

# **HDFC Asset Management Company Limited**

**A Subsidiary of  
Housing Development Finance Corporation Limited**

## Board of Directors

Mr. Deepak S. Parekh  
Chairman  
(DIN: 00009078)

Dr. Deepak B. Phatak  
Independent Director  
(DIN: 00046205)

Mr. Hoshang Billimoria  
Independent Director  
(DIN: 00005003)

Mr. Humayun Dhanrajgir  
Independent Director  
(DIN: 00004006)

Mr. James Aird  
Non-Executive Director  
(DIN: 01057384)

Mr. Keki M. Mistry  
Non-Executive Director  
(DIN: 00008886)

Mr. Norman Keith Skeoch  
Non-Executive Director  
(DIN: 00165850)

Mr. P. M. Thampi  
Independent Director  
(DIN: 00114522)

Mr. Rajeshwar R. Bajaaj  
Independent Director  
(DIN: 00419623)

Ms. Renu Sud Karnad  
Non-Executive Director  
(DIN: 00008064)

Mr. Vijay Merchant  
Independent Director  
(DIN: 01773227)

Mr. Milind Barve  
Managing Director  
(DIN: 00087839)

### Auditors

Haribhakti & Co., LLP  
Chartered Accountants

### Key Managerial Personnel

Mr. Piyush Surana  
Chief Financial Officer  
(ICAI Membership No.: 72979)

Ms. Sylvia Furtado  
Company Secretary  
(Membership No.: A17976)

### Bankers

HDFC Bank Ltd.

### Registered Office

HDFC House, 2nd Floor,  
H. T. Parekh Marg,  
165-166, Backbay Reclamation,  
Churchgate, Mumbai 400 020.  
Tel. No. : 022-6631 6333  
Fax No. : 022-6658 0203  
CIN: U65991MH1999PLC123027  
Website: www.hdfcfund.com

## Directors' Report

### TO THE MEMBERS

Your Directors have pleasure in presenting the Eighteenth Annual Report together with the Audited Accounts of the Company for the financial year ended March 31, 2017.

### Financial Performance

The financial performance of the Company for the financial year ended March 31, 2017 is summarized as below:

### Financial Results

Particulars	For the year ended March 31, 2017 (₹ in Crore)	For the year ended March 31, 2016 (₹ in Crore)
Profit before Tax	799.80	708.25
Provision for Tax (Net of Deferred Tax)	249.55	230.37
Profit after Tax	550.25	477.88
Balance brought forward from previous year	1,023.26	937.12
Profit available for appropriation	1,573.51	1,415.00
General Reserve	55.02	47.79
Capital Redemption Reserve	—	0.79
Buy-back of Equity Shares	—	63.21
Tax on Buyback of Equity Shares	—	37.65
Interim Equity Dividend Paid	231.54	201.31
Tax on Interim Equity Dividend Paid	47.14	40.98
Proposed Equity Dividend	—	—
Tax on Proposed Equity Dividend	—	—
Balance carried to Balance Sheet	1,239.81	1,023.26

For the year ended March 31, 2017, your Company posted a net profit of ₹ 550.25 crores as against ₹ 477.88 crores in the previous year. Appropriations from the net profit have been effected as per the summary given above.

The net worth of the Company as on March 31, 2017 stood at ₹ 1,416.90 crs as against ₹ 1,144.35 crs as on March 31, 2016.

Your Company did not have any subsidiary or an associate company or a joint venture company during the year 2016-17.

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2016-17 and the date of this Report.

### Dividend

Your Directors had declared and paid interim dividend during the financial year ended March 31, 2017 of ₹ 92/- (2015-16: ₹ 80/-) per equity share (920%) of face value of ₹ 10/- each in the month of March 2017 involving a total outflow of ₹ 278.67 crores (including dividend distribution tax of ₹ 47.13 crores) and the same is

recommended to be declared as final dividend for the financial year ended March 31, 2017.

### Transfer to General Reserves

A sum of ₹ 55.02 crores has been transferred to the General Reserves of the Company.

### Capital Structure

During the year, your Company issued and allotted 2,700 equity shares of the Company to eligible employees on exercise of options granted under Employee Stock Option Schemes of the Company. At the end of the year, the issued, subscribed and paid – up capital of your Company stood at ₹ 25,16,69,000 comprising of 2,51,66,900 equity shares of ₹ 10/- each.

### Review of Operations

Your Directors are pleased to report that:

The Average Assets under Management (AAuM) for the Mutual Fund during the financial year 2016-17 was ₹ 2,16,151.01 crore as against an AAuM of ₹ 1,72,643.19 crore during the financial year 2015-2016, representing an increase of over 25%. HDFC Mutual Fund (HDFCMF) ranks as one of the largest fund houses in India.

The total number of accounts managed by HDFCMF is around 61.92 lakhs as on March 31, 2017. Your Company has established a strong and wide network of Investor Service Centres (ISCs) rendering services to its unit holders located at various locations across the country. As on March 31, 2017, your Company has 165 ISCs. ISCs of Computer Age Management Services Pvt. Ltd. (CAMS), the Registrar and Transfer Agent of HDFCMF are Official Points of Acceptance for transactions of

HDFCMF Schemes. These offices (222 as on March 31, 2017) supplement the investor-servicing network of your Company. With these offices, your Company services investors in almost 200 cities pan India.

Your Company provides Discretionary and Non-Discretionary Portfolio Management services to High Networth Individuals and Corporate(s) on a segregated basis while Advisory services are provided to Institutional Investors and Corporate(s). As on March 31, 2017, the aggregate assets under investment management / advisory services under Portfolio Management Services were at ₹ 1574.68 crore.

Your Company has successfully undertaken Investment and Advisory services mandates during the financial year 2016-17 pursuant to approval received from Securities and Exchange Board of India (SEBI) with respect to undertaking Investment and Advisory services under Regulation 24(b) of the SEBI (Mutual Fund) Regulations, 1996.

### New Scheme Launched Under HDFC Mutual Fund

In order to offer more investment options to investors, your Company has launched the following Schemes under HDFC MF during financial year 2016-17:

**HDFC Dual Advantage Fund - Series II & III:** It is a close ended income scheme. The fund aims to provide investors with stable debt returns and a small component of equity returns thereby attempting to give higher risk adjusted returns over the tenure of the scheme. Your Company has launched 1 plan under Series II & 3 plans under Series III having tenures between 3 to 3.5 years. Cumulatively these funds have mobilised ₹ 412 crore. Upon maturity, each plan shall

be automatically terminated and amount due shall be returned to its investors.

### HDFC Charity Fund for Cancer Cure:

Six years ago, to commemorate Company's 10<sup>th</sup> anniversary, HDFC Debt Fund for Cancer Cure (HDFCC), a 3 year close ended income scheme was launched in association with Indian Cancer Society (ICS), a Public Charitable Trust and India's oldest anti-cancer NGO established in 1951, to fight cancer. Enthused by its success, on its maturity, it was followed up with a second scheme in 2014 (HDFCC 2014) with the same attributes to continue the work done.

In pursuit of its objective, HDFCC & HDFCC2014 on behalf of its investors together with direct donation by your Company has donated roughly ₹ 60 crore to ICS. The donation has made an invaluable difference in the lives of over 3,000 cancer patients from 28 states across the country. This has been done through 16 partner hospitals across the country, affiliated to this program managed by ICS. Encouraged by the success of the program, third Cancer Cure dedicated Fund called HDFC Charity Fund for Cancer Cure was launched during the year. The intent remains to generate stable returns and donate the dividends earned on investment to ICS. The scheme has two plans in this scheme viz – Arbitrage Plan & Debt Plan.

Your Company had aggressively positioned this product with a successful marketing campaign 'There's No Better Investment Than Saving A Life'. During the NFO the fund collected over ₹ 300 crore across the two plans from nearly 5,000 Corporate & Retail Investors.

**HDFC Fixed Maturity Plans:** These are close ended income schemes. They automatically mature at the end of the tenure. Your Company has launched 20 plans during the year with mobilisation of ₹ 3,650 crore.

As on 31<sup>st</sup> March, 2017, your Company has a portfolio of 202 schemes under various categories such as Equity, Debt, Exchange Traded Funds, Fixed Maturity Plans and Interval Funds.

#### **Awards and Accolades**

Your Directors are pleased to inform that Fund Managers of HDFC Mutual Fund received the following awards during the year 2016-17:

- Mr. Chirag Setalvad has been awarded No 7 Fund Manager in the **10 Best Fund Managers 2016 – ET Wealth & Morningstar** ranking.
- Mr. Anil Bamboli has been bestowed “**Business Standard Awards: Best Fund Manager - Debt**” for 2016.

#### **Directors and Key Managerial Personnel**

##### **Directors**

In accordance with the Companies Act, 2013 and the Articles of Association of the Company, Mr. Deepak Parekh and Ms. Renu Karnad, Directors, are liable to retire by rotation at the ensuing Annual General Meeting (AGM) pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of your Company and being eligible have offered themselves for re-appointment.

Necessary proposals for their re-appointment have been placed for your approval at the ensuing AGM. The brief resumé of these Directors and

other related information has been detailed in the Notice convening the AGM of your Company. Your Directors recommend their re-appointment as Non-Executive Directors of your Company.

None of the Directors of the Company are disqualified for being appointed as Directors as specified in Section 164 of the Companies Act, 2013.

#### **Key Managerial Personnel (KMP)**

In accordance with the provisions of Section 2(51) and 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Milind Barve, Managing Director, Mr. Piyush Surana, Chief Financial Officer and Ms. Sylvia Furtado, Company Secretary are the Key Managerial Personnel (KMP) of the Company.

#### **Independent Directors**

Pursuant to provisions of Section 149, 150 and 152 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, along with Schedule IV of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and shareholders' approval at Fifteenth Annual General Meeting, the following Independent Directors hold office for a term of five consecutive years up to July 20, 2019, not liable to retire by rotation, on the Board of Directors of your Company:

1. Mr. Hoshang Billimoria
2. Mr. Humayun Dhanrajgir
3. Mr. P.M. Thampi
4. Dr. Deepak Phatak
5. Mr. Rajeshwar Bajaaj
6. Mr. Vijay Merchant

#### **Declaration of Independence**

In accordance with the provisions of Section 134(3)(d) of the Companies Act, 2013, Mr. Hoshang Billimoria, Mr. Humayun Dhanrajgir, Mr. P.M. Thampi, Dr. Deepak Phatak, Mr. Rajeshwar Bajaaj and Mr. Vijay Merchant, Independent Directors, have submitted declarations stating that they meet the criteria of independence as per the provisions of the Companies Act, 2013.

#### **Formal Annual Evaluation of Board's Performance**

During the year, the Board, based on the recommendation of the Nomination & Remuneration Committee and taking into consideration the informal guidance issued by Securities Exchange Board of India (SEBI) on the subject, laid down the criteria for evaluation of the performance of Directors, Chairman of the Company, the Board and its Committees. As a part of this evaluation exercise, views/feedback was sought from Directors through a structured questionnaire. Each Board member evaluated various aspects of Board's structure, understanding of roles and responsibilities, Board's functioning, quality and transparency of Board's discussion, performance of Committee Members and Directors and quality/timeliness of information flow to the Board. Peer assessment of Directors also formed part of the questionnaire. The responses received from the Directors were reviewed at a meeting of Independent Directors, Nomination & Remuneration Committee and the Board, in compliance with the requirements of the Companies Act, 2013. The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with



the Management of the Company and the process/flow of information was found satisfactory.

### Corporate Governance:

#### Board Meetings

During the financial year 2016-17, six (6) meetings of the Board of Directors of the Company were held - on April 19, 2016; May 27, 2016; July 19, 2016; October 18, 2016; December 12, 2016 and January 18, 2017.

The meetings of the Board of Directors are held at the Company's registered office in Mumbai.

The details pertaining to attendance of each Director at the meetings of the Board of Directors held during the financial year 2016-17 is mentioned below:

Sr. No.	Name of the Director	Nature of Directorship	Meeting details
			Held Attended
1	Mr. Deepak S. Parekh	Non-Executive Chairman	6
2	Mr. Norman Keith Skeoch	Non-Executive Director	2
3	Mr. James Aird	Non-Executive Director	4
4	Ms. Renu Sud Karnad	Non-Executive Director	4
5	Mr. Keki Mistry	Non-Executive Director	6
6	Mr. Humayun Dhanrajgir	Independent Director	4
7	Mr. Hoshang Billimoria	Independent Director	6
8	Mr. P. M. Thampi	Independent Director	4
9	Dr. Deepak B. Phatak	Independent Director	6
10	Mr. Vijay Merchant	Independent Director	6
11	Mr. Rajeshwar R. Bajaaj	Independent Director	6
12	Mr. Milind Barve	Managing Director	6

### Committee Meetings

#### Audit Committee

The Audit Committee has been constituted and functions in accordance with the provisions of Section 177 of the Companies Act, 2013. The Company Secretary acts as the secretary to the Committee. The Audit Committee met six (6) times during the financial year 2016-17 on April 19, 2016; May 27, 2016; July

19, 2016; October 18, 2016; January 18, 2017 and March 16, 2017. The composition of the Committee along with the details of the meetings held and attended by the members of the Committee during the financial year 2016-17 is detailed below:

Sr. No.	Name of the Director	Meeting details	
		Held	Attended
1	Mr. Hoshang Billimoria (Chairman)	6	6
2	Mr. Humayun Dhanrajgir	6	4
3	Mr. James Aird	6	4
4	Mr. Keki Mistry	6	6
5	Mr. P. M. Thampi	6	5

### Nomination & Remuneration Committee

The Nomination & Remuneration Committee comprises following members – Mr. P. M. Thampi (Chairman), Mr. Hoshang Billimoria and Mr. Humayun Dhanrajgir. The Company Secretary acts as the secretary to the Committee. The Committee met three (3) times during the financial year 2016-17 on April

11, 2016; June 22, 2016 and March 16, 2017.

The details of the meetings held and attended by the members of the Committee during the financial year 2016-17 is detailed below:

Sr. No.	Name of the Director	Meeting details	
		Held	Attended
1	Mr. P. M. Thampi (Chairman)	3	2
2	Mr. Humayun Dhanrajgir	3	3
3	Mr. Hoshang Billimoria	3	2

### Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises following members – Mr. Deepak Parekh (Chairman), Mr. Milind Barve and Mr. Vijay Merchant. The Committee met three (3) times during the financial year 2016-17 on April 11, 2016, February 18, 2017 and March 16, 2017. The meetings were attended by all the members of the Committee.

#### Independent Directors Meeting

In accordance with the provisions of Schedule IV (Code for Independent Directors) of the Companies Act, 2013, the Independent Directors of the Company met once during the year 2016-17 without the attendance of Non-Independent Directors and members of the Management.

#### Nomination & Remuneration Policy

The Nomination & Remuneration Policy of the Company was adopted on January 15, 2015, which details the Director's appointment, remuneration including criteria for determining qualifications, positive attributes, independence of a director and other

matters provided under sub-section (3) of section 178. The said Policy was amended by the Board at its meeting held on April 28, 2017. The salient aspects covered in the Policy have been outlined in **Annexure I** to this report. The remuneration paid to the Directors, Key Managerial Personnel and senior management is as per the Nomination & Remuneration Policy of your Company.

### **Issue of Employee Stock Options**

In line with the practice of incentivising the employees through issue of stock options, the Company has in the past granted stock options to the employees under the various employee stock option schemes formulated from time to time.

Your Company has formulated 2 series of Employee Stock Option Schemes (ESOS) under ESOS 2015 during the year for the purpose of administering the issue of stock options to the eligible Employees of the Company. In line with the disclosure requirements under the Companies Act 2013, the various components of the Schemes, including options granted during the financial year 2016-17, are set out in **Annexure II** to this report. No employee was issued stock option, during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant.

Your Company has not issued equity shares with differential rights as to dividend, voting or otherwise.

### **Voting Rights Not Exercised Directly By Employees – Not applicable**

### **Auditors and Auditor's Report**

#### **Statutory Auditors**

In view of the mandatory requirement for rotation of auditors in terms of Section 139 of the Companies Act,

2013, M/s. Haribhakti & Co., LLP will retire as Statutory Auditor of the Company at the conclusion of the ensuing Annual General Meeting.

The Board of Directors places on record its appreciation for the services rendered by M/s. Haribhakti & Co. LLP as the Statutory Auditors of the Company.

