Current Liabilities			
(a) Short-Term Borrowings		–	–
(b) Trade Payables		–	–
(c) Other Current Liabilities	3	2,58,74,251	1,57,39,545
(d) Short-Term Provisions	4	20,95,952	4,01,799
TOTAL		32,48,02,058	16,34,74,551
II] ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Fixed Assets	5.A	9,96,287	11,42,381
(ii) Intangible Fixed Assets	5.B	–	–
(b) Non-Current investments		–	–
(c) Deferred tax assets (net)	6	2,19,635	23,20,991
(d) Long term loans and advances	7	37,04,812	20,99,133
(e) Other non-current assets	8	1,01,71,944	87,83,936
(2) Current Assets			
(a) Current investments		–	–
(b) Inventories		–	–
(c) Trade receivables	9	24,49,298	78,558
(d) Cash and cash equivalents	10	30,36,73,044	14,89,55,042
(e) Short-term loans and advances	11	35,87,038	94,510
(f) Other current assets		–	–
TOTAL		32,48,02,058	16,34,74,551

Significant Accounting Policies

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Notes are integral part of Financial Statements

As per our report of even date

P C Ghadiali & Co.*Chartered Accountants***CHAIRMAN****DIRECTOR****DIRECTOR****MANAGING DIRECTOR
& CEO****DGM
ACCOUNTS****COMPANY
SECRETARY****R T Doshi***Partner*

Membership No. : 013458

Firm Reg. No.:103132W

PLACE: Mumbai**DATE:** May 28, 2013



PROFIT & LOSS STATEMENT FOR THE PERIOD ENDED ON 31ST MARCH 2013

Sr. No	Particulars	Note No.	For the year ended 31st March, 2013	For the year ended 31st March, 2012
			₹	₹
I	Income:			
	Revenue from operations	12	59,20,766	2,52,884
	Other Income	13	1,92,62,172	1,36,88,547
	Total Income		2,51,82,938	1,39,41,431
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	14	1,13,53,226	1,17,99,369
	Financial Costs		—	—
	Depreciation and Amortization Expense	15	2,17,498	3,36,909
	Other Administrative Expenses	16	80,12,210	40,13,966
	Prior Period Items - Annual Fees to PFRDA for previous 4 years, i.e., 2008-09 to 2011-12		40,00,000	—
	Total Expenses		2,35,82,934	1,61,50,244
III	Profit before exceptional and extraordinary items and tax	(I - II)	16,00,004	(22,08,813)
IV	Exceptional Items		—	—
V	Profit before extraordinary items and tax (III-IV)		16,00,004	(22,08,813)
VI	Extraordinary Items(excess provision for earlier period)		—	(2,260)
VII	Profit before tax (V - VI)		16,00,004	(22,06,553)
VIII	Tax expense:			
	(1) Current tax		—	—
	(2) Deferred tax assets		21,01,356	(6,73,622)
IX	Profit(Loss) from the period from continuing operations	(VII-VIII)	(5,01,352)	(15,32,931)
X	Profit/(Loss) from discontinuing operations		—	—
XI	Tax expense of discounting operations		—	—
XII	Profit/(Loss) from discontinuing operations (X - XI)		—	—
XIII	Profit/(Loss) for the period (IX - XII)		(5,01,352)	(15,32,931)
XIV	Earning per equity share:			
	(1) Basic		(0.03)	(0.10)
	(2) Diluted		(0.03)	(0.10)
	Significant Accounting Policies	17		

