HDFC Pension Management Company Limited

Investment Policy

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Version Control

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1	Detailed descriptions of investment process	09-April-2013	Ashish Narula
2	Detailed descriptions of investment process – Half yearly review	07-October 2013	Ashish Narula
3	Detailed descriptions of investment process – Quarterly review	14-January-2014	Ashish Narula
4	Detailed descriptions of investment process – Quarterly review	17-April-2014	Ashish Narula
5	Detailed descriptions of investment process – Quarterly review	16-April-2015	Ashish Narula
6	Detailed descriptions of investment process – Quarterly review	15th October 2015	Ashish Narula
7.	Detailed descriptions of investment process	13th July 2016	Ashish Narula
8	Detailed descriptions of investment process	13th July 2017	Ashish Narula
9.	Updation of Corporate bond credit rating eligibility, Limit enhancement for daily trades and detailing of Asset class-wise investment eligibility and prudential exposure limits	16th July 2018	Vishwas Katela
10.	Updation of change in investment guidelines for NPS schemes w.r.t Equity mutual funds	16th October 2018	Vishwas Katela

1. INVESTMENT POLICY

1.1. Introduction

The Investment Policy for the Company outlines the process and the principles for the management of all the invested assets under different fund categories. Invested assets are all the investments made in market instruments using the Subscribers funds under various schemes and Shareholder Fund.

The Pension Fund Manager will maintain separate schemes, each investing in a different asset class –

1) Equity Scheme (Asset class E)
   As per PFRDA investment guidelines the investment by an NPS participant in this asset class would be subject to a cap of 75%. This asset class will be invested in equity shares of body corporate listed either on BSE/NSE which have market capitalisation of not less than Rs. 5000 crs at the time of investment having derivatives with the shares as underlying traded in either of the two stock exchanges

2) Government Securities Scheme (Asset class G)
   Investments will be made only in Central Government securities, State Government securities & securities which are unconditionally guaranteed by central or state government. . All investments in this asset class would be subject to restrictions outlined by PFRDA

3) Corporate bond Scheme (Asset class C)
   This asset class contains bonds issued by any entity other than Central and State Government. This asset class will be invested in Fixed deposits and credit rated debt securities. This includes rated bonds/securities of Public Financial Institutions and Public sector companies, rated municipal bodies/infrastructure bonds and bonds of all firms (including PSU/PSE), Investments will be made in rated bonds / debentures of all companies, subject to risk limits, Liquid Mutual Funds and Bank deposits. All investments in this asset class would be subject to restrictions outlined by PFRDA

4) Alternative Assets Scheme (Asset class A)
   This asset class will contain the following assets:
   a) Alternate Investment Funds (category 1 & 2)
   b) ReiTS
   c) Mortgage Backed Securities/ Asset Backed Securities
   d) Basel III Tier-1 bonds
   e) Infrastructure Investment Trusts

Each of the schemes will have separate funds for Tier1 and Tier2 categories, except for Asset Class A which is offered to Tier1 subscribers only. All references, henceforth, to each of the schemes will apply uniformly to Tier1 and Tier2 categories independently, except for Asset Class A which has no Tier2 offering.

1.2. Policy Review Process

The Board shall review this investment policy and its implementation at least on a half-yearly basis and make such necessary modifications to bring it in tune with the requirements of law and regulations – in regard to protection of subscribers' interest and pattern of investment laid down by PFRDA. The details of revisions/addendums in the Investment Policy or its review as periodically decided by the Board shall be submitted to the NPS Trust within 30 days of its decision

1.3. Objective

The aim of the document will be to –

1) Define the investment objectives and process across the funds in each of the schemes above
2) Set investment limits and prudential norms such that the portfolios are managed within acceptable levels of risk and meet all the regulatory compliance parameters.
3) Cover all aspects related to investments, viz –
    a) Securities trading limits
    b) Prudential exposure norms
    c) Management of investment risks
    d) Performance and risk reporting
    e) Scope of audit of all the investment operations

PFRDA has laid down detailed guidelines and regulations regarding asset allocation and exposure limits across different investment options. These exposure norms will be the de jure policy norms regarding the exposure limits for the respective funds managed by the Company. Additional guidelines, limits as well as any norms along with the regulatory limits are laid out in the respective funds section.

2. INVESTMENT COMMITTEE

2.1. Investment Committee (IC)

The Board of Directors of the Company shall constitute an Investment Committee to oversee the investments of the Company. The responsibility for the selection and management of the invested assets rests in the first instance with the Investment Committee. The Investment Committee may delegate this investment authority subject to putting in place consistent control and monitoring mechanisms. This Investment Policy is defined by the Investment Committee to set the contours of the investment activity, process, prudential risk limits and performance objectives.

The Investment Committee oversees the activities of the investment function with regular monitoring of the investment exposures, performances, risk management, market developments and investment strategies. The reporting of the investment function to the IC shall take place once in every quarter. As per PFRDA regulations, The Investment Committee should comprise of at least the following members

1) Two Directors
2) Chief Executive Officer
3) Chief Investment Officer

2.2. Functions of Investment Committee

1) To draw up the Investment Policy, fundwise, and present the same to the Board of Directors for approval. The Investment Policy as approved by the Board shall be implemented by the Investment Committee. In framing such a policy, the board will be guided by Issues relating to liquidity, prudential norms, exposure limits, stop loss limits management of all investment & market risks, investment audit & investment statistics & provisions of PFRDA guidelines/directions

2) To ensure that the Investment Policy is compliant with exposure limits, & other investment restrictions laid down by PFRDA

3) To ensure adequate return on subscribers & shareholders' funds consistent with the protection, safety and liquidity of such funds

4) To ensure that the funds are invested in equity shares and debt instruments rated as per investment regulations laid down by PFRDA

5) To ensure proper internal control of investment function and operations by clear segregation of functions into Front, Mid and Back Office.

6) To review the changes if any in the engagement team & any other matter relating to investments & forward its recommendation to the Board.

3. INVESTMENT PROCESS

3.1. Fixed Income Process

Investment in Fixed income assets are largely made with one or more of the following objectives –

- Mandated investments as part of the fund objective definitions
- Utilize the cash flows to manage interest rate risks

1) The objectives of the fixed income investments and asset allocation restrictions between different categories of fixed income assets, if any, are part of the mandate of each fund. These mandates help define the broad structure of the fixed income portfolio.

2) The group, industry sector exposure limits define the limits on the exposure to different securities in the portfolio. These limits are defined in greater details in the relevant sections of the Prudential Exposure.

3) Manage the active risks in the fixed income portfolios to meet the objectives for the funds. The primary active risks in the Fixed Income portfolios are Interest rate risk, Credit risk and Liquidity risk.

