



## HDFC PENSION MANAGEMENT COMPANY LIMITED

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SCHEME E TIER I  
SCHEME E TIER II  
SCHEME C TIER I  
SCHEME C TIER II  
SCHEME G TIER I  
SCHEME G TIER II  
SCHEME A TIER I  
SCHEME A TIER II  
SCHEME NPS LITE

ANNUAL REPORT 2016-17



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HDFC Pension Management Company Limited ('HDFC Pension') presents its Fourth Annual Report along with the audited financial statements of the Schemes for the year ended March 31, 2017.

During the year ending March 31, 2017, the Company managed the following schemes under the National Pension System (NPS):

- Scheme E Tier I - Equity market instruments
- Scheme E Tier II - Equity market instruments
- Scheme C Tier I - Credit risk bearing fixed income instruments
- Scheme C Tier II - Credit risk bearing fixed income instruments
- Scheme G Tier I - Government securities
- Scheme G Tier II - Government securities
- Scheme A Tier I - Alternative Investment funds
- Scheme A Tier II - Alternative Investment funds
- Scheme NPS Lite

(All the above schemes collectively referred as "Schemes" in this document)

The Asset under Management as at March 31, 2017 of all the schemes collectively was ₹ 1,16,298.76 Lakhs

## **1. BRIEF BACKGROUND OF THE TRUST, SPONSORS AND PENSION FUND MANAGEMENT COMPANY**

### **a) THE TRUST**

Pension Fund Regulatory and Development Authority ('PFRDA') was established by the Government of India on August 23, 2003 to promote old age income security by establishing, developing and regulating pension funds, to protect the interests of subscribers to schemes of pension funds and for matters connected therewith or incidental thereto.

The National Pension System Trust ('NPS Trust') was established by PFRDA on February 27, 2008 with the execution of the NPS Trust Deed. The NPS Trust has been set up and constituted for taking care of the assets and funds under the National Pension System (NPS) in the interest of the beneficiaries (subscribers). Individual NPS subscribers shall be the beneficiaries of the NPS Trust.



**b) SPONSOR**

HDFC Standard Life Insurance Company Limited ("HDFC Life" / "Sponsor") is the Sponsor of the Company. HDFC Life is a joint venture between Housing Development Finance Corporation Limited (HDFC Ltd) and Standard Life plc of UK ( through Standard Life (Mauritius Holdings) 2006 Limited ). HDFC Life was incorporated on August 14, 2000 as a Company registered under the erstwhile Companies Act, 1956 ('the Act') and licensed by the Insurance Regulatory and Development Authority of India ('IRDAI') for carrying out Life Insurance business in India.

The Sponsor reaches its customers through 414 offices as at March 31, 2017. At March 31, 2017 the Sponsor has 14,827 employees and 54,516 advisors and is thus well equipped to cater to the needs of customers.

As at March 31, 2017, the Share capital of the Sponsor stands at ₹ 28 Crores.

**c) PENSION FUND MANAGEMENT COMPANY**

The Company was incorporated on June 20, 2011 as a Company registered under the Act. It has been appointed as a Pension Fund Manager ('PFM') by the NPS Trust for the management of Pension Schemes (Private Sector) under the NPS Trust. The Company was granted a Certificate of Registration bearing No. PFRDA/007/2013/PFM dated April 23, 2013.

Pursuant to the Certificate of Commencement of Business granted by PFRDA on April 26, 2013, the Company commenced its operations on August 1, 2013 and has been in the business of managing the private sector Pension Funds, In the month of January 2014, a fresh Request for Proposal ('RFP') was floated by the PFRDA seeking bids from Sponsors for selection of pension fund managers afresh to manage the pension funds. In response to the RFP, HDFC Standard Life Insurance Company Limited ('HDFC Life' / 'the Sponsor') had submitted its technical and commercial bid. The technical bid made under RFP was opened in April 2014 and the bid submitted by the Sponsor was not accepted by the PFRDA on technical grounds of not having profitability for a period of 3 years. The Sponsor, therefore, filed a Writ Petition before the Hon'ble High Court of Delhi, challenging the said rejection. The Hon'ble High Court of Delhi by its Order dated May 15, 2014 quashed and set aside the PFRDA's rejection of the Sponsor's bid and directed the PFRDA to evaluate the bid in accordance with the steps set out in the RFP. While the PFRDA cleared the Sponsor's technical and commercial bid and the Sponsor even agreed to match the lowest commercial bid, the PFRDA declined to grant the Sponsor a 'Letter of Appointment'. The Sponsor therefore filed another Writ Petition before the Hon'ble High Court of Delhi against the rejection. Vide its Order dated December 18, 2014 the Hon'ble High Court of Delhi quashed and set aside the PFRDA's rejection of the Sponsor's bid and directed the PFRDA to grant HDFC Life a 'Letter of Appointment' to act as a Sponsor.



Subsequently, the PFRDA has filed a Special Leave Petition before the Hon'ble Supreme Court of India challenging the above said Order dated December 18, 2014. The Hon'ble Supreme Court, by its Order dated March 9, 2015, refused to grant the PFRDA any ad-interim relief and the matter is presently pending hearing. On March 27, 2015, complying with the High Court order, the PFRDA had issued a 'Letter of Appointment' in favour of the Sponsor, stating inter alia that such appointment is subject to the outcome of the above proceedings filed before the Hon'ble Supreme Court. The Company has obtained an opinion from its lawyers, as per which the Company stands a fairly good chance of succeeding in the matter.