It is proposed to appoint M/s. B S R & Co. LLP, Chartered Accountants (ICAI FRN: 101248W/ W-100022) as the new Statutory Auditors of your Company. M/s. B S R & Co. LLP, Chartered Accountants are proposed to be appointed for a period of 5 continuous years i.e from the conclusion of 18<sup>th</sup> Annual General Meeting till the conclusion of 23<sup>rd</sup> Annual General Meeting. M/s B S R & Co. LLP have confirmed that their appointment, if made, would be within the limits prescribed under Section 141 of the Companies Act, 2013 and rules made thereunder.

The Audit Committee and the Board of Directors recommend the appointment of M/s B S R & Co. LLP, Chartered Accountants, as the Auditors of your Company from the conclusion of 18<sup>th</sup> Annual General Meeting till the conclusion of 23<sup>rd</sup> Annual General Meeting, subject to ratification at every Annual General Meeting.

#### **Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. Bhandari & Associates, Company Secretaries to conduct the Secretarial Audit of your Company for the financial year 2016-17. The Secretarial Audit Report is annexed herewith as **Annexure III** to this report.

There were no qualifications, reservation or adverse comments or disclaimer made by the Statutory Auditors of the Company, M/s. Haribhakti & Co., LLP and Secretarial Auditor of the Company, M/s. Bhandari & Associates, in their audit reports.

The Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

### **Risk Management Policy**

Your Company has put in place an Enterprise Risk Management (ERM) framework to identify, assess, monitor and mitigate various business risks. The Risk Management Policy of your Company, reviewed by the Audit Committee and approved by the Board, provides for the ERM framework which incorporates the systematic application of policies, procedures and checks to identify potential risks with respect to business, legal, etc. and minimize their impact on your Company. The framework is designed to identify potential risks, assess their likely impact, ensure review of mitigation measures and requires reporting on a regular basis. The Audit Committee of your Company at its meetings periodically reviews the progress and functioning of the ERM.

The primary business of your Company is to manage the schemes of the HDFC Mutual Fund which requires specialized expertise in investment management. Since this is a very crucial aspect which has an extremely significant bearing on the performance of your Company, a risk management committee is in place to oversee the risks associated with this function. This Committee reviews the progress of the implementation

with regards to risk management practices pertaining to Mutual Fund.

### **Adequacy of Internal Controls**

The internal audit system of your Company and other control mechanisms have been devised to promote reliable financial reporting, safeguarding of assets and prevention and detection of frauds and errors. This framework provides adequate internal controls with reference to financial statements, commensurate with the business and the operations of the Company. The Audit Committee of the Board of Directors, at regular intervals and in co-ordination with Internal and Statutory Auditors, reviews the adequacy of Internal Financial Control Systems within your Company.

### **Corporate Social Responsibility**

In terms of section 135 of the Companies Act 2013, your Company has formed a Corporate Social Responsibility (CSR) Committee of Directors to decide activities to be undertaken, expenditure to be incurred and to monitor the performance of the CSR activities undertaken by the Company.

The Corporate Social Responsibility Committee comprises Mr. Deepak Parekh (Chairman), Mr. Vijay Merchant and Mr. Milind Barve. The Company Secretary acts as the secretary to the Committee.

Your Company undertakes its Corporate Social Responsibility (CSR) activities through a variety of effective programs. Some of the thrust areas which your Company has identified to undertake CSR activities are in the areas of promoting preventive health care, promoting sports and

promoting education. These activities are broadly in accordance with the Schedule VII of the Companies Act, 2013.

The Board of Directors and the CSR Committee review and monitor from time to time all the CSR activities being undertaken by the Company.

The annual report on CSR activities in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014, is set out at **Annexure IV** to this report.

The contents of the CSR Policy as well as the CSR activities undertaken by the Company are available on the Company's website.

### **Particulars of Contracts or Arrangements With Related Party**

During the year 2016-17, your Company has entered into transactions with related parties as defined under Section 2(76) of the Companies Act, 2013 read with Companies (Specification of Definitions Details) Rules, 2014, which were in the ordinary course of business and on arms' length basis and in accordance with the provisions of the Companies Act, 2013, Rules issued thereunder.

Since all related party transactions entered into by the company were not material in nature and were in the ordinary course of business and on an arm's length basis, Form AOC-2 is not applicable to the Company.

The details of related party disclosures form part of the notes to the financial statements provided in this annual report.

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

Details of loans, guarantees and

investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in the notes to financial statements.

### **Deposits**

During the year 2016-17, your Company has not accepted any deposits within the meaning of Sections 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

### **Extract of Annual Return**

The details forming part of the extract of the annual return as on the financial year ended on March 31, 2017 is appended as **Annexure V**.

### **Particulars Regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Expenditure**

(a) Since the Company does not carry out any manufacturing activities, particulars required to be disclosed with respect to the conservation of energy and technology absorption in terms of Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is not applicable.

(b) Foreign Exchange, earnings and expenditure during the year –

- Foreign exchange (earnings): ₹ 45.23 crores (previous year: ₹ 0.88 crores)
- Foreign exchange (expenditure): ₹ 102.01 crores (previous year: ₹ 88.26 crores) (including Equity Dividend)

### **Particulars of Employees**

As on March 31, 2017, your Company has 819 employees and for the previous year, your Company had 663 employees.

**Directors' Responsibility Statement**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 and based on the information provided by the management, your Directors state that:

- (i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of March 31, 2017 and of the profit of the Company for year ended on that date;
- (iii) Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- (iv) The annual accounts of the Company have been prepared on a going concern basis;
- (v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Prevention of Sexual Harassment Policy and its Reporting**

Your Company has framed and implemented a Policy on Sexual Harassment of Women at Workplace aiming at prevention of harassment of employees and also lays down the guidelines for identification, reporting and prevention of undesired behaviour. 5 (five) Internal Committees (IC) were constituted in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 with women employees constituting a majority and an external member. The Policy, IC Members' details and the Penal consequences of violating the Act/ policy are displayed at all offices and on the Intranet. Compliance to the provisions of this Act has been made a 'Term of Employment / Engagement'. The IC Members are trained and made aware of their roles and responsibilities. Regular staff awareness sessions are conducted to generate awareness about the policy, reporting mechanism and prevention of Sexual Harassment at the workplace. During the year, the IC did not receive any complaints pertaining to Sexual Harassment.

**Significant/Material Orders Passed by the Regulators**

There are no significant and material orders by any regulator,

court, tribunals impacting the going concern status of the company and its operations in future.

**Acknowledgements**

The Directors acknowledge the valuable assistance, support and guidance given by the Securities and Exchange Board of India, Association of Mutual Funds of India, Reserve Bank of India, bankers, distributors, key partners, Investor Service Centres and other service providers. The Directors would like to convey their gratitude to Housing Development Finance Corporation Limited and Standard Life Investments Limited and look forward to their continued support.

The Directors wish to place on record their appreciation to employees at all levels for their dedication and commitment.

The Directors also acknowledge the faith reposed in HDFC Mutual Fund by its investors and look forward to their continued support.

On behalf of the Board of Directors

**DEEPAK S. PAREKH**  
Chairman  
(DIN: 00009078)

MUMBAI  
April 28, 2017  
CIN No.: U65991MH1999PLC123027

**Registered Office:**  
"HDFC House", 2<sup>nd</sup> Floor, H. T. Parekh Marg  
165 - 166, Backbay Reclamation,  
Churchgate, Mumbai - 400 020  
Tel.: 022 - 6631 6333, Fax: 022 - 66580203



## ANNEXURE I

### NOMINATION & REMUNERATION POLICY

The Remuneration Committee of HDFC Asset Management Company Limited (“the Company”) was constituted on March 14, 2002 consisting of three Independent Directors. In order to align with the provisions of the Companies Act, 2013, the Board on April 16, 2014 revised the Terms of Reference of the Committee and renamed it as “Nomination & Remuneration Committee”.

#### 1. OBJECTIVE:

The Nomination & Remuneration Committee has approved this Policy which is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

#### 2. DEFINITIONS:

- I. **“Act”** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- II. **“Board”** means Board of Directors of the Company.
- III. **“Committee”** means Nomination & Remuneration Committee.
- IV. **“Directors”** mean Directors of the Company.
- V. **“Key Managerial Personnel” (KMP)** means—
  - (i) Chief Executive Officer or the managing director or the manager;
  - (ii) Company secretary,
  - (iii) Whole-time director;
  - (iv) Chief Financial Officer; and
  - (v) Such other officer as may be prescribed.
- VI. **“Senior Management”**  
means personnel of the company who are members of its core management team excluding the Board of Directors comprising all members of management one level below the executive directors, including the functional heads;
- VII. **“Policy”** means Nomination & Remuneration Policy.

#### 3. GUIDING PRINCIPLES:

The policy is framed with the following objectives:

1. That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
2. That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
3. That the remuneration to Directors, Key Managerial Personnel (KMP), Senior Management Personnel and other employees of the Company involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
4. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management, Key Managerial positions and to determine their remuneration;
5. To determine remuneration based on the Company’s size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry;
6. To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel and to provide for reward(s) linked directly to their effort, performance, dedication and achievement relating to the Company’s operations;



7. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage; and
8. To lay down criteria for appointment, removal of directors, Key Managerial Personnel and Senior Management Personnel.

#### **4. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT:**

##### **➤ Appointment criteria and qualifications:**

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.
2. The person for the appointment of directors should fit the criteria prescribed by SEBI for all Mutual Funds vide its circular no. MFD/CIR/11/354/2001 dated December 20, 2001 and any amendments made thereto.
3. For any other appointment i.e. of Senior Management and KMP, the person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
4. The Company shall not appoint or continue the employment of any person as Managing Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

##### **➤ Term / Tenure:**

##### **1. Managing Director:**

The Company shall appoint or re-appoint any person as its Managing Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

##### **2. Independent Director:**

- i. Subject to the provisions of the Companies Act, 2013 and applicable provisions of SEBI Mutual Fund Regulations, an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure(s) of such appointment in the Board's report.
- ii. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. Any tenure of an independent director on the date of commencement of this Act shall not be counted as a term under the aforesaid criterias.
- iii. The appointment of Independent Director will be subject to the approval of the Trustee Company and compliance with the requirements prescribed by SEBI for all Mutual Funds vide its circular no. MFD/CIR/11/354/ 2001 dated December 20, 2001 and any amendments made thereto the said circular.

##### **➤ Evaluation:**

- The Committee shall carry out evaluation of performance of KMP and Senior Management at regular interval (yearly).
- The Committee will lay down the criteria for evaluation of the performance of every Director for Board's evaluation.

➤ **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

➤ **Retirement:**

The KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013, Rules made thereunder and the prevailing policy of the Company. The KMP and Senior Management may be retained in the same position / remuneration or otherwise even after attaining the retirement age for the benefit of the Company in accordance with the prevailing policy of the Company.

➤ **Matters relating to the remuneration, perquisites for the Directors, Managing Director, KMP and Senior Management Personnel**

1. The remuneration / compensation / profit-linked commission etc. to the Managing Director will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / profit-linked commission etc. shall be in accordance with the percentage / slabs / conditions laid down in the Companies Act, 2013, Rules made thereunder and Schedule V and shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.
2. As regards the remuneration of KMP, Senior Management Personnel and other employees, the determination shall be effected by way of annual presentation containing the proposed performance bonus payouts for the current financial year as well as the proposed increments for the next financial year. The Committee shall peruse the same and approve accordingly unless required under relevant regulations, to refer the same to the Board of Directors and / or Shareholders of the Company.
3. Organisation wide Increments to the existing remuneration / compensation structure to the KMP / Senior Management Personnel shall be approved by the Committee. Increments to the Managing Director should be within the slabs approved by the Shareholders. Increments will be effective from 1st April in respect of a Managing Director as well as in respect of other employees of the Company, unless otherwise decided.
4. Stock Options may be granted to Directors including the Managing Director but not the Independent Directors and only such employees of the Company as approved by the Committee.
5. Where any insurance is taken by the Company on behalf of its Directors for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
6. Remuneration of Managing Director:
  - The Managing Director shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors. The break-up of the pay scale, performance bonus and quantum of perquisites including, employer's contribution to P.F, gratuity, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required.
  - **Minimum Remuneration** – If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director in accordance with the provisions of the Companies Act, 2013 and if it is not able to comply with such provisions, then with the previous approval of the Central Government.
  - **Stock Options** – Stock Options may be granted to the Managing Director of the Company as approved by the Committee.

7. Remuneration of Independent Director:

- **Sitting Fees** – The Non-executive Independent Directors of the Company shall be paid sitting fees as per the applicable Regulations. The quantum of sitting fees will be determined as per the recommendation of the Committee and approved by the Board of Directors of the Company. Further the expenses for participation in the Board and other meetings shall be reimbursed to the Directors.
- **Profit-linked Commission** – The profit-linked Commission may be paid within the monetary limit approved by the shareholders of the Company subject to the same not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Regulations.
- **Stock Options** – Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company.

8. Remuneration of Non- Independent Director:

- **Sitting Fees** – The Non-Independent Directors of the Company shall be paid sitting fees as per the applicable Regulations. The quantum of sitting fees will be determined as per the recommendation of the Committee and approved by the Board of Directors of the Company and also as per the provisions of internal company policies applicable to them. Further the expenses for participation in the Board and other meetings shall be reimbursed to the Directors;
- **Stock Options** – Stock Options may be granted to the Non- Independent Directors of the Company as approved by the Committee.

9. Remuneration to KMP, Senior Management Personnel and Other Employees:

- The KMP, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies and / or as may be approved by the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, gratuity etc. shall be as per the Company's HR policies.
- This Policy shall apply to all future / continuing employment / engagement(s) with the Company. In other respects, this Policy shall be of guidance for the Board. Any departure from the policy shall be recorded and reasoned in the Committee and Board meeting minutes.

5. **COMMITTEE MEMBERS' INTERESTS:**

A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

6. **REVIEW AND AMENDMENT:**

The Committee or the Board may review the Policy as and when it deems necessary. The Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary. This Policy may be amended or substituted by the Committee or by the Board as and when required.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

This Policy has been formally adopted and approved by Board of Directors of the Company in their meeting held on January 15, 2015, in accordance with Section 178 of the Act and rules made thereunder.

This Policy is updated on April 28, 2017.

**Annexure II**  
**DETAILS ON EMPLOYEE STOCK OPTION SCHEME**

In line with the disclosure requirements under the Companies Act, 2013, the various components of the Scheme(s) including Options granted during the FY 2016-17, are as below:

Particulars	Employee Stock Option Scheme 2008 – Series I	Employee Stock Option Scheme 2012 – Series I	Employee Stock Option Scheme 2015 – Series I	Employee Stock Option Scheme 2015 – Series II	Employee Stock Option Scheme 2015 – Series III
Options granted	—	—	—	7,000	14,000
Options vested	—	—	9,82,000	—	—
Options exercised	2,700	—	—	—	—
The total number of shares arising as a result of exercise of options	2,700	—	—	—	—
Options lapsed	—	2,000	18,000	—	—
The exercise price	₹ 527/-	₹ 2,129/-	₹ 3,944/-	₹ 4,078/-	₹ 4,721/-
Variation of terms of options	—	—	Exercise period changed from 3 to 5 years	Exercise period changed from 3 to 5 years	—
Money realised by exercise of options	₹ 14,22,900	—	—	—	—
Total number of options in force	0	1,64,500	9,82,000	7,000	14,000
Employee wise details of options granted to (including percentage to total grant)		—			
(i) Key managerial personnel	—	—	—	—	—
(ii) Any other employee who receives grant of options in any one year of option amounting to five per cent or more of options granted during the year	—	—	—	—	—
(iii) Identified employees who were granted option, during any one year, equal to or exceeding one per cent of the issued capital (excluding outstanding warrants and conversion) of the company at the time of grant	—	—	—	—	—

**Note:** No options were granted, vested or exercised under Employee Stock Option Scheme 2013 – Series I during the FY 2016-17.

**ANNEXURE III**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017**

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To  
The Members,  
**HDFC ASSET MANAGEMENT COMPANY LIMITED**  
**CIN: U65991MH1999PLC123027**

We have conducted the Secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HDFC ASSET MANAGEMENT COMPANY LIMITED** (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2017** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder#;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment. The Company does not have any Overseas Direct Investment and External Commercial Borrowings during the financial year.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 #;
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation 2014#;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008#;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009#; and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998# ;

*# The Regulations or Guidelines, as the case may be were not applicable for the period under review.*



The list of Acts, Laws and Regulations specifically applicable to the Company are given below:

- vi. The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended.
- vii. The Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993.
- viii. The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012. (*Company has not commence the business of Alternative investment Funds*).

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"].

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent applicable.