3.1.1. Fixed Income Investment universe

Fixed Income investments are made in Government securities in scheme G, Corporate bonds in scheme C and Alternative Asset class in scheme A

The authorized investments in the Government securities scheme are

1) Government of India bonds
2) State Government bonds
3) Other securities which are fully and unconditionally guaranteed by Central or State Government, provided that the portfolio invested under this sub-category of securities shall not be in excess of 10% of the total portfolio of the scheme G
4) Units of G-Sec Mutual Funds, provided that the portfolio invested in such mutual funds shall not be more than 5% of the scheme G and fresh investments made in them shall not exceed 5% of the fresh accretions in the year

The authorized investments in the Corporate bond scheme (Asset class C) are

1) Debt securities which are listed or proposed to be listed, with minimum residual maturity period of not less than three years tenure at the time of investment issued by bodies corporate, including scheduled commercial banks and public financial institutions [as defined under Section 2 of the Companies Act, 2013]
2) Listed or proposed to be listed debt securities issued by body corporate engaged mainly in the business of development or operation and maintenance of infrastructure, or development, construction of finance of low cost housing. This

shall also include securities issued by Indian Railways or any of the body corporate in which it has majority shareholding. This shall also include securities issued by any authority of the Government which is not a body corporate and has been formed mainly with the purpose of promoting development of infrastructure.

3) Listed or proposed to be listed Credit Rated Municipal Bonds/Infrastructure Bonds
4) Fixed Deposits receipts of scheduled commercial banks not less than one year duration, which satisfy the following conditions on the basis of published annual report(s) for most recent years, as required to have been published by them under law:
    a) having declared profit in the immediately preceding three financial years;
    b) Maintaining a minimum capital to risk weighted assets ratio of 9% or mandated by prevailing RBI norms, whichever is higher;
    c) Having net non-performing assets of not more than 4% of the net advances;
    d) Having a minimum net worth of not less than Rs200 crores
5) Units of Debt Mutual Funds as regulated by SEBI
6) Rupee bonds having an outstanding maturity of at least 3 years issued by the International Bank for Reconstruction & Development, International Finance Corporation & Asian Development Bank.
7) Infrastructure & Affordable housing bonds issued by any scheduled commercial bank, which meets the conditions specified above for fixed deposits receipt.
8) Listed or proposed to be listed securities issued by Infrastructure Debt Funds operating as a NBFCs and regulated by RBI. For such securities credit ratings shall relate to the NBFC.
9) Listed or proposed to be listed securities issued by Infrastructure Debt Funds operating as a Mutual Fund and regulated by SEBI

As stipulated by PFRDA, the investment in this category should be made in instruments which are listed or proposed to be listed having a credit rating of A or higher from at least two credit rating agency, subject to a cap on investments between A to AA- rated bonds to be not more than 10% of the Asset Class C. If the securities/entities have been rated by more than two rating agencies, the lowest two of all the ratings shall be considered. For Rupee bonds a single rating of A or above by a domestic or international rating agency will be acceptable.

If services of professional fund/assets managers for management of the assets is engaged, payment to whom is being made on the basis of the value of each transaction, the value of funds invested in any mutual funds mentioned in any of the categories or ETFs or Index Funds shall be reduced before computing the payment due to them in order to avoid double incidence of costs.

The following limits will be applicable to all the investments in the Asset Class C

Credit Rating issued by at least two Rating Agency	Exposure Limit
AAA Rated instruments including money market instruments /cash and cash equivalents	At least 75% of AUM
AA or higher rated instruments including money market instruments/ cash and cash equivalents	At least 90% of AUM
A to AA- Rated instruments	Not more than 10% of AUM

In case of any instruments mentioned above being rated and their rating falling below A, the option of exit would be considered and exercised, as appropriate, in a manner that is in the best interest of the subscriber.

A quarterly statement on the investment made in securities which have a minimum rating of ‘A’ and their performance including downgrades in this category, if any, to NPS Trust for monitoring of such investments.

The authorized investments in the Alternative Asset class scheme (Asset class A) are

1) Commercial mortgage based Securities or Residential mortgage based securities
2) Asset Backed Securities regulated by the SEBI
3) Units issued by Real Estate Investment Trusts regulated by SEBI
4) Units of infrastructure Investment Trusts regulated by SEBI
5) Investments in SEBI Regulated ‘Alternative Investment Fund’ AIF (Category I and Category II only) as defined under the SEBI (Alternative Investment Fund) regulations 2012
6) Basel III Tier-1 bonds issued by scheduled commercial banks under RBI guidelines

As stipulated by PFRDA, the investment in this category would be made in instruments which are listed or proposed to be listed, except in case of category 1 and 2 above, having a credit rating of AA or higher from at least two credit rating agencies. If the securities/entities have been rated by more than two rating agencies, the lowest two of all the ratings shall be considered.

For category 1, 2 and 5 above rating from only one rating agency will be sufficient. In case of Government owned AIFs under Category 5, ratings would not be required.

The investment in AIF – category I and category II is allowed subject to satisfaction of the following conditions:-

1) The permitted funds under category I are infrastructure funds, SME funds, venture capital funds and social venture capital funds as detailed in Alternative Investment Funds Regulations, 2012 by SEBI
2) For category II AIF as per Alternative Investment Funds Regulation 2012 by SEBI, at least 51% of the funds of such AIF shall be invested in either of the infrastructure entities or SMEs or venture capital or social welfare entitites

3) Investment will be made only in those AIFs whose corpus is equal to more than Rs100 crores
4) Exposure to single AIF shall not exceed 10% of the AIF size
5) Funds shall not be invested in securities of the companies or funds incorporated and operated outside India in violation of section 25 of the PFRDA Act 2013
6) Sponsors of the Alternative Investment funds would not be the promoter in Pension fund or the promoter group of the pension fund
7) AIFs shall not be managed by investment manager, who is directly or indirectly controlled or managed by Pension fund or the promoter of the pension fund.

The investment in Basel-III Tier-1 bonds of Scheme A is allowed provided that –

1) Investment shall be made in such bonds of a scheduled commercial bank from the secondary market only if such Tier-1 bonds are listed
2) In case of Initial offering of the bonds, investment shall be made only in such Tier-1 bonds which are proposed to be listed.
3) Total portfolio invested in this sub-category, at any time, can be upto a maximum of 5% of the total portfolio i.e. Scheme G+C+E+A
4) No investment in this sub-category in initial offering shall exceed 20% of the initial offering. Further, at any point of time, the aggregate value of Tier-1 bonds of any particular bank held by fund shall not exceed 20% of such bonds issued by that bank.

