

Board's Report

Dear Shareholders,

The Board of Directors of Aditya Birla Sun Life Pension Management Limited (Formerly known as Birla Sun Life Pension Management Limited) ("your Company" or "the Company" or "ABSLPML") are pleased to present the Fourth Annual Report and the audited financial statements of your Company for the financial year ended March 31, 2018.

OVERVIEW OF GLOBAL ECONOMY

The world economy gained momentum witnessing its strongest, most broad-based and synchronised growth uptick since the global financial crisis. Most regions of the world including major economies of US, Euro zone, China and Japan witnessed growth acceleration. Moreover, world trade also picked up smartly despite the growing fear of protectionism.

Despite the beginning of gradual withdrawal of extraordinary monetary accommodation by US Federal Reserve, other major central bankers continued to increase their already large asset holdings, which underpinned continuation of easy financial conditions. Business and consumer confidence remained strong, global PMIs rallied and there was a pick-up in investments.

Our baseline expectation is that the global economy will continue to show steady expansion in 2018-19 and grow at a rate closer to IMF's forecast of 3.9%. The key risks to the global economy are sharp escalation in trade protectionism, geo-political tensions, sharp rise in global bond yield and inflation.

The Indian economy started FY18 amidst challenges posed by balance sheet deleveraging, the impact of demonetisation, and GST. Growth in 1QFY18 was the lowest in 13 quarters at 5.7%. However, the economy picked up thereafter, growing steadily through the year and is expected to have grown at ~6.5% in FY18. Besides the headline numbers, the composition of growth was quite positive with pickup in manufacturing and capital formation, which reflect the beginning of revival in the investment cycle. A variety of data points like IIP, infrastructure index, PMI, auto sales, cement consumption, and non-oil non-gold imports attested to the broad based pickup in growth momentum. Indian equities reflected the growth uptick, rallying along with global equity markets.

Inflation remained well contained except for a brief uptick in food inflation in Nov-Jan period.

Average inflation in FY18 was 3.6%, lower than RBI's target of 4%, despite the statistical impact of pay commission HRA award on headline inflation. Core inflation remained well contained. However, there is an upside risk to inflation in FY19 owing to the likely impact of higher MSP, higher crude price, growth uptick and some weakness in INR. Bond yields started to rise from August owing to the uptick in growth, some fiscal slippage, and prospect of higher inflation down the line.

Indian external account was well funded with healthy BoP surplus, owing to strong foreign capital flows even as current account deficit witnessed some increase towards the second half of the fiscal. Forex reserves rose by US\$54 bn and stood at US\$424 bn, giving a healthy import cover of 10.5 month. INR appreciated to sub-64 levels against USD before moving to 65 levels towards the end of the fiscal.

We remain positive about growth prospects in FY19 and expect economic growth to rise to 7.25%. The last few years have been one of structural reforms (eg GST and Banking reforms) and macro-stabilisation (lower twin deficits and higher real rates) for Indian economy. This has laid the foundation for a sustained and durable growth recovery and made the economy much better positioned to withstand domestic and global shocks. We believe that the economy is now moving from stabilization to recovery phase, and is on course to a healthy cyclical recovery.

Market Outlook

Equity

The NSE NIFTY gave a return of 10.25% in FY18, ending the year at a level of 10,114 after touching a peak of 11,130 on January 29th 2018. Equity market rallied in the first three quarters, as economic activity picked up and corporate earnings showed a healthy double digit growth. Markets corrected in the last quarter Q4FY18, on account global trade tensions and rising oil prices. We expect markets to be range bound for a large part of 2018-19 as the contraction of the price earning multiple will continue. A normal monsoon, resolution of the NPA problems plaguing banks and improving macrosans positives for the market. Uncertainty on account global trade tensions, rising oil prices and political rhetoric in the run up to the 2019 general elections may pose challenges.

Fixed Income

The 10 year Indian Government Bond yield moved up 72 bps in the year, from 6.68% to 7.40% as on March 31, 2018. Interest rates hardened due to a number of factors including (i) the continuing stress in the banking sector (ii) fiscal slippage and (iii) hardening global interest rates. Interest rates across the world moved up in FY18, with the US Fed raising policy rates by 75bps in 2017 and 25bps in 2018 and a further rise of another 50 bps point more expected in 2018.

CPI inflation in India has come down to 4.28% in March 2018, after touching a high of 5.21% in December 2017. RBI projects the CPI for the FY18-19 at around 4.5% and thus it looks unlikely that RBI will hike rates in 2018. We expect the 10year G-sec rate to remain in the 7.25%-7.60% range in the first half of 2018-19. The 10 year G-sec could probably trade higher in the second half, given that the risk of lower GST collections may result in higher second half borrowings and that global tightening may continue.

Financial Performance

The income generated by the Company during the year under review is from the management of the Pension Fund and Investments made of the Shareholders' Fund. The Company's financial performance for the year ended March 31, 2018 is summarized below:

(₹ in crore)

Particulars	2017-18	2016-17
Total Revenue	2.4	2.4
Total Expenses	3.7	1.3
Profit / (Loss) before tax	-1.25	1.09
Tax Expense	0.01	0.88
Profit/(Loss) after tax	-1.26	0.21
Transfer to General Reserve	0	0
Balance carried to Balance Sheet	-1.26	0.21
Earnings per share	-0.47	0.08

Accounting Method

The Company has prepared the financial statements as per I-GAAP (Indian Generally accepted accounting principles). Since, the accounts of the Company are consolidated with Grasim Industries Limited (GIL) the ultimate Holding Company, to which Ind-AS applies, the Company has also prepared and submitted to GIL the financial statements in Ind-AS format for FY18.

Key highlights of the Company:

The Company closed the fiscal with AUM of ₹ 29.44/- crores and gained the lead position in scheme E & C Tier I in FYTD ranking. The Company also secured 2nd rank in scheme E & C Tier II in FYTD ranking.

Reserves

Your directors do not propose any amount to be carried to Reserves.

Dividend

Your Directors do not recommend any dividend for the year ended March 31, 2018.

Change in the Name of the Company

During the year, the name of the Company was changed from Birla Sun Life Pension Management Limited to Aditya Birla Sun Life Pension Management Limited vide Fresh Certificate of Incorporation pursuant to change of the name of Company dated August 3, 2017 issued by Registrar of Companies, Mumbai, Maharashtra.

Share Capital

The Authorised Share Capital of the Company is ₹ 35 crore. The Issued, Subscribed and Paid up share Capital of the Company is ₹ 27 crore as on March 31, 2018.

Deposits

During the year under review, the Company has not accepted any deposit from the public falling within the ambit of section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

Particulars of Loans given, investment made, guarantees given or security provided under Section 186 of the Companies Act, 2013

During the year under review, no Loans, Guarantees and Investments were made by the Company pursuant to Section 186 of the Companies Act, 2013.

Conservation of Energy & Technology Absorption

The Company has no particulars to report as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption considering the nature of activities undertaken by the Company during the year under review.

Foreign Exchange earnings and expenditure during the year:

There were no foreign exchange earnings and expenditure during the year.

Material Changes and Commitment affecting Financial Position of the Company

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. March 31, 2018 and the date of this Board's report.

Significant and material orders passed by the Regulators or Courts or Tribunals

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Change in Nature of Business

During the year under review, there has been no change in the nature of business of the Company.

Employees Stock Option Scheme 2017

The Aditya Birla Capital Limited Employee Stock Option Scheme (the "Scheme 2017") has been formulated by the Nomination, Remuneration and Compensation Committee of the Board of Directors of Aditya Birla Capital Limited (ABCL), the Holding Company, with an aim to provide competitive remuneration opportunities to its employees and further by way of a separate special resolution, the shareholders of ABCL at their AGM held on July 19, 2017, extended the benefits and coverage of the Scheme 2017 to the employees of ABCL's Subsidiary Companies.

The Nomination and Remuneration Committee and the Board of Directors of the Company had adopted the Scheme 2017 and had approved the extension of benefits of the Scheme 2017 to its permanent employees in the management cadre, including Managing and Whole-time Directors of the Company. The Scheme 2017 inter-alia involves the granting of employee stock options in the form of options ("Options") and/or Restricted Stock Units ("RSUs"), which will be exercisable into equity shares of ₹ 10/- each of the Holding Company (the "Equity Shares") in accordance with the terms of the Scheme 2017 and on such terms and conditions as may be fixed or determined by the Board and/or by Aditya Birla Capital Limited in accordance with the SEBI SBEB Regulations or other provisions of the law as may be prevailing at that time.

The approval for extension of benefits of Scheme 2017 as well as the payment of ESOP charge for the allocation of Options and RSUs as applicable has also been approved by the shareholders of the Company at its EOGM held on August 10, 2017.

Consequently 61,920 Stock Options and 4,500 RSUs were granted in terms of the provisions of the Scheme 2017.

Holding and Subsidiaries

During the year under review, a Composite Scheme of Arrangement ("Scheme") was entered between Aditya Birla Nuvo Limited ("ABNL"), Grasim Industries Limited ("Grasim") and Aditya Birla Capital Limited (formerly known as Aditya Birla Financial Services Limited) ("ABCL"), a subsidiary of ABNL.

The Scheme was approved by the National Company Law Tribunal bench at Ahmedabad on June 1, 2017. ABNL has been amalgamated with Grasim with effect from July 1, 2017 and accordingly, Grasim became the holding Company of ABCL. Consequently, the ultimate Holding Company of your Company has been changed from ABNL to Grasim with effect from July 1, 2017.

Further, in accordance with the Scheme of arrangement, the demerger of the Demerged Undertaking ('the financial services business') from the Demerged Company ("Grasim Industries Limited") and subsequent transfer to the Resulting Company ("Aditya Birla Capital Limited") (formerly known as Aditya Birla Financial Services Limited) comes into effect.

Aditya Birla Sun Life Insurance Company Limited (formerly known as Birla Sun Life Insurance Company Limited) continues to be the holding Company. Your Company does not have any subsidiary Company, joint venture or associate.

Risk Management Framework

The Company has put in place a Risk Management Policy ('Policy'), which provides a base for the overall risk management framework of the Company. The Policy is reviewed by the Risk Management Committee and the Board of Directors on an Annual basis. A detailed Risk Management policy is attached as **Annexure 1** to this report

Contracts and Arrangements with Related Party Transactions

The Board has formulated and adopted a Related Party Transactions Policy (Policy) for the purpose of identification, monitoring and reporting of such transactions. The RPT Policy is available

on the Company's website at www.pensionfund.adityabirlacapital.com.

All Related Party Transactions (RPT) entered into by your Company during the FY18 were on arm's length basis and in the ordinary course of business under the Related Party Transaction Policy framework. The particulars of such transactions with the related parties are reported by your Company in the prescribed form AOC 2 and annexed as **Annexure 2**. The details of all related party transactions also form part of the Annual Accounts.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to financial statements.

