

NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME G TIER II

UN-AUDITED REVENUE ACCOUNT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2014

(In ₹)

Particulars	Schedule	For the period ended	For the period ended
		30.09.2014	30.09.2013
		Amount	Amount
Income & Gain			
Interest income		29,025	-
Dividend income		-	-
Profit on sale/redemption of investments(other than inter-scheme transfer/sale)		970	-
Unrealised gain on appreciation in investments		17,357	55
Total Income & Gain (A)		47,352	55
Expenses & Losses			
Unrealised losses in value of investments		-	-
Loss on sale/redemption of investments(other than inter-scheme transfer/sale)		-	-
Management fees		510	2
Custodian fees		29	-
CRA fees		742	3
Less : Amount recovered on sale of units on account of CRA Charges		(742)	(3)
Total Expenses & Losses (B)		539	2
Net income/(expenditure) for the period (A-B = C)		46,813	53
Balance at the beginning of the period			-
Net Unrealised Appreciation in value of Investment transferred from/ (to) Unrealised Appreciation Reserve		(17,357)	(55)
Balance at the end of the period carried to Balance Sheet		29,456	(2)
Total income (including net unrealised gain/loss) expressed as a percentage of average net assets, calculated on a daily basis.		6.64%	1.17%
Total expenditure expressed as a percentage of average net assets, calculated on a daily basis.		0.08%	0.04%
Significant accounting policies and notes to accounts	7		

The notes referred to above form an integral part of the financial statements.

For and on behalf of Board of Directors of HDFC Pension Management Company Limited

Amitabh Chaudhry
Director

Vibha Padalkar
Director

Sumit Shukla
Chief Executive Officer

Nagesh Pai
Company Secretary

Place : Mumbai

Date : October 14, 2014

NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME G TIER II

UN-AUDITED BALANCE SHEET AS AT SEPTEMBER 30, 2014

(In ₹)

Particulars	Schedule	As at 30.09.2014	As at 30.09.2013
		Amount	Amount
Sources of funds			
Unitholders Funds			
Unit Capital	1	951,005	6,143
Reserves & Surplus	2	128,039	55
Current Liabilities and Provisions	3	802	5
Borrowings			
Total		1,079,846	6,203
Application of funds			
Investments (Long term and short term)	4	1,058,594	5,805
Deposits	5	-	
Other Current Assets	6	21,252	398
Total		1,079,846	6,203
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		1,079,044	6,198
(b) Number of units outstanding		95,101	614
(c) NAV per unit (a)/(b) (₹)		11.3463	10.0886
Significant accounting policies and notes to accounts	7		

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For and on behalf of Board of Directors of HDFC Pension Management Company Limited

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NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME G TIER II

Schedules forming part of the un-audited financial statements

Schedule 1: Unit capital

(In ₹)

Particulars	As at 30.09.2014		As at 30.09.2013	
	Units	Amount	Units	Amount
Initial capital		-		-
Unit capital				
Opening balance	30,730	307,299	-	-
Additions during the period	66,452	664,524	615	6,146
Deduction during the period	(2,082)	(20,818)	(0)	(3)
Closing balance	95,101	951,005	614	6,143

Schedule 2: Reserves and surplus

(In ₹)

Particulars	As at 30.09.2014	As at 30.09.2013
	Amount	Amount
Unit premium reserve		
Opening balance	13,080	-
Additions during the period	65,036	2
Deduction during the period	(2,148)	-
Closing balance	75,968	2
Unrealised Appreciation Reserve		
Opening balance	1,220	-
Change in net unrealised appreciation in value of investments	17,357	55
Closing balance	18,577	55
Surplus/(deficit) in Revenue account		
Opening balance	4,038	-
Additions during the period	29,456	-
Deduction during the period	-	(2)
Closing balance	33,494	(2)
General reserve*	-	-
Appropriation account*	-	-
Total	-	55

* The balances have been NIL throughout the period

Schedule 3: Current liabilities and provisions

(In ₹)

Particulars	As at 30.09.2014	As at 30.09.2013
	Amount	Amount
Current liabilities		
Sundry creditors	489	2
Contracts for purchase of investments	-	-
Unit redemption payable	313	3
Provisions	-	-
Total	802	5

NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME G TIER II**Schedules forming part of the un-audited financial statements****Schedule 4: Investments****(In ₹)**