Investment team is required to ensure diligence in the beast interest of subscribers before investing in Scheme A. All the risks such as liquidity risk, integrity risk, operational risk and control issues and conflict of interest need to be considered while making a decision to invest in Scheme A and these are to be documented while making such decisions.

3.1.2. Fixed Income Securities Selection Process

Asset Class G

As stipulated by PFRDA, the investments in this asset class should be made in Central & State Government Securities issued by RBI or other securities which are fully and unconditionally guaranteed by central or state government. The selection of securities should be based on the view of the investment team on the interest rates, liquidity condition & managing the duration of the portfolio.

Asset Class C & A

Credit risk is a key risk in Bond Portfolio Management. Credit risk arises from the possibility that a borrowing entity will be unable to meet its interest and / or principal repayment obligations on a bond within the timelines set in the bond indentures. Hence a careful analysis and scrutiny is required at the time of setting up limits, on the amount of exposures that can be taken to a single borrower, as well as monitoring the financial health on an ongoing basis.

Any investment in non-Govt Securities assets has to follow the process of application for credit limits, evaluation, approval and regular monitoring, as described below.

1) All proposals for setting up credit limits for any borrower, other than Central & State Government Securities, have to be initiated by the Investment team.
2) The team will study the financial and business health of the borrower and submit a credit rationale for setting up limits for the borrower. Any credit appraisal should address the following areas:
    a) Industry characteristics and the company's competitive position in the industry
    b) Review of the financial data including topline growth, cost structure, trends in profitability, cash flow, leverage, debt coverage ratios, debt repayment schedule.
    c) Key business and financial risks and mitigants if any.
    d) Comments on the management track record.
    e) Key data points to be monitored.
    f) If required, stress test the assumptions made for forecasting the company's earnings and debt repayment capacity, to verify the soundness of the company's capital structure.
3) The CIO shall present the credit proposal to the Investment Committee for approval. After studying and debating the merits of the credit exposure, the committee may approve or reject the proposal. If a proposal is accepted, the limits will be allocated for the exposure.
4) The Investment team shall maintain the records of all the credit limits approved by the Investment committee.
5) The actual investment in any particular credit shall in all cases be subject to the regulatory limits/internal limits, whichever is lower.

3.1.3. Credit Limits Review Process

1) Once a credit limit has been approved, the Investment team shall maintain an ongoing watch for any developments that affect the credit quality of the borrower.

2) The Investment team will need to submit a proposal for a review of existing limits, necessarily after material events like a ratings change or management structure change. Any change in the external rating downgrade will be communicated to the IC in the subsequent meeting.

3) The Investment Committee shall monitor the following credit risk parameters at each of their meeting:
    a. Exposure and the approved limits for each issuer
    b. Rating wise exposure for various funds
    c. Any approvals/limit changes since the previous meeting
    d. Any significant credit development for any of the holdings since the previous meeting

3.2. Equity Process

Equity investments are a natural asset class for pension funds which have a long-horizon of investment. Equity investments are usually more volatile than fixed income and, crucially do not throw up a fixed or known stream of cash flows. The higher volatility in equities also results in higher expected returns from these investments. Equity investments are made as per mandate requirements

1) The benchmark index composition with regards to the stocks as well as sector distribution forms the initial mandate for the portfolio construction.
2) The group, industry sector exposure limits define the limits on the exposure to different stocks in the portfolio.

3.2.1. Equity Universe :

Equity investments, in Scheme E, as stipulated by PFRDA shall be made in

1) The stocks which are listed either on BSE/NSE and have market capitalization of not less than Rs. 5000 crores as on date of investment and have derivatives with the shares as underlying traded in either of the two stock exchanges except in case of IPO, in which case the same should be available in the F&O segment in either of the two stock exchanges within one year to remain invested in that stock.
2) ETF's which replicate the portfolio of either BSE Sensex index or NSE Nifty 50 index.
3) Units of mutual funds which have minimum 65% of their investment in shares of body corporate listed on BSE or NSE, provided that the aggregate portfolio invested in such mutual funds shall not be in excess of 5% of the total portfolio of the fund at any point in time and the fresh investment in such mutual funds shall not be in excess of 5% of the fresh accretions invested in the year.
4) ETFs constructed specifically for disinvestment of shareholding of the Government of India in body corporate
5) Exchange traded derivatives having the underlying of any permissible listed stock or any of the permissible indices, with the sole purpose of hedging, provided that the portfolio invested in derivatives in terms of contract value shall not be in excess of 5% of the total portfolio invested.

While investing in MFs, ETFs and Index funds, the underlying scrips of these MFs, ETFs or index funds should also comply with the stipulations for investments in Equity directly as mentioned in Point 1) above.

If services of professional fund/assets managers for management of the assets is engaged, payment to whom is being made on the basis of the value of each transaction, the value of funds invested in any mutual funds mentioned in any of the categories or ETFs or Index Funds shall be reduced before computing the payment due to them in order to avoid double incidence of costs.

3.2.2. Equity Stock Selection Process

1) The stocks which meet the above mentioned criteria become a part of our investible universe. The exchanges on a periodic basis review the stocks which have derivative options. Any new additions made by the exchanges automatically become a part of our investible universe provided it meets all the investment criteria.
2) Of the investible universe, the investment team shall identify the stocks where the investments are likely to be made. A detailed research note will be prepared on these names. The research note should encompass the following aspects
    a. Company description – Promoters & professional management, product prospects, past performance, (trend analysis), projections and the future plans, policies of the government, management and its impact.
    b. Emphasis on quality management, its track record & policies should be highest
    c. Industry Scenario – Market share of the company should be analyzed
    d. Valuation of the company vis-à-vis the industry based on past financials and future projections
3) The research note will be circulated to the CEO & the non executive directors for discussion & approval. The investments will be made only after the approvals from the CEO & the non executive directors are obtained. The investments thus made shall be taken up in the subsequent Investment committee meeting for ratification and noting
4) Once the investment in a particular stock is made, the investment team has to keep an ongoing watch on any developments or changes in the fundamentals of the company.
5) Industries and companies are monitored and reviewed on a regular basis with a view to increase / decrease the portfolio's exposure to them, The stocks in the portfolio are reviewed based on certain criteria like:
    a. Fundamental changes in the company
    b. Company valuations
    c. Risk to Earning forecast
6) Special emphasis should be placed on the quality and consistency of the management, the quality of earnings, their expected growth and the liquidity of the company’s shares.