Internal Audit Framework

The Company has in place an adequate internal audit framework to monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance on the adequacy and effectiveness of the organization's risk management, control and governance processes.

The framework is commensurate with the nature of the business and the size of its operations. Internal auditing at the Company involves the utilization of a systematic methodology for analyzing business processes or organizational problems and recommending solutions to add value and improve the organization's operations.

The audit approach verifies compliance with the regulatory, operational and system related procedures and controls.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act 2013, the Directors, to the best of their knowledge and belief confirm that:

- i) in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual accounts on a going concern basis;
- v) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Directors & Key Managerial Personnel Changes in composition of the Board Appointment of Directors

As on March 31, 2018, your Board of Directors comprises of 5 (Five) Directors, wherein there are 2 (two) Non-Executive Directors and 3 (three) Independent Directors.

Mr. Harish Engineer (DIN 01843009), Mr. Subhash Bhargava (DIN 00020021), Mr. Vijay Agarwal (DIN 00058548) were appointed as an Independent Directors on the Board of the Company for a period of 5 years with effect from August 14, 2015.

Resignation of Directors

During the year under review, Mr. Ajay Srinivasan, Director on the Board has resigned from the Directorship of the Company w.e.f. 16th June, 2017. The Board places on record its sincere appreciation for the valuable guidance and contribution made by Mr. Ajay Srinivasan in the deliberations of the Board during their tenure on the Board of the Company.

Retirement by Rotation

Further, the Independent Directors will not be liable to retire by rotation and therefore shall not be counted for determining the number of Directors liable to retire by rotation.

In accordance with the provisions of the Companies Act, 2013, Mr. Sandeep Ashthana (DIN:00401858), Director, is liable to retire by rotation at the forthcoming Annual General Meeting of the Company, and being eligible, offer himself for re-appointment.

Declaration by Independent Director

The Company has received requisite disclosures and undertakings from all the Directors in compliance with the provisions of the Companies Act, 2013. The Independent Directors have given the declaration and confirmed that they met the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013.

Key Managerial Personnel

Pursuant to section 203 of the Companies Act, 2013, the following employees were holding the position of Key Managerial Personnel ('KMP')

- Mr. Sashi Krishnan (Chief Executive Officer and Chief Investment Officer)
- Ms. Sandhya Upadhyay (Chief Financial Officer)
- Mr. Asha Kadam (Company Secretary) (Resigned w.e.f 31st Aug 2017)
- Mr. Hardik Chauhan (Company Secretary) (Appointed w.e.f 24th October, 2017)

Managerial Remuneration

Remuneration (sitting fees) paid to Independent Directors and Elements of remuneration package (including incentives) of MD & CEO and Key Management Persons are disclosed in form MGT 9 and annexed as **Annexure 3** which forms part of this Annual Report

Annual Performance Evaluation

A formal evaluation mechanism has been adopted for evaluating the performance of the Board, Committees thereof, individual directors and the Chairman of the Board. The evaluation is based on criteria, which include, among others, providing strategic perspective, chairmanship of Board and Committees, attendance and preparedness for the meetings, contribution at meetings, effective decision making ability and role of the Committees.

Pursuant to Companies Act, 2013, the annual performance evaluation of the Board, the Directors (Independent and others) individually, as well as applicable Committees of the Board were carried out for FY18. The outcome of the said performance evaluation was placed at the Board Meeting held on 24th April 24, 2018. The Committees and the Board as a whole are functioning very effectively.

Meetings of the Board**Board**

The Board meets at regular intervals to discuss and decide on the Company's policies and strategy. During the year under review, the Board of Directors met 5 (Five) times.

The Meetings were held on

1. April 25, 2017
2. July 20, 2017
3. August, 09, 2017
4. October, 24, 2017
5. January, 23, 2018

The attendance of the Directors at the above Board meetings was as under:

Sr. No.	Name of the Directors	Number of Meetings	Attendance in the last AGM dated June 15, 2017
		Held: 5	Held : 1
		Attended	Attended
1	Mr. Ajay Srinivasan ¹	1	1
2	Mr. Pankaj Razdan	2	1
3	Mr. Sandeep Asthana	4	1
4	Mr. Subhash Chandra Bhargava	5	-
5	Mr. Harish Hansubhai Engineer	5	-
6	Mr. Vijay Gopal Krishna Agarwal	5	-

1. Resigned w.e.f. 16th June, 2017

Audit Committee

The Board has duly constituted an Audit Committee. The Company has a qualified and independent Audit Committee, and its composition is in line with the applicable provisions of Section 177 of the Companies Act, 2013.

The Meetings were held on

1. April 25, 2017
2. July 20, 2017
3. August, 09, 2017
4. October, 24, 2017
5. January, 23, 2018

The attendance of the Directors at the above Audit Committee meetings was as under:

Sr. No.	Name of the Directors	Designation/ Category	Number of Meetings
			Held: 5
			Attended
1	Mr. Ajay Srinivasan ¹	Non-Executive Director	1
2	Mr. Pankaj Razdan	Non-Executive Director	1
3	Mr. Subhash Chandra Bhargava	Independent Director	5
4	Mr. Harish Hansubhai Engineer	Independent Director	5

1. Resigned w.e.f. 16th June, 2017

Nomination and Remuneration Committee

The Board has duly constituted a Nomination and Remuneration Committee consisting of following members

- Mr. Harish Engineer (Independent Director)
- Mr. Vijay Agarwal (Independent Director)
- Mr. Sandeep Asthana (Non-Executive Director)
- Mr. Pankaj Razdan (Non-Executive Director)

During the year one Meeting was held on August 10, 2017

The Executive Remuneration Philosophy/ Policy of the Company is annexed herewith as **Annexure 4**.

Investment Committee

The Investment Committee is set up in line with the provisions of PFRDA (Pension Fund) Regulation, 2015.

The Meetings were held on

1. July 20, 2017
2. October, 24, 2017
3. January, 23, 2018

The attendance of the Directors at the above Investment Committee meetings was as under:

Sr. No.	Name of the Directors	Designation/ Category	Number of Meetings
			Held: 3
			Attended
1	Mr. Sandeep Asthana	Non-Executive Director	3
2	Mr. Pankaj Razdan	Non-Executive Director	1
3	Mr. Sashi Krishnan	Chief Executive Officer	3
4	Mr. Niles Bharkhada ¹	Senior Manager Investments	1

1. Appointed w.e.f. November 6, 2017.

Risk Management Committee

The Risk Management Committee is set up in line with the provisions of PFRDA (Pension Fund) Regulation, 2015.

The Meetings were held on

1. July 20, 2017
2. October, 24, 2017
3. January, 23, 2018

The attendance of the Directors at the above Risk Management Committee meetings was as under:

Sr. No.	Name of the Directors	Designation/ Category	Number of Meetings
			Held: 3
			Attended
1	Mr. Harish Engineer	Independent Director	3
2	Mr. Pankaj Razdan	Non-Executive Director	1
3	Mr. Sashi Krishnan	Chief Executive Officer	3
4	Mr. Niles Bharkhada ¹	Senior Manager Investments	1
5	Mr. Hardik Chauhan ²	Company Secretary & Compliance Officer	1

1. Appointed w.e.f. November 6, 2017.
2. Appointed w.e.f. October 24, 2017.

Corporate Social Responsibility

The provisions relating to the constitution of the Corporate Social Responsibility (CSR) are not applicable to your Company.

Extract of Annual Return

In accordance with the provisions of Section 134 (3) (a) of the Companies Act, 2013, the extract of the Annual Return for the financial year ended March 31, 2018 in form MGT 9 made under the provisions of 92(3) of the Act form part of the Board's Report as **Annexure 3**

Auditors

Statutory Auditors, their Report and Notes to Financial Statements

Pursuant to the provisions of Section 139 of the Act and the rules framed there under, M/s. Sharp & Tannan (Firm Registration no. 109982W), Chartered Accountants, were appointed as the statutory auditors of the Company from the conclusion of the First Annual General Meeting (AGM) of the Company till the conclusion of the Sixth AGM of the Company, subject to ratification of their appointment at every AGM. Accordingly, the Board of Directors recommends to the shareholders, the ratification of M/s. Sharp & Tannan, Chartered Accountants, as the Statutory Auditors of the Company.

The observations, if any, made by the Statutory Auditors of the Company in their report read with relevant notes to the Accounts are self-explanatory and, therefore do not call for any further comments.

Secretarial Audit

In terms of Section 204 of the Companies Act, 2013 and Rules made there under, Secretarial Audit is not applicable to your Company.

Internal Auditor

Pursuant to the provision of the PFRDA (Appointment of Internal Auditor) Guidance Note – 2013 M/s. M. P. Chitale & Co., Chartered Accountants were appointed as Internal Auditor of the Company.

Whistle Blower Policy

The Company has implemented a Whistle Blower Policy providing a mechanism to report any suspected or confirmed incident of fraud/misconduct through any of the determined reporting protocols. The Whistle Blower Policy also lay down the procedure for handling the complaint and the reporting method. During the year under review, there were no cases reported under this policy.

Policy on prevention of Sexual Harassment at Workplace

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Human Resources

Your Company believes that human resources will play a critical role in its future growth. With an unswerving focus on nurturing and retaining talent, your Company provides avenues for learning and development through functional, behavioral and leadership training programs, knowledge exchange conferences and providing communication channels for information sharing, to name a few of the initiatives.

Secretarial Standards of ICSI

Pursuant to the approval by the Central Government to the Secretarial Standards specified by the Institute of Company Secretaries of India on

10th April, 2015, the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) came into effect from 1 July 2015. Thereafter, Secretarial Standards were revised. The Company is in compliance with the revised Secretarial Standards.

Other Disclosures :

Your Directors state that no disclosure or reporting is required in respect of the following items as these items were not applicable during the year under review:

1. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
2. Issue of shares with differential rights.
3. Provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
4. Report on fraud by the Auditors to the Audit Committee or the Board of Directors
5. Statement containing salient features of financial statements of subsidiaries

Acknowledgements

Your Directors thank Pension Fund and Regulatory Development Authority of India (PFRDA), National Pension Trust, other regulatory/government authorities, Bankers, Shareholders and all others for their support during the year and look forward to their continued support in the years ahead.

**By order of the Board of Directors
for Aditya Birla Sun Life Pension
Management Limited
(formerly known as Birla Sun Life Pension
Management Limited)**

**Pankaj Razdan
Director
(DIN – 00061240)**

**Sandeep Ashthana
Director
(DIN – 00401858)
Mumbai, April 24, 2018**

Risk Management policy

Objective:

The objective of this document is to formulate the Risk Management Framework in Company, which will help to govern the risk identification, assessment, measurement and reporting process of all risks. The documents aim to ensure that all material risks can be identified and managed in a timely and structured manner.