Particulars	As at 30.09.2014	As at 30.09.2013
	Amount	Amount
Equity shares	-	-
Preference shares	-	-
Debentures and bonds	-	-
Central and state government securities (including treasury bills)	1,020,094	-
Commercial Paper	-	-
Others - Mutual funds	38,500	5,805
Total	1,058,594	5,805

Schedule 5: Deposits**(In ₹)**

Particulars	As at 30.09.2014	As at 30.09.2013
	Amount	Amount
Deposits with scheduled banks	-	-
Others	-	-
Total	-	-

Schedule 6: Other current assets**(In ₹)**

Particulars	As at 30.09.2014	As at 30.09.2013
	Amount	Amount
Balances with banks in current / saving account	7,572	398
Cash on hand	-	-
Sundry debtors	-	-
Contracts for sale of investments	-	-
Outstanding and accrued income	13,680	-
Total	21,252	398

NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME G TIER II

Schedule 7

Significant accounting policies & notes to accounts for the Half year ended September 30, 2014

1.1 Background

HDFC Pension Management Company Limited ('the Company') has been appointed as a Pension Fund Manager ('PFM') by the Pension Fund Regulatory and Development Authority ("PFRDA") for the management of Pension Schemes under the National Pension System ('NPS'). Accordingly, the Company has entered into an Investment Management Agreement ('IMA') with NPS Trust. The Pension Fund Regulatory and Development Authority ("PFRDA" / "Authority") guidelines require each PFM to manage subscribers' funds. As per unbundled architecture of the NPS, the main responsibility of PFM is to manage funds in accordance with the laid down guidelines and declare NAV. As per the architecture, the NSDL e-Governance Infrastructure Ltd., being the Central Recordkeeping Agency (CRA) provides consolidated data to PFM for allotment / redemption of units and Axis Bank, being the Trustee Bank, provides / receives funds on consolidated basis in respect of such allotment / redemption.

Central Record Keeping Agency (CRA) : National Securities Depository Limited (NSDL) and PFRDA have set up Central Recordkeeping Agency (CRA) for the NPS

Some of the key responsibilities of the CRA include the following:

- * Recordingkeeping, Administration and Customer service function for NPS subscriber,
- * Providing Unique Permanent Retirement Account Number (PRAN) to each subscriber,
- * Maintaining database of all PRANs issued and recording transactions relating to each subscribers PRAN,
- * PRAN Transaction Statement,
- * An operational interface between PFRDA and other NPS intermediaries such as Pension Funds, Annuity Service Providers, Trust Bank etc.

CRA is responsible to resolve all queries pertaining to investors. CRA informs about the fund flow to Pension Fund Managers (PFM) and also instruct AXIS Bank to credit PFM's pool account maintained with them.

NPS trust has designated Stock Holding Corporation of India Ltd. (SHCIL) as the custodian, who is responsible for safe custody of securities and settlements of trades.

The fees payable to CRA, in terms of IMA, is charged to the investor by redeeming the equivalent number of units on receipt of intimation from CRA. As stated above, the amount of funds received from the subscribers is intimated by the Trustee Bank on consolidated basis on T+2 basis. PFM records the same on receipt basis. Accordingly, funds with Trustee Bank at the yearend do not get reflected in the financial statements.

1.2 Basis of preparation

The financial statements have been prepared to comply with the Pension Fund Regulatory and Development Authority Act, 2013, PFRDA (Preparation of financial statements and Auditor's report of Schemes under National Pension System) Guidelines – 2012, Accounting Standards notified under the Companies Act, 1956 to the extent made applicable by PFRDA (Preparation of financial statements and Auditor's report of Schemes under National Pension System) Guidelines – 2012 and generally accepted accounting principles. These financial statements have been prepared on an accrual basis, except as otherwise stated.

The financials have been prepared for SCHEME G TIER II being managed by the Company.

The Company manages six separate schemes under the two tiered structure (Tier I and II) prescribed under the NPS. The schemes are classified as Scheme E, C and G based on the asset class prescribed under the NPS as follows:

Scheme E - Equity market instruments
Scheme C - Credit risk bearing fixed income instruments
Scheme G - Government securities

1.3 Investments

Transactions for purchase and sale of securities are accounted on trade date.

The holding cost of investments is determined by the weighted average cost method and the cost does not include brokerage and other transaction charges.