Notes are integral part of Financial Statements

As per our report of even date

P C Ghadiali & Co.
Chartered Accountants

CHAIRMAN

DIRECTOR

DIRECTOR

**MANAGING DIRECTOR
& CEO**

**DGM
ACCOUNTS**

**COMPANY
SECRETARY**

R T Doshi
Partner

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

PLACE: Mumbai
DATE: May 28, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

S.N.	PARTICULARS	For the year ended	For the year ended
		31st March, 2013	31st March, 2012
		₹	₹
A	Cash Flow from Operating activities		
	Profit/(Loss) before extraordinary items and tax	16,00,004	(22,08,813)
	<u>Adjustments:</u>		
	Depreciation and amortization	2,17,498	3,45,001
	Provision no longer required written back	(23,498)	2,260
	Interest on Fixed Deposit	(1,92,15,331)	(1,35,60,506)
	Interest on Savings a/c	(20,093)	(8,150)
	(Loss) before working capital changes	(1,74,41,420)	(1,54,30,208)
	<u>Working capital changes:</u>		
	(Increase)/Decrease in short-term loans and advances	(34,92,528)	62,560
	(Increase) /Decrease in other long-term loans and advances	(16,05,679)	12,37,557
	(Increase) /Decrease in other non-current assets	(13,88,008)	(23,45,225)
	(Increase) /Decrease in Trade receivables	(23,70,740)	(78,558)
	Increase/(Decrease) in other current liabilities	1,01,34,706	(9,49,980)
	Increase/(Decrease) in short-term provisions	17,17,651	(3,30,773)
		29,95,402	(24,04,419)
	Cash Flow from Extraordinary items	-	-
	Cash generated from operations	(1,44,46,017)	(1,78,34,627)
	Net cash used in Operating Activities: Total of (A)	(1,44,46,017)	(1,78,34,627)
B	Cash Flow from Investing Activities		
	Capital expenditure on fixed assets	(71,405)	-
	Interest Received on Fixed Deposits	1,92,15,331	1,35,60,506
	Interest on Savings a/c	20,093	8,150
	Net cash from Investing Activities: Total of (B)	1,91,64,019	1,35,68,656
C	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)	15,47,18,002	(42,65,971)
	Add: Cash and cash equivalents as at 01.04.2012	14,89,55,042	15,32,21,013
	Cash and cash equivalents as at 31.03.2013	30,36,73,044	14,89,55,042

As per our report of even date

P C Ghadiali & Co.
Chartered Accountants

CHAIRMAN

DIRECTOR

DIRECTOR

MANAGING DIRECTOR
& CEO

DGM
ACCOUNTS

COMPANY
SECRETARY

R T Doshi
Partner

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

PLACE: Mumbai
DATE: May 28, 2013

**Notes forming Integral part of the financial statements****Note 1 : Share capital**

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
Equity shares of Rs. 10 each with voting rights	4,00,00,000	40,00,00,000	2,50,00,000	25,00,00,000
Total	4,00,00,000	40,00,00,000	2,50,00,000	25,00,00,000
(b) Issued				
Equity shares of Rs. 10 each with voting rights	3,00,00,000	30,00,00,000	1,50,00,000	15,00,00,000
Total	3,00,00,000	30,00,00,000	15,00,00,000	15,00,00,000
(c) Subscribed and fully paid up				
Equity shares of Rs. 10 each with voting rights	3,00,00,000	30,00,00,000	15,00,00,000	15,00,00,000
Total	3,00,00,000	30,00,00,000	1,50,00,000	15,00,00,000

Note 2 : Reserves and Surplus

Particulars	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
<u>Profit/(Loss) Account</u>		
Opening balance	(26,66,793)	(11,33,862)
Add: Transferred from Surplus in Statement of Profit/(Loss)	(5,01,352)	(15,32,931)
Closing balance	(31,68,145)	(26,66,793)
Total	(31,68,145)	(26,66,793)

Note 3 : Other Current Liabilities

Particulars	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Amt payable to Life Insurance Corporation	2,57,24,366	1,56,81,969
Amount payable to NPS Trust	–	32,786
TDS payable	1,49,787	24,790
Service Tax Payable	99	–
Total	2,58,74,251	1,57,39,545

Note 4 : Short Term Provisions

Particulars	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Provision for Tax	–	–
Other outstanding expenses	20,95,952	4,01,799
Total	20,95,952	4,01,799



Note 5 : Fixed Assets
A. Tangible Assets

Amt in ₹

Sr. No.	Particulars	Gross Block			Accumulated Depreciation			Net Block		
		Balance as at 1st April, 2012	Addition during the year	Deduction during the year	Balance as at 31st March, 2013	Addition during the year	Deduction during the year	Balance as at 31st March, 2013	WDV as on 31.03.2013	WDV as on 31.03.2012
1	Furnitures & Fixtures	6,99,972	-	1,85,254	5,14,718	32,582	185,254	118,667	396,051	440,014
2	Office Equipment	4,11,968	-	-	4,11,968	19,568	-	69,462	342,506	349,679
3	Computer	10,32,298	71,405	59,231	10,44,472	1,64,898	59,231	795,218	249,254	343,762
4	Library Books	9,490	-	-	9,490	450	-	1,014	8,476	8,926
	Total	21,53,728	71,405	2,44,485	19,80,648	2,17,498	244,485	984,361	996,287	1,142,381
	Previous Year	21,90,628	-	36,900	21,53,728	2,16,299	28,807	1,011,347	1,142,381	