Business managers make decisions every day about which risks to accept and which to avoid leading to Risk Management on daily basis. An Risk Management framework helps to build a structured process that ensures all material risks are identified and understood by senior management.

Overview on Risk Management:

The evident benefits of risk management are that it helps manage functions well and plan for robust strategies for risk mitigation. Similarly with the changing dynamics in the Industry, risks are becoming more diverse. For interested parties outside the organization monitoring the business performance (Investors, rating agencies, securities analysts, and regulators), risk management is becoming a much critical agenda item.

Risk Management mainly focuses on unexpected losses, which generally arise through lower than expected returns from assets or higher than expected costs for liabilities (including expenses) or operational failures. It is usually unexpected loss that leads to severe volatility in the earnings of a company ranging from lower profits to losses

Risk Management Definition:

RISK	MANAGEMENT	FRAMEWORK
Focus on all risks having business impact	Managing and not eliminating risks	Systematic and planned approach

Business risk exposure would mean a possibility of deviation from the expected results. The expected result can be business strategy, investment return, expected profitability, a level of cash flow etc.

“As per the Committee of Sponsoring Organizations (COSO) of the Treadway Commission - Enterprise Risk Management (ERM) is a process, effected by senior management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.”

In other words “Risk management is a systematic approach to identify, assess, quantify and build mitigation strategies for every material business risk exposure”.

Objective:

The Objective of building an Risk Management (ERM) framework is to facilitate business management in:

- Understand and manage risks and not eliminate risks**
 The objective of ERM is to manage risks. In any environment (especially a dynamic business requirement), risks cannot be avoided or eliminated. They can only be managed efficiently and on a timely basis and ERM aims to achieve the same.
- Aligning risk appetite and strategy**
 Business risks cannot be identified and managed in isolation of the risk appetite and the business strategy. Risk appetite is the combined levels of overall business risks that a company is willing to take. In other words risk appetite is the level of aggregate risks that the company can undertake and successfully manage over an extended period of time. Business strategy is the operating plan that the business has developed for the forthcoming years.
- Enhancing risk response decisions**
 ERM aims to have a consolidated risk database, which facilitates a speedy risk response thus supporting the functions in case the risk manifests.

- **Reducing operational surprises and losses**

An effective ERM framework can assist business management to reduce the operational surprises and losses by framing mitigation strategy for key business risks so that the same can be implemented in a timely and efficient manner

- **Seizing new business opportunities**

ERM facilitates business management to evaluate new opportunities as a risk mitigation technique. Through ERM, the management can evaluate new business proposal and products. For example, a risk management strategy to diversify business share would be evaluating and carrying research on new products across industry.

- **Improving deployment of capital**

Obtaining robust risk information allows management to effectively assess overall capital needs and enhance capital allocation.

Benefits of ERM:

ERM can support and assist the business management in:

- **Improved understanding of risks and their true costs to the organization**

ERM will provide an overall database of risks, their associated control cost and clarity on the risk response. By risk measurement and assessment the true cost of the mitigating or avoiding the risks will be pertinent. ERM also ensures the ability to aggregate business unit risks across an enterprise enabling better understanding of risk across functions and business units.

- **Enhancing Shareholders and Policyholders value**

Shareholders and policyholders expect business value and appreciation out of their investments. ERM helps generate the business value through a management framework governed and assessed by senior management. ERM also helps build investor confidence.

- **A company culture enhanced by a greater awareness of risks**

Senior management drives ERM. Hence the drive on managing business risks and creating a risk culture efficiently is to be generated by senior management. This top down approach helps develop greater awareness of risk.

- **Definition and application of risk appetite**

ERM helps in defining every risk as well as helps in assessing risk appetite of the company. This way all senior management is aware and aligned on the overall risk appetite of the company, which helps them in the risk response decision. This approach helps management with informed decision-making.

- **Efficient allocation of funds and management resources within the company**

ERM, through investment risk management ensures efficient allocation of funds for higher profitability. ERM also provides an objective base for allocating resources.

- **Improving capital efficiency and earning stability**

Risk management improves capital efficiency and costs savings through more effective management of internal resources and capital as well as providing protection against earnings related surprises. Since the risk management framework focuses on avoiding surprises it also improves the stability of the earning.

Fundamental concepts of ERM:

The fundamental concepts of ERM are as follows:

- **A process, ongoing and flowing across an entity.**

Unlike traditional risk management, ERM is not a one-time activity or a project. ERM is an ongoing process within the organisation. All the elements especially the risk identification and assessment will have to be an ongoing process to manage the expected and unexpected risks efficiently.

- **Effected by people at every level of an organization.**

ERM is not only a responsibility of the risk management team or senior management. Responsibility to manage risk and driving the ERM forward is eventually to be effected by people at every level

in the organisation. "Risk management is everybody's job. Everybody who does anything in the company is a risk manager to some extent."

- **Applied in strategy setting and across the enterprise, at every level and unit, and includes taking an entity level portfolio view of risk.**

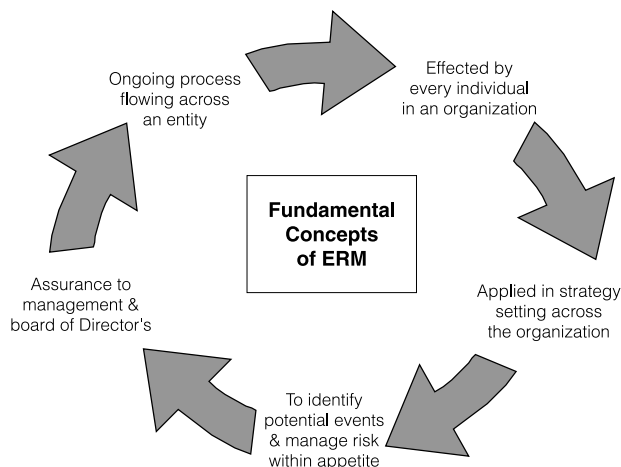
Unlike traditional risk management, in ERM risk identification and mitigation process would not be an isolated process. ERM would start with a holistic review of the risk database across all units and levels of the company. ERM facilitates and supports the short term and long term strategy development.

- **Designed to identify potential events that, if they occur, will affect the entity and to manage risk within its risk appetite.**

ERM would primarily focus on risks that if occur will affect the entity. The risk tolerance limits would set the tone for the risk impact and ensure through informed decision making that the risk response decision timeframe is reduced to a minimum.

- **Able to provide reasonable assurance to an entity's management and board of directors**

An ERM framework provides assurance to the management, shareholders, board of directors as well as the policyholders that the business risks are actively identified and managed.



Enterprise Risk Management Framework :

Corporate Risk Philosophy:

In conducting its business activities, company is driven by shareholder and policyholder expectations, external ratings and its positioning in the marketplace, will take on those risks that meet the objectives of the organization. Risk management should be aligned with the corporate vision and strategy, and needs to be embedded within the overall business management practices.

The Risk management approach is being developed by taking into account the organizations overall governance, management, reporting process, policies, philosophy, culture & regulatory architecture.

Company has in place Operational Risk Management Framework that supports excellence in business processes, systems including Business Continuity & Disaster Recovery framework to ensure resumption of time sensitive activities within defined timeframe at defined levels. One of the risk mitigation strategy for managing operational risk that company has includes ensuring at all point of time to have adequate insurance cover for all resources including assets.

Risk culture:

Risk Management is most effective when employees at all levels of an organization share a common philosophy and set of principles regarding risk. The Company's risk culture has to be determined and demonstrated from the top, must be clearly articulated, and must align with the company's strategic vision, its core values, and other elements of corporate culture if they are to enhance organizational effectiveness.

Risk management enhances shareholder value. The company can more effectively compete and win through superior execution of the risk management function throughout all levels of the organization.

To ensure that the company achieves and maintains a strong risk culture, every employee must feel accountable for achieving the best results for his or her business unit and for the company as a whole. Business decisions are made at all levels of the organization, and every employee has a role in identifying exposures, communicating concerns, and escalating risk issues as appropriate.

The following fundamental principles are required in an effective risk management program:

– **Acting with Integrity**

Acting with integrity is one of Company's core values, and goes hand-in-hand with effective risk management. This means that we make the right decisions for the right reasons, even when it is difficult to do so or may mean the loss of business.

– **Customer Alignment**

The company accepts risk from and shares risks with customers. This requires that the company proactively and clearly communicate to customers the nature of the risks that are being shared. It also means that the company must fully understand the risks it has acquired from customers, and understand the value of the management of those risks on behalf of the customer.

– **Discipline**

This requires discipline through the development of sound business practices, attention to established processes, a clear delineation of accountabilities, and adherence to company policies. Discipline is also achieved through commitment to a strong control environment to forge an appropriate balance between stewardship and entrepreneurship

– **Embedding Risk Management**

Effective risk management requires that risk management be embedded into the business so that individuals making business decisions do so with full awareness of the risks inherent in the products or activities being managed or considered. In order to make appropriate risk/reward tradeoffs, we must ensure that we have the capability throughout the organization to undertake rigorous, unbiased identification and assessment of risk. Investment must be made in risk management infrastructure to support this effort.

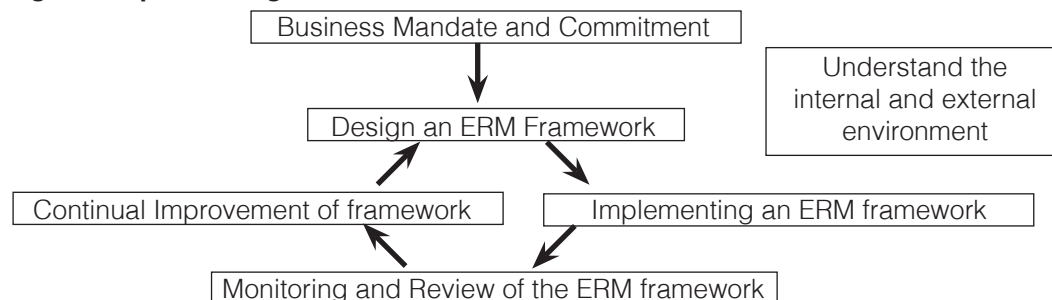
– **Promotion of Full and Transparent Communication**

Effective risk management is a cross-disciplinary exercise involving employees throughout the organization that relies upon clear channels of communication — up, down and across the organization. Emerging risk issues must be escalated to the appropriate levels of senior management. Transparency in our risk management program requires that we are able to communicate the risk profile of the organization to our stakeholders.

– **Collaboration**

Collaboration creates value – that the whole is greater than the sum of its parts – and strives to share and leverage our tools, processes and experience across the organization.

Creating and Implementing an ERM framework:



Mandate and Commitment:

Management should:

- Articulate and endorse the risk management policy
- Communicate the benefit of risk management to all stakeholders
- Ensure that necessary resources are allocated to risk management

Designing an ERM Framework:

- Understand the organization and its environment
- Clear the framework objectives
- Integrate into organizational processes
- Specify accountability and resources
- Establish internal/external communication and reporting mechanisms.