3.3. Other Investments

3.3.1. Short term investments

Pending deployment as per investment objective, the moneys under the respective Schemes may be invested in short-term deposits upto 1 year of Scheduled Commercial Banks as eligible, in short-term money market instruments like Commercial Papers & Certificate of Deposits with minimum rating of A1+ by at least two credit rating agencies or other liquid instruments or liquid schemes of mutual funds with the average total assets under management for most recent six months period of at least Rs. 5000 crs subject to a maximum of 5% of the scheme corpus on temperate basis only. For Tier2 of Scheme G and C, a maximum of 10% of the scheme corpus can be invested in short term investments.

3.3.1.1. Mutual Funds:

Investments may be made in Liquid Mutual Funds, where these funds are defined as such under SEBI regulations. Liquid Fund investments are made with a very short term objective of cash management in the funds from which such investments are made.

Investments shall be made only in the Liquid Funds for which limits have been approved by the Board of Directors. The total AUM of the Liquid Fund, total AUM of all debt schemes managed by the Mutual Fund house, parentage, past performance etc are some of the key parameters for proposing investment limits for the Liquid Funds.

The investment in the Liquid Funds shall be made in accordance with the PFRDA guidelines. PFRDA prescribes that Investments should be made in an AMC with average total assets under management is at least Rs. 5000 crores for last six months period. PFRDA guidelines also permit investments in equity related Mutual Funds & debt/gilt funds in respective NPS schemes.

If services of professional fund/assets managers for management of the assets is engaged, payment to whom is being made on the basis of the value of each transaction, the value of funds invested in any mutual funds mentioned in any of the categories or ETFs or Index Funds shall be reduced before computing the payment due to them in order to avoid double incidence of costs.

3.3.1.2. Deposits:

Pending deployment as per investment objective, the moneys under the respective Schemes may be invested in Deposits with Banks which are included in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934). Investments can be made in term deposits upto one year maturity & issued by scheduled commercial bank which satisfy the following condition

1) Having declared profit in immediately preceding three financial years
2) Maintaining a minimum Capital to risk weighted assets ratio of 9% or as mandated by RBI guidelines, whichever is higher
3) Having net NPA's of not more than 4% of net advances
4) Having minimum net worth of not less than Rs. 200crs

The amount of deposits placed with any bank will form a part of the bank's overall credit limit. The funds placed in bank deposits shall not be counted towards calculating the exposure to the banking sector. However, investments in deposits of a bank falling under the promoter group of the insurer, shall continue to be subjected to the promoter group exposure norms, as specified in the section on 'Exposure Limits'. The investment restrictions for bank deposits as stipulated PFRDA would apply to all investment made in them.

3.3.1.3. Commercial Paper

Pending deployment as per investment objective, the moneys under the respective Schemes may be invested in short-term money market instruments like Commercial Papers and Certificate of Deposit issued by body corporate with minimum rating of A1+

by at least two credit rating agencies. If commercial paper has been rated by more than two credit rating agencies, the lowest of the ratings shall be considered.
Investment can be made in Certificates of Deposit of up to one year duration issued by scheduled commercial banks which satisfy the following condition

1) Having declared profit in immediately preceding three financial years
2) Maintaining a minimum Capital to risk weighted assets ratio of 9% or as mandated by RBI guidelines, whichever is higher
3) Having net NPA's of not more than 4% of net advances
4) Having minimum net worth of not less than Rs. 200crs

3.3.2. Investment in Derivatives:

Investments in derivatives will be made in all instruments as approved by PFRDA and the Board of Directors. Reference may be made to the separate Derivative Policy, as and when it is framed and approved by the board, for the use and management of derivatives in the company's investments.

3.3.3. Application in IPO/FPO/OFS:

Investments in an Initial Public Offering (IPOs) / Follow On Public Offer (FPO's) and Offer For Sale (OFS) are allowed in the respective asset classes

3.3.4. Leverage in the schemes:

No leverage, in any manner, is allowed in any of the schemes. The PFM shall be deemed to have leveraged the portfolio if it:

1) enters into borrowings or other financial arrangements or creates or purports or attempts to create any security, charge, mortgage, pledge, lien or encumbrance of any kind whatsoever on the assets of the portfolio or any part thereof;
2) undertakes any transaction the result of which would overdraw the account maintained by the Custodian on behalf of the PFM for the purpose of settling transactions;
3) commits the Trustee to supplement the assets of the portfolio or the account maintained by the Custodian on behalf of the PFM for the purpose of settling transactions without the prior written consent of the Trustee by a Proper Instruction, either by borrowing in the name of the PFM or the Trustee or by committing the PFM or the Trustee to a contract which may require the Trustee to supplement those assets; or
4) allows market movement to result in a leveraged position.

3.4. Broker empanelment

All secondary market trading should be channeled through multiple brokers empanelled by the company, to reduce the concentration risk of placing trades through a few brokers. PFRDA guidelines stipulate that the company shall transact (purchase or sell securities) through any empanelled broker and that not more than 5% of the total volume of trades of all the schemes in a block of twelve months should be transacted through any single broker.

All business will be transacted through empanelled brokers only. Brokers who wish to be part of the empanelled list, should apply as such along with the following documents–

1) Application form in the Prescribed format
2) Client Broker Agreement duly stamped & signed in the prescribed format
3) SEBI registration Certificate of NSE/BSE
4) Membership Certificate of NSE/BSE
5) Status report of NSE/BSE
6) Latest Net worth Certificate
7) Memorandum & Article of Association
8) Audited Annual Report for Last 3 Years
9) Copy of Latest Income Tax Return Acknowledgement.
10) Broker Agreement on Rs 600/- Stamp Paper & acceptance on letter head.
11) Directors Profile.

The investment operation function has to verify the documents to check that all requirements are in order. The Investment operation along with the compliance has to review the history of any penalties imposed on the firm by the exchanges and verify that the firm has not been declared as a defaulter nor has been indicted for any economic offenses, as part of the appraisal process.

The selection of broker depends upon the following criteria

1) Broker to have minimum networth of Rs 5 crs
2) The Broker should be empanelled with at least 10 other Institutions / Insurance Companies / Mutual Funds
3) The broker has never been declared a defaulter or membership has never been suspended to trade by SEBI of any Exchange
4) Quality of Servicing in terms of Research & trade execution

If they are collectively satisfied that the broker is eligible for empanelment, the proposal has to be sent to the Investment Committee for approval. After the Investment Committee approves the empanelment, the broker will be added to the list of empanelled brokers and the dealers may transact deals through the broker.

The Company's fixed income trades may be executed through a broker on an exchange or directly with counter-party.

The PF shall not utilize the services of the sponsor or any of its associate, employees or their relatives for the purpose of any securities transaction. The PF may utilize such services only after obtaining prior permission of the Trustees.