B. Intangible Assets

Sr. No	Particulars	Gross Block			Accumulated Amortisation			Net Block		
		Balance as at 1st April, 2012	Addition during the year	Deduction during the year	Balance as at 31st March, 2013	Addition during the year	Deduction during the year	Balance as at 31st March, 2013	WDV as on 31.03.2013	WDV as on 31.03.2012
1	Computer Software	54,37,102	-	-	54,37,102	-	-	54,37,102	-	-
	Total	54,37,102	-	-	54,37,102	-	-	54,37,102	-	-
	Previous Year	54,37,102	-	-	53,16,493	1,20,609	-	54,37,102	-	

Note 6 : Deferred Tax

Particulars	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Opening Deferred tax (liability) / asset	23,20,991	16,47,369
<u>Tax effect of items constituting deferred tax liability</u>		
On difference between book balance and tax balance of fixed assets	–	4,444
	–	4,444
<u>Tax effect of items constituting deferred tax assets</u>		
On difference between book balance and tax balance of fixed assets	3,715	–
Brought Forward Business Loss	(21,05,071)	6,78,066
	(21,01,356)	6,78,066
Closing Net deferred tax (liability) / asset	2,19,635	23,20,991

Note 7 : Long Term Loans and Advances

Particulars	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
TDS Receivable	37,04,812	20,99,133
Total	37,04,812	20,99,133

Note 8 : Other Non Current Assets

Particulars	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Interest Accrued on Fixed Deposits	1,01,71,944	87,83,936
Total	1,01,71,944	87,83,936

Note 9 : Trade Receivables

Particulars	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Management fees due from NPS Trust	24,49,298	78,558
Total	24,49,298	78,558

**Note 10 : Cash & Cash Equivalents**

Particulars	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Cash-in-hand	–	–
Bank Balances		
With HDFC Current A/c No. 47831	6,136	6,136
With Corporation Bank Saving Bank A/c No. 38163	81,908	2,146
Fixed Deposit with Banks (City Union Bank, Karur Vyasa Bank and Tamilnad Mercantile Bank)	30,35,85,000	14,89,46,760
Total	30,36,73,044	14,89,55,042
Balance with Banks include deposits amounting to ₹ 30,35,85,000 (As at 31 March, 2013) which have an original maturity of more than 12 Months.		

Note 11 : Short Terms Loans and Advances

Particulars	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Advance Against Registration Charges	25,00,000	–
Application Charges to PFRDA	10,00,000	–
Prepaid Expenses	39,559	84,636
Advance Income Tax/Refund Due	9,874	9,874
Service Tax Credit Receivable	37,605	–
Total	35,87,038	94,510

Note 12 : Revenue from Operations

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	₹	₹
Management Fees	59,20,766	2,52,884
Total	59,20,766	2,52,884

Note 13 : Other Income

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	₹	₹
Interest on Fixed Deposits	1,92,15,331	1,35,60,506
Interest on Savings a/c	20,093	8,150
Other Receipts	3,250	1,19,891
Provision written back	23,498	–
Total	1,92,62,172	1,36,88,547

Note 14 : Employment Benefit Expenses

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	₹	₹
Salaries, Bonus, PF & ESIC	1,00,95,251	10,684,852
Directors Remuneration	12,57,975	11,14,517
Total	1,13,53,226	1,17,99,369

Note 15 : Depreciation & Amortised Cost

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	₹	₹
Depreciation	2,17,498	3,36,909
Total	2,17,498	3,36,909