**We further report that -**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the Company has no specific events/actions, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

**For Bhandari & Associates**

Company Secretaries

**S. N. Bhandari**

Partner

FCS No: 761; C P No. : 366

Mumbai

April 20, 2017

This report is to be read with our letter of even date which is annexed as Annexure 'A' and forms an integral part of this report.

‘Annexure A’

To  
The Members,  
**HDFC ASSET MANAGEMENT COMPANY LIMITED**  
**CIN: U65991MH1999PLC123027**

Our Secretarial Audit Report for the Financial Year ended on March 31, 2017 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Bhandari & Associates**  
Company Secretaries

**S. N. Bhandari**  
Partner

FCS No: 761; C P No. : 366  
Mumbai  
April 20, 2017

**ANNEXURE IV****ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES**

As prescribed under Section 135 of the Companies Act, 2013 and Companies  
(Corporate Social Responsibility Policy) Rules, 2014

1	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	The Company carries its Corporate Social Responsibility (CSR) activities through various implementing agencies. The details of the AMC's CSR Initiatives project / programs and activities are provided in this annexure and more particularly specified in the CSR Policy which is uploaded and can be viewed on <a href="http://www.hdfcfund.com/aboutus/csr-initiatives">http://www.hdfcfund.com/aboutus/csr-initiatives</a>
2	The Composition of the CSR Committee	As on March 31, 2017, the CSR Committee comprises following members of the Board – Mr. Deepak S. Parekh (Chairman), Mr. Vijay Merchant Mr. Milind Barve (Managing Director)
3	Average net profit of the company for last three financial years:	₹ 601.07 crores
4	Prescribed CSR Expenditure (2% of the amount as in item 3 above):	₹ 12.02 crores
5	Details of CSR spent during the financial year:	
(a)	Total amount spent for the financial year:	₹ 12.33 crores
(b)	Amount unspent, if any:	Not Applicable

(c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Location	Amount (₹) outlay (budget) project or program-wise	Amount (₹) spent on the projects or programs sub-heads:		Cumulative expenditure upto the reporting period (₹)	Amount spent: Direct or through Implementing agency
					Direct expenditure on projects or programs	Overheads		
1.	Indian Cancer Cure Fund Project (ICCFP)	Promotion of Health Care	Mumbai (Maharashtra)	₹ 5 crs per annum for 3 year effective FY 2014-2015. & Dividend on the investment made in HDFC Cancer Cure Fund 2014 (Scheme) by the Company for 3 years effective FY 2014-2015 & Additional amount as and when deemed necessary (not exceeding ₹ 8.3632 crs)	12,23,44,500	—	24,44,83,500	12,23,44,500 Implementing Agency
2.	The CHILDS Trust Medical Research	Promotion of health	Chennai (Tamil Nadu)	10,00,000	10,00,000	—	40,00,000	10,00,000 Implementing Agency
	<b>TOTAL</b>			<b>12,33,44,500</b>	<b>12,33,44,500</b>			<b>12,33,44,500</b>

\*Details of implementing agency: Implementing Agencies include Indian Cancer Society (ICS) and The CHILDS Trust Medical Research Foundation. Details of the Implementing agencies can be viewed on [www.hdfcfund.com](http://www.hdfcfund.com)

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:  
Not Applicable
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company: The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For HDFC Asset Management Company Limited

**Milind Barve**  
Managing Director

**Mr. Deepak Parekh**  
Chairman of Corporate Social  
Responsibility Committee

**ANNEXURE V****EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017****I. REGISTRATION AND OTHER DETAILS:**

- i. **CIN** : U65991MH1999PLC123027
- ii. **Registration Date** : 10-Dec-1999
- iii. **Name of the Company** : **HDFC Asset Management Company Limited**
- iv. **Category / Sub-Category of the Company** : Public Company/ Company having share capital
- v. **Address of the Registered office and contact details** : “HDFC House”, 2nd Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai-400 020  
Contact Person: Ms. Sylvia Furtado  
(Company Secretary)  
Contact Number: +91 22 66580215
- vi. **Whether listed company** : No
- vii. **Name, Address and Contact details of Registrar and Transfer Agent** : MCS Share Transfer Agent Limited  
(for dematerialized shares of the Company)  
Address: Office No 002, Gr. Floor, Kashiram Jamnadas Bldg, 5, P.D'Mello Road, Nr. Ghadiyal Godi, Masjid East, Mumbai - 400 009  
Contact Person: Mr. Subodh Vichare  
Contact Number: +91 22 40206020

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to Total Turnover of the Company
1.	Investment Manager	66301	96.51

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sr.No.	Name and Address of the Company	CIN	Holding/Subsidiary/ Associate	% of shares held	Applicable section
1.	<u>HDFC Limited</u> Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate - 400 020	L70100MH1977PLC019916	Holding Company	59.99%	2(46)



**IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage to Total Equity)****(i) Category-wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual /HUF	—	—	—	—	—	—	—	—	—
b) Central Govt.	—	—	—	—	—	—	—	—	—
c) State Govt.	—	—	—	—	—	—	—	—	—
d) Bodies Corp.	1,50,96,530	70	1,50,96,600	59.99	1,50,96,530	70	1,50,96,600	59.99	0.00
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any Other	—	—	—	—	—	—	—	—	—
Sub-total (A) (1)	1,50,96,530	70	1,50,96,600	59.99	1,50,96,530	70	1,50,96,600	59.99	0.00
(2) Foreign									
a) NRIs - Individuals	—	—	—	—	—	—	—	—	—
b) Other - Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corp.	—	—	—	—	—	—	—	—	—
d) Banks / FI	—	—	—	—	—	—	—	—	—
e) Any Other	—	—	—	—	—	—	—	—	—
Sub-total (A) (2)	—	—	—	—	—	—	—	—	—
Total shareholding of Promoter (A) = (A) (1)+(A)(2)	1,50,96,530	70	1,50,96,600	59.99	1,50,96,530	70	1,50,96,600	59.99	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks / FI	—	—	—	—	—	—	—	—	—
c) Central Govt.	—	—	—	—	—	—	—	—	—
d) State Govt.	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIs	—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others	—	—	—	—	—	—	—	—	—
Sub-total (B)(1)	—	—	—	—	—	—	—	—	—

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp. (Overseas)	1,00,64,400	—	1,00,64,400	40.00	1,00,64,400	—	1,00,64,400	39.99	(0.01)
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	3,200	—	3,200	0.01	5,900	—	5,900	0.02	0.01
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	—	—	—	—	—	—	—	—	—
c) Others	—	—	—	—	—	—	—	—	—
Sub-total (B)(2)	1,00,67,600	—	1,00,67,600	40.01	1,00,70,300	—	1,00,70,300	40.01	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	1,00,67,600	—	1,00,67,600	40.01	1,00,70,300	—	1,00,70,300	40.01	0.00
C. Shares held by Custodian for GDRs & ADRs: NIL									
Grand Total									
(A+B+C)	2,51,64,130	70	2,51,64,200	100	2,51,66,830	70	2,51,66,900	100	0.01

**(ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ Encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ Encumbered to Total Shares	
1.	HDFC Limited	1,50,96,600	59.99	—	1,50,96,600	59.99	—	0

(iii) **Change in Promoters' Shareholding:** There is no change in the shareholding of the Promoters.

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Dates	Increase/ Decrease in shareholding	Shareholding at the end of the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company
1.	Standard Life Investments Limited #	1,00,64,400	40.00	—	0	1,00,64,400	39.99
2.	Mr. Sharad Surendermal Mohnot	0	0.00	27.09.2017	2,000	2,000	0.00
3.	Mr. Amitabh Prakash	1,100	0.00	—	0	1,100	0.00
4.	Mr. Abhijit N Mungale	1,000	0.00	—	0	1,000	0.00
5.	Mr. Prashantkumar Rajendra Jain	1,000	0.00	—	0	1,000	0.00
6.	Mr. Anil Vittappa Kamath	0	0.00	27.09.2017	700	700	0.00
7.	Mr. Srikanth G.	100	0.00	—	0	100	0.00

# the percentage change is due to exercise of options granted under ESOP by eligible employees during the year.

(v) **Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Increase/ Decrease in shareholding	Shareholding at the end of the year	
	Name of the Director / KMP	No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
1	Director(s)	—	—	No change	—	—
2	KMP	—	—	No change	—	—

**I. INDEBTEDNESS:**

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

**II. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:****A. Remuneration to Managing Director:**

₹ In Crs

Sl. No.	Particulars of Remuneration	Name of MD	Total Amount
		<b>Mr. Milind Barve</b>	
1.	Gross salary(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6.72	6.72
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.01	0.01
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—
2.	Stock Option	—	—
3.	Sweat Equity	—	—
4.	Commission - as % of profit - others, specify...	—	—
5.	Others, please specify	—	—
	<b>Total (A)</b>	<b>6.73</b>	<b>6.73</b>
	Ceiling as per the Act	5% of the net profits of the Company	

## B. Remuneration to other directors:

## I: Independent Directors

Sl. no.	Particulars of Remuneration	Name of Directors						Total Amount (₹ in crs)
		Mr. Hoshang Billimoria	Mr. Humayun Dhanrajgir	Mr. Vijay Merchant	Mr. P.M. Thampi	Mr. Rajeshwar Bajaaj	Dr. Deepak Phatak	
1.	Fee for attending board / committee meetings	0.19	0.15	0.19	0.15	0.16	0.15	0.99
2.	Commission	—	—	—	—	—	—	—
3.	Others	—	—	—	—	—	—	—
	<b>Total (1)</b>	<b>0.19</b>	<b>0.15</b>	<b>0.19</b>	<b>0.15</b>	<b>0.16</b>	<b>0.15</b>	<b>0.99</b>

## II: Other Non-Executive Directors

Sl. no.	Particulars of Remuneration	Name of Directors					Total Amount (₹ in crs)
		Mr. Deepak Parekh	Mr. Keki Mistry	Mr. James Aird	Mr. Norman Skeoch	Ms. Renu S. Karnad	
1.	Fee for attending board / committee meetings	0.17	0.18	NIL	NIL	0.10	0.45
2.	Commission	—	—	—	—	—	—
3.	Others	—	—	—	—	—	—
	<b>Total (2)</b>	<b>0.17</b>	<b>0.18</b>	<b>NIL</b>	<b>NIL</b>	<b>0.10</b>	<b>0.45</b>
<b>Total (B)=(1+2)</b>							<b>1.44</b>
Ceiling as per the Act		1% of the Net Profits of the Company					

## C. Remuneration to Key Managerial Personnel other than MD:

₹ In Crs

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer Mr. Piyush Surana	Company Secretary Ms. Sylvia Furtado	Total
1.	Gross salary(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.27	0.71	1.98
	(b) Value of perquisites u/s17(2) Income-tax Act, 1961	—	—	—
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	—	—	—
2.	Stock Option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission- as % of profit- others	—	—	—
5.	Others	—	—	—
	<b>Total (C)</b>	<b>1.27</b>	<b>0.71</b>	<b>1.98</b>

## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

No penalties/punishment/compounding of offences were levied under the Companies Act, 2013.

## Independent Auditors' Report

### TO THE MEMBERS OF HDFC ASSET MANAGEMENT COMPANY LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **HDFC Asset Management Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material

misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and

appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

(1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(2) As required by Section 143(3) of the Act, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;



## Independent Auditors' Report (Continued)

d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;

e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2";

g. With respect to the other matters to be included in the Auditor's

Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 21.8 (a) on Contingent Liabilities to the financial statements;

(ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

(iv) The Company has provided requisite disclosures in the financial

statements as to the holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with the books of account maintained by the company and as produced to us by the Management (Refer Note No. 21.14 to the financial statements).

For HARIBHAKTI & CO. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W/  
W100048

Sumant Sakhardande

Partner

Membership No.034828

MUMBAI  
April 28, 2017

## Annexure 1 to the Independent Auditors' Report

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of **HDFC Asset Management Company Limited** on the financial statements for the year ended March 31, 2017.

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

(b) During the year, the fixed assets of the Company have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of immovable properties recorded as fixed assets in the books of account of the Company are held in the name of the Company.

(ii) The Company does not hold any inventory. Accordingly, the provision stated in paragraph 3 (ii) of the Order is not applicable.

(iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) (a), 3 (iii) (b) and 3 (iii) (c) of the Order are not applicable to the Company.

(iv) Based on information and explanation given to us in respect of investments, the Company has complied with the provisions of Section 186 of the Act.

(v) In our opinion and according to the information and explanations

given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.

(vi) The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of Section 148 of the Act and the rules framed there under.

(vii) (a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, income tax, service tax, cess and any other material statutory dues applicable to it.

AND

(a) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, the dues outstanding with respect to, income tax on account of dispute, are as follows:

Name of the statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	14,86,870/-	A.Y. 2008-09	High Court of Bombay
Income Tax Act, 1961	Income Tax	11,68,753/-	A.Y. 2011-12	Commissioner of Income Tax (Appeals)

(viii) According to the information and explanations given to us, the Company has not taken any loans or borrowings.

(ix) The Company has neither raised money by way of public issue

offer nor has obtained any term loans. Therefore, paragraph 3(ix) of the Order is not applicable to the Company.

(x) 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 by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.

(xi) As per the information and explanations given to us, managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) As per the information and explanation given to us, all

transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc.,

## Annexure 1 to the Independent Auditors' Report (Continued)

as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information

and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For HARIBHAKTI & CO. LLP  
Chartered Accountants  
ICAI Firm Registration No. 103523W/  
W100048

Sumant Sakhardande  
MUMBAI Partner  
April 28, 2017 Membership No.034828

## Annexure 2 to the Independent Auditors' Report

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of **HDFC Asset Management Company Limited** on the financial statements for the year ended March 31, 2017]

### Para 1 - Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

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

### Para 2- Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls

Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Para 3 - Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements

and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

## Annexure 2 to the Independent Auditors' Report (Continued)

### Para 4 - Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of

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

### Para 5 - Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

of compliance with the policies or procedures may deteriorate.

### Para 6 - Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For HARIBHAKTI & CO. LLP  
Chartered Accountants  
ICAI Firm Registration No. 103523W/  
W100048

MUMBAI  
April 28, 2017

Sumant Sakhardande  
Partner  
Membership No.034828

## Balance Sheet as at March 31, 2017

Particulars	Note No.	₹	₹	March 31, 2016 ₹
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	2	25,16,69,000		25,16,42,000
Reserves and Surplus	3	1397,77,23,455		1126,05,77,465
<b>NON-CURRENT LIABILITIES</b>				
Long-Term Provisions	4	80,41,813		15,00,00,000
<b>CURRENT LIABILITIES</b>				
Trade Payables	5	96,06,25,034		171,97,91,208
Other Current Liabilities	6	79,69,25,313		84,51,90,770
Short-Term Provisions	7	9,63,022		—
		<u>175,85,13,369</u>		<u>256,49,81,978</u>
<b>TOTAL</b>		<u><b>1599,59,47,637</b></u>		<u><b>1422,72,01,443</b></u>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Fixed Assets	8			
— Tangible Assets		22,63,70,091		22,77,10,150
— Intangible Assets		8,54,51,679		8,39,07,074
		<u>31,18,21,770</u>		<u>31,16,17,224</u>
Non-Current Investments	9	168,79,82,989		159,85,95,221
Deferred Tax Assets (net) (see note 21.6)	10	9,35,31,168		13,88,98,680
Long-Term Loans and Advances	11	71,43,51,588		98,47,84,123
		<u>280,76,87,515</u>		<u>303,38,95,248</u>
<b>CURRENT ASSETS</b>				
Current Investments	12	1067,85,84,880		825,92,74,304
Trade Receivables	13	85,09,08,554		38,57,03,769
Cash and Bank Balances	14	1,27,39,499		98,01,192
Short-Term Loans and Advances	15	162,75,14,221		172,13,39,519
Other Current Assets	16	1,85,12,968		81,71,87,411
		<u>1318,82,60,122</u>		<u>1119,33,06,195</u>
<b>TOTAL</b>		<u><b>1599,59,47,637</b></u>		<u><b>1422,72,01,443</b></u>

See accompanying notes to the financial statements

As per our report attached of even date

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W/W100048

**Sumant Sakhardande**

Partner

Membership No: 034828

MUMBAI

April 28, 2017

For and on behalf of the Board

**Deepak S. Parekh**

Chairman

(DIN: 00009078)

**Milind Barve**

Managing Director

(DIN: 00087839)

**Piyush Surana**

Chief Financial Officer

(ICAI Membership No.: 72979)

**Sylvia Furtado**

Company Secretary

(Membership No.: A17976)

Directors

**Keki Mistry**

(DIN: 00008886)

**James Aird**

(DIN: 01057384)