Implementing an ERM Framework:

- Developing a plan for implementation
- Implementing the framework (phased approach mentioned below)

Monitoring and review of the framework:

- Periodically measure progress against risk management plan
- Continuous review of the framework
- Review effectiveness of risk management process.

Continual Improvement of framework

- Based on the review of the framework, the framework should be updated to make the organizational risk management process more robust.

Roles and responsibilities in an ERM framework:

Everyone in an entity has responsibility towards risk management.

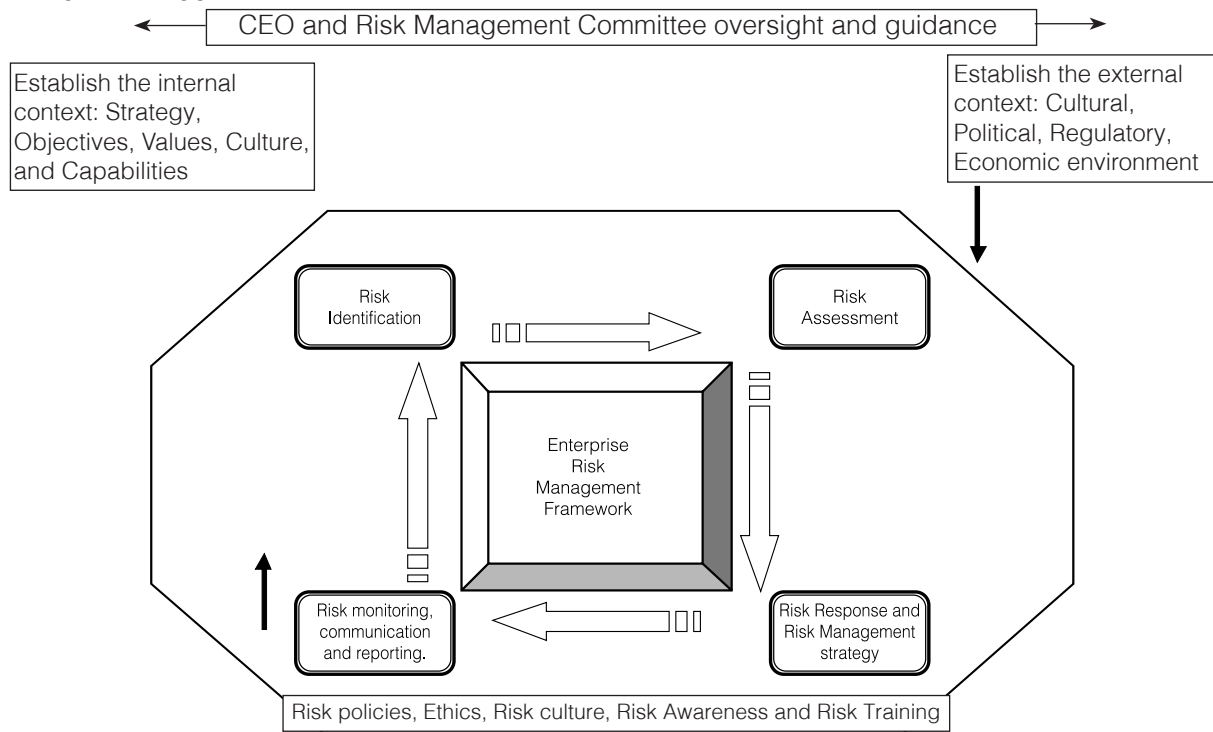
- The Chief Executive Officer is ultimately responsible and would assume ownership for an effective risk management framework.
- Leadership team members and Functional Heads usually have key support responsibilities in managing the overall ERM framework by guiding the risk management team in carrying out the ERM framework.
- The Risk management team is responsible to support the management in implementing the overall ERM framework.
- Functional managers support the entity's risk management philosophy, promote compliance with its risk appetite, and manage risks within their spheres of responsibility consistent with risk appetite.
- Other entity personnel are responsible for executing enterprise risk management in accordance with established directives and protocols.
- The Risk Management Committee provides important oversight to enterprise risk management, and is aware of and concurs with the entity's risk appetite. The Risk Management Committee composition and charter has been separately listed.
- A number of external parties, such as customers, vendors, business partners, external auditors, regulators, and financial analysts often provide information useful in effecting enterprise risk management, but they are not responsible for the effectiveness of, nor are they a part of, the entity's enterprise risk management.
- Internal Audit will review the risk management practices within the department on a regular basis and report as appropriate on issues arising from these reviews.
- All employees will actively support and contribute to risk management initiatives and maintain an awareness of risks (current and potential) that relate to their area of responsibility

ERM framework:

ERM framework at Company is in line with the phased approach proposed by COSO (Committee of Sponsoring Organisation), which has provided guidance on developing models on integrated risk management. The risk management framework as designed by COSO will be integrated with the ERM framework in Company apart from the best practices for the risk management in the industry. The four phases are listed as follows:

- Risk identification;
- Risk Assessment;
- Risk Response and Risk Management strategy; and
- Risk monitoring, communication and reporting.

Each of these phases is explained in detail in this document. All the phases would be jointly required to be carried on by the functional heads and the risk management team. The Risk Management Committee would closely monitor the overall process. ERM is not a one-time project but an ongoing practice. All the above phases are to be operative on a continuous basis. Other critical elements such as Risk Review Committee oversight, efficient risk management policies, risk management committee charter etc also play an important part in the overall ERM framework.

The phased approach of ERM:**Critical Success Factors:**

- Senior Management Commitment in implementation of the Risk Management framework
- Complete support from Functional heads and risk champions in implementation of the framework
- Free access to records, information and personnel throughout Company in order to identify and address potential risk management issues
- Authority to carry out its mandate and to follow up on issues identified and recommendations made related to the critical business risks.

Risk management framework review and approval:

The risk management team will review the risk management framework on a half yearly basis.

**Annexure A: Enterprise Risk Management framework – Process and Procedures:
Risk Management framework**

The Company has an Enterprise Risk Management (ERM) framework covering procedures to identify, assess and mitigate the key business risks. Aligned with the business planning process, the ERM framework covers all business risks including reputation risk, operational risks, regulatory risks, insurance risks, people risks and market risks.

Below are key points of framework:

- Risk Management team conducts an exercise annually for identification of key business risks and relevant mitigation strategies
- The functional RSCAs and the internal audit reports will also govern the risk framework for Company.
- Identified risks would be suitably categorized
- Identification of Key Risk Parameters and Key Risk Drivers
- Key risk metrics would then be presented to the Risk Management Committee
- Risk Management will seek periodical status updates for all Top business risks as identified and review the risk metric as well.
- The key risk updates will be quarterly updated to the Risk Management Committee

Annexure B: Risk Category Definition

In order to facilitate discussions and identification of risks and exposures, the matrix of risk categories have been developed. Utilization of common risk categories and an understanding of the sources and consequences of risk events will allow for consistency in reporting, facilitation of aggregation and contribute to the enterprise risk management framework.

In addition, we need to understand all of the potential aspects of risks, which will help in risk assessment. In order to provide a framework for that understanding, we have developed a matrix of risk categorization, which is structured as follows:

• **Risks Drivers**

In order to manage risk effectively, risks need to be specifically defined so that appropriate action plans can be developed. This section provides further breakdown of risks within the main categories.

• **Source**

This column identifies the key activities, which create an exposure to the company within the specific risk categories.

• **Exposure Triggers**

Exposure triggers are the actual events that need to occur before a risk manifests itself into a situation that requires specific management actions and impacts the organization.

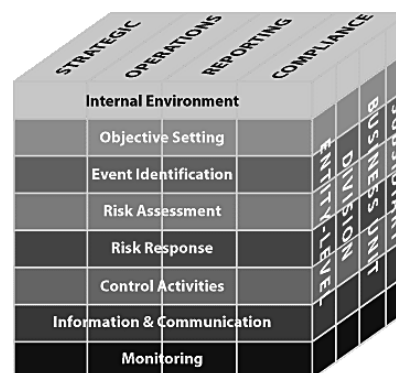
• **Direct Consequences**

Consequences are both financial and non-financial impacts to the organization as a result of a risk event.

Annexure C: COSO Framework

COSO (Committee of Sponsoring organisations) Framework

COSO is an International voluntary private organisation dedicating to improve the quality of financial reporting through corporate governance, business ethics and effective internal control. The COSO framework talks about an eight-step approach towards building an effective enterprise risk management strategy. The eight-step approach is spread over the entire departments on an organization to meet the overall strategic, operations, reporting and compliance requirement of an organization.



ANNEXURE - 2

FORM NO. AOC -2**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis. - NIL

SL. No.	Particulars	Details
1.	Name (s) of the related party & nature of relationship	
2.	Nature of contracts/arrangements/transaction	
3.	Duration of the contracts/arrangements/transaction	
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	
5.	Justification for entering into such contracts or arrangements or transactions'	
6.	Date of approval by the Board	
7.	Amount paid as advances, if any	
8.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

2. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Aditya Birla Sun Life Insurance Company Limited (formerly known as Birla Sun Life Insurance Company Ltd.) – Holding Company
2.	Nature of contracts/arrangements/transaction	i) Reimbursement salary paid to Employees on secondment ii) Workstation usage
3.	Duration of the contracts/arrangements/ transaction	i) 15 month
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	Entire expenses incurred by the Holding Company will be reimbursed to ABSPML
5.	Date of approval by the Board	N.A.
6.	Amount paid as advances, if any	Nil

**By order of the Board of Directors
for Aditya Birla Sun Life Pension Management Company Limited
(formerly known as Birla Sun Life Pension Management Limited)**

Mumbai, April 24, 2018

Pankaj Razdan
Director
(DIN – 00061240)

Sandeep Asthana
Director
(DIN – 00401858)

ANNEXURE - 3

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2018 Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

1 REGISTRATION & OTHER DETAILS:

CIN	U66000MH2015PLC260801
Registration Date	January 9, 2015
Name of the Company	Aditya Birla Sun Life Pension Management Limited (formerly known as Birla Sun Life Pension Management Limited)
Category/Sub-category of the Company	Public limited with share capital
Address of the Registered office & contact details	One Indiabulls Centre, Tower-1, 16th floor, Jupiter Mill Compound, 841, S.B. Marg, Elphinstone Road, Mumbai 400 013. Telephone No. 022 67239100
Whether listed company	No
Name, Address & contact details of the Registrar & Transfer Agent, if any.	NA

2 PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Name and Description of main products /services	NIC Code of the Product/ service	% to total turnover of the company
Management of Pension Funds	66302	The Company is yet to commence the business operations.