The cost of investments acquired or purchased includes applicable taxes and stamp charges but exclude brokerage and other transactional charges. Any front-end discount offered for Privately placed debt instruments are reduced from the cost of the investment.

Investments are reconciled with the custodian records on daily basis.

Valuation of Investments

The scheme marks all investments to market and carries investments in the Balance Sheet at the market value as on Balance Sheet date / date of determination / date of valuation.

The change in unrealised appreciation/depreciation in the value of investments is determined separately for each assets category at the year-end and is recognised in the Revenue Account. The change in net unrealised appreciation, if any, is transferred to /from "Unrealised Appreciation Reserve" shown as part of Reserves and Surplus.

NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME G TIER II

Schedule 7

Significant accounting policies & notes to accounts for the Half year ended September 30, 2014

As per directive received from NPS Trust, the valuation of investments is carried out by Stock Holding Corporation of India Limited (SHCIL) effective April 1, 2011. The Investment valuation methodology adopted by SHCIL is as follows:

The following valuation norms are as prescribed by PFRDA (Preparation of Financial Statements and Auditor's Report of schemes under National Pension System) Guidelines - 2012.

Central government securities are valued at the aggregated prices received from independent valuation agencies.

Treasury bills are valued at amortised cost. If they are traded, then they are valued at the last traded price on NSE.

Collateralized borrowing and lending obligations (CBLO) and rediscounted bills are valued at cost plus accrued interest.

Investments in mutual fund schemes are valued based on the latest available net asset value of the respective schemes.

1.4 Income Recognition

Interest income on all interest bearing investment is recognised on daily accrual basis; when investments are purchased, interest paid for the period from the last interest due date upto the date of purchase is debited to Interest Recoverable Account and not included in cost of purchase. Similarly interest received at the time of sale for the period from the last interest due date upto the date of sale credited to Interest Recoverable Account and not included in sale value.

Accretion of discount relating to Treasury bills is recognised over the holding / maturity period on a straight-line basis.

Profit or loss on sale of Government securities is the difference between the sale consideration net of expenses and the weighted average amortised cost as on the date of sale.

Profit or loss on sale of mutual fund units is the difference between the sale consideration net of expenses and the weighted average book cost.

1.5 Non-Performing Assets

An investment is regarded as non-performing, if interest/principal or both amount has not been received or has remained outstanding for 90 days from the day such income/installment has fallen due.

Where income receivable on investments has accrued but has not been received for a period of 90 days beyond the due date, provision is made by debiting to the Revenue Account for the income so accrued and no further accrual of income shall be made in respect of such investments.

Income on non-performing assets (NPA) are recognised on receipt and other incomes of miscellaneous nature are accounted for when there is certainty of collection.

1.6 Units reconciliation

The subscribers' units as per Investment management system are reconciled with Central Recordkeeping Agency (CRA) records on daily basis.

1.7 Investment management fees

Investment management fees are recognised on daily accrual basis on closing Asset Under Management (AUM) in accordance with IMA. The Investment management fee is inclusive of brokerage but excludes custodian charges and applicable taxes, if any.

The Company has started charging investment management fee of 0.01% per annum (inclusive of brokerage but excluding custodian charges and applicable taxes), with effect from August 01, 2014, in terms of the Pension Fund Regulatory and Development Authority's circular no.PFRDA/6/PFM/9/2 dated July 31, 2014.

The investment management fees charged until July 31, 2014 was 0.25% per annum (inclusive of brokerage but excluding custodian charges and applicable taxes), in terms of the Pension Fund Regulatory and Development Authority's circular no.PFRDA/CIR/1/PFM/1. The investment management fee is charged on closing funds under management of the scheme on daily basis.

1.8 Other Expenses

Custody charges are recognised on daily accrual basis in accordance with IMA. Trustee bank charges, if any, are recognised when they are debited by the trustee bank on a quarterly basis.

1.9 Unit Premium Reserve

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the Unit Premium Reserve of the Scheme.

NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME G TIER II

Notes to accounts (Un-audited)

2.1 Contingent liabilities

(In ₹)

Particulars	As at 30.09.2014	As at 30.09.2013
	Amount	Amount
Uncalled liability on partly paid shares	Nil	Nil
Other commitments	Nil	Nil

2.2 Investments

All investments are performing investments. All investments of the scheme are in the name of the NPS Trust. All investments are traded investments.