**Deepak B. Phatak**

(DIN: 00046205)

**Vijay Merchant**

(DIN: 01773227)

**Renu S. Karnad**

(DIN: 00008064)

**P. M. Thampi**

(DIN: 00114522)

**N Keith Skeoch**

(DIN: 00165850)

**Humayun Dhanrajgir**

(DIN: 00004006)

**Hoshang S. Billimoria**

(DIN: 00005003)

## Statement of Profit and Loss for the year ended March 31, 2017

Particulars	Note No.	₹	Previous Year ₹
<b>REVENUE</b>			
Revenue from Operations	17	1480,03,56,590	1442,54,42,441
Other Income	18	107,87,51,201	51,79,72,726
<b>TOTAL REVENUE</b>		<b>1587,91,07,791</b>	<b>1494,34,15,167</b>
<b>EXPENSES</b>			
Employee Benefits Expense	19	157,55,17,435	143,18,75,329
Depreciation and Amortization Expense	8	11,96,35,718	11,05,97,809
Other Expenses	20	618,59,41,373	631,84,45,903
<b>TOTAL EXPENSES</b>		<b>788,10,94,526</b>	<b>786,09,19,041</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>799,80,13,265</b>	<b>708,24,96,126</b>
<b>Tax Expense:</b>			
Current Tax		245,01,59,920	230,97,97,910
Deferred Tax		4,53,67,512	(60,96,757)
Previous Year's Tax		29,183	(145)
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>550,24,56,650</b>	<b>477,87,95,118</b>
<b>Earnings Per Equity Share (Face Value ₹ 10) (see note 21.5)</b>			
— Basic		218.65	189.11
— Diluted		216.44	188.47

See accompanying notes to the financial statements

As per our report attached of even date

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 103523W/W100048

**Sumant Sakhardande**  
Partner  
Membership No: 034828

MUMBAI  
April 28, 2017

For and on behalf of the Board

**Deepak S. Parekh**  
Chairman  
(DIN: 00009078)

**Piyush Surana**  
Chief Financial Officer  
(ICAI Membership No.: 72979)

**Milind Barve**  
Managing Director  
(DIN: 00087839)

**Sylvia Furtado**  
Company Secretary  
(Membership No.: A17976)

Directors

**Keki Mistry**  
(DIN: 00008886)

**James Aird**  
(DIN: 01057384)

**Deepak B. Phatak**  
(DIN: 00046205)

**Vijay Merchant**  
(DIN: 01773227)

**Renu S. Karnad**  
(DIN: 00008064)

**P. M. Thampi**  
(DIN: 00114522)

**N Keith Skeoch**  
(DIN: 00165850)

**Humayun Dhanrajgir**  
(DIN: 00004006)

**Hoshang S. Billimoria**  
(DIN: 00005003)



## Cash Flow Statement for the year ended March 31, 2017

	₹	Previous Year ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation and extraordinary items	799,80,13,265	708,24,96,126
<b>Add / (Less) : Adjustment for</b>		
Depreciation and Amortization	11,96,35,718	11,05,97,809
Provision for / (Reversal of) Diminution in the Value of Current Investments	(8,70,360)	8,70,360
Utilisation / Reversal of Provision for Contingencies	(15,00,00,000)	—
(Profit) / Loss on Sale of Investments (net)	(66,45,45,628)	(23,58,87,380)
(Profit) / Loss on Sale of Fixed Assets (net)	(4,96,836)	(12,57,576)
Investment Income	(21,71,04,165)	(23,99,26,706)
<b>Operating Profit before working capital changes</b>	<b>708,46,31,994</b>	<b>671,68,92,633</b>
(Increase) / Decrease in Current and Non Current Loans and Advances	50,75,76,959	158,78,60,903
(Increase) / Decrease in Other Current and Non Current Assets	79,86,11,066	89,25,21,702
(Increase) / Decrease in Trade Receivables	(46,52,04,785)	(21,99,57,264)
Increase / (Decrease) in Current and Non Current Liabilities	(79,84,26,796)	79,63,80,056
<b>Cash generated from / (used in) operations</b>	<b>712,71,88,438</b>	<b>977,36,98,030</b>
Income Tax Paid	(257,86,23,812)	(235,34,71,153)
<b>Net cash from / (used in) operating activities</b>	<b>454,85,64,626</b>	<b>742,02,26,877</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(13,56,02,969)	(9,41,43,343)
Proceeds from Sale of Fixed Assets	13,75,124	12,58,667
Purchase of Investments	(2732,44,28,908)	(3862,85,22,931)
Proceeds from Sale of Investments	2559,65,77,527	3562,13,44,468
Dividend Received	6,67,06,500	9,43,27,638
Interest Received	3,50,38,819	3,50,38,817
<b>Net cash from / (used in) investing activities</b>	<b>(176,03,33,907)</b>	<b>(297,06,96,684)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issuance of Share Capital	14,22,900	143,16,23,600
Buy Back of Equity Shares	—	(309,76,17,600)
Tax on Shares Bought Back	—	(37,65,23,689)
Interim Equity Dividend Paid	(231,53,54,800)	(201,31,36,000)
Tax Paid on Interim Equity Dividend	(47,13,51,760)	(40,98,27,122)
<b>Net cash from / (used in) financing activities</b>	<b>(278,52,83,660)</b>	<b>(446,54,80,811)</b>
<b>Net Increase / (Decrease) in cash and cash equivalents</b>	<b>29,47,059</b>	<b>(1,59,50,618)</b>
<b>Cash and cash equivalents at the beginning of the Year (see note 14)</b>	<b>86,83,795</b>	<b>2,46,34,413</b>
<b>Cash and cash equivalents at the end of the Year (see note 14)</b>	<b>1,16,30,854</b>	<b>86,83,795</b>
	<b>29,47,059</b>	<b>(1,59,50,618)</b>

As per our report attached of even date

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 103523W/W100048

**Sumant Sakhardande**  
Partner  
Membership No: 034828

MUMBAI  
April 28, 2017

For and on behalf of the Board

**Deepak S. Parekh**  
Chairman  
(DIN: 00009078)

**Piyush Surana**  
Chief Financial Officer  
(ICAI Membership No.: 72979)

**Milind Barve**  
Managing Director  
(DIN: 00087839)

**Sylvia Furtado**  
Company Secretary  
(Membership No.: A17976)

Directors

**Keki Mistry**  
(DIN: 00008886)

**James Aird**  
(DIN: 01057384)

**Deepak B. Phatak**  
(DIN: 00046205)

**Vijay Merchant**  
(DIN: 01773227)

**Renu S. Karnad**  
(DIN: 00008064)

**P. M. Thampi**  
(DIN: 00114522)

**N Keith Skeoch**  
(DIN: 00165850)  
**Humayun Dhanrajgir**  
(DIN: 00004006)

**Hoshang S. Billimoria**  
(DIN: 00005003)



## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (NOTES) FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

#### Note 1

##### A) COMPANY OVERVIEW

HDFC Asset Management Company Limited ('the Company') was incorporated under the Companies Act, 1956 on December 10, 1999 and was approved to act as an Asset Management Company for the HDFC Mutual Fund by Securities and Exchange Board of India (SEBI) vide its letter dated July 3, 2000. In terms of the Investment Management Agreement, the Trustee has appointed the Company to manage the Mutual Fund.

The Company is also registered under the SEBI (Portfolio Managers) Regulations, 1993 and provides Portfolio Management Services.

##### B) SIGNIFICANT ACCOUNTING POLICIES

###### 1.1 Basis of Preparation

The financial statements have been prepared on accrual basis of accounting in accordance with historical cost convention, applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 2013 to the extent applicable.

###### 1.2 Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

###### 1.3 Income Recognition

Management fees and income from investments are accounted for on accrual basis. Dividend income is recognized when the right to receive the same is established. Interest income is recognized on a time proportion basis.

###### 1.4 Cash and Cash Equivalents

Cash and cash equivalents represent cash and balance with scheduled banks in current account.

###### 1.5 Fixed Assets

Fixed assets are stated at cost less accumulated depreciation / amortization as adjusted for impairment, if any. The cost of acquisition is inclusive of taxes, duties, freight and other incidental expenses related to acquisition and installation of the assets. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future benefit / functioning capability from / of such assets.

All expenses on existing fixed assets, including day to day repair and maintenance expenditure and cost of replacing parts are charged to Statement of Profit and Loss during the period in which they are incurred. Depreciation is charged over the estimated useful life of the fixed asset on a straight-line basis.

Gains or Losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and carrying amount of the asset and is recognized in the Statement of Profit and Loss.

###### 1.6 Depreciation / Amortization

Depreciation on Fixed Assets is provided on straight-line basis at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013 except for certain assets.

###### A) Tangible Assets:

Following is the summary of useful lives of the assets as per management's estimate and as required by the Companies Act, 2013 except assets individually costing less than rupees five thousand which are fully depreciated in the year of purchase/acquisition.

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

CLASS OF FIXED ASSET	Useful Life (in years)	
	As per the Companies Act, 2013	As per management's estimate
Building*	60	50
Computer Equipment:		
— Server & Network*	6	4
— Others	3	3
Furniture & Fixtures*	10	7
Electrical Installations*	10	7
Office Equipment	5	5
Vehicles*	8	4
Improvement of Rented Premises	Not specified	Over the primary period of the lease term or 5 years, whichever is less

\* Based on technical advice, management believes that the useful lives of these assets reflect the period over which they are expected to be used.

### B) Intangible Assets:

- (i) Goodwill generated on the following transactions has been depreciated equally over a period of 10 years:
  - (a) Amalgamation of erstwhile HDFC AMC Services Company Private Limited and HDFC AMC Mauritius Limited, with the Company.
  - (b) Acquisition of rights to operate, administer and manage the schemes of Morgan Stanley Mutual Fund.
- (ii) Computer Software is being depreciated over a period of 3 years.

### 1.7 Investments

Non-Current investments are stated at cost of acquisition. Provision for diminution is made to recognize a decline, other than temporary, in the value of Non-Current investments. Current investments are valued at lower of cost and fair value.

### 1.8 Transaction in Foreign Currency

Transactions in foreign currency are accounted for at the rates prevailing at the date of the transaction. Current assets and liabilities are translated at the ruling rate of exchange at the Balance Sheet date and the resultant exchange gains or losses are reflected in the Statement of Profit and Loss.

### 1.9 Brokerage

Upfront Brokerage paid on investment in Equity Linked Saving Schemes and Closed Ended Schemes is amortised over a period of 36 months and over the tenure of the scheme respectively. Advance Trail commission is amortised over the period for which it is paid.

Brokerage paid in advance in respect of Portfolio Management Business is amortised over the contractual period.

### 1.10 Employee Benefits

#### A) Provident Fund

The Company contributes to the Recognized Provident Fund for its employees. The Company's contributions are charged to the Statement of Profit and Loss every year.

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### B) Gratuity

Company's contribution in the case of gratuity is funded annually with a life insurance company. The net present value of the Company's obligation towards gratuity to employees is actuarially determined by an independent actuary based on the projected unit credit method. Actuarial gains and losses are immediately recognized in the Statement of Profit and Loss.

### C) Other Long Term Employee Benefits

Other long term employee benefits include accumulated compensated absences that are entitled to be carried forward for future availment subject to Company's policies. The Company's liability towards accumulated compensated absences are accrued and provided for on the basis of an actuarial valuation using projected unit credit method at the end of the financial year.

### 1.11 Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as Operating Leases. Operating lease rentals are recognized on accrual basis.

### 1.12 Income Tax

The accounting treatment for Income Tax in respect of the Company's income is based on the Accounting Standard on "Accounting for Taxes on Income" (AS-22) issued by the Institute of Chartered Accountants of India. The provision made for Income Tax in the Financial Statements comprises both, the current tax and the deferred tax. The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognized in the Statement of Profit and Loss and the cumulative effect thereof is reflected in the Balance Sheet. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates at the balance sheet date. The major components of the respective balances of deferred tax assets and liabilities are disclosed in the Financial Statements.

### 1.13 Scheme Expenses

Recurring expenses of schemes of HDFC Mutual Fund borne by the Company, including the amounts in excess of the limits prescribed by the Securities and Exchange Board of India, are accounted under the respective expense heads in the Statement of Profit and Loss. In accordance with Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, New Fund Offer (NFO) expenses on the launch of schemes is borne by the Company.

### 1.14 Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Statement of Profit and Loss to the extent the carrying amount of assets exceeds their estimated recoverable amount.

### 1.15 Provision for Contingencies

In accordance with Accounting Standard on "Provisions, Contingent Liabilities and Contingent Assets" (AS-29), a provision is recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. The Company's policy is to carry adequate amounts in the Provision for Contingencies account to meet all contingencies in the business.

Contingent liabilities are not recognized. A contingent asset is neither recognized nor disclosed.

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 2

#### SHARE CAPITAL

	As at March 31, 2017 ₹	As at March 31, 2016 ₹
<b>AUTHORISED</b>		
3,00,00,000 (Previous Year 3,00,00,000) Equity Shares of ₹ 10 each	<b>30,00,00,000</b>	30,00,00,000
5,00,00,000 (Previous Year 5,00,00,000) Redeemable, Cumulative Non-Convertible Preference Shares of ₹ 10 each	<b>50,00,00,000</b>	50,00,00,000
<b>Total</b>	<b>80,00,00,000</b>	80,00,00,000
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
2,51,66,900 (Previous Year 2,51,64,200) Equity Shares of ₹ 10 each, fully paid up	<b>25,16,69,000</b>	25,16,42,000
<b>Total</b>	<b>25,16,69,000</b>	25,16,42,000

Movement in Share Capital during the Year:

Particulars	Current Year		Previous Year	
	No. of Equity Shares	Share Capital (₹)	No. of Equity Shares	Share Capital (₹)
Shares outstanding at the beginning of the Year	<b>2,51,64,200</b>	<b>25,16,42,000</b>	2,52,40,800	25,24,08,000
Add : Shares issued during the Year	<b>2,700</b>	<b>27,000</b>	7,08,800	70,88,000
Less : Shares bought back during the Year	—	—	7,85,400	78,54,000
Shares outstanding at the end of the Year	<b>2,51,66,900</b>	<b>25,16,69,000</b>	2,51,64,200	25,16,42,000

The Company has issued only one class of shares referred to as equity share having Face Value of ₹ 10 each, each holder of equity shares is entitled to one vote per share.

The holders of equity shares are entitled to dividends, if any, proposed by the board of directors and approved by the shareholders at the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of preferential amount. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of Holding Company and Shareholders holding more than 5 percent Share Capital of the Company :

Name of the Shareholder	Current Year		Previous Year	
	No. of Equity Shares	% of Share Capital	No. of Equity Shares	% of Share Capital
Housing Development Finance Corporation Limited (Holding Company) & its nominees	<b>1,50,96,600</b>	<b>59.99</b>	1,50,96,600	59.99
Standard Life Investments Limited	<b>1,00,64,400</b>	<b>39.99</b>	1,00,64,400	39.99

11,76,500 (Previous Year 11,78,200) equity shares of ₹ 10 each are reserved for issuance towards outstanding employee stock options.

14,11,550 equity shares of ₹ 10 each were bought back during last five years.

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 3

#### RESERVES AND SURPLUS

	As at March 31, 2017 ₹	As at March 31, 2016 ₹
Capital Redemption Reserve		
Opening Balance	52,40,86,000	51,62,32,000
Add : Transfer from Surplus in Statement of Profit and Loss	—	78,54,000
	<u>52,40,86,000</u>	<u>52,40,86,000</u>
Securities Premium Account		
Opening Balance	—	—
Add : Additions during the Year	13,95,900	142,45,35,600
Less : Utilised during the Year	—	142,45,35,600
	<u>13,95,900</u>	<u>—</u>
General Reserve		
Opening Balance	47,78,79,512	103,31,14,552
Add : Transfer from Surplus in Statement of Profit and Loss	55,02,45,665	47,78,79,512
Less : Utilised during the Year	—	103,31,14,552
	<u>102,81,25,177</u>	<u>47,78,79,512</u>
Reserve for social / philanthropic causes & investor centric initiatives	2,59,77,074	2,59,77,074
Surplus in Statement of Profit and Loss		
Opening Balance	1023,26,34,879	937,11,73,532
Add : Profit / (Loss) for the Year	550,24,56,650	477,87,95,118
Less : Appropriations :		
General Reserve	55,02,45,665	47,78,79,512
Capital Redemption Reserve	—	78,54,000
Buy Back of Equity Shares	—	63,21,13,448
Tax on Buyback of Equity Shares	—	37,65,23,689
Interim Equity Dividend Paid	231,53,54,800	201,31,36,000
Tax Paid on Interim Equity Dividend	47,13,51,760	40,98,27,122
	<u>1239,81,39,304</u>	<u>1023,26,34,879</u>
<b>Total</b>	<u><b>1397,77,23,455</b></u>	<u><b>1126,05,77,465</b></u>

Pursuant to the approval of the shareholders at the Extraordinary General Meeting and in accordance with the provisions of the Companies Act, 2013 (Act) and rules made thereunder, the Company bought back NIL equity shares during the Year (Previous Year 7,85,400) at an aggregate value of ₹ NIL (Previous Year ₹ 309,76,17,600). The Company had utilised the Securities Premium Account & Free Reserves for this purpose. A sum of ₹ NIL (Previous Year ₹ 78,54,000) had been transferred to Capital Redemption Reserve in terms of Section 69(1) of the Act.