3 PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Name and Address of the Company	CIN/GLN Subsidiary/	Holding/ Held Associate	% of Shares Section	Applicable
Aditya Birla Sun Life Insurance Company Limited (formerly known as Birla Sun Life Insurance Company Limited) One Indiabulls Centre, Tower-1, 16th floor, Jupiter Mill Compound, 841, S.B. Marg, Elphinstone Road, Mumbai 400 013	U99999MH2000PLC128110	Holding	100%	2(46)

4. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year April 1, 2017				No. of Shares held at the end of the year March 31, 2018				% 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. or State Govt.										
c) Bodies Corporates*		27000000	27000000	100.00%		27000000	27000000	100.00%	NIL	NIL
d) Bank/FI										
e) Any other										
SUB TOTAL: (A) (1)		27000000	27000000	100.00%		27000000	27000000	100.00%	NIL	NIL
(2) Foreign										
a) NRI- Individuals										
b) Other Individuals										
c) Bodies Corp.										
d) Banks/FI										
e) Any other...										
SUB TOTAL (A) (2)		0	0			0	0		NIL	NIL
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)		27000000	27000000	100.00%		27000000	27000000	100.00%	NIL	NIL
B. PUBLIC SHAREHOLDING	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(1) Institutions										
a) Mutual Funds										
b) Banks/FI										
C) Central govt										
d) State Govt.										
e) Venture Capital Fund										
f) Insurance Companies										
g) FIIS										
h) Foreign Venture Capital Funds										
i) Others (specify)										
SUB TOTAL (B)(1):	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(2) Non Institutions										
a) Bodies corporates										
i) Indian										
ii) Overseas										
b) Individuals										
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs										
ii) Individuals shareholders										

Category of Shareholders	No. of Shares held at the beginning of the year April 1, 2017				No. of Shares held at the end of the year March 31, 2018				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
holding nominal share capital in excess of ₹ 1 lakhs										
c) Others (specify)										
SUB TOTAL (B)(2):	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B) = (B)(1)+(B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs										
Grand Total (A+B+C)		27000000	27000000	100%		27000000	27000000	100%	Nil	Nil

(* 60 Shares held by Individuals as nominees of Birla Sun Life Insurance Company Limited)

(ii) Share Holding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2017)			Shareholding at the end of the year (March 31, 2018)			% Change in shareholding 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	Aditya Birla Sun Life Insurance Company Limited*	27000000	100%	Nil	27000000	100%	Nil	Nil
	Total	27000000	100%	Nil	27000000	100%	Nil	Nil

(*60 Shares held by Individuals as nominees of Aditya Birla Sun Life Insurance Company Limited)

(iii) Change In Promoters' Shareholding (Specify If There Is No Change): No change

Shareholders Name	Shareholding at the beginning of the year (April 1, 2017)		Cumulative Share holding during the year	
	No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
Aditya Birla Sun Life Insurance Company Limited				
At the beginning of the year				
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc).			Nil	
At the end of the year				

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

Shareholders Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Total	0	-	0	-

(v) Shareholding of Directors & Key Managerial Personnel

Sr. No.	Name of Director and KMP	Shareholding at the beginning of the year (April 1, 2017)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Mr. Ajay Srinivasan jointly held with Aditya Birla Sun Life Insurance Company Limited*				
	At the beginning of the year	10	0.00%	10	0.00%
	Increase/Decrease during the year	-	-	-	-
	At the end of the year	10	0.00%	10	0.00%
2	Mr. Pankaj Razdan jointly held with Aditya Birla Sun Life Insurance Company Limited*				
	At the beginning of the year	10	0.00%	10	0.00%
	Increase/Decrease during the year	-	-	-	-
	At the end of the year	10	0.00%	10	0.00%

(*Shares held as nominee of Aditya Birla Sun Life Insurance Company Limited)

(Mr. Ajay Srinivasan, Director on the Board has resigned from the Directorship of the Company w.e.f. 16th June, 2017)

5 INDEBTEDNESS**NIL**

6 REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager	Total Amount
1	Gross salary	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(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, specify	-	-
5	Others, please specify	-	-
	Total (A)	-	-
	Ceiling as per the Act	-	-

B. Remuneration to other directors:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Harish Engineer	Mr. S.C. Bhargava	Mr. Vijay Agarwal	
1	Fee for attending Board and Committee meetings	250000	250000	250000	750000
2	Commission	-	-	-	-
3	Others, please specify	-	-	-	-
	• Audit Committee	125000	125000	-	250000
	• Risk Committee	85000	-	-	85000
	Total (1)	-	-	-	-
	Other Non-Executive Directors	-	-	-	-
1	• Fee for attending board committee meetings	-	-	-	-
2	• Commission	-	-	-	-
3	• Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	460000	375000	250000	1085000
	Total Managerial Remuneration	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		Chief Executive Officer	Company Secretary	Chief Financial Officer	Total
			Ms. Asha Kadam (resigned w.e.f. 31 st Aug 2017)		
			Mr. Hardik Chauhan (appointed w.e.f. 24 th Oct, 2017)		
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	19282622	1226247	3130903	23639772
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	569019	-	7200	576219
	(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	-	-	-	-
	Total		19851641	1226247	313810329

7 PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties/punishment/compounding of offences under the Companies Act, 2013.

for **Aditya Birla Sun Life Pension Management Limited**
(formerly known as Birla Sun Life Pension Management Limited)

Mumbai, April 24, 2018

Pankaj Razdan
Director

Sandeep Asthana
Director

Executive Remuneration policy

ANNEXURE - 4

Aditya Birla Sun Life Pension Management Limited, ("the Company"), an Aditya Birla Group Company adopts/shall adopt this Executive Remuneration Philosophy/Policy as applicable across Group Companies. This philosophy/ policy is detailed below.

Aditya Birla Group: Executive Remuneration Philosophy/Policy

At the Aditya Birla Group, we expect our executive team to foster a culture of growth and entrepreneurial risk-taking. Our Executive Remuneration Philosophy/Policy supports the design of programs that align executive rewards – including incentive programs, retirement benefit programs, promotion and advancement opportunities – with the long-term success of our stakeholders.

Our business and organizational model

Our Group is a conglomerate and organized in a manner such that there is sharing of resources and infrastructure. This results in uniformity of business processes and systems thereby promoting synergies and exemplary customer experiences.

I. Objectives of the Executive Remuneration Program

Our executive remuneration program is designed to attract, retain, and reward talented executives who will contribute to our long-term success and thereby build value for our shareholders.

Our executive remuneration program is intended to:

1. Provide for monetary and non-monetary remuneration elements to our executives on a holistic basis
2. Emphasize "Pay for Performance" by aligning incentives with business strategies to reward executives who achieve or exceed Group, business and individual goals.

II. Covered Executives

Our Executive Remuneration Philosophy/Policy applies to the following:

1. Directors of the Company:
2. Key Managerial Personnel: Chief Executive Officer and equivalent (eg: Deputy Managing Director), Chief Financial Officer and Company Secretary.
3. Senior Management:

III. Business and Talent Competitors

We benchmark our executive pay practices and levels against peer companies in similar industries, geographies and of similar size. In addition, we look at secondary reference (internal and external) benchmarks in order to ensure that pay policies and levels across the Group are broadly equitable and support the Group's global mobility objectives for executive talent. Secondary reference points bring to the table, the executive pay practices and pay levels in other markets and industries, to appreciate the differences in levels and medium of pay and build in as appropriate for decision making.

IV. Executive Pay Positioning

We aim to provide competitive remuneration opportunities to our executives by positioning target total remuneration (including perks and benefits, annual incentive pay-outs, long term incentive pay-outs at target performance) and target total cash compensation (including annual incentive pay-outs) at target performance directionally between median and top quartile of the primary talent market. We recognize the size and scope of the role and the market standing, skills and experience of incumbents while positioning our executives.

We use secondary market data only as a reference point for determining the types and amount of remuneration while principally believing that target total remuneration packages should reflect the typical cost of comparable executive talent available in the sector.

V. Executive Pay-Mix

Our executive pay-mix aims to strike the appropriate balance between key components: (i) Fixed Cash compensation (Basic Salary + Allowances) (ii) Annual Incentive Plan (iii) Long-Term Incentives (iv) Perks and Benefits

Annual Incentive Plan:

We tie annual incentive plan pay-outs of our executives to relevant financial and operational metrics achievement and their individual performance. We annually align the financial and operational metrics with priorities/ focus areas for the business.

Long-Term Incentive:

Our Long-term incentive plans incentivize stretch performance, link executive remuneration to sustained long term growth and act as a retention and reward tool.

We use stock options as the primary long-term incentive vehicles for our executives as we believe that they best align executive incentives with stockholder interests.

We grant restricted stock units as a secondary long term incentive vehicles, to motivate and retain our executives.

VI. Performance Goal Setting

We aim to ensure that for both annual incentive plans and long term incentive plans, the target performance goals shall be achievable and realistic.

Threshold performance (the point at which incentive plans are paid out at their minimum, but non-zero, level) shall reflect a base-line level of performance, reflecting an estimated 90% probability of achievement.

Target performance is the expected level of performance at the beginning of the performance cycle, taking into account all known relevant facts likely to impact measured performance.

Maximum performance (the point at which the maximum plan payout is made) shall be based on an exceptional level of achievement, reflecting no more than an estimated 10% probability of achievement.

VII. Executive Benefits and Perquisites

Our executives are eligible to participate in our broad-based retirement, health and welfare, and other employee benefit plans. In addition to these broad-based plans, they are eligible for perquisites and benefits plans commensurate with their roles. These benefits are designed to encourage long-term careers with the Group.

Other Remuneration Elements

Each of our executives is subject to an employment agreement. Each such agreement generally provides for a total remuneration package for our executives including continuity of service across the Group Companies.

We limit other remuneration elements, for e.g. Change in Control (CIC) agreements, severance agreements, to instances of compelling business need or competitive rationale and generally do not provide for any tax gross-ups for our executives.

Risk and Compliance

We aim to ensure that the Group's remuneration programs do not encourage excessive risk taking. We review our remuneration programs for factors such as, remuneration mix overly weighted towards annual incentives, uncapped pay-outs, unreasonable goals or thresholds, steep pay-out cliffs at certain performance levels that may encourage short-term decisions to meet pay-out thresholds.

Claw back Clause:

In an incident of restatement of financial statements, due to fraud or non-compliance with any requirement of the Companies Act 2013 and the rules made thereafter, we shall recover from our executives, the remuneration received in excess, of what would be payable to him / her as per restatement of financial statements, pertaining to the relevant performance year.

Implementation

The Group and Business Centre of Expertise teams will assist the Nomination & Remuneration Committee in adopting, interpreting and implementing the Executive Remuneration Philosophy/Policy. These services will be established through "arm's length", agreements entered into as needs arise in the normal course of business.

Independent Auditor's Report

To the members of Aditya Birla Sun Life Pension Management Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Aditya Birla Sun Life Pension Management Limited** ('the Company'), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 thereunder.