2.3 Details of transactions with sponsor and its related parties

Nature of relationship	Name of the related party
Pension fund manager	HDFC Pension Management Company Limited
Sponsor company	HDFC Standard Life Insurance Company Limited
Associates and group companies	
Holding Company	HDFC Limited
Mr. Amitabh Chaudhry	Key Management Personnel
Ms. Vibha Padalkar	Key Management Personnel
Mr. Sumit Shukla	Key Management Personnel

The following represents significant transactions between the Company and its related parties for the Half year ended:

(In ₹)

Nature of Transaction	As at 30.09.2014	As at 30.09.2013
	Amount	Amount
Investment management fees	510	2

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	As at 30.09.2014	As at 30.09.2013
	Amount	Amount
Investment management fees payable	460	2

Aggregate investments made in the Associates and group companies are as follows:

(In ₹)

Name of the Company	Asset type	As at 30.09.2014		As at 30.09.2013	
		Cost	Market Value	Cost	Market Value
		NIL	NIL	NIL	NIL

Investment with other Group Companies

Nature of relationship	Name of the related party
Associates of Holding Company	HDFC Bank Limited

Aggregate investments made in the other group companies are as follows:

(In ₹)

Name of the Company	Asset type	As at 30.09.2014		As at 30.09.2013	
		Cost	Market Value	Cost	Market Value
		NIL	NIL	NIL	NIL

2.4 Provision

There are no provisions for doubtful deposits, debts and outstanding and accrued income.

NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME G TIER II

Notes to accounts (Un-audited)

2.5 Aggregate value of purchase and sale with percentage to average assets

Aggregate value of purchase and sale with percentage to average assets is as follows :

(In ₹)

Particular	As at 30.09.2014	As at 30.09.2013
	Amount	Amount
Average Net Asset Value	712,715	4,700
Purchase of Investment	3,177,893	5,750
% to average Net Assets Value	445.89%	122.34%
Sale of Investment	2,441,470	-
% to average Net Assets Value	342.56%	0.00%

Aggregate value of purchase and sale (excluding liquid mutual fund)* with percentage to average assets is as follows :

(In ₹)

Particular	As at 30.09.2014	As at 30.09.2013
	Amount	Amount
Average Net Asset Value	712,715	4,700
Purchase of Investment	717,393	-
% to average Net Assets Value	100.66%	0.00%
Sale of Investment	-	-
% to average Net Assets Value	0.00%	0.00%

*Liquid mutual fund investments are held for day to day cash management, hence excluded

NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME G TIER II

2.6 Investments falling under each major industry group

The total value of investments falling under each major industry group (which constitutes not less than 5% of the total investments in the major classification of the financials) are disclosed as under:

Investment classification	As at 30.09.2014		As at 30.09.2013	
	Market value (In ₹)	% of investment class	Market value (In ₹)	% of investment class
Central Government Securities	1,020,094	94.54%	-	0.00%
Mutual Funds	38,500	3.57%	5,804	93.66%
Net Current Assets	20,450	1.90%	393	6.34%
Net Asset Value	1,079,044	100.00%	6,197	100.00%

NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME G TIER II

2.7. Un-audited Half-yearly Portfolio Statement for the period ended September 30, 2014

(In ₹)