**Note 16 : Other Administrative Expenses**

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	₹	₹
Annual Fees to PFRDA	10,00,000	–
Car Expenses	5,24,805	5,48,863
Computer Maintenance	12,65,288	16,61,232
Interest paid on Service Tax	2,183	–
Internet & Website Expenses	55,102	73,698
Office Maintenance Charges	84,000	84,000
Payment to Auditors (Refer to Note below)	13,49,818	1,37,877
Printing & Stationery Expenses	1,26,938	1,58,574
Professional Charges	28,952	32,523
Rent, Rates & Taxes	40,912	47,436
ROC Fees	7,50,500	–
Sitting Fees	1,91,686	1,55,000
Stamp Duty Charges	4,51,769	–
Telephone Expenses	79,365	1,13,543
Tender Fee	–	1,00,000
Transaction Cost Reimbursement	14,87,201	2,84,573
Travelling Expenses	1,64,740	1,62,673
Valuation Services	2,00,782	1,96,964
Miscellaneous Expenses	2,08,168	2,57,010
Total	80,12,210	40,13,966

Note:

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	₹	₹
Payments to the auditors comprises :		
Internal Audit Fees Company	84,270	82,727
Internal Audit Fees Scheme	33,708	–
Statutory Audit Fees	56,180	55,150
Statutory Audit Scheme	9,83,150	–
Statutory Audit Scheme (For Previous Period)	1,71,274	–
For taxation matters	21,236	–
For other services	–	–
Total	13,49,818	1,37,877

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 Rs.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) Contingent Liability towards guarantee provided by the Sponsor on behalf of the Company - ₹ 10 lacs.
- 2) 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.
- 3) Sundry Creditors include overdue amount of ₹ NIL (including interest of ₹ NIL) payable to Micro, Small and Medium enterprises.
- 4) 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.
- 5) 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.
- 6) 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.
- 7) 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	1,19,83,129	
	(1,17,99,369)	
Reimbursement to be made for other expenses incurred	1,36,69,832	
	(39,88,817)	
Reimbursement to be made for purchase of fixed assets	71,405	

Nature of Transaction	Life Insurance Corporation of India	Shri S. Hariharan
	(NIL)	
Sale/Transfer of Fixed assets	NIL	
	(8,092)	
Payment made towards reimbursement of expenses	1,56,81,969	
	(1,67,35,360)	
Remuneration	–	12,57,975
	–	(NIL)
Balance outstanding at the end of the year		
Amount Payable – Other current liabilities	2,57,24,366	NIL
	(1,56,81,969)	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.

- 8) 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 31.03.2013	Year ended 31.03.2012
Net profit attributable to shareholder (₹)	(5,01,352)	(15,32,931)
Weighted average number of equity shares (Nos.)	1,87,50,000	1,50,00,000
Basic and Diluted earnings per share (in ₹)	(0.03)	(0.10)
Face Value	10	10

- 9) Auditors’ Remuneration

Particulars	Year ended 31.03.2013 (₹)	Year ended 31.03.2012 (₹)
Statutory Audit Fees	56,180	55,150
Other matters	–	–
Total	56,180	55,150

- 10) Management Fees is recognized at a specific rate of 0.0009% p.a. for Corporate CG scheme and NPS Lite scheme whereas for CG Scheme and SG Scheme it is at 0.0102% p.a. of the monthly average assets under management as per the agreement entered into by the Company with National Pension System Trust.



- 11) 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.
- 12) Figures of the previous period have been re-grouped, re-arranged wherever necessary.

As per our report of even date attached

P C Ghadiali & Co.

Chartered Accountants

CHAIRMAN

DIRECTOR

DIRECTOR

R T Doshi

Partner

**MANAGING DIRECTOR
& CEO**

**DGM
ACCOUNTS**

**COMPANY
SECRETARY**

Membership No. : 013458

Firm Reg. No.: 103132W

PLACE: Mumbai

DATE: May 28, 2013

LIC PENSION FUND LTD. IS NOW AUTHORISED BY PFRDA TO MANAGE THE FUNDS OF PRIVATE SECTOR (INCLUDING CORPORATES)

You may be aware that the Central Government has introduced the National Pension System (NPS) for its new recruits joining service with effect from 1st January, 2004. As on date, twenty eight State Governments have notified the National Pension System for their new employees.

Subsequently, this scheme has been made available to "All Citizens of India" from May 1, 2009 with the objective of promoting old age income security.

LIC Pension fund Limited is a Fund Management Company for managing the NPS Schemes falling under all citizens of India category, apart from managing the Govt. Schemes.

LIC PFL is a wholly owned subsidiary of Life Insurance Corporation of India (sponsor), having vast experience in investment and management of around Rs 14 Lac crore of Life fund as on 31.03.2013.