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

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, 2018, and its loss 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 in terms of sub-section (11) of Section 143 of the Act, we given in Annexure A, a statement on the matters specified in Paragraphs 3 and 4 of the Order.
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;
- 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 the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- f) with respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and
- 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 18 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Sharp & Tannan**
Chartered Accountants
Firm's Registration No. 109982W

Edwin P. Augustine
Partner
(Membership No. 043385)

Mumbai, 24th April, 2018

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 of our report of even date)

- (i)
 - (a) The Company is maintaining proper records showing full particulars, including quantitative details of fixed assets. *However the identification number are yet to be updated.*
 - (b) As explained to us, the Company has physically verified all its fixed assets during the year. No material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us, and the records of the Company examined by us, the Company does not hold any immoveable property.
- (ii) Since the Company is engaged in service activity, it does not hold any inventory and accordingly Paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, there are no companies, firms, limited liability partnerships and other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act") and accordingly Paragraph 3(iii) of the Order concerning grant of loans is not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not advanced any loan, made any investment, given any guarantee or provided any security to the parties covered under Section 185 and 186 of the Companies Act, 2013. Accordingly, Paragraph 3(iv) of the Order is not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public and hence in our opinion the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 and other relevant provisions of the Act and the rules framed thereunder are not applicable.
- (vi) The Central Government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (as amended) for the services rendered by the the Company. Accordingly, Paragraph 3(vi) of the Order is not applicable to the Company.
- (vii)
 - (a) According to the information and explanations given to us, and the records of the Company examined by us, in our opinion, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including income tax, service tax, and any other statutory dues, have generally been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed statutory dues as at 31st March, 2018 which have not been deposited on account of a dispute.
- (viii) According to the information and explanations given to us, and the records of the Company examined by us, the Company did not have any loans or borrowing from a financial institution, bank or government. The Company has not issued any debentures. Accordingly Paragraph 3(viii) of the Order is not applicable to the Company
- (ix) According to the information and explanations given to us, the Company has not raised monies by way of initial public offer or further public offer (including debt instruments). The Company has not taken any term loans during the year. Accordingly, 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 generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company or any instances of fraud on the Company by its officers or employees on deputation noticed or reported during the year, nor we have been informed of any such case by the management.
- (xi) According to the information and explanations given to us, the Company has not paid / provided for managerial remuneration during the financial year. Accordingly, Paragraph 3(xi) of the Order is not applicable to the Company.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, Paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, all transactions with the related parties are in compliance with Section 177 and Section 188 of the Act and the relevant details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

- (xiv) According to the information and explanations given to us, the Company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, Paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and the records of the Company examined by us, the Company had not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, compliance with the provisions of Section 192 of the Act is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the Company is not engaged in the business of non banking financial institution and hence is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Sharp & Tannan** Chartered Accountants
Firm's Registration No. 109982W

Edwin P. Augustine
Partner
(Membership No. 043385)

Mumbai, 24th April, 2018

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 2(f) of our report of even date)**

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

We have audited the internal financial controls over financial reporting of **Aditya Birla Sun Life Pension Management Limited** ('the Company') as of 31st March, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

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" and the Standards on Auditing issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the 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 of the adequacy of the internal financial control 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 risks that a material weakness exists, and testing and evaluation the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depends on the auditors judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations Of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, 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 issued by ICAI.

For **Sharp & Tannan**
Chartered Accountants
Firm's Registration No. 109982W

Edwin P. Augustine
Partner
(Membership No. 043385)

Mumbai, 24th April, 2018

Balance Sheet

As at 31st March, 2018

Particulars	Note	Amount in Rupees	
		As at 31st March 2018	As at 31st March 2017
I EQUITY & LIABILITIES			
1 Shareholder's funds			
(a) Share Capital	2	270,000,000	270,000,000
(b) Reserves and Surplus	3	(11,925,173)	669,861
Total Equity			
Sub total A		258,074,827	270,669,861
2 Non-current Liabilities			
(a) Long term borrowings		-	-
(b) Deferred Tax Liabilities (net)		-	-
(c) Other long term liabilities		-	-
(d) Long Term Provisions		-	-
Total Non Current Liabilities (Sub total B)			
Sub total B		-	-
3 Current Liabilities			
(a) Short term borrowings			
(b) Trade payables	4		
- due to micro and small enterprises		942,752	211,815
- due to other than micro and small enterprises			
(c) Other current liabilities	5	5,498,237	12,656,781
Total Current Liabilities			
Sub total C		6,440,989	12,868,596
Total Equity and Liabilities (A + B + C)		264,515,816	283,538,457
II ASSETS			
Non-current Assets			
(a) Fixed assets			
(i) Property, plant and equipment	6	1,508,406	-
(ii) Intangible assets	6	3,958,146	-
(iii) Capital work-in-progress		-	570,279
(iv) Intangible assets under development		-	3,377,997
(b) Non current investment	1	234,332,750	234,332,750
(c) other non current assets	8	1,023,262	-
Total Non-current assets			
Sub total D		240,822,564	238,281,026
2 Current Assets			
(a) Current investment	9	887,355	28,513,945
(b) Trade receivables	10	5,624	-
(c) Cash and cash equivalent	11	1,195,188	1,580,458
(d) Short-term loans and advances	12	8,642,023	2,243,794
(e) Other current assets	13	12,963,062	12,919,234
Total Current Assets	Sub total E	23,693,252	45,257,431
Total Assets (D + E)		264,515,816	283,538,457
Significant Accounting Policies	1		

As per our report attached of the even date

SHARP & TANNAN
Chartered Accountants

Firm's Registration No. 109982W
By the hand of

Edwin P. Augustine
Partner
Membership No. 043385

Place : Mumbai
Date : 24th April 2018

For and on behalf of the Board of Directors of

Aditya Birla Sun Life Pension Management Limited
(formerly known as Birla Sun Life Pension Management Limited)

Sashi Krishnan
CEO & CIO

Sandhya Upadhyay
CFO

Hardik Chauhan
Company Secretary

Pankaj Razdan
Director
DIN:00061240

Sandeep Asthana
Director
DIN:00401858

Statement of Profit and Loss

For the year ended 31st March, 2018

Particulars	Note	Amount in Rupees	
		Year ended 31st March 2018	Year ended 31st March 2017
1 Income			
Revenue from operations		6,878	
Other income	14	24,452,297	24,253,554
Total Revenue (I+II)		24,459,175	24,253,554
2 Expenses			
Employee benefits expenses	15	27,576,153	10,007,796
Depreciation and amortization expenses	6	2,173,722	
Administrative and other expenses	16	7,149,764	3,345,522
Finance cost	17	76,890	12,693
3 Total Expenses		36,976,529	13,366,011
4 Profit before tax		(12,517,354)	10,887,543
5 Tax Expense :			
Current tax		-	(7,155,422)
Deferred tax		-	-
Taxation adjustments for earlier years		(77,680)	(1,639,170)
6 Profit / (Loss) for the year		(12,595,034)	2,092,951
7 Earnings per Equity Share			
-- Basic		(0.47)	0.08
-- Diluted		(0.47)	0.08
Face value per Equity Share		10.00	10.00

The accompanying notes are an integral part of the financial statements

As per our report attached of the even date

SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

By the hand of

Edwin P. Augustine

Partner

Membership No. 043385

Place : Mumbai

Date : 24th April 2018

For and on behalf of the Board of Directors of

Aditya Birla Sun Life Pension Management Limited**(formerly known as Birla Sun Life Pension Management Limited)****Sashi Krishnan**

CEO & CIO

Sandhya Upadhyay

CFO

Hardik Chauhan

Company Secretary

Pankaj Razdan

Director

DIN:00061240

Sandeep Asthana

Director

DIN:00401858

Cash Flow Statement

For the year ended 31st March, 2018

Amount in Rupees

Particulars	Note	Year ended 31st March 2018	Year ended 31st March 2017
(A) CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax Profit/(Loss) before tax		(12,517,354)	10,887,543
Adjustments :			
Depreciation and amortization		2,173,722	
Interest income		(86,211)	(64,065)
Profit on sale of current investments		(4,028,410)	(8,170,003)
Interest on long term investments		(20,312,500)	(16,019,486)
Operating loss before working capital changes		(34,770,753)	(13,366,011)
Adjustments for Working Capital Changes :			
(Increase) / decrease in other current assets including receivables		1,220	1,000,000
(Increase) / decrease in loans and advances		(6,398,229)	(1,745,504)
Increase / (decrease) in trade payables		730,937	166,815
Increase / (decrease) in other current liabilities and provisions		(7,308,331)	10,876,666
Increase / (decrease) in other non current assets		(10,000,000)	-
		(13,974,403)	10,297,977
Cash generated from / (used in) operations		(48,745,156)	(3,068,034)
Direct taxes paid (net of refunds)		72,023	(10,341,754)
Net cash generated from / (used) in operations	(A)	(48,673,133)	(13,409,788)
(B) CASH FLOWS FROM INVESTMENT ACTIVITIES			
<i>Inflows from investing activities</i>			
- Sale proceeds of current investments		70,730,000	98,300,000
- Interest on long term investments		20,324,861	9,421,198
<i>Outflows from investing activities</i>			
- Purchase of property, plant and equipment and intangible assets		(3,691,999)	3,948,276
- Purchase of long term investments		-	77,852,650
- Purchase of current investments		(39,075,000)	22,700,000
Net cash generated from / (used) in investment activities	(B)	48,287,862	3,220,272
(C) CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Inflows from financing activities</i>			
- Proceeds from issue of share capital		-	-
Net cash generated from / (used) in financing activities	(C)	-	-
Net changes in cash and cash equivalents	(A+B+C)	(385,270)	(10,189,516)
Cash and cash equivalents - Opening balance		1,580,458	11,769,974
Cash and cash equivalents - Closing balance		1,195,188	1,580,458
Net increase / (decrease) in cash and cash equivalents		(385,270)	(10,189,516)

Notes :

- 1) Cash and cash equivalents are as disclosed under Note 11 of the financial statements
- 2) The aforesaid statement has been prepared under the indirect method, as set out in "Accounting Standard 3 - Cash Flow Statement"
- 3) Addition to property, plant and equipment and intangible assets are stated inclusive of movements in capital work in progress, intangible assets under development and capital creditors between the beginning and end of the year and treated as part of investment activities
- 4) The accompanying notes are an integral part of Financial Statements.