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 4

#### LONG-TERM PROVISIONS

	As at March 31, 2017 ₹	As at March 31, 2016 ₹
For Contingencies (see note 21.7)	—	15,00,00,000
Employee Benefits (compensated absences)	80,41,813	—
<b>Total</b>	<b>80,41,813</b>	<b>15,00,00,000</b>

### Note 5

#### TRADE PAYABLES

	As at March 31, 2017 ₹	As at March 31, 2016 ₹
Sundry Creditors (see note 21.9)	96,06,25,034	171,97,91,208
<b>Total</b>	<b>96,06,25,034</b>	<b>171,97,91,208</b>

### Note 6

#### OTHER CURRENT LIABILITIES

	As at March 31, 2017 ₹	As at March 31, 2016 ₹
Statutory Dues	6,74,31,867	6,10,95,082
Employee Benefits	58,87,56,273	59,80,19,695
Other Dues	14,07,37,173	18,60,75,993
<b>Total</b>	<b>79,69,25,313</b>	<b>84,51,90,770</b>

### Note 7

#### SHORT-TERM PROVISIONS

	As at March 31, 2017 ₹	As at March 31, 2016 ₹
Employee Benefits (compensated absences)	9,63,022	—
<b>Total</b>	<b>9,63,022</b>	<b>—</b>



## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

Note 8  
FIXED ASSETS

	GROSS BLOCK			DEPRECIATION / AMORTIZATION			NET BLOCK
	As at March 31, 2016	Additions	Deductions	As at March 31, 2016	For the Year	Deductions	As at March 31, 2017
<b>TANGIBLE ASSETS</b>							
Buildings	4,99,57,691	—	—	55,62,704	9,99,154	—	4,33,95,833
Improvement of Rented Premises	37,94,10,655	3,34,41,826	62,17,334	30,46,51,085	4,60,21,548	62,17,334	6,21,79,848
Computer Equipment	15,60,66,628	2,43,36,327	1,08,15,405	12,23,66,322	2,14,00,513	1,07,11,673	3,65,32,388
Furniture & Fixtures	5,00,29,823	46,62,885	17,13,401	3,19,99,395	77,61,958	17,13,401	1,49,31,355
Electrical Installations	67,16,075	—	—	23,81,512	9,59,439	—	33,75,124
Vehicles	4,02,81,897	1,65,94,862	48,35,345	5,20,41,414	1,03,09,119	40,60,789	2,99,87,963
Office Equipment	17,50,77,016	1,94,27,909	82,00,799	14,70,63,496	1,14,73,849	82,00,799	3,59,67,580
<b>Total</b>	85,75,39,785	9,84,63,809	3,17,82,284	62,98,29,635	9,89,25,580	3,09,03,996	22,63,70,091
<b>INTANGIBLE ASSETS</b>							
Goodwill	75,16,53,266	—	—	68,29,62,910	83,34,516	—	6,03,55,840
Computer Software	12,56,00,967	2,22,54,743	50,000	11,03,84,249	1,23,75,622	50,000	2,50,95,839
<b>Total</b>	87,72,54,233	2,22,54,743	50,000	79,33,47,159	2,07,10,138	50,000	8,54,51,679

  

	GROSS BLOCK			DEPRECIATION / AMORTIZATION			NET BLOCK
	As at March 31, 2015	Additions	Deductions	As at March 31, 2015	For the Year	Deductions	As at March 31, 2016
<b>TANGIBLE ASSETS</b>							
Buildings	4,99,57,691	—	—	45,63,550	9,99,154	—	4,43,94,987
Improvement of Rented Premises	37,62,07,036	1,83,67,701	1,51,64,082	27,63,73,471	4,34,41,696	1,51,64,082	7,47,59,570
Computer Equipment	14,25,47,886	2,39,74,454	1,04,55,712	11,27,02,725	2,01,19,309	1,04,55,712	3,37,00,306
Furniture & Fixtures	4,94,31,819	21,13,729	15,15,725	2,81,25,875	53,88,154	15,14,634	1,80,30,428
Electrical Installations	67,18,775	—	2,700	14,24,773	9,59,439	2,700	43,34,563
Vehicles	3,24,56,053	1,89,91,403	1,11,65,559	4,02,81,897	80,68,481	1,11,65,559	2,44,76,776
Office Equipment	17,30,86,245	93,48,674	73,57,903	14,45,14,568	99,06,831	73,57,903	2,80,13,520
<b>Total</b>	83,04,05,505	7,27,95,961	4,56,61,681	58,66,07,161	8,88,83,064	4,56,60,590	22,77,10,150
<b>INTANGIBLE ASSETS</b>							
Goodwill	75,16,53,266	—	—	67,46,28,394	83,34,516	—	6,86,90,356
Computer Software	11,41,24,387	1,14,76,580	—	9,70,04,020	1,33,80,229	—	1,52,16,718
<b>Total</b>	86,57,77,653	1,14,76,580	—	77,16,32,414	2,17,14,745	—	8,39,07,074

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 9

#### NON-CURRENT INVESTMENTS (Non Trade, At Cost)

	As at March 31, 2017 ₹	As at March 31, 2016 ₹
<b>Investment in Venture Capital Fund</b>		
1,45,741 Units (Previous Year 1,77,753) of ₹ 1,000 each in Faering Capital India Evolving Fund (Class A)	14,57,40,417	17,77,52,649
<b>Investment in Alternative Investment Fund</b>		
75,000 Units (Previous Year 45,000) of ₹ 1,000 each in Faering Capital India Evolving Fund II (Class A)	7,50,00,000	4,50,00,000
914 Units (Previous Year NIL) of ₹ 100,000 each in Investment Jhelum Investment Fund I	9,14,00,000	—
<b>Investment in Bonds</b>		
61,809 (Previous Year 61,809) Tax-Free Secured Redeemable Non-Convertible Bonds of ₹ 1,000 each of National Highways Authority of India (NHAI)	6,18,09,000	6,18,09,000
1,63,131 (Previous Year 1,63,131) Tax-Free Secured Redeemable Non-Convertible Bonds of ₹ 1,000 each of Indian Railways Finance Corporation (IRFC)	16,31,31,000	16,31,31,000
200 (Previous Year 200) Tax-Free Secured Redeemable Non-Convertible Bonds of ₹ 10,00,000 each of Rural Electrification Corporation Limited (REC)	19,99,83,200	19,99,83,200
<b>Investment in Preference Shares</b>		
32,000 (Previous Year 32,000) 16.06% Cumulative Redeemable Preference Shares of ₹ 7,500 each of Infrastructure Leasing & Financial Services Limited	40,00,00,000	40,00,00,000
30,00,000 (Previous Year 30,00,000) 8.15% Cumulative Redeemable Preference Shares of ₹ 100 each of L&T Finance Holdings Limited	30,00,00,000	30,00,00,000
<b>Investment in Schemes of Mutual Fund</b>		
2,405 Units (Previous Year 2,405) of ₹ 1000 each in HDFC Cash Management Fund - Call Plan - Direct Plan - Growth Option	50,00,000	50,00,000
1,77,832 Units (Previous Year 1,77,832) of ₹ 10 each in HDFC Cash Management Fund - Treasury Advantage Plan — Direct Plan - Growth Option	50,00,000	50,00,000
2,22,680 Units (Previous Year 2,22,680) of ₹ 10 each in HDFC Floating Rate Income Fund - Short Term Plan — Direct Plan - Growth Option	50,00,000	50,00,000
4,89,860 Units (Previous Year 4,89,860) of ₹ 10 each in HDFC Arbitrage Fund - Direct Plan - Growth Option	50,00,000	50,00,000

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 9 (Continued)

#### NON-CURRENT INVESTMENTS (Non Trade, At Cost)

	As at March 31, 2017 ₹	As at March 31, 2016 ₹
4,03,421 Units (Previous Year 4,03,421) of ₹ 10 each in HDFC Dynamic PE Ratio Fund of Funds - Direct Plan - Growth Option	50,00,000	50,00,000
5,15,390 Units (Previous Year 5,15,390) of ₹ 10 each in HDFC Gold Fund - Direct Plan - Growth Option	50,00,000	50,00,000
1,71,973 Units (Previous Year 1,71,973) of ₹ 10 each in HDFC Income Fund - Direct Plan - Growth Option	50,00,000	50,00,000
2,00,040 Units (Previous Year 2,00,040) of ₹ 10 each in HDFC Gilt Fund - Long Term Plan - Direct Plan - Growth Option	50,00,000	50,00,000
2,35,156 Units (Previous Year 2,35,156) of ₹ 10 each in HDFC Gilt Fund - Short Term Plan - Direct Plan - Growth Option	50,00,000	50,00,000
1,98,753 Units (Previous Year 1,98,753) of ₹ 10 each in HDFC Short Term Plan - Direct Plan - Growth Option	50,00,000	50,00,000
1,14,714 Units (Previous Year 1,14,714) of ₹ 10 each in HDFC High Interest Fund - Dynamic Plan - Direct Plan - Growth Option	50,00,000	50,00,000
1,93,940 Units (Previous Year 1,93,940) of ₹ 10 each in HDFC High Interest Fund - Short Term Plan - Direct Plan - Growth Option	50,00,000	50,00,000
2,18,498 Units (Previous Year 2,18,498) of ₹ 10 each in HDFC Floating Rate Income Fund - Long Term Plan - Direct Plan - Growth Option	50,00,000	50,00,000
3,53,699 Units (Previous Year 3,53,699) of ₹ 10 each in HDFC Medium Term Opportunities Fund - Direct Plan - Growth Option	50,00,000	50,00,000
3,51,674 Units (Previous Year 3,51,674) of ₹ 10 each in HDFC Short Term Opportunities Fund - Direct Plan - Growth Option	50,00,000	50,00,000
4,82,197 Units (Previous Year 4,82,197) of ₹ 10 each in HDFC Corporate Debt Opportunities Fund - Direct Plan - Growth Option	50,00,000	50,00,000
4,87,087 Units (Previous Year 4,87,087) of ₹ 10 each in HDFC Banking and PSU Debt Fund - Direct Plan - Growth Option	50,00,000	50,00,000
1,55,738 Units (Previous Year 1,55,738) of ₹ 10 each in HDFC Monthly Income Plan - Long Term Plan - Direct Plan - Growth Option	50,00,000	50,00,000
2,14,213 Units (Previous Year 2,14,213) of ₹ 10 each in HDFC Monthly Income Plan - Short Term Plan - Direct Plan - Growth Option	50,00,000	50,00,000
1,97,625 Units (Previous Year 1,97,625) of ₹ 10 each in HDFC Equity Savings Fund - Direct Plan - Growth Option	50,00,000	50,00,000
2,13,400 Units (Previous Year 2,13,400) of ₹ 10 each in HDFC Multiple Yield Fund - Plan 2005 - Direct Plan - Growth Option	50,00,000	50,00,000
1,929 Units (Previous Year 1,929) of ₹ 1,000 each in HDFC Liquid Fund - Direct Plan - Growth Option	50,00,000	50,00,000

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 9 (Continued)

#### NON-CURRENT INVESTMENTS (Non Trade, At Cost)

	As at March 31, 2017 ₹	As at March 31, 2016 ₹
1,823 Units (Previous Year 1,823) of ₹ 1000 each in HDFC Cash Management Fund - Savings Plan - Direct Plan - Growth Option	50,00,000	50,00,000
2,000 Units (Previous Year 2,000) of ₹ 100 each in HDFC Gold Exchange Traded Fund - Growth Option	54,10,198	54,10,198
4,16,334 Units (Previous Year 4,16,334) of ₹ 10 each in HDFC Annual Interval Fund Series I - Plan A - Direct Plan - Growth Option	50,00,000	50,00,000
4,18,022 Units (Previous Year 4,18,022) of ₹ 10 each in HDFC Annual Interval Fund - Series 1 - Plan B - Direct Plan - Growth Option	50,00,000	50,00,000
1,999 Units (Previous Year 1,999) of ₹ 2,641.50 each in HDFC Sensex ETF	50,04,716	50,04,716
6,574 Units (Previous Year 6,574) of ₹ 794.10 each in HDFC Nifty ETF	50,04,458	50,04,458
5,00,000 Units (Previous Year 5,00,000) of ₹ 10 each in HDFC Retirement Savings Fund - Equity Plan - Direct Plan - Growth Option	50,00,000	50,00,000
5,00,000 Units (Previous Year 5,00,000) of ₹ 10 each in HDFC Retirement Savings Fund - Hybrid - Equity Plan - Direct Plan - Growth Option	50,00,000	50,00,000
5,00,000 Units (Previous Year 5,00,000) of ₹ 10 each in HDFC Retirement Savings Fund - Hybrid - Debt Plan - Direct Plan - Growth Option	50,00,000	50,00,000
37,760 Units (Previous Year 37,760) of ₹ 10 each in HDFC Growth Fund - Direct Plan - Growth Option	50,00,000	50,00,000
46,206 Units (Previous Year 46,206) of ₹ 10 each in HDFC Balanced Fund- Direct Plan - Growth Option	50,00,000	50,00,000
20,964 Units (Previous Year 20,964) of ₹ 10 each in HDFC Long Term Advantage Fund - Direct Plan - Growth Option	50,00,000	50,00,000
59,544 Units (Previous Year 59,544) of ₹ 10 each in HDFC Children's Gift Fund - Investment Plan - Direct Plan	50,00,000	50,00,000
1,39,087 Units (Previous Year 1,39,087) of ₹ 10 each in HDFC Children's Gift Fund - Savings Plan - Direct Plan	50,00,000	50,00,000
87,149 Units (Previous Year 87,149) of ₹ 10 each in HDFC Core and Satellite Fund - Direct Plan - Growth Option	50,00,000	50,00,000
66,699 Units (Previous Year 66,699) of ₹ 10 each in HDFC Index Fund - Nifty Plan- Direct Plan - Growth Option	50,00,000	50,00,000
13,645 Units (Previous Year 13,645) of ₹ 10 each in HDFC Index Fund - Sensex Plus Plan - Direct Plan - Growth Option	50,00,000	50,00,000
20,835 Units (Previous Year 20,835) of ₹ 10 each in HDFC Index Fund - Sensex Plan - Direct Plan - Growth Option	50,00,000	50,00,000
10,615 Units (Previous Year 10,615) of ₹ 10 each in HDFC Equity Fund - Direct Plan - Growth Option	50,00,000	50,00,000

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 9 (Continued)

#### NON-CURRENT INVESTMENTS (Non Trade, At Cost)

	As at March 31, 2017 ₹	As at March 31, 2016 ₹
14,485 Units (Previous Year 14,485) of ₹ 10 each in HDFC Top 200 Fund - Direct Plan - Growth Option	50,00,000	50,00,000
24,980 Units (Previous Year 24,980) of ₹ 10 each in HDFC Capital Builder Fund - Direct Plan - Growth Option	50,00,000	50,00,000
12,496 Units (Previous Year 12,496) of ₹ 10 each in HDFC Tax Saver - Direct Plan - Growth Option	50,00,000	50,00,000
1,15,808 Units (Previous Year 1,15,808) of ₹ 10 each in HDFC Premier Multi-Cap Fund - Direct Plan - Growth Option	50,00,000	50,00,000
1,35,586 Units (Previous Year 1,35,586) of ₹ 10 each in HDFC Mid-Cap Opportunities Fund - Direct Plan - Growth Option	50,00,000	50,00,000
13,312 Units (Previous Year 13,312) of ₹ 10 each in HDFC Prudence Fund - Direct Plan - Growth Option	50,00,000	50,00,000
3,01,696 Units (Previous Year 3,01,696) of ₹ 10 each in HDFC Infrastructure Fund - Direct Plan - Growth Option	50,00,000	50,00,000
55,339 Units (Previous Year 55,339) of ₹ 10 each in HDFC Large Cap Fund - Direct Plan - Growth Option	50,00,000	50,00,000
1,96,017 Units (Previous Year 1,96,017) of ₹ 10 each in HDFC Small & Mid Cap Fund - Direct Plan - Growth Option	50,00,000	50,00,000