Name of the instrument	Market value	% of Portfolio	Rating (if any)
Debt Instruments			
Central Government Securities			
1. 9.20% GOI Mat 30-Sep-2030	156,105	14.47%	Sovereign
2. 9.23% GOI MAT 23-Dec-2043	147,840	13.70%	Sovereign
3. 8.28% GOI Mat 21-Sep-2027	134,806	12.49%	Sovereign
4. 8.24% GOI MAT 15 Feb 2027	124,930	11.58%	Sovereign
5. 8.28% GOI Mat 15-Feb-2032	105,993	9.82%	Sovereign
6. 8.12% GOI Mat 10-Dec-2020	97,320	9.02%	Sovereign
7. 8.30% GOI Mat 31-Dec-2042	95,900	8.89%	Sovereign
8. 8.83% GOI MAT 25 Nov 2023	70,455	6.53%	Sovereign
9. 8.20% GOI Mat 24-Sep-2025	57,690	5.35%	Sovereign
10. 8.32% GOI Mat 02-Aug-2032	29,055	2.69%	Sovereign
Debt Instruments Total	1,020,094	94.54%	
Money Market Instruments			
Liquid Mutual Funds			
1. ICICI Prudential Liquid - Direct Plan - Growth.	38,500	3.57%	AAA
Money Market Instruments Total	38,500	3.57%	
Cash / Cash Equivalent & Net Current Assets	20,450	1.90%	N.A.
Grand Total	1,079,044	100.00%	
Average Maturity of Portfolio (in yrs) #	16.74		
Modified Duration (in yrs) #	8.12		
Yield to Maturity (%) (annualised) (at market price) #	8.72%		
Credit Rating Exposure			
Central Government Securities	1,020,094	94.54%	
State Development Loans	-	-	
AAA / equivalent	-	-	
A1+ / equivalent (Certificate of Deposits / Commercial Papers)	-	-	
AA+/equivalent	-	-	
AA/equivalent	-	-	
AA-/equivalent	-	-	
A+/equivalent	-	-	
A/equivalent	-	-	
A-/equivalent	-	-	
BBB+ / equivalent	-	-	
BBB / equivalent	-	-	
BBB- / equivalent	-	-	
Lower (Below Investment Grade) (out of above Net NPA)	-	-	
TOTAL	1,020,094	94.54%	
Bank FD	-	-	
Equity	-	-	
Equity Mutual Funds	-	-	
Gilt / Money Market Mutual Funds	38,500	3.57%	
Cash / cash equivalent net current assets	20,450	1.90%	
Application Pending Allotment - NCDs	-	-	
Others	-	-	
Grand Total	1,079,044	100.00%	
Units Outstanding	95,100		
NAV	11.3463		
Notes:			
a. Total NPAs provided for and its percentage to NAV		-	
b. Total value and percentage of illiquid equity shares		-	
c. NAV at March 31,2014		10.5967	
d. NAV at September 30,2014		11.3463	
e. Total outstanding exposure in derivative instruments at March 31, 2014		-	
f. Total 'Infrastructure investments' at September 30, 2014		-	
# Calculated on debt portfolio			

NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME G TIER II

2.8 KEY STATISTICS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2014 (UN - AUDITED)

Sr No	Particulars	For the period ended 30.09.2014	For the period ended 30.09.2013
1	NAV per unit (₹) I		
	Open	10.5917	9.9999
	High	11.3843	10.0886
	Low	10.4217	9.9981
	End	11.3463	10.0886
2	Closing Assets Under Management (₹ in Lakhs)		
	End	10.79	0.06
	Average daily net assets (AAuM) II	7.13	0.05
3	Gross income as % of AAuM III	6.64%	1.17%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.08%	0.04%
b	Management fee as % of AAuM (scheme wise) V	0.14%	0.25%
5	Net income as % of AAuM VI	6.57%	1.13%
6	Portfolio turnover ratio VII	3.43	0.00
7	Total dividend per unit distributed during the period	N.A.	N.A.
8	Returns: (%)		
a	Last one year	12.47%	N.A.
	Benchmark	12.85%	N.A.
b	Since inception	13.46%	0.89%
	Benchmark	9.68%	-2.57%
c	Compound annualised yield (%) VIII		
	Last 1 year	12.47%	N.A.
	Last 3 years	N.A.	N.A.
	Last 5 years	N.A.	N.A.
	Since launch of the scheme	11.46%	5.51%
	Launch Date	August 01, 2013	August 01, 2013
I	NAV = (Market value of investment held by scheme + value of current assets - value of current liability and provisions, if any) / (no. of units at the valuation date (before creation/ redemption of units))		
II	AAuM = Average daily net assets		
III	Gross income = Income includes Interest, Dividend, Realised/Unrealised Gain		
IV	Total expenses = Expenses include management fees, custody fees, trustee bank charges but excludes Unrealised/Realised loss		
V	Management fee as % of AAuM is annualised		
VI	Net income = Total income less Total expenses and losses		
VII	Portfolio turnover = Lower of sales or purchase divided by the average AUM for the period. Investments in liquid mutual fund is excluded from the turnover as the same is primarily for liquidity management		
VIII	Compounded annualised yield is to be calculated based on following formula: $' = (1 + \text{cumulative return})^n - 1$ (where n=365/no. of days)		