On an annual basis, the Investment operations along with compliance has to review the financials of all the empanelled brokers and verify the following documents –

1) Net worth Certificate for Mar
2) Status report for BSE / NSE for Mar
3) Audited Annual Report

The list of brokers empanelled for the Debt and the Equity segments is detailed in Annexure 3.

4. MANAGEMENT OF INVESTMENT RISKS

The broad risks in the investment portfolios can be classified under –

1) Interest rate risk
2) Credit Risk
3) Re-investment risk
4) Liquidity Risk
5) Market Risk

These risks are the active risks that are to be managed through Investment management.

4.1. Liquidity Risk

Liquidity risks arise due to the inability to buy or sell the required quantum of securities at the market prices without any impact on the market price of the securities.

4.1.1. Fixed Income securities:

Liquidity risks are high in the fixed income market. A large portion of the traded volumes in the market can be attributed to a few 'on-the-run' benchmark securities. The rest of the securities are largely 'illiquid'. Hence, liquidity risks are inherent in all fixed income portfolios.

Liquidity management in the fixed income portfolios depend on the fund objectives: Fixed income funds have a more active duration management and hence have higher level of portfolio turnover. Though there are no limits prescribed, the fixed income investments in these funds should endeavour to allocate a high proportion of the investments to 'liquid' on-the-run benchmark securities among Central Government & State Government securities. Investment in Corporate bonds should aim to invest a higher proportion in 'liquid' on-the-run bonds issued by highly rated companies in benchmark sizes and benchmark maturities.

4.1.2. Equity securities:

A large proportion of the equity cash market volumes is accounted for by the large cap index stocks. Liquidity in these large cap index stocks is very good with a good depth in the market to absorb large volumes. However, the market depth in most mid cap and small cap stocks is low and trading volumes are also low.

Liquidity in the equity portfolios, is important & that is why the equity positions are mostly in the large cap names forming a part of the benchmark index. The level of liquidity risks should be assessed by the investment team to ensure that the equity portfolios do not have a high number of illiquid holdings. A liquidity report should be prepared at the end of every month to assess the liquidity position of the equity portfolio.

4.2. Interest Rate Risk

Interest rate risks arise in the Fixed Income portfolios from the changes in the value of securities due to changes in the interest rates.

Interest rate risk is the key risk for active management of fixed income portfolios. The level of interest rate risk is derived from the fund management team's views on interest rates and portfolio positioning.

4.3. Re-investment Risk

Re-investment risks arise in portfolios due to the changes in future interest rate levels such that future cash flows are invested at yields different from prevailing levels. Re-investment risks are acute when yields fall down such that the future cash flows in the form of regular subscription amounts and coupon payments are re-invested at lower yields, and reduce the total investment return from the initial estimates.

4.4. Credit Risk

Credit risk is an active risk that is managed by the fund management team based on market and credit views. Credit risks stem from a possible failure by an issuer of bonds to make the contracted payments in full at the specified time. Such failure results in a loss of returns and / or principal of the investment. Government securities are considered free from credit risks. All other securities have credit risks associated with the investments. All investments in instruments apart from Government securities have to be made in rated instruments only. The credit rating has to be assigned by a SEBI registered rating agency only.
The credit rating of a bond is the key indicator of the credit risk level of the bond investment. PFRDA regulations stipulate that apart from securities issued by state & central government, all the investments in Scheme C have to be rated A or above by atleast two credit rating agencies. These limits restrict the investments in lower rated instruments and mitigate the credit risk inherent in fixed income portfolios.

4.5. Market Risk

Market risk arises from an adverse movement in the general levels of the equity or fixed income markets, possibly due to changes in the macro-economic conditions or any other factors that affect the market as a whole.
In fixed income portfolios with asset-liability matching these risks are minimal as long as the effect applies to both the assets as well as the liabilities.
Market risk is a key active risk that is managed by the funds management team in linked funds in both the Asset class E as well as Asset class G, C & A portfolios. These risks are managed based on market views and fund positioning.

4.5.1. Stop Loss Policy

Most equity investments are made with a medium to long term investment horizon. Fund managers implement their portfolio strategies based on market developments and fundamental research. Equity investments are volatile and may, at times, be influenced by short term developments which are not anticipated by the Fund Manager.

In order to limit the losses to the portfolio due to sharp volatility, a prudent stop loss policy is implemented.

The stop loss policy is applicable to all equity investments in Asset Class E. Upon a 15% decline in value of the total portfolio of the equity assets or a 20% decline in any individual security, over a period not exceeding 30 days (tracked on a monthly basis), the CEO and the Chief Investment Officer will review the respective asset class and / or security. The Chief Investment Officer will then be authorized to take corrective action or document the reason for the sharp decline, in case if it is a one-time phenomena and the fundamentals going forward of the asset class and/or security are intact, to continue holding the same asset. However such reports can be made available on demand from CIO & CEO at any point of time.

There is no stop loss policy for fixed income investments. Fixed income securities have a known and fixed set of cash flows that accrue to the investors. These cash flows do not undergo any change during the life of the security. (for floating rate securities, there will be changes in the cash flows linked to market determined reference rate, which keep the value of the floating rate security close to par value.) Due to the known and fixed nature of cash flows that accrue to the investors, the volatility of the fixed income securities is lower. The investors of the fixed income securities will get the cash flows irrespective of the changes in the interest rate environment. Hence, there exists an upper and lower bound for values of fixed income securities as the level of interest rates does not have a large range.

5. SECURITIES TRADING LIMITS

The securities trading limits are defined separately for fixed income and equity assets. The current Authorization Limits for the Chief Investment Officer are as follows

1) Equity transactions
    a. Limit of upto Rs.20 crores per transaction &
    b. Limit of Rs.60 crores worth of transactions per day

2) Fixed Income Transactions
    a. Limit of upto Rs.50 crores per transactions &
    b. Limit of Rs. 100 crores worth of transactions per day

Any transaction in excess of the above mentioned limits requires approval from the CEO.