As per our attached Report of even date
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
By the hand of

Edwin P. Augustine
Partner
Membership No. 043385

Place : Mumbai
Date : 24th April 2018

For and on behalf of the Board of Directors of
Aditya Birla Sun Life Pension Management Limited
(formerly known as Birla Sun Life Pension Management Limited)

Sashi Krishnan
CEO & CIO

Sandhya Upadhyay
CFO

Hardik Chauhan
Company Secretary

Pankaj Razdan
Director
DIN:00061240

Sandeep Asthana
Director
DIN:00401858

Notes Forming Part of the Financial Statements

for the year ended 31st Mar 2018

Note 1

Corporate Information :

Aditya Birla Sun Life Pension Management Limited ("the Company") formerly known as Birla Sun Life Pension Management Limited is a wholly owned subsidiary of Birla Sun Life Insurance Company Limited. The Company is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company was incorporated on January 09, 2015 with Registration Number U66000MH2015PLC260801 with specific purpose of managing pension fund business. Pension Fund Regulatory and Development Authority ("PFRDA") has granted Certificate of Registration vide a letter dated February 23, 2016 (bearing registration No.: PFRDA/Birla PF/2016) to Birla Sun Life Pension Management Limited to act as pension fund under National Pension System (NPS). The Company commenced its operations from 5th May 2017

Significant Accounting Policies :

1 Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis in compliance with all material aspect of the Accounting Standard (AS) Notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014 Accounting policies applied have been consistent with previous year except where different treatment is required as per new pronouncements made by the regulatory authorities.

The management evaluates all recently issued or revised accounting pronouncements on an ongoing basis.

2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires that the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure relating to contingent liabilities as on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

3 Revenue recognition

Revenue is recognised only when it is reasonably certain that the ultimate collection will be made.

3.1 Income on investment

Interest income on investments is recognised on accrual basis. Profit or loss on sale of mutual fund units is calculated the difference between the sale consideration net of expenses and weighted average cost as on the date of sale.

4 Investment

Investments that are readily realisable and intended to be held for not more than a year from the Balance Sheet date are classified as current investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost or market value determined on an individual security basis. Non-current investments are carried at cost. Provision for diminution in value is made to recognise other than temporary decline in the value of investments.

5 Fixed Assets and Depreciation Property plant and equipment and Depreciation

Fixed Assets are stated at Cost less accumulated depreciation. Cost includes the purchase price and any cost directly attributable to bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on the fixed assets is expensed out in the in year of expense except where such expenditure increases the future economic benefits from the existing assets.

Assets costing up to Rs.5000 are fully depreciated in the year of acquisition. Depreciation on the tangible fixed assets is provided on Straight Line Method using the rates arrived at the based on the useful lives as specified in the Schedule II of the Companies Act, 2013 or estimated by the management . The Company has used the following useful life to provide depreciation on its fixed assets.

S.No	Asset Type	As per Schedule II as per Companies Act 2013	Estimated Useful life (Years)
1	Computers	5	3
2	Vehicles	6	4
3	Office Equipment	5	5

6 Intangible assets & amortisation

Intangible assets are recognized when it is possible that future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are amortized as follows;

- a) Computer Software – over a period of 3 years

7 Provisions, contingent liabilities and contingent assets

Provisions are recognised in respect of present obligations that arise as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Contingent liabilities are disclosed in respect of ;

- a) possible obligations that arise from past events, the existence or otherwise of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company or
- b) present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither accounted for nor disclosed.

8 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and cash in hand and including fixed deposit with original maturity period of three months or more and short term investments with an original maturity of three or more months

9 Taxes on Income

The income tax expense comprises Current tax and Deferred tax. Provision for income tax is made in accordance with the provisions of the Income Tax Act, 1961 as applicable to the company carrying on pension business.

In accordance with the provisions of Accounting Standard (AS) 22, "Accounting for Taxes on Income", issued by the Institute of Chartered Accountants of India, deferred tax asset is recognised only to the extent that there is reasonable certainty that sufficient taxable income will be available against which such deferred tax asset can be realised. However, where there is unabsorbed depreciation or carried forward loss under taxation law, deferred tax assets are recognised only if there is a virtual certainty back by convincing evidence that such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably or virtually certain, as the case may be, to be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period.

10 Earnings per equity share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

11 Cash flow statement

Cash flows are reported using the indirect method as explained in Accounting Standard (AS) 3, "Cash Flow Statements" issued by The Institute of Chartered Accountants of India, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are separately presented.

12 Events occurring after the Balance Sheet date

Where material, events occurring after the date of Balance Sheet are considered upto the date of approval of financial statements by the Board of Directors.

Aditya Birla Sun Life Pension Management Limited (formerly known as Birla Sun Life Pension Management Limited)
Annual Report 2017-18

	Amount in Rupees	
	<u>As at 31st March 2018</u>	<u>As at 31st March 2017</u>
NOTE 2: SHARE CAPITAL		
Authorized :		
35,000,000 (Previous year 35,000,000) Equity shares of Rs. 10 each	350,000,000	350,000,000
Issued Subscribed and Paid up :		
27,000,000 (Previous year 27,000,000) equity shares of Rs. 10 each	270,000,000	270,000,000
	<u>270,000,000</u>	<u>270,000,000</u>

	Amount in Rupees	
	<u>As at 31st March 2018</u>	<u>As at 31st March 2017</u>
Reconciliation of number of equity shares outstanding :		
	Number of shares	Number of shares
Number of shares outstanding as at the beginning of the year	27,000,000	27,000,000
Number of shares allotted during the year	-	-
Number of shares outstanding at the end of the year	<u>27,000,000</u>	<u>27,000,000</u>

The Company is 100% wholly owned subsidiary of Aditya Birla Sun Life Insurance Company Limited formerly known as Birla Sun Life Insurance Company Limited (along with 6 nominees of the Holding Company). Aditya Birla Sun Life Insurance Company Limited formerly known as Birla Sun Life Insurance Company Limited holds 26,999,940 (previous year 26,999,940) shares and its nominees hold 60 (previous year 60) shares, face value of shares being Rs. 10 each.

Details of shareholders holding more than 5% shares in the Company :

	Amount in Rupees			
Name of Shareholder	As at 31st March 2018		As at 31st March 2017	
	No. of shares	% of total paid equity share capital	No. of shares	% of total paid equity share capital
Aditya Birla Sun Life Insurance Company Limited (formerly known as Birla Sun Life Insurance Company Limited) and its nominees	27,000,000	100.00%	27,000,000	100.00%

Terms / rights attached to equity shares :

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holder of equity share will be entitled to receive remaining assets of the company after distribution to all preferential holders. The distribution will be in proportion to the number of equity shares held by the shareholders.

Other disclosures :

Since this is the 4th year of the Company disclosures for the period of five years immediately preceding the date at which the balance sheet is prepared does not arise.

- there are no shares allotted as fully paid pursuant to contract(s) without payment being received in cash;
- there are no shares allotted as fully paid up by way of bonus shares; and
- there are no shares bought back.

	Amount in Rupees	
	<u>As at 31st March 2018</u>	<u>As at 31st March 2017</u>
NOTE 3 : RESERVES AND SURPLUS		
Balance in Statement of Profit and Loss		
- As per last Balance Sheet	669,861	(1,423,090)
Profit / (Loss) for the year	(12,595,034)	2,092,951
	<u>(11,925,173)</u>	<u>669,861</u>
NOTE 4 : TRADE PAYABLES		
- Liability for expenses	942,752	211,815
	<u>942,752</u>	<u>211,815</u>

Amount in Rupees

	As at 31st March 2018	As at 31st March 2017
NOTE 5 : OTHER CURRENT LIABILITIES		
- Due to holding company (refer note 24)	5,409,678	12,535,705
- Due to intermediary holding company (refer note 24)	-	
- Statutory dues	88,559	95,900
- Liability for assets	-	25,176
	5,498,237	12,656,781

NOTE 6 : FIXED ASSETS

Amount in Rupees

ASSETS	Gross Block (Cost / Revaluation)				Depreciation and amortisation				Net Block	
	Opening As at	Additions year	Deductions/ Adjustment	Closing As at 31.03.2018	Opening As at 31.03.2017	For the year	On Deductions	Closing As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
(A) Property, plant and equipment										
Office equipment	-	110,870	-	110,870	-	19,489	-	19,489	91,381	-
Computers	-	559,061	-	559,061	-	167,473	-	167,473	391,588	-
Vehicles	-	1,297,347	-	1,297,347	-	271,910	-	271,910	1,025,437	-
Sub-Total (A)	-	1,967,277	-	1,967,277	-	458,871	-	458,871	1,508,406	-
(B) Intangible Assets										
Computer software	-	5,672,997	-	5,672,997	-	1,714,851	-	1,714,851	3,958,146	-
Sub-Total (B)	-	5,672,997	-	5,672,997	-	1,714,851	-	1,714,851	3,958,146	-
Total (A + B)	-	7,640,274	-	7,640,274	-	2,173,722	-	2,173,722	5,466,552	-

Amount in Rupees

	As at 31st March 2018	As at 31st March 2017
NOTE 7 : NON CURRENT INVESTMENTS		
- Non convertible debentures (NCD) - Public sector unit bonds (Quoted)		
- 9.34% HDFC 2024 bonds (Face Value Rs 10,00,000. Units 100 PY units 100)	104,800,500	104,800,500
- 8.47% LIC HF 2024 bonds (Face Value Rs 10,00,000. Units 75 PY units 75)	77,852,650	77,852,650
- 9.24% LIC HF 2024 bonds (Face Value Rs 10,00,000. Units 50 PY units 50)	51,679,600	51,679,600
	234,332,750	234,332,750

Aggregate market value of quoted investment

- 9.34% HDFC 2024 bonds	106,230,900	107,764,800
- 8.47% LIC HF 2024 bonds	76,799,550	77,537,475
- 9.24% LIC HF 2024 bonds	52,903,150	53,596,850
	235,933,600	238,899,125

NOTE 8 : OTHER NON CURRENT ASSETS

- Fixed Deposit (encumbered towards bank guarantee given to PFRDA)	1,000,000	-
- Interest accrue but not due on above Fixed Deposit	23,262	-
	1,023,262	-

NOTE 9 : CURRENT INVESTMENTS

- Mutual funds		
- Birla Sun life cash Plus-Growth Direct plan (un-quoted)	887,355	28,513,945
3343 units (previous year 120,760 units) of Rs. 10 each	887,355	28,513,945

	As at 31st March 2018	Amount in Rupees As at 31st March 2017
NOTE 10 : TRADE RECEIVABLES		
Unsecured, Considered good		
- Receivable from Pension Scheme (Due for period less than 6 months)	5,624	-
	5,624	-
NOTE 11 : CASH AND CASH EQUIVALENTS		
Balance with banks		
- on current accounts	195,188	580,458
- Fixed Deposit with maturities between 3 to 12 months	1,000,000	1,000,000
	1,195,188	1,580,458
NOTE 12 : SHORT TERM LOANS AND ADVANCES		
- Advance for expenses	579,500	-
- Advance tax and tax deducted at source (net of provision for tax) <i>Income tax refund receivable</i>	-	143,490
	99,818	103,672
- Balance with government authorities subject to outcome of assessment	7,962,705	1,996,632
	8,642,023	2,243,794
NOTE 13 : OTHER CURRENT ASSETS		
- Interest accrued but not due		
- on non current investments	12,836,048	12,855,169
- on fixed deposits	127,014	64,065
	12,963,062	12,919,234
NOTE 14 : OTHER INCOME		
Interest income		
- from non current investments	20,312,500	16,019,486
- from fixed deposits	86,211	64,065
Gain on sale of current investments	4,028,410	8,170,003
Excess provision written back	25,176	-
	24,452,297	24,253,554

**NOTE 15
EMPLOYEE BENEFITS EXPENSE AND COST SHARING ARRANGEMENT :**

Cost sharing arrangement

Given the size of its operations, the Company has entered into an arrangement with the holding company for sharing employees and infrastructures to conduct day to day business operation. Under this arrangement, all the appropriate costs attributable to the Company like employee remuneration, rent, utilities etc. are cross charged by the holding company to the Company. All such costs are charged to the Company on arm s length basis.