#### Other Investments

5,00,000 (Previous Year 5,00,000) fully paid up Equity Shares  
of ₹ 1 each in MF Utilities India Private Limited

5,00,000 5,00,000

#### Total Non-Current Investments

168,79,82,989 159,85,95,221

#### Aggregate of Quoted Investments

Book Value 45,03,42,572 45,03,42,572

Market Value 47,78,70,825 47,25,49,197

#### Aggregate of Unquoted Investments

Book Value 123,76,40,417 114,82,52,649

### Note 10

#### DEFERRED TAX

	As at March 31, 2017 ₹	As at March 31, 2016 ₹
Deferred Tax Asset	9,49,32,309	13,97,00,995
Deferred Tax Liability	(14,01,141)	(8,02,315)
<b>Total</b>	<b>9,35,31,168</b>	<b>13,88,98,680</b>

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 11

#### LONG-TERM LOANS AND ADVANCES

	As at March 31, 2017 ₹	As at March 31, 2016 ₹
Unsecured, Considered good		
— Capital Advances	2,59,08,743	1,10,24,326
— Security Deposits	12,28,97,228	9,50,99,880
— Prepaid Expenses	23,65,11,699	67,80,60,708
— Advance Payment of Taxes (Net of Provision)	32,90,33,918	20,05,99,209
<b>Total</b>	<b>71,43,51,588</b>	<b>98,47,84,123</b>

### Note 12

#### CURRENT INVESTMENTS (Non Trade)

	As at March 31, 2017 ₹	As at March 31, 2016 ₹
<b>Investment in Schemes of Mutual Fund (Valued at Cost and Fair Value, whichever is lower)</b>		
13,94,413 Units (Previous Year NIL) of ₹ 10 each in HDFC Cash Management Fund - Treasury Advantage Plan - Direct Plan - Growth Option	4,94,00,000	—
2,54,03,045 Units (Previous Year 4,79,00,977) of ₹ 10 each in HDFC Floating Rate Income Fund - Long Term Plan - Direct Plan - Growth Option	51,90,60,980	97,87,61,732
3,88,53,139 Units (Previous Year 7,32,31,049) of ₹ 10 each in HDFC Short Term Opportunities Fund - Direct Plan - Growth Option	49,22,12,446	92,77,30,279
8,80,92,815 Units (Previous Year 5,91,50,302) of ₹ 10 each in HDFC Corporate Debt Opportunities Fund - Direct Plan - Growth Option	110,00,00,000	70,00,00,000
2,42,51,440 Units (Previous Year 90,10,325) of ₹ 10 each in HDFC Short Term Plan - Direct Plan - Growth Option	73,99,90,810	23,99,90,810
11,27,40,000 Units (Previous Year 17,00,00,000) of ₹ 10 each in HDFC FMP 1114D March 2016 (1) - Direct Plan - Growth Option	112,74,00,000	170,00,00,000
1,82,14,162 Units (Previous Year 1,82,14,162) of ₹ 10 each in HDFC Medium Term Opportunities Fund - Direct Plan - Growth Option	30,00,00,000	30,00,00,000
8,00,00,000 Units (Previous Year 8,00,00,000) of ₹ 10 each in HDFC FMP 1107D March 2016 (1) - Direct Option - Growth Option	80,00,00,000	80,00,00,000
19,41,22,319 Units (Previous Year NIL) of ₹ 10 each in HDFC Arbitrage Fund - Wholesale Plan - Direct Plan - Normal Dividend	207,80,20,644	—
5,00,00,000 Units (Previous Year NIL) of ₹ 10 each in HDFC FMP 1218D Dec 2016 (1) - Direct Plan - Growth Option	50,00,00,000	—



## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 12 (Continued)

#### CURRENT INVESTMENTS (Non Trade)

	As at March 31, 2017 ₹	As at March 31, 2016 ₹
3,00,00,000 Units (Previous Year NIL) of ₹ 10 each in HDFC FMP 1199D Jan 2017(1) - Direct Plan - Growth Option	30,00,00,000	—
4,00,00,000 Units (Previous Year NIL) of ₹ 10 each in HDFC FMP 1178D Feb 2017(1) - Direct Plan - Growth Option	40,00,00,000	—
4,00,00,000 Units (Previous Year NIL) of ₹ 10 each in HDFC FMP 1170D Feb 2017(1) - Direct Plan - Growth Option	40,00,00,000	—
50,00,000 Units (Previous Year NIL) of ₹ 10 each in HDFC Charity Fund for Cancer Cure - Arbitrage Plan - Dividend Option	5,00,00,000	—
50,00,000 Units (Previous Year NIL) of ₹ 10 each in HDFC Charity Fund for Cancer Cure - Debt Plan - Dividend Option	5,00,00,000	—
7,54,79,673 Units (Previous Year NIL) of ₹ 10 each in HDFC Banking and PSU Debt Fund - Direct Plan - Growth Option	100,00,00,000	—
16,12,973 Units (Previous Year 16,12,973) of ₹ 10 each in HDFC Dynamic PE Ratio Fund of Funds - Direct Plan - Growth Option	2,25,00,000	2,25,00,000
2,33,837 Units (Previous Year 6,06,993 Units) of ₹ 10 each in HDFC Liquid Fund - Direct Plan - Growth Option	75,00,00,000	181,25,00,423
NIL Units (Previous Year 1,00,00,000) of ₹ 10 each in HDFC FMP 371D December 2013 (2) - Direct Plan - Growth Option	—	10,00,00,000
NIL Units (Previous Year 2,00,00,000) of ₹ 10 each in HDFC FMP 371D January 2014 (1) - Direct Plan - Growth Option	—	20,00,00,000
NIL Units (Previous Year 3,00,00,000) of ₹ 10 each in HDFC FMP 369D January 2014 (1) - Direct Plan - Growth Option	—	30,00,00,000
NIL Units (Previous Year 1,28,66,142) of ₹ 10 each in HDFC FMP 370D January 2014 (1) - Direct Plan - Growth Option	—	12,86,61,420
NIL Units (Previous Year 50,00,000) of ₹ 10 each in HDFC Debt Fund for Cancer Cure 2014 - Direct Plan - Dividend Option	—	5,00,00,000
<b>Total Current Investments</b>	<b>1067,85,84,880</b>	<b>826,01,44,664</b>
Less: Provision for Diminution in the value of Investments	—	8,70,360
<b>Net Current Investments</b>	<b>1067,85,84,880</b>	<b>825,92,74,304</b>
<b>Aggregate of Investments in Quoted Mutual Funds</b>		
Book Value	362,74,00,000	327,86,61,420
Market Value	362,74,00,000	327,86,61,420
<b>Aggregate of Investments in Unquoted Mutual Funds</b>		
Book Value	705,11,84,880	498,06,12,884

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 13

#### TRADE RECEIVABLES

(Unsecured, Considered good)

	₹	As at March 31, 2017 ₹	As at March 31, 2016 ₹
Investment Management Fee Receivable (less than six months)		<b>43,54,86,055</b>	35,98,86,276
Portfolio Management Fee & Other Advisory Services Receivable			
— Over six months	<b>2,54,255</b>		2,43,470
— Others	<b>41,51,68,244</b>		2,55,74,023
		<b>41,54,22,499</b>	2,58,17,493
<b>Total</b>		<b>85,09,08,554</b>	38,57,03,769

### Note 14

#### CASH AND BANK BALANCES

		As at March 31, 2017 ₹	As at March 31, 2016 ₹
Cash and Cash Equivalents			
— Balances with Banks		<b>1,16,30,854</b>	86,83,795
Other Bank Balances			
— In Deposit Account (security against bank guarantee)		<b>11,08,645</b>	11,17,397
<b>Total</b>		<b>1,27,39,499</b>	98,01,192

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 15

#### SHORT-TERM LOANS AND ADVANCES

(Unsecured, Considered good)

		As at March 31, 2017 ₹	As at March 31, 2016 ₹
Prepaid Expenses			
— Related Parties	57,76,649		57,75,237
— Others	<u>154,29,42,755</u>		<u>163,32,56,008</u>
		<b>154,87,19,404</b>	<b>163,90,31,245</b>
Service Tax Credit Receivable		<b>1,36,49,774</b>	<b>89,83,821</b>
Other Receivables			
— Related Parties	1,57,74,054		3,15,17,018
— Others	<u>4,93,70,989</u>		<u>4,18,07,435</u>
		<b>6,51,45,043</b>	<b>7,33,24,453</b>
<b>Total</b>		<b><u>162,75,14,221</u></b>	<b><u>172,13,39,519</u></b>

### Note 16

#### OTHER CURRENT ASSETS

		As at March 31, 2017 ₹	As at March 31, 2016 ₹
Interest accrued on Fixed Deposit		<b>12,371</b>	<b>12,509</b>
Interest accrued on Bonds		<b>1,85,00,597</b>	<b>1,85,72,726</b>
Receivable towards sale of Current Investments		<b>—</b>	<b>79,86,02,176</b>
<b>Total</b>		<b><u>1,85,12,968</u></b>	<b><u>81,71,87,411</u></b>

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 17

#### REVENUE FROM OPERATIONS

	For the Year ended March 31, 2017 ₹	For the Year ended March 31, 2016 ₹
Investment Management Fee	1428,45,34,001	1209,73,57,123
Portfolio Management Fee & Other Advisory Services	51,58,22,589	232,80,85,318
<b>Total</b>	<b>1480,03,56,590</b>	<b>1442,54,42,441</b>

### Note 18

#### OTHER INCOME

	For the Year ended March 31, 2017 ₹	For the Year ended March 31, 2016 ₹
Dividend Income:		
— From Current Investments	11,91,43,475	11,28,23,122
— From Non-Current Investments	6,29,94,000	9,19,92,638
Interest Income:		
— From Non-Current Investments	3,49,66,690	3,51,10,946
— From Others	15,081	14,940
Profit on Sale of Non-Current Investments (net)	6,27,32,024	—
Profit on Sale of Current Investments (net)	60,18,13,604	23,58,87,380
Utilisation / Reversal of Provision for Contingencies	15,00,00,000	—
Reversal of Diminution in the Value of Current Investments	8,70,360	—
Miscellaneous Income	4,62,15,967	4,21,43,700
<b>Total</b>	<b>107,87,51,201</b>	<b>51,79,72,726</b>

### Note 19

#### EMPLOYEE BENEFITS EXPENSE

	For the Year ended March 31, 2017 ₹	For the Year ended March 31, 2016 ₹
Salaries, Allowances and Bonus	145,48,56,052	132,67,51,395
Contribution to Provident and Other Funds	9,29,85,926	8,27,09,767
Staff Welfare and Training Expenses	2,76,75,457	2,24,14,167
<b>Total</b>	<b>157,55,17,435</b>	<b>143,18,75,329</b>

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 20

#### OTHER EXPENSES

	For the Year ended March 31, 2017	For the Year ended March 31, 2016
₹	₹	₹
Brokerage / Incentives / Fees / Mutual Fund Expenses	419,27,61,568	456,62,25,686
Business Promotion	52,00,33,072	37,91,89,319
Rent	31,45,14,981	28,54,00,489
Printing and Courier	22,58,03,146	24,17,93,782
Travel and Conveyance	6,46,96,287	5,75,02,209
Communication Expenses	3,93,41,915	3,53,24,071
Subscription and Membership Fees	6,73,62,553	5,64,91,381
Professional and Legal Fees	9,96,31,937	5,97,76,180
Repair and Maintenance	17,33,80,350	16,15,16,212
Electricity Charges	4,75,72,551	4,86,27,753
Outsourced Services Cost	15,92,45,585	13,29,76,382
Insurance Expenses	2,45,72,715	2,07,09,285
Rates and Taxes	28,88,457	14,73,809
Auditors Remuneration:		
Audit Fee	15,00,000	15,00,000
Audit Fee - PMS Business	3,00,000	47,03,025
Tax Audit Fee	1,00,000	1,00,000
Taxation Matters	—	6,50,875
Other Services	7,16,860	18,16,352
	26,16,860	87,70,252
Directors' Sitting Fees	1,44,72,000	1,55,24,000
Loss on Foreign Exchange Translation	1,82,61,409	5,92,127
Provision for Diminution in the Value of Current Investments	—	8,70,360
Donations	12,50,000	12,56,000
Corporate Social Responsibility exp as per Sec 135 (5) of the Companies Act, 2013 (see note 21.13)	12,33,44,500	9,02,03,000
Miscellaneous Expenses	9,41,91,487	15,42,23,606
<b>Total</b>	<b>618,59,41,373</b>	<b>631,84,45,903</b>

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 21

#### 21.1 Employee Benefits

In accordance with the Accounting Standard on "Employee Benefits" (AS-15) (Revised 2005) issued by the Institute of Chartered Accountants of India, the Company has classified the various benefits provided to the employees as under:

##### (A) Defined Contribution Plan

Provident Fund

The Company has recognized the following amounts in the Statement of Profit and Loss, which are included under Contributions to Provident Fund:

(Amount in ₹)

Particulars	Current Year	Previous Year
Employer's contribution to Provident Fund	<b>4,45,34,787</b>	3,80,48,156

##### (B) Defined Benefit Plan

Contribution to Gratuity Fund (Funded Scheme)

The details of the Company's post-retirement benefit plan for its employees are given below and certified by an independent actuary.

(Amount in ₹)

Particulars	Current Year	Previous Year
<b>Change in the Defined Benefit Obligations:</b>		
Liability at the beginning of the Year	<b>17,85,11,782</b>	13,84,44,765
Current Service Cost	<b>1,69,80,487</b>	1,48,88,774
Interest Cost	<b>1,42,45,240</b>	1,09,64,825
Benefits Paid	<b>(1,53,20,210)</b>	(1,01,95,692)
Actuarial (Gain) / Loss	<b>2,39,94,222</b>	2,44,09,110
<b>Liability at the end of the Year</b>	<b>21,84,11,521</b>	17,85,11,782

<b>Fair Value of Plan Assets:</b>	Current Year	Previous Year
Fair Value of Plan Assets at the beginning of the Year	<b>13,71,50,823</b>	8,53,77,969
Expected Return on Plan Assets	<b>1,09,44,636</b>	67,61,935
Contributions	<b>4,13,60,959</b>	5,30,66,796
Benefits Paid	<b>(1,53,20,210)</b>	(1,01,95,692)
Actuarial Gain / (Loss) on Plan Assets	<b>(3,03,300)</b>	21,39,815
<b>Fair Value of Plan Assets at the end of the Year</b>	<b>17,38,32,908</b>	13,71,50,823

<b>Actual Return on Plan Assets:</b>	Current Year	Previous Year
Expected Return on Plan Assets	<b>1,09,44,636</b>	67,61,935
Actuarial Gain / (Loss) on Plan Assets	<b>(3,03,300)</b>	21,39,815
<b>Actual Return on Plan Assets</b>	<b>1,06,41,336</b>	89,01,750

<b>Amount Recognized in the Balance Sheet:</b>	Current Year	Previous Year
Liability at the end of the Year	<b>21,84,11,521</b>	17,85,11,782
Fair Value of Plan Assets at the end of the Year	<b>17,38,32,908</b>	13,71,50,823
<b>Amount recognized in the Balance Sheet as Liability</b>	<b>4,45,78,613</b>	4,13,60,959



## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 21 (Continued)

(Amount in ₹)

Expense Recognized in the Statement of Profit and Loss:			Current Year	Previous Year	
Current Service Cost			1,69,80,487	1,48,88,774	
Interest Cost			1,42,45,240	1,09,64,825	
Expected Return on Plan Assets			(1,09,44,636)	(67,61,935)	
Net Actuarial (Gain) / Loss to be Recognized			2,42,97,522	2,22,69,295	
Expense recognized in the Statement of Profit and Loss under ‘Employee Benefits Expenses’			4,45,78,613	4,13,60,959	

Reconciliation of the Liability Recognized in the Balance Sheet:			Current Year	Previous Year	
Opening Net Liability			4,13,60,959	5,30,66,796	
Expense recognized			4,45,78,613	4,13,60,959	
Contribution by the Company			(4,13,60,959)	(5,30,66,796)	
Amount recognized in the Balance Sheet as Liability			4,45,78,613	4,13,60,959	

Net Actuarial (Gain) / Loss Recognized			Current Year	Previous Year	
Actuarial (Gain) / Loss on Plan Assets			3,03,300	(21,39,815)	
Actuarial (Gain) / Loss on Defined Benefit Obligation			2,39,94,222	2,44,09,110	
Net Actuarial (Gain) / Loss Recognized			2,42,97,522	2,22,69,295	

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Liability at the end of the year	21,84,11,521	17,85,11,782	13,84,44,765	8,57,61,032	7,37,50,037
Fair Value of Plan Assets at the end of the year	17,38,32,908	13,71,50,823	8,53,77,969	7,61,09,128	5,67,02,305
Amount recognized in the Balance Sheet as liability	4,45,78,613	4,13,60,959	5,30,66,796	96,51,904	1,70,47,732
Experience Adjustment:					
(Gains) / Losses on Plan Liabilities	1,43,61,047	1,65,23,496	53,82,763	81,53,498	44,47,641
(Gains) / Losses on Plan Assets	3,03,300	(21,39,815)	(1,68,333)	(7,50,540)	(4,83,657)
Estimated Contribution for next year	3,22,73,767	2,60,47,685	2,29,69,646	2,06,94,977	1,87,99,305

As the gratuity fund is managed by a life insurance company, details of investment are not available with the Company.