6. PRUDENTIAL EXPOSURE LIMITS

6.1. Exposure limits

The PFRDA stipulated exposure norms for single company, group and industry sector are-

Type of Asset Class			**Limit for entire 'group' of the investee company**		**Limit for Industry Sector to which the investee company belongs**
			Sponsor Group	**Non Sponsor Group**	
Asset Class E			5% of of Equity Paid up capital of all sponsor group companies or 5% of Total AUM of the respective scheme which ever is lower	15% of of Equity Paid up capital of all non sponsor group companies or 15% of Total AUM of each respective scheme, which ever is lower	Investment by the Pension Fund Manager in any industrial sector shall not exceed 15% of its total investment exposure across various schemes as per Level 5 of NIC classification.
Asset Class C			5% of the networth of all sponsor group companies or 5% of Total AUMof each respective scheme), which ever is	10% of the networth of all non sponsor group companies or 10% of Total AUM of each respective scheme, which ever is lower	

		lower	
Asset Class G	Atleast 90% investments in Central or State Government Securities	Other securities which are fully & unconditionally guaranteed by central or state government limited to maximum 10% of AUM of Scheme	
Asset Class A	Total portfolio invested in Basel III Tier-1 bonds, at any time, can be upto a maximum of 5% of the total portfolio i.e. Scheme G+C+E+A		

6.2. Other Investment restrictions

1) The assets are not to be encumbered
2) The PF shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of the securities and in all cases of sale, deliver the securities and shall in no case put itself in a position whereby it has to make short sale or carry forward transaction or engage in badla finance (except as permitted under the extant regulations, from time to time).
3) No investment in any unlisted security of an associate or group company is allowed.
4) Investment in unlisted equity shares or equity related instruments is not permitted except in derivatives for the purpose of hedging and portfolio balancing only in accordance with the guidelines issued by SEBI/RBI
5) No loans for any purpose can be advanced by the PF.
6) Pending deployment of funds of a scheme in securities in terms of investment objectives of the scheme, the PF can invest the funds of the scheme in short-term deposits of scheduled commercial banks or in call deposits or in short term money market instruments or other liquid instruments or liquid schemes of mutual funds up to 5% of the scheme corpus on temporary basis. For Tier2 Schemes of C and G, the money market limit would be 10% of the scheme corpus.
7) NPS Funds shall not be used to buy securities/bonds held by the PF or its subsidiary in their own investment portfolio or any other portfolio held by them.
8) Transfer of investments from one Scheme to another Scheme in the same PF, shall be allowed only if:-
    a. such transfers are made at the prevailing market price for quoted Securities on spot basis
    b. the Securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.
9) The transfer of investments from one scheme to another scheme will however be carried out as prescribed by the PFRDA in the investment guidelines or IMA

10) No investments shall be made in unlisted equity shares or any equity linked instruments.
11) Investment in derivatives are allowed only for the purpose of hedging or portfolio rebalancing only in accordance with guidelines issued by SEBI/RBI
12) Investments in Credit Default Swaps are also permitted

6.3. Exposure limits for Shareholders Funds

The Exposure limits for the shareholders funds is as follows

S. No	Asset Type	Description	Exposure Limit
1	Government Securities	More than 10 years maturity	40%-60%
2	Corporate Debentures (AAA rated)	3-10 years maturity	20%-40%
3	Corporate Debentures (AAA rated)	Less than 3 years maturity	5%-20%
4	Cash & cash Equivalents including Bank Fixed Deposits		0%-30%

1) Liquidity of the investments should be the key parameter for the choice of instruments in this portfolio.
2) Interest rate risk is low in the fund due to the limited duration exposure
3) Credit risk is a major risk inherent in this fund, hence the investments are to be made in highly liquid instruments, it is recommended that the all investments are made in G-Secs or ‘AAA’ or equivalent rated instruments only.

7. VALUATION OF SECURITIES

The valuations of securities are done based on the security level valuation provided by the custodian. Stock Holding Corporation of India (SHCIL) is the custodian & as stipulated by PFRDA, the valuation of securities are done & communicated to the pension fund managers by SHCIL. The valuation policy of SHCIL is based on valuation guidelines issued by PFRDA from time to time. The existing policy of PFRDA for valuation of securities is as follows

- Debt securities other than Government securities with a residual maturity over 91 days **(60 days w.e.f. 30 Sep 2012)** are valued at NSE weighted average traded price on that day. When such securities are not traded on a day, they are valued on a yield to maturity basis, by using spreads over the benchmark rate to arrive at the yield for pricing the security. The spreads are used from the aggregated CRISIL and ICRA daily matrices.
- Debt securities other than Government securities with a residual maturity upto 91 days **(60 days w.e.f. 30 Sep 2012)** are valued at NSE weighted average traded price on that day. When such securities are not traded on a day, they are valued at last valuation price plus the difference between the redemption value and last valuation price, spread uniformly over the remaining maturity period of the instrument.
- Corporate Debt & MMI's (Privately placed securities) :
  - In case the ISIN has not been allotted for the newly purchased security or the security does not form part of the electronic custody till 5.30 pm on any valuation day, the below SEBI guideline would be used for valuation:
  - When a debt security (other than Government Securities) is purchased by way of private placement, the value at which it was bought may be used for a period of fifteen days beginning from the date of purchase.
- Valuation of securities having put and/or call options.
  - Only Callable Bonds (with single/daily/multiple call options): Bonds, which are only callable by the issuer, will be valued at lowest value basis.
  - Only Puttable Bonds (with single/daily/multiple put options): Bonds puttable by the investor will be valued at highest value basis.
  - The securities with both Put and Call option (single/ daily) on the same day would be deemed to mature on the Put/Call day and will be valued accordingly.

- Partly paid bonds will be valued on the paid up value till it is fully paid.
- For a perpetual bond with single / multiple call option, the price for all option dates till the maturity date will be computed and the lowest price will be used for valuing the bond.
- Valuation of performing non-government debt securities below Investment grade of BBB- at a discount of 25% to Face value (as per SEBI guideline CIR MFD/CIR/ 8 / 92 / 2000 dated September 18, 2000).
- Central Government and State Government securities are valued at the aggregated prices received daily from independent valuation agencies (CRISIL and ICRA).
- Equity Traded on valuation day (Actively traded equity) :
    - When a security is traded on any Stock Exchange on a particular valuation day,
    - The last quoted closing price at which it was traded on the selected Stock Exchange, as the case may be, may be used. (Closing prices from BSE / NSE for the day).
- Equity Not Traded on valuation day (Thinly traded equity) :
    - When a security is not traded on any Stock Exchange on a particular valuation day, the last quoted closing price at which it was traded on the selected Stock Exchange, as the case may be, on the earliest previous day may be used provided such date is not more than thirty days prior to valuation date. (Earliest previous traded price for T-30 days)
- Mutual fund units are valued at the latest available / previous day net asset values from AMFI website.

8. PERFORMANCE AND RISK REPORTING

The investment objectives for the three asset classes are outlined below:

8.1. Asset class E (Equity Scheme)

8.1.1. Benchmark

The performance of the scheme will be measured by reference to the total performance (dividends reinvested) of S&P CNX 100 Index.

8.1.2. Performance objective

The investment objective is to optimise returns while investing in the chosen index over a rolling annual basis.