Employee benefits expense

Considering the aforesaid, an amount of Rs. 2,68,66,653 (Previous period Rs.100,07,796) has been charged by the holding Company which has been disclosed under "Employee Benefits expense". Pursuant to ESOP Plan being established by the intermediary holding company (i.e. Aditya Birla Capital Limited), stock options were granted to the employees of the Company during the financial year.Total cost incurred by the holding company till date is being recovered from the Company over the period of vesting. Accordingly, a sum of Rs 7,09,500 (Previous year Rs. Nil) has been recovered from the Company during the year, which has been charged to the Statement of Profit and Loss under Employee Benefits expenses. The balance sum of Rs. 13,57,080 (Previous year Rs. Nil) will be recovered in future periods.

	Year ended 31st March 2018	Amount in Rupees Year ended 31st March 2017
NOTE 16 : ADMINISTRATIVE AND OTHER EXPENSES		
Rent and utilities	1,080,000	1,080,000
Legal and professional fees	138,613	129,000
Rates and taxes	129,618	63,051
Investment transaction cost	24,038	-
Brokerage	40,581	-
License fees (PFRDA)	1,000,000	1,000,000
Auditors' remuneration (<i>excluding applicable taxes</i>)		
- Audit fees	50,000	50,000
- Other matters	85,000	40,000
- Out of pocket expenses	10,000	4,816
Scheme Statutory Auditors	87,000	-
Internal audit fees	674,470	-
Directors sitting fees	1,105,000	770,000
SAP License AMC	632,500	-
SAP technical support cost	500,000	-
Printing and Stationery	14,218	2,769
Membership/Subscription fees	1,487,249	92,000
Miscellaneous expenses	91,477	113,886
	7,149,764	3,345,522
NOTE 17 : FINANCE COST		
Bank charges	65,785	12,693
Interest others	11,105	-
	76,890	12,693
NOTE 18: CONTINGENT LIABILITIES AND COMMITMENTS :		
Bank Guarantee provided to Pension Fund Regulatory Development Authority amounting to Rs 10,00,000 (Previous year Rs. 10,00,000) for being registered as a Pension Fund for managing the funds under the National Pension System.		
Estimated amounts of contracts to be executed on capital account and not provided for (net of advances) amounting to Rs. NIL (Previous year Rs. 22,34,250)		
NOTE 19		
DISCLOSURES AS REQUIRED BY ACCOUNTING STANDARD (AS) 15 - EMPLOYEE BENEFITS :		
During the year the Company does not have any employees on its payroll. All employees are on deputation from the holding Company. In view of the above, the reporting requirements pursuant to Accounting Standard (AS) 15 on "Employee Benefits" does not arise. (Previous year - Nil)		
NOTE 20		
DISCLOSURES AS REQUIRED BY ACCOUNTING STANDARD (AS) 16 - BORROWING COSTS :		
During the year the Company did not incur any borrowing costs. In view of the above, the reporting requirements pursuant to Accounting Standard (AS) 16 - "Borrowing Costs" does not arise. (Previous year - Nil)		
NOTE 21		
DISCLOSURES AS REQUIRED BY ACCOUNTING STANDARD (AS) 17 - SEGMENT REPORTING :		
The Company is engaged in a single business segment i.e. Pension Fund Management. In the absence of separate reportable business or geographic segment the reporting requirements pursuant to Accounting Standard (AS) 17 - "Segment Reporting" does not arise.		
NOTE 22		
DISCLOSURES REQUIRED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (MSMED ACT) :		
Based on the information and records available with the Company there are no dues payable to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to dues which were outstanding for more than 45 days as at March 31, 2018 together with interest payable under this Act does not arise. ((Previous year - Nil)		

NOTE 23**EARNINGS PER SHARE [EPS] COMPUTED IN ACCORDANCE WITH ACCOUNTING STANDARD (AS) 20 - EARNINGS PER SHARE**

		Year ended 31st March 2018	Amount in Rupees Year ended 31st March 2017
Profit after tax as per Statement of Profit and Loss	Rs.	(12,595,034)	2,092,951
Number of equity shares outstanding (for basic earnings per share)			
Equity shares at the beginning of the year	No.	27,000,000	27,000,000
Equity shares issued during the year	No.	-	-
Equity shares at the close of the year	No.	27,000,000	27,000,000
Weighted average number of equity shares for basic equity share	No.	27,000,000	27,000,000
Number of equity shares outstanding (for diluted earnings per share)			
Equity shares as above	No.	27,000,000	27,000,000
Potential equity shares on allotment of application money	No.	-	-
Total equity share for calculation of diluted earnings per share	No.	27,000,000	27,000,000
Face value of equity share	Rs.	10	10
Earnings per share (basic and diluted) :			
- Basic	Rs.	(0.47)	0.08
- Diluted	Rs.	(0.47)	0.08

NOTE 24**DISCLOSURES OF RELATED PARTIES/ RELATED PARTY TRANSACTION AS REQUIRED BY ACCOUNTING STANDARD (AS) 18 - RELATED PARTY DISCLOSURES :**

(a) Relationships:

(A) List of related parties which exercise control and status of transactions entered during the year :

Name of the related party and nature of relationship	Transactions carried out during the year (Yes/No)
(i) Ultimate Holding Company Grasim Industries Limited	No
(ii) Intermediary Holding Company Aditya Birla Capital Limited	Yes
(iii) Holding Company Aditya Birla Sun Life Insurance Company Limited	Yes

(B) List of key managerial personnel with whom transactions were carried out during the year

- (i) Key Managerial Personnel
Sashi Krishnan (CEO) - w.e.f Nov 16
Sandhya Upadhyay (CFO)
Hardik Chauhan (CS) - w.e.f Sept 17
Asha Kadam (CS) - (w.e.f Feb 17 till Aug 17)
Shweta Shah (CS) - (till Jul 16. FF completed in Mar 17)

(b) The following transactions were carried out with the related parties in the ordinary course of business:

Sr. No.	Nature of transaction / relationship	Year ended 31st Mar 2018	Year ended 31st March 2017
1	Aditya Birla Sun Life Insurance Company Limited Reimbursement of expenses (including taxes)		
	- salary and benefits	29,188,383	11,508,966
	- rent and utilites	1,280,880	1,242,000
	- transfer of assets	1,409,237	-
	- AMC fees	1,212,376	-
	- Membership Fees	1,659,049	-
	- Business Development Cost	2,336,400	-
	- other statutory payments / income tax	450,608	10,650,104
2	Aditya Birla Capital Limited - allotment of ESOP's to employees	709,501	-
3	Key Managerial personnel		
	Sashi Krishnan (CEO)	15,364,548	4,481,196
	Sandhya Upadhyay (CFO)	3,199,247	2,606,303
	Hardik Chauhan (CS)	709,515	-
	Asha Kadam (CS)	426,198	164,816
	Shweta Shah (CS)	-	486,146
		57,945,942	31,139,531

(c) Amount due to related parties

Sr. No.	Nature of transaction / relationship	As at 31st March 2018
1	Aditya Birla Sun Life Insurance Company Ltd	5,409,678
2	Aditya Birla Capital Ltd	-
		5,409,678

NOTE 25

DISCLOSURES AS REQUIRED BY ACCOUNTING STANDARD (AS) 19 - LEASES :

During the year the Company has not entered into any operating / finance lease. In view of the above, the reporting requirements pursuant to Accounting Standard (AS) 19 on "Leases" does not arise. (Previous year - Nil)

NOTE 26

DISCLOSURES AS REQUIRED BY ACCOUNTING STANDARD (AS) 22 - ACCOUNTING FOR TAXES ON INCOME :

The major component of deferred tax assets and deferred tax liabilities is as under

Particular	As at 31st March 2018		As at 31st March 2017	
	Deferred tax Asset	Deferred tax liabilities	Deferred tax Asset	Deferred tax liabilities
Difference between book and tax written down value	82,559	-	-	-
Expenses allowable for tax purpose when paid /on payment of TDS	-	-	-	-
Allowance for doubtful deposits	-	-	-	-
Other items giving rise to timing difference	-	-	-	-
	-	-	-	-
Net deferred tax asset (refer note below)	82,559	-	-	-
Net asset/ (liability) charged/ credited to statement of profit and loss account	-	-	-	-

During the year the Company has not recognized any deferred tax asset pursuant to the requirements of Accounting Standard (AS) 22 on "Accounting for Taxes on Income" on the concept of prudence. (Previous year - Nil)

No provision for Income tax has been made in view of the loss incurred during the year

NOTE 27

DISCLOSURES AS REQUIRED BY NOTIFICATION G.S.R. 308 (E) DATED 30TH MARCH, 2017 :

The Company did not undertake any transactions in cash during the financial year ended 31st March, 2017. Considering the aforesaid, and the cash balance being Nil throughout the year, the disclosure requirements as envisaged in the aforementioned notification is not applicable to the Company.

NOTE 28

During the financial year the company has changed its name from Birla Sun Life Pension Management Limited to Aditya Birla Sun Life Pension Management Limited vide Form INC 24 filed with the Registrar of Companies on 24th Jul 2017

NOTE 29

The accompanying Notes are an integral part of the Financial Statements.

NOTE 30

Previous years figures have been regrouped / reclassified wherever necessary, to make them comparable with those of the present year.

As per our attached Report of even date

SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

By the hand of

Edwin P. Augustine

Partner

Membership No. 043385

Place : Mumbai

Date : 24th April 2018

For and on behalf of the Board of Directors of

Aditya Birla Sun Life Pension Management Limited

(formerly known as Birla Sun Life Pension Management Limited)

Sashi Krishnan

CEO & CIO

Sandhya Upadhyay

CFO

Hardik Chauhan

Company Secretary

Pankaj Razdan

Director

DIN:00061240

Sandeep Asthana

Director

DIN:00401858