#### Actuarial Assumptions:

Actuarial valuation was performed in respect of the aforesaid defined benefit plan based on the following assumptions:

Particulars	Current Year	Previous Year
Discount Rate	7.26% p.a.	7.98% p.a.
Return on Plan Assets	7.26% p.a.	7.98% p.a.
Compensation Escalation Rate	6.00% p.a.	5.00% p.a.
Average Age	34.34 Years	34.51 Years
Mortality Basis	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 21 (Continued)

#### 21.2 Segmental Reporting

In accordance with the Accounting Standard on “Segment Reporting” (AS-17) issued by the Institute of Chartered Accountants of India, the Company has determined business segments as under:

The Company's operations predominantly relate to providing Asset Management Services. It acts as an Investment Manager to schemes launched by HDFC Mutual Fund. It also provides Portfolio Management Services (PMS) to Corporates and High Net Worth Individuals. Accordingly, the Company has recognized 'Mutual Fund' and 'Portfolio Management' as Primary business segments. Secondary segment reporting does not require separate disclosure as most of the activities of the Company are within India.

The accounting principles used in the preparation of the financial statements are also consistently applied to record income and expenditure of individual segments. These are as set out in the note on Significant Accounting Policies.

The basis of reporting is as follows:

1. Revenue and expenses distinctly identifiable to a segment are recognized in that segment.
2. Certain expenses are not specifically allocable to specific segments as the underlying services are used interchangeably. Hence it is not practical to provide segment disclosures relating to such items and accordingly they are separately disclosed as “unallocable expenses”.
3. Fixed assets used in the Company's business have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between the segments. Accordingly depreciation / amortization has been treated as an unallocable expense.
4. Assets and liabilities to the extent directly identifiable to a business segment have been categorized as “Allocable assets/liabilities”, others have been shown as “Unallocable assets/liabilities”.
5. Other balance sheet items such as investments and deferred tax asset are similarly not allocated to business segments.

(Amount in ₹)

	Mutual Fund		Portfolio Management & Other Advisory		Total	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Segment Revenue</b>						
Management Fees	1428,45,34,001	1209,73,57,123	51,58,22,589	232,80,85,318	1480,03,56,590	1442,54,42,441
Inter Segment Revenue	—	—	—	—	—	—
<b>Total Segment Revenue</b>	1428,45,34,001	1209,73,57,123	51,58,22,589	232,80,85,318	1480,03,56,590	1442,54,42,441
Identifiable Operating Expenses	681,11,69,550	580,29,57,937	20,74,72,507	127,01,00,704	701,86,42,057	707,30,58,641
<b>Segmental Operating Income</b>	747,33,64,451	629,43,99,186	30,83,50,082	105,79,84,614	778,17,14,533	735,23,83,800
Unallocable Expenses					86,24,52,469	78,78,60,400
<b>Operating Income</b>					691,92,62,064	656,45,23,400
Other Income					107,87,51,201	51,79,72,726
<b>Net Profit Before Tax</b>					799,80,13,265	708,24,96,126
Provision For Income Tax					245,01,59,920	230,97,97,910
Deferred Tax Expense					4,53,67,512	(60,96,757)
Previous Year's Tax					29,183	(145)
<b>Net Profit After Tax</b>					550,24,56,650	477,87,95,118
<b>Segment Assets And Liabilities</b>						
Segment Assets	216,24,02,575	262,59,14,816	45,99,69,622	8,65,09,413	262,23,72,197	271,24,24,229
Unallocated Assets					1337,35,75,440	1151,47,77,214
<b>Total Assets</b>					1599,59,47,637	1422,72,01,443
Segment Liabilities	130,30,70,485	107,35,57,018	14,93,84,048	6,81,26,547	145,24,54,533	114,16,83,565
Unallocated Liabilities					31,41,00,649	157,32,98,413
<b>Total Liabilities</b>					176,65,55,182	271,49,81,978
Capital Expenditure	—	—	—	—	12,07,18,552	8,42,72,541
Depreciation	—	—	—	—	11,96,35,718	11,05,97,809

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 21 (Continued)

#### 21.3 Related Party Transactions

As per the Accounting Standard on “Related Party Disclosures” (AS-18) issued by the Institute of Chartered Accountants of India, the related parties of the Company are as follows:

- A) Holding Company : Housing Development Finance Corporation Limited
- B) Investing Party : Standard Life Investments Limited
- C) Fellow Subsidiaries where Company has transactions during the year :
  - HDFC Trustee Company Limited
  - HDFC Standard Life Insurance Company Limited
  - HDFC ERGO General Insurance Company Limited
  - HDFC Realty Limited
  - HDFC Capital Advisors Limited
- D) Key Management Personnel : Mr. Milind Barve, Managing Director

The nature and volume of transactions of the Company with the above related parties were as follows:  
(Figures in bracket pertain to the Previous Year)

(Amount in ₹)

Particulars	Holding Company	Investing Party	Fellow Subsidiaries^
<b>INCOME</b>			
Management Fees	—	<b>86,94,117</b>	—
	—	(55,84,016)	—
<b>EXPENDITURE</b>			
Rent	<b>11,75,31,309</b>	—	—
	(11,72,14,992)	—	—
Advisory Fee	—	—	—
	(2,86,58,729)	—	—
Technology Support Cost	<b>1,74,91,360</b>	—	—
	(1,55,77,534)	—	—
Administrative & Other Expenses	<b>3,17,59,274</b>	—	—
	(4,10,55,317)	—	—
Insurance Premium	—	—	<b>90,00,141</b>
	—	—	(83,36,361)
Brokerage Charges	—	—	<b>4,23,000</b>
	—	—	(90,000)
Performance Fee	—	—	—
	(108,27,77,095)	—	—

Reimbursement of expenses amounting to ₹ Nil paid (Previous Year ₹15,00,000 received) to / from the Holding Company respectively is not considered above.

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 21 (Continued)

(Amount in ₹)

Particulars	Holding Company	Investing Party	Fellow Subsidiaries^
<b>ASSETS</b>			
Account Receivable	—	<b>28,20,524</b>	<b>1,58,41,683</b>
	—	(10,73,178)	(3,15,45,874)
Prepaid Insurance Premium	—	—	<b>57,76,649</b>
	—	—	(57,75,237)
<b>LIABILITIES</b>			
Account Payable	<b>44,80,000</b>	—	—
	(109,25,77,095)	—	(90,000)
<b>OTHER TRANSACTIONS</b>			
Purchase of Fixed Assets	<b>25,00,000</b>	—	—
	(30,15,000)	—	—
Interim Equity Dividend Paid	<b>138,88,87,200</b>	<b>92,59,24,800</b>	—
	(120,77,28,000)	(80,51,52,000)	—
Sale of Fixed Assets	—	—	<b>1,16,244</b>
	—	—	—

^Details of transactions with fellow subsidiaries are as follows:

(Amount in ₹)

Particulars	HDFC Realty Limited	HDFC Trustee Company Limited	HDFC Standard Life Insurance Company Limited	HDFC Capital Advisors Limited	HDFC ERGO General Insurance Company Limited
Insurance Premium	—	—	<b>30,09,116</b>	—	<b>59,91,025</b>
	—	—	(27,68,888)	—	(55,67,473)
Brokerage Charges	<b>4,23,000</b>	—	—	—	—
	(90,000)	—	—	—	—
Account Receivable	—	<b>1,57,74,054</b>	<b>67,629</b>	—	—
	—	(3,15,17,018)	(28,856)	—	—
Prepaid Insurance Premium	—	—	<b>33,006</b>	—	<b>57,43,643</b>
	—	—	(30,369)	—	(57,44,868)
Account Payable	—	—	—	—	—
	(90,000)	—	—	—	—
Sale of Fixed Assets	—	—	—	<b>1,16,244</b>	—
	—	—	—	—	—

(Amount in ₹)

Particulars	Current Year	Previous Year
Remuneration to Key Management Personnel	<b>6,73,35,392</b>	6,25,42,495

The above remuneration excludes perquisite value of ₹ Nil (Previous Year ₹ 19,96,50,000) towards the value of stock options exercised which were granted under Employees Stock Option Scheme 2012.

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 21 (Continued)

#### 21.4 Operating Leases

The company has entered into non-cancellable leasing arrangements for certain premises. The total lease payments recognized in the Statement of Profit and Loss towards the said leases amounts to ₹ 2,72,03,612 (Previous Year ₹ 1,39,90,200).

The future lease payments in respect of the above are as follows:

(Amount in ₹)		
Particulars	Current Year	Previous Year
Not later than one year	1,96,28,273	1,44,97,612
Later than one year but not later than five years	1,13,59,704	2,18,65,777

#### 21.5 Earnings Per Equity Share

In accordance with the Accounting Standard on "Earnings Per Share" (AS-20) issued by the Institute of Chartered Accountants of India:

- The basic earnings per equity share has been calculated based on the net profit after tax of ₹ 550,24,56,650 (Previous Year ₹ 477,87,95,118) and 2,51,65,576 (Previous Year 2,52,70,444) number of weighted average equity shares outstanding during the year.
- Following is the reconciliation between basic and diluted earnings per equity share:

(Amount in ₹)		
Particulars	Current Year	Previous Year
Nominal value per share	10.00	10.00
Basic earnings per share	218.65	189.11
Effect of potential equity shares for stock options (per share)	(2.21)	(0.64)
Diluted earnings per share	216.44	188.47

- Basic earnings per equity share has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share has been computed by dividing net profit after tax by the sum of weighted average number of equity shares and dilutive potential equity shares outstanding during the year. The relevant details as described above are as follows:

Particulars	Current Year	Previous Year
Weighted average number of equity shares used in computing basic earnings per equity share	2,51,65,576	2,52,70,444
Effect of potential equity shares for stock options outstanding	2,56,919	85,169
Weighted average number of equity shares used in computing diluted earnings per equity share	2,54,22,495	2,53,55,613

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 21 (Continued)

#### 21.6 Deferred Tax

In compliance with the Accounting Standard on “Accounting for Taxes on Income” (AS-22) issued by the Institute of Chartered Accountants of India, the Company has made net deferred tax adjustment of ₹ 453,67,512 (Previous Year ₹ 60,96,757) as per details given below. The amount has been debited (Previous Year credited) to the Statement of Profit and Loss.

(Amount in ₹)

Description	As on March 31, 2016	For the Year	As on March 31, 2017
<b>Assets</b>			
Depreciation	8,53,28,048	41,45,032	8,94,73,080
Provision for Contingencies	5,19,12,000	(5,19,12,000)	—
Others	24,60,947	29,98,282	54,59,229
Total	13,97,00,995	(4,47,68,686)	9,49,32,309
<b>Liabilities</b>			
Others	8,02,315	5,98,826	14,01,141
Net Deferred Tax Asset	13,88,98,680	(4,53,67,512)	9,35,31,168

#### 21.7 Provisions

In compliance with the Accounting Standard on “Provisions, Contingent Liabilities and Contingent Assets” (AS-29) issued by the Institute of Chartered Accountants of India, balance under Provision for Contingencies amounting to Nil (Previous Year ₹ 15,00,00,000) represented provision against all contingencies in the business such as open matters with the regulators & claims, if any, with regards to the PMS business. Movement in Provision for Contingencies account during the year is as under:

(Amount in ₹)

Carrying Amount as at April 1, 2016	Additions during the year	Amounts used during the year	Amounts reversed during the year	Carrying Amount as at March 31, 2017
15,00,00,000	—	—	15,00,00,000	—

#### 21.8 Contingent Liabilities and Commitments

- Disputed Income Tax demand ₹ 26,55,623 (Previous Year ₹ 26,55,623).
- Claims against the Company not acknowledged as debts estimated to be Nil (Previous Year ₹ 34,59,941)
- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 41,69,36,912 (Previous Year ₹ 27,02,60,325).

#### 21.9 Sundry Creditors

Sundry Creditors do not include any amount payable to Small Scale Industrial Undertakings and Micro, Small and Medium Enterprises. Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMEDA) which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the management, the following disclosures are made for the amounts due to the Micro, Small and Medium enterprises, which have registered with the competent authorities.



## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 21 (Continued)

(Amount in ₹)

Particulars	Current Year	Previous Year
Principal amount remaining unpaid to any supplier as at the year end	Nil	Nil
Interest due thereon	Nil	Nil
Amount of interest paid by the company in terms of section 16 of the MSMEDA, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	Nil	Nil
Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMEDA	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil

### 21.10 Accounting for Employee Share Based Payments

Under Employees Stock Option Scheme 2015 – Series III (ESOS 2015 – Series III), the Company had on 16<sup>th</sup> March 2017 granted 14,000 stock options at an exercise price of ₹ 4,721/- per option, representing 14,000 equity shares of ₹ 10/- each to few employees of the Company. The fair value of the Company's underlying equity shares was determined in accordance with the pricing formula approved by the Nomination & Remuneration Committee i.e. based on the Price Earning Multiple method and the Assets Under Management (AUM) method.

In terms of ESOS 2015 – Series III, the options vest over a period of 1-2 years from the date of grant. Accordingly, during the year Nil options under ESOS 2015 – Series III (Previous Year Nil) vested. The options can be exercised over a period of five years from the date of vesting.

Under Employees Stock Option Scheme 2015 – Series II (ESOS 2015 – Series II), the Company had on 22<sup>nd</sup> June 2016 granted 7,000 stock options at an exercise price of ₹ 4,078/- per option, representing 7,000 equity shares of ₹ 10/- each to few employees of the Company. The fair value of the Company's underlying equity shares was determined in accordance with the pricing formula approved by the Nomination & Remuneration Committee i.e. based on the Price Earning Multiple method and the Assets Under Management (AUM) method.

In terms of ESOS 2015 – Series II, the options vest over a period of 1-2 years from the date of grant. Accordingly, during the year Nil options under ESOS 2015 – Series II (Previous Year Nil) vested. The options can be exercised over a period of three years from the date of vesting.

Under Employees Stock Option Scheme 2015 – Series I (ESOS 2015 – Series I), the Company had on 10<sup>th</sup> December 2015 granted 10,00,000 stock options at an exercise price of ₹ 3,944/- per option, representing 10,00,000 equity shares of ₹ 10/- each to few employees & directors of the Company. The fair value of the Company's underlying equity shares was determined in accordance with the pricing formula approved by the Nomination & Remuneration Committee i.e. based on the Price Earning Multiple method and the Assets Under Management (AUM) method.

In terms of ESOS 2015 – Series I, the options vest over a period of 1-2 years from the date of grant. Accordingly, during the year 9,82,000 options under ESOS 2015 – Series I (Previous Year Nil) vested. The options can be exercised over a period of three years from the date of vesting.

Under Employees Stock Option Scheme 2013 – Series I (ESOS 2013 – Series I), the Company had on 26<sup>th</sup> June 2013 granted 22,000 stock options at an exercise price of ₹ 2,496/- per option, representing 22,000 equity shares of ₹ 10/- each to few employees of the Company. The fair value of the Company's underlying equity shares was determined in accordance with the pricing formula approved by the Remuneration Committee i.e. based on the Price Earning Multiple method and the Assets Under Management (AUM) method.

In terms of ESOS 2013 – Series I, the options vest over a period of 1-2 years from the date of grant.

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 21 (Continued)

Accordingly, during the year Nil options under ESOS 2013 – Series I (Previous Year Nil) vested. The options can be exercised over a period of five years from the date of vesting.