Salient features of NPS are as under:-

- It is Govt. Regulated (NPS is regulated by PFRDA a body set up by Govt. of India).
- It is voluntary- NPS is open to every Indian Citizen.
- It is flexible- Subscribers can choose their own investment option and pension fund and see how their money grows.
- It is simple- Subscriber can open an account with any one of the POPs (point of presence) and get a unique PRAN (Permanent Retirement Account Number).
- Transparent investment norms and regular monitoring and performance review of fund managers by NPS Trust.
- Auto & Active choice of investment option.
- Three options schemes {E for equity (max. 50%), C for Corporate Bonds, & G for Govt. Security}.
- All India portability (subscriber can operate their account from anywhere in the country, even if they change the city, job or their Pension Fund Manager (PFM).
- Option to switch from Auto to Active or vice-versa, once in a year.
- Option to change PFM once in a year.
- Tax benefit on the contribution to NPS to employee & employer.
- A subscriber between the ages 18 to 60 can open the NPS account.
- Option to retain money after 60 till 70 (can withdraw the money by giving a notice).
- Pension at age 60 (minimum 40% corpus to be used for annuity and 60% can be commuted).
- The amount withdrawn at the age 60 will be exempted from Tax as per proposed Direct tax code.
- Return on the scheme will depend on the option chosen by the subscriber.
- **Table of Return for the existing Schemes managed by LICPFL**

Particular	Central Govt. Scheme	State Govt. Scheme	NPS Lite (On Govt. Pattern)	Corporate CG Scheme
One year Return	11.7232	12.7162	12.9811	9.8864
3 Year	8.7069	10.0517	N.A	N.A
Since Inception	11.7681	10.9909	11.7771	9.8864

However, past performance does not necessarily give an indication of future Performance.



Other Stake holders:

- NPS Trust (set up by PFRDA).
- Central Record Keeping Agency (CRA) (allotting PRAN etc).
- Pension Fund Managers (Managing the NPS funds as per.
- Trustee Bank.
- Annuity Service Provider (ASP).
- Point of Presence (POP), Point of Presence-Service Provider (POP-SP)
- Central Record Keeping Agency Facilitation Center (CRA-FC).

Steps for joining National Pension System (NPS) :

- ✓ Subscriber has to apply for Registration for PRAN, by filling a form no. UOS-S1 to be submitted to POP-SP. (the area wise list of POP-SPs are available at CRA website www.npscra.nsdl.co.in.)
- ✓ Subscriber to make his first contribution at the time of applying for the registration with NCIS (NPS contribution Instruction Slip) form subject to following conditions:-
 - Minimum amount at the time of Account opening Rs 500/.
 - Minimum amount per contribution Rs 500/-.
 - Minimum contribution per year Rs 6000/-.
 - Minimum number of contribution in a year – one.
 - Over & above the mandated limit of a minimum of one contribution, a subscriber may decide on the frequency of contribution across the year.
 - No maximum limit of amount.
- ✓ After receiving the Registration form along with NCIS form, an acknowledgement receipt will be generated by the POP-SP and given to the subscriber.
- ✓ On successful registration, a PRAN will be allotted to the subscriber by CRA. A PRAN Kit containing PRAN Card, subscriber details and an information booklet is sent to the subscriber's address. The T-pin and I-pin will be sent separately to the registered address.
- ✓ Use of T-pin:- Subscriber can call at CRA's toll free number 1800 222 080 and access through interactive Voice Response (IVR) or speak to a customer service executive using T-pin (Telephone Personal identification Number).
- ✓ Use of I-pin to monitor the PRAN account on line.
- ✓ For the amount of contribution made by the subscriber, NAV will be allotted and units will be credited once there is match between the contribution details submitted by POP-SP to CRA and corresponding funds receipts confirmation given by trustee bank. (There will be a time lag, which may range up to 15 working days for initial contribution & 7 working days for subsequent contributions). Once the contribution is credited to his/her account, an email alert as well as SMS alert will be sent to the registered email ID and mobile number of the subscriber.

For **joining the NPS Scheme of LIC PFL** or for any clarification please write to us on e mail id licpension.mktg@licindia.com.

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

nps
national
pension
system



Benefits of NPS

- Available to all citizens of India
- Ensure pension on retirement
- Three fund option (E- Equity, C- Corporate Bond & G- Govt. Securities)
- Mix option to suit individual risk appetite
- 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



LIC Pension Fund Limited

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