8.2. Asset class G (Government securities scheme)

8.2.1. Performance objective

The investment objective is to optimise returns.

8.2.2. Risk

The PF should identify and justify the additional risks relative to the return, while managing the portfolio on an absolute return basis.

8.3. Asset class C (Corporate bond scheme)

8.3.1. Performance objective

The investment objective is to optimise returns.

8.3.2. Risk

The PF should identify and justify the additional risks relative to the return, while managing the portfolio on an absolute return basis.

Performance measurement and communication is an important aspect of the investment function.

All funds have a daily NAV that includes the income earned by the fund from interest, dividends, profits and losses from sale of securities and the unrealized gains and losses on securities due to changes in the mark-to-market values of the securities in the funds. The change in the NAV, during the period for which the fund performance is being measured, gives the returns from the fund.

To avoid any conflict of interest, all performance measurement and reporting will be made by the operations department personnel independent of any front-office inputs.

All Funds performances are to be reported along with the relevant benchmark returns, for all the periods that the performances of the funds are reported.

Performance reporting forms a part of the risk reporting as well. The out-performance of the funds over the relevant benchmark returns quantifies the outcome of the active risk management in the portfolios. The key active risks are Interest rate risk, Market risk and Credit risk.

8.4. Passive Breach Reporting

Exception Approval Matrix

Nature of Exception	**Approvals Required**	**Justification for Breach**
Passive Breach due to fresh inflow/outflow, market movements or any other reason beyond the control of the investment team	Such breaches needs to be rectified within three working days	Considering that the fund management team does not have any control on certain events (inflow/outflow, market movements, corporate actions etc), hence the breaches arising out of these & such similar events are classified as passive in nature & shall be corrected in three working days from the date of the breach keeping in mind the best interest of the subscriber.
Money Market Breaches due to small fund size	Approval from any one of Compliance Officer/ CEO/CFO	Scheme C – The minimum market lot size of a corporate bond is Rs. 10 lacs there are very few bonds available with smaller face vale in the market. Hence the fund manager is compelled to wait until the accumulated cash position crosses the minimum lot size for it to be invested in bonds. Till

		such time the cash surplus is invested in the liquid mutual fund schemes
Extreme Circumstances – Any active breach arising out of fund management action/ decision	Prior approval from any 3 of Compliance Officer / CEO, Non Executive Directors	Such exceptions shall be allowed in Exterme scenarios only and justification shall be recorded in writing along with prior approval of the deviation

9. SCOPE OF AUDIT OF INVESTMENT FUNCTION

9.1. Scope

The scope of audit of the investment front office shall at least cover the following –

- To ensure compliance with applicable PFRDA guidelines and circulars and directives issued for time to time in respect of all Investment activities.
- Concurrent audit of all Investment activities covering Front Office operations, Back Office operations and Fund Accounting activities to be undertaken (including compliance with the delegation of financial powers, Limits monitoring, Risk mitigation, etc)
- Concurrent audit of all transactions/deals along with supporting documents viz. deal tickets, broker notes and also with respect to Authority Limits and Investment Policy as defined from time to time.
- Daily checking of NAV (including initialing of the NAV report on daily basis by the audit team leader) for all the schemes.
- Review of overall Investment related activities dealing with empanelment of brokers, segregation of responsibilities, code of conduct for dealers, allocation of expenses to various funds/Investments etc
- Review of Investment Policy and implementation thereof.
- Compliance to Employee Dealing Guidelines

9.2. Other areas

- Standard Operating Procedure review
- Delegation of Authority
- Front Office – Investment Operations – Segregation of duties
- Maintenance of voice recorder for transactions done
- Custodian Controls
- Exposure/Prudential/Other norms – Company/Group/Sector/Industry
- Non-performing Investments
- Inter Fund Transfers
- Controls & Compliance with Regulations for different types of Investments
- Investments in Debt instruments
- Investible Surplus determination
- Accounting policy adherences vis-à-vis the investment function
- Minimum Risk management system and Process review
- Investment in promoter groups
- Review of follow-up on PFRDA inspection reports
- Review of follow-up for recovery of overdue
- Follow-up on previous Audit Reports
- Review of half yearly and yearly scheme financials.

The finalization of the scope of work for the audit of the Investment function falls within the ambit of the Board of Directors of the Company.

10. EMPLOYEES' CODE OF CONDUCT

All employees of the Company are required, as part of their contracts of employment, to abide by the company's code of conduct, so as to enable the Company to ensure that there is no conflict of interest between transactions of employees and the Company and interest of the policyholders and stakeholders.

10.1. Objective

The purpose of the policy is to specify minimum guidelines and ensure that:

- All personal securities transactions are conducted in such a manner so as to avoid any actual or potential conflict of interest vis-à-vis investment transactions by HDFC PMC.
- Key Personnel should not take undue advantage of any price-sensitive information that they may have in the course of working with HDFC PMC
- The interests of the subscribers are not adversely affected.
- To guide employees in maintaining a high standard of probity that one would expect from an employee in a position of responsibility.

10.2. Investments Covered

- These guidelines cover transactions for purchase or sale of any securities in the primary, secondary market made in the employee's name, immediate family members either individually/jointly and/or as a member of HUF or as a nominee.

A complete description of the Code of Conduct and Employee Dealing Policy is part of the Compliance function and the reference may be made to the complete document for all the details regarding specific restrictions, safe-guards, approvals and disclosures.

Annexure 1

Approved Equity stocks for investment (Scheme E)