Under Employees Stock Option Scheme 2012 – Series I (ESOS 2012 – Series I) and Employees Stock Option Scheme 2012 – Series II (ESOS 2012 – Series II), the Company had on 14<sup>th</sup> September 2012 granted 8,70,000 stock options at an exercise price of ₹ 2,129/- per option under ESOS 2012 – Series I, representing 8,70,000 equity shares of ₹ 10/- each and 90,000 stock options at an exercise price of ₹ 2,129/- per option under ESOS 2012 – Series II, representing 90,000 equity shares of ₹ 10/- each to few employees and directors of the Company. The fair value of the Company's underlying equity shares was determined in accordance with the pricing formula approved by the Remuneration Committee i.e. based on the Price Earning Multiple method and the Assets Under Management (AUM) method.

In terms of ESOS 2012 – Series I and ESOS 2012 – Series II, the options vest over a period of 1-2 years and 3-4 years respectively from the date of grant. Accordingly, during the year Nil options under ESOS 2012 – Series I (Previous Year Nil) vested and Nil options under ESOS 2012 – Series II (Previous Year 42,500) vested. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme 2009 – Series I (ESOS 2009 – Series I), the Company had on 25<sup>th</sup> August 2009 granted 1,54,000 stock options at an exercise price of ₹ 527/- per option, representing 1,54,000 equity shares of ₹ 10/- each to few employees and directors of the Company. The fair value of the Company's underlying equity shares was determined in accordance with the pricing formula approved by the Remuneration Committee of the Board of Directors of the Company ('Remuneration Committee') i.e. based on the Profit Earning Capacity Valuation (PECV) method and the Assets Under Management (AUM) method.

In terms of ESOS 2009 – Series I, the options vest over a period of 1-2 years from the date of grant. Accordingly, during the year Nil options (Previous Year Nil) vested. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme 2008 – Series I (ESOS 2008 – Series I) and Employees Stock Option Scheme 2008 – Series II (ESOS 2008 – Series II), the Company had on 10<sup>th</sup> March 2008 granted 5,24,000 stock options at an exercise price of ₹ 390/- per option under ESOS 2008 – Series I, representing 5,24,000 equity shares of ₹ 10/- each and 10,76,000 stock options at an exercise price of ₹ 750/- per option under ESOS 2008 – Series II, representing 10,76,000 equity shares of ₹ 10/- each to few employees and directors of the Company. The fair value of the Company's underlying equity shares was determined in accordance with the pricing formula approved by the Remuneration Committee i.e. based on the Profit Earning Capacity Valuation (PECV) method and the Assets Under Management (AUM) method.

In terms of ESOS 2008 – Series I and ESOS 2008 – Series II, the options vest over a period of 3-4 years from the date of grant. Accordingly, during the year Nil options under ESOS 2008 – Series I (Previous Year Nil) vested and Nil options under ESOS 2008 – Series II (Previous Year Nil) vested. The options can be exercised over a period of five years from the date of respective vesting.

Modifications, if any made to the terms and conditions of Employees Stock Option Schemes (ESOSs), as approved by the Nomination & Remuneration Committee are disclosed separately.

#### Method used for accounting for share based payment plan:

The Company has used intrinsic value method to account for the compensation cost of stock options granted to the employees and directors of the Company. Intrinsic value is the amount by which the fair value of the underlying equity share of the Company exceeds the exercise price of the option. Since options under ESOS 2008 – Series I were granted at an exercise price less than the fair value of the underlying equity shares of the Company, the intrinsic value of each option under ESOS 2008 – Series I was ₹ 360/-. Options under ESOS 2008 – Series II, ESOS 2009 – Series I, ESOS 2012 – Series I, ESOS 2012 – Series II, ESOS 2013 – Series I, ESOS 2015 – Series I, ESOS 2015 – Series II and ESOS 2015 – Series III were granted at the fair value of the underlying equity shares of the Company.

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 21 (Continued)

#### Movement in the options under ESOS 2008 & ESOS 2009:

	No. of Options					
	Current Year			Previous Year		
	ESOS 2008		ESOS 2009	ESOS 2008		ESOS 2009
	Series I	Series II	Series I	Series I	Series II	Series I
Outstanding at the beginning of the year	Nil	2,700	Nil	Nil	49,000	5,000
Granted during the year	Nil	Nil	Nil	Nil	Nil	Nil
Exercised during the year	Nil	2,700	Nil	Nil	46,300	5,000
Lapsed during the year	Nil	Nil	Nil	Nil	Nil	Nil
Outstanding at the end of the year	Nil	Nil	Nil	Nil	2,700	Nil
Exercisable at the end of the year	Nil	Nil	Nil	Nil	2,700	Nil

#### Movement in the options under ESOS 2012 & ESOS 2013:

	No. of Options					
	Current Year			Previous Year		
	ESOS 2012		ESOS 2013	ESOS 2012		ESOS 2013
	Series I	Series II	Series I	Series I	Series II	Series I
Outstanding at the beginning of the year	1,66,500	Nil	9,000	7,26,000	85,000	22,000
Granted during the year	Nil	Nil	Nil	Nil	Nil	Nil
Exercised during the year	Nil	Nil	Nil	5,59,500	85,000	13,000
Lapsed during the year	2,000	Nil	Nil	Nil	Nil	Nil
Outstanding at the end of the year	1,64,500	Nil	9,000	1,66,500	Nil	9,000
Exercisable at the end of the year	1,64,500	Nil	9,000	1,66,500	Nil	9,000

#### Movement in the options under ESOS 2015:

	No. of Options					
	Current Year			Previous Year		
	ESOS 2015			ESOS 2015		
	Series I	Series II	Series III	Series I	Series II	Series III
Outstanding at the beginning of the year	10,00,000	Nil	Nil	Nil	Nil	Nil
Granted during the year	Nil	7,000	14,000	10,00,000	Nil	Nil
Exercised during the year	Nil	Nil	Nil	Nil	Nil	Nil
Lapsed during the year	18,000	Nil	Nil	Nil	Nil	Nil
Outstanding at the end of the year	9,82,000	7,000	14,000	10,00,000	Nil	Nil
Exercisable at the end of the year	9,82,000	Nil	Nil	Nil	Nil	Nil

Since all the options were granted at the same exercise price per option under the respective Series, the weighted average exercise price per option under the respective Series is the same.

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 21 (Continued)

#### Fair value methodology:

The fair value of options used to compute pro forma net income and earnings per equity share has been estimated on the date of grant using Black-Scholes model.

The key assumptions used in Black-Scholes model for calculating fair value under ESOS 2008 – Series I, ESOS 2008 – Series II, ESOS 2009 – Series I, ESOS 2012 – Series I, ESOS 2012 – Series II, ESOS 2013 – Series I, ESOS 2015 – Series I and ESOS 2015 – Series II as on the date of grant were:

Particulars	ESOS 2008–Series I	ESOS 2008–Series II	ESOS 2009–Series I
Date of grant	10 <sup>th</sup> March 2008	10 <sup>th</sup> March 2008	25 <sup>th</sup> August 2009
Risk-free interest rate	7.03% - 7.22% p.a.	7.03% - 7.22% p.a.	6.24% - 6.56% p.a.
Expected average life	4 - 6 years	4 - 6 years	3 - 5 years
Expected volatility	0%	0%	0%
Dividend yield	1.97% p.a.	1.97% p.a.	2.73% p.a.
Fair value of the option	₹ 407/-	₹ 155/-	₹ 66/-

Particulars	ESOS 2012–Series I	ESOS 2012–Series II	ESOS 2013–Series I
Date of grant	14 <sup>th</sup> September 2012	14 <sup>th</sup> September 2012	26 <sup>th</sup> June 2013
Risk-free interest rate	7.79% p.a.	7.82% - 7.85% p.a.	7.33% p.a.
Expected average life	3.54 years	4 - 6 years	3.76 years
Expected volatility	0%	0%	0%
Dividend yield	1.93% p.a.	1.93% p.a.	1.91% p.a.
Fair value of the option	₹ 373/-	₹ 497/-	₹ 429/-

Particulars	ESOS 2015–Series I	ESOS 2015–Series II	ESOS 2015–Series III
Date of grant	10 <sup>th</sup> December 2015	22 <sup>nd</sup> June, 2016	16 <sup>h</sup> March, 2017
Risk-free interest rate	7.18% p.a.	6.81% p.a.	7.02% p.a.
Expected average life	2.5 years	2.5 years	3.5 years
Expected volatility	0%	0%	0%
Dividend yield	1.77% p.a.	1.80% p.a.	1.80% p.a.
Fair value of the option	₹ 478/-	₹ 459/-	₹ 740/-

#### Details of modifications in terms and conditions of ESOSs:

The Nomination & Remuneration Committee at its meeting held on 20<sup>th</sup> July 2016 had approved few modifications, viz; change in nomenclature of Employees Stock Option Scheme 2015 (ESOS 2015) to Employees Stock Option Scheme 2015 – Series I (ESOS 2015 – Series I) and change in the period over which, the options granted under ESOS 2015 – Series I and ESOS 2015 – Series II, can be exercised from the date of their respective vesting.

By virtue of the said modifications, the options granted under ESOS 2015 – Series I and ESOS 2015 – Series II can now be exercised over a period of five years from the date of respective vesting. There was no change in any other parameters of these schemes.

The options thus modified have been fair valued as at 20<sup>th</sup> July 2016, being the modification date. The key assumptions considered in the pricing model for calculating fair value under ESOS 2015 – Series I and ESOS 2015 – Series II as on the date of modification were:

## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 21 (Continued)

Particulars	ESOS 2015-Series I		ESOS 2015-Series II	
	Original Terms	Modified Terms	Original Terms	Modified Terms
Risk-free interest rate	6.60% p.a.	6.70% p.a.	6.66% p.a.	6.74% p.a.
Expected average life	1.89 years	2.89 years	2.42 years	3.42 years
Expected volatility	0%	0%	0%	0%
Dividend yield	1.80% p.a.	1.80% p.a.	1.80% p.a.	1.80% p.a.
Fair value of the option	₹ 511/-	₹ 672/-	₹ 484/-	₹ 646/-

The incremental share based compensation determined under fair value method amounts to ₹ 161/- per option under ESOS 2015 – Series I and ₹ 162/- per option under ESOS 2015 – Series II. The incremental fair value granted is taken into consideration for the purpose of computing the pro forma net income and earnings per equity share.

The Remuneration Committee at its meeting held on 25<sup>th</sup> August 2009 had approved few modifications in exercise price and vesting schedule of the options granted under ESOS 2008 – Series I and ESOS 2008 – Series II. Based on an independent valuation of the fair value of the underlying equity shares of the Company, the exercise price of ₹ 390/- per option under ESOS 2008 – Series I and exercise price of ₹ 750/- per option under ESOS 2008 – Series II was revised to ₹ 274/- per option under ESOS 2008 – Series I and to ₹ 527/- per option under ESOS 2008 – Series II. The fair value of the Company's underlying equity shares was determined in accordance with the pricing formula approved by the Remuneration Committee i.e. based on the Profit Earning Capacity Valuation (PECV) method and the Assets Under Management (AUM) method.

The options granted under ESOS 2008 – Series I and ESOS 2008 – Series II vest over a period of 3-4 years from the date of grant and can be exercised over a period of five years from the date of respective vesting.

Since options under ESOS 2008 – Series I were granted at an exercise price less than the fair value of the underlying equity shares of the Company, the intrinsic value of each option under ESOS 2008 – Series I stands revised to ₹253/-. Options under ESOS 2008 – Series II were granted at the fair value of the underlying equity shares of the Company.

The options thus modified have been fair valued as at 25<sup>th</sup> August 2009, being the modification date. The key assumptions considered in the pricing model for calculating fair value under ESOS 2008 – Series I and ESOS 2008 – Series II as on the date of modification were:

Particulars	ESOS 2008-Series I		ESOS 2008-Series II	
	Original Terms	Modified Terms	Original Terms	Modified Terms
Risk-free interest rate	5.85%-6.56% p.a.	6.24%-6.56% p.a.	5.85%-6.56% p.a.	6.24%-6.56% p.a.
Expected average life	2 – 5 years	3 – 5 years	2 – 5 years	3 – 5 years
Expected volatility	0%	0%	0%	0%
Dividend yield	2.73% p.a.	2.73% p.a.	2.73% p.a.	2.73% p.a.
Fair value of the option	₹ 166/-	₹ 261/-	₹ Nil	₹ 66/-

The incremental share based compensation determined under fair value method amounts to ₹95/- per option under ESOS 2008 – Series I and ₹66/- per option under ESOS 2008 – Series II. The incremental fair value granted is taken into consideration for the purpose of computing the pro forma net income and earnings per equity share.



## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 21 (Continued)

#### Impact of fair value method on net profit and earning per share:

Had compensation cost for the Company's stock options outstanding been determined based on the fair value approach, the Company's net profit and earning per share would have been as per the pro forma amounts indicated below:

(Amount in ₹)

Particulars	Current Year	Previous Year
Net Profit (as reported)	550,24,56,650	477,87,95,118
Add: Stock-based employee compensation expense included in the net income (Gross ₹ Nil; Previous Year ₹ Nil)	—	—
Less: Stock-based employee compensation expense determined under fair value based method (Gross ₹ 48,41,13,686; Previous Year ₹15,08,57,683) (pro forma)	31,65,71,622	9,86,48,856
Net Profit (pro forma)	518,58,85,028	468,01,46,262

(Amount in ₹)

Particulars	Current Year	Previous Year
Basic earning per share (as reported)	218.65	189.11
Basic earning per share (pro forma)	206.07	185.20
Diluted earning per share (as reported)	216.44	188.47
Diluted earning per share (pro forma)	203.99	184.59

### 21.11 Income in Foreign Currency

(Amount in ₹)

	Current Year	Previous Year
Investment Advisory Fee	45,22,42,181	87,55,733
Interest Income	15,081	14,940

### 21.12 Payments in Foreign Currency

#### A) Expenditure

(Amount in ₹)

	Current Year	Previous Year
i) Travelling Expenses	7,29,168	9,27,292
ii) Overseas Representative Office Expenses	2,34,86,556	1,54,47,761
iii) Business Promotion	6,28,00,000	6,10,56,816
iv) Subscription	65,86,300	Nil
v) Professional Fees	5,34,924	Nil

#### B) Dividend

(Amount in ₹)

	Current Year	Previous Year
Interim Dividend on Equity Shares:		
(a) Year to which the dividend relates	2016-17	2015-16
(b) Number of non-resident shareholders	1	1
(c) Number of Shares held	1,00,64,400	1,00,64,400
(d) Amount Remitted (Gross)	92,59,24,800	80,51,52,000



## Notes

Forming part of the Financial Statements for the year ended March 31, 2017

### Note 21 (Continued)

**21.13** The gross amount required to be spent by the Company during the year towards Corporate Social Responsibility as per Sec 135 (5) of the Companies Act, 2013 was ₹ **12,02,14,982** (Previous Year ₹ 10,07,52,725). Accordingly, an amount of ₹ **12,33,44,500** was spent during the year (Previous Year ₹ 9,02,03,000) on purposes other than construction / acquisition of any asset.

**21.14** Details of Specified Bank Notes (SBN) held and transacted during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 is provided in the table below. The SBN shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8<sup>th</sup> November, 2016.

(Amount in ₹)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	NIL	NIL	NIL
(+) Permitted receipts	NIL	5,500	5,500
(-) Permitted payments	NIL	NIL	NIL
(-) Amount deposited in Banks	10,000*	5,500	15,500
Closing cash in hand as on 30.12.2016	NIL	NIL	NIL

\* Returned by an employee against settlement of advance given for routine business activities.

### 21.15 Comparatives Figures

Figures for the Previous Year have been regrouped / rearranged, wherever necessary.

As per our report attached of even date

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W/W100048

**Sumant Sakhardande**

Partner

Membership No: 034828

MUMBAI

April 28, 2017

For and on behalf of the Board

**Deepak S. Parekh**

Chairman

(DIN: 00009078)

**Milind Barve**

Managing Director

(DIN: 00087839)

**Piyush Surana**

Chief Financial Officer

(ICAI Membership No.: 72979)

**Sylvia Furtado**

Company Secretary

(Membership No.: A17976)

Directors

**Keki Mistry**

(DIN: 00008886)

**James Aird**

(DIN: 01057384)

**Deepak B. Phatak**

(DIN: 00046205)

**Vijay Merchant**

(DIN: 01773227)

**Renu S. Karnad**

(DIN: 00008064)

**P. M. Thampi**

(DIN: 00114522)

**N Keith Skeoch**

(DIN: 00165850)

**Humayun Dhanrajgir**

(DIN: 00004006)

**Hoshang S. Billimoria**

(DIN: 00005003)