Sr. No.	Scrip Name	Sr. No.	Scrip Name
1	Tata Consultancy Services Ltd	33	Eicher Motors Ltd
2	Reliance Industries Ltd	34	Bajaj Finance Ltd
3	HDFC Bank Ltd	35	Yes Bank Ltd
4	ITC Ltd	36	Adani Ports & Special Economic Zone Ltd
5	Oil & Natural Gas Corporation Ltd	37	Bharti Infratel Ltd
6	Housing Development Finance Corporation Ltd	38	Lupin Ltd
7	State Bank of India	39	Hero MotoCorp Ltd
8	Infosys Ltd	40	GAIL (India) Ltd
9	Indian Oil Corporation Ltd	41	Shree Cement Ltd
10	Hindustan Unilever Ltd	42	Godrej Consumer Products Ltd
11	Maruti Suzuki India Ltd	43	Hindustan Petroleum Corporation Ltd
12	Coal India Ltd	44	Motherson Sumi Systems Ltd
13	Sun Pharmaceutical Industries Ltd	45	Dabur India Ltd
14	ICICI Bank Ltd	46	Zee Entertainment Enterprises Ltd
15	Kotak Mahindra Bank Ltd	47	Grasim Industries Ltd
16	Larsen & Toubro Ltd	48	Ambuja Cements Ltd
17	Bharti Airtel Ltd	49	Cipla Ltd
18	NTPC Ltd	50	Cadila Healthcare Ltd
19	Tata Motors Ltd	51	Siemens Ltd
20	Axis Bank Ltd	52	Tata Steel Ltd
21	Wipro Ltd	53	Dr Reddys Laboratories Ltd
22	Hindustan Zinc Ltd	54	Tech Mahindra Ltd
23	HCL Technologies Ltd	55	Rural Electrification Corporation Ltd
24	UltraTech Cement Ltd	56	Britannia Industries Ltd
25	Bharat Petroleum Corporation Ltd	57	Bank of Baroda
26	Power Grid Corporation of India Ltd	58	Bharat Electronics Ltd
27	Asian Paints Ltd	59	Hindalco Industries Ltd
28	IndusInd Bank Ltd	60	UPL Ltd
29	Bajaj Auto Ltd	61	Punjab National Bank
30	Mahindra & Mahindra Ltd	62	LIC Housing Finance Ltd
31	Vedanta Ltd	63	Petronet LNG Ltd
32	Bosch Ltd	64	Oracle Financial Services Software Ltd

Sr. No.	Scrip Name	Sr. No.	Scrip Name
65	Idea Cellular Ltd	78	Divis Laboratories Ltd
66	Havells India Ltd	79	Federal Bank Ltd
67	Cummins India Ltd	80	Indraprastha Gas Ltd
68	Oil India Ltd	81	Tata Motors Ltd-DVR-A-ORDY
69	MRF Ltd	82	Capital first Ltd
70	Glenmark Pharmaceuticals Ltd	83	DCB Bank
71	United Spirits Ltd	84	Bajaj Finserv Ltd
72	Shriram Transport Finance Company Ltd	85	Cholamandalam Investment & Finance Company Ltd
73	Ashok Leyland Ltd	86	ICICI Prudential Life Insurance Company Limited
74	TVS Motor Company Ltd	87	Nestle India Limited
75	L&T Finance Holdings Ltd	88	RBL Bank Ltd
76	Exide Industries Ltd	89	Pidilite Industries
77	Mahindra & Mahindra Financial Services Ltd		

Annexure 2

Approved credit limits for investments (Scheme C)

S.No.	**Issuer Name**	**Approved IC Limit (Face Value Rs cr)**
1	Axis Bank Ltd.	120
2	Bajaj Finance Ltd.	120
3	Capital First Ltd.	120
4	Export Import Bank Of India	120
5	Food Corporation of India Ltd.	120
6	Hindalco Industries Ltd.	120
7	Housing Development Finance Corporation Ltd.	120
8	ICICI Bank Ltd.	120
9	IDFC Bank Ltd	120
10	Indian Railway Finance Corporation Ltd.	120
11	Indusind Bank Ltd	80
12	Infrastructure Leasing And Financial Services Ltd.	120
13	L&T Finance Ltd	120
14	L&T Infrastructure Finance Ltd.	120
15	L&T Limited	120
16	Lic Housing Finance Ltd.	120
17	Mahindra and Mahindra Financial Services Limited	120
18	National Bank for Agriculture & Rural Development	120
19	National Hydro Electric Power Corp	120
20	National Thermal Power Corporation Ltd.	120
21	Nuclear Power Corporation of India Limited	120
22	Power Finance Corporation Ltd.	120
23	Power Grid Corporation of India Ltd.	120
24	Reliance Industries Ltd.	120
25	Reliance Ports & Terminals Ltd.	120
26	Rural Electrification Corporation Limited	120
27	Shriram Transport Finance Co. Ltd.	120
28	State Bank of India	120
29	Tata Sons Ltd.	120
30	United Phosphorous Ltd.	120
31	Airport Authority of India	120
32	Bharat Petroleum Corporation Ltd	120
33	Grasim Industries Ltd	120
34	Hindustan Petroleum Corporation Ltd	120
35	India Infrastructure Finance Company Ltd	120
36	Kotak Mahindra Prime Ltd	120

37	National Housing Bank	120
38	Sundaram Finance Ltd	120
39	Ultratech Cements Ltd	120
40	ICICI Securities primary Dealership Ltd	120
41	Tata Capital Financial Services	80

Annexure 3

List of empanelled brokers

A) Equity segment

S. No.	Name of the Broker	Segment
1	Kotak Securities	Equity
2	Morgan Stanley India Company Pvt Ltd	Equity
3	EDELWEISS Securities	Equity
4	India Infoline Securities Private Limited	Equity
5	Motilal Oswal Securities Ltd	Equity
6	CLSA Securities	Equity
7	JM Financial Institutional Securities Pvt. Ltd.	Equity
8	Ambit Capital Private Limited	Equity
9	Anand Rathi Share and Stock Brokers Limited	Equity
10	Emkay Share and Stock Brokers P Ltd	Equity
11	Antique Stock Broking Limited	Equity
12	ICICI Broking	Equity
13	Dhanki Securities P Ltd	Equity
14	IDFC -Securities Limited.	Equity
15	Prabhudas Lilladher Pvt, Ltd	Equity
16	Axis Capital Ltd	Equity
17	Asian Markets Securities Pvt Limited.	Equity
18	Quant Broking Pvt. Ltd.	Equity
19	Daiwa Capital Markets India Private Limited	Equity
20	SBI Capital Markets Ltd	Equity
21	PhillipCapital (India) Pvt Ltd	Equity
22	B&K Securities India Pvt Ltd	Equity
23	Nirmal Bang Equities Pvt Ltd	Equity
24	MicroSec Capital Ltd	Equity

B) Debt Segment

S. No.	Name of the Broker
1	Derivium Tradition Securities (India) Pvt.Ltd.
2	A.K. Stockmart Private Limited
3	ICAP India Pvt Ltd.
4	Prebon Yamane (India) Limited
5	Trust Financial Consultancy Ser Pvt Limited (DEBT)
6	SPA Securities Ltd (Debt)
7	LKP Securities
8	Edelweiss Securities Ltd (Debt)
9	Taurus Corporate Advisory Services Ltd

Annexure 4

List of approved Liquid Mutual Funds and investment limits

Name of Fund	Investment Limits (in RsCrs)
ICICI Prudential Liquid – Direct plan – Growth Option	150 crs
Kotak Liquid Fund – Direct Plan – Growth Option	150 crs
Birla Sunlife Cash Plus – Direct Plan – Growth Option	150 crs
SBI Premier Liquid Fund – Direct Plan – Growth Option	150 crs