It may be noted that the PFRDA (Pension Fund) Regulations, 2015 were notified in May 2015, pursuant to which re-registration of all pension funds was sought by the PFRDA. HDFC Pension has submitted its application and a response from the PFRDA is awaited on the same. However, vide a letter dated June 24, 2016, the PFRDA, while acknowledging our submission of Annual Fees, had granted an extension to continue as a Pension Fund until the selection of Pension Funds in terms of process specified under PFRDA (Pension Fund) regulations, 2015. This extension was subject to the Order of the Supreme Court of India on the appeal filed against the Order of the High Court of Delhi.

During the year under review, the PFRDA had issued a fresh Request For Proposal ('RFP') for selection of Pension Funds for private sector, pursuant to which the Sponsor had submitted a Technical and Commercial bid. On November 29, 2016 the PFRDA issued a notice that the Commercial Bid would be opened on November 30, 2016 wherein the name of HDFC Life was included which implies that the Technical Bid of HDFC Life has been accepted. HDFC Life is also given to understand that the Commercial Bid submitted by HDFC Pension has also been accepted by the PFRDA and formal issuance of letters of appointment is awaited.

## **BASIS AND POLICY OF INVESTMENTS**

### **Investment Policy**

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

The Investment Committee of the Board of Directors and the Board of the Directors of the Company ("Board") reviews the investment policy and its implementation and makes necessary modifications from time to time to bring it in tune with the requirements of the law and regulations – in regard to protection of subscribers' interest and pattern of investment laid down by PFRDA.



## **Investment Structure**

The broad Investment Structure of the Company is discussed below;

### **a) Investment Committee**

The Board of Directors of the Company has constituted 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. The Investment Policy is defined by the Investment Committee to set the contours of the investment activity, process, prudential risk limits and performance objectives.

### **b) Investment Front Office :**

The investment front office is headed by the Chief Investment Officer (CIO) who is responsible for the following set of process among others:

- 1) Market research;
- 2) Investment Recommendations;
- 3) Approval of recommendation;
- 4) Deal execution & Order Placement;
- 5) Deal entry in Front Office System;
- 6) Placement of daily funds inflow;

### **c) Investment Mid and Back Office :**

The Investment Mid and Back office is responsible for the following set of processes among others:

- 1) Fund Accounting
- 2) Trade Settlement
- 3) Investment Compliance
- 4) NAV Calculation & Declaration
- 5) Valuation of Securities
- 6) Regulatory Reporting & Internal MIS

An external Custodian, appointed by PFRDA (presently Stock Holding Corporation of India Limited, is responsible for the custody of the assets, tracking corporate actions and also undertakes valuation of securities.



### **Investment Strategy**

The investment philosophy of the Company is to meet a consistent long-term return objective while exposing the fund to the least possible risk, The overall investment strategy of the Company is focused on ensuring adequate returns on investments to subscribers consistent with protection, safety and liquidity of the funds alongside complying with the applicable investment guidelines as prescribed under Investment Management Agreement executed with the NPS Trust.

Investments in the Fixed Income instruments are made with the objective of optimising the returns by actively managing the risks associated with fixed income securities like Credit Risk, Interest Rate Risk & Liquidity Risk.

Investments in Equity are made in the selected stocks from the preapproved investment universe with the objective of achieving portfolio returns better than the returns generated by the benchmark index.

### **Brief details of investment in various Schemes are as under:**

Scheme E: The funds under Scheme E are managed actively with the stock universe prescribed by PFRDA & Investment Committee. Our strategy is to construct a model portfolio from the approved universe of stocks with the objective of beating the returns generated by the benchmark index.

Scheme C: The funds under Scheme C are invested in corporate debentures of rated corporate issuers. Investments in corporate debentures are made in high quality long term debentures following internal due diligence and credit rating from independent credit rating agencies.

Scheme G: The funds under Scheme G are invested in State Government and Central Government Securities as per the scheme objective. The scheme is managed actively based on the view on interest rates in the market.

Scheme A: The funds under Scheme A are invested in Alternate Investment Funds (AIF), Real Estate Investment Trust (REITs), Mortgage Backed Securities (MBS), Infrastructure Investment Trusts (InvITs) as per the scheme objective.

### **ECONOMIC SCENARIO**

#### **Economic activity slows down, but no impact of demonetization**

Gross Domestic product (GDP) growth in the first three quarters of FY 2016-17 averaged 7.2% against a 7.7% growth in the three quarters of FY 2015-16. During the same time Gross Value added (GVA) growth fell by 100 bps to 6.7% in the first three quarters of FY 2016-17. While private consumption and government spending has been higher than last year, there has been

a significant slowdown in investment growth. Investment growth for the nine months of FY 2016-17 was -0.6%. On the GVA side, the slowdown has stemmed from weaker services and industrial growth. This has more than offset the more the four-fold jump in agriculture growth. The agriculture sector recorded very high growth as the favourable monsoon led to high production of *kharif* crops and mounting supplies in the markets. The impact of demonetization has been majorly transient and did not impact the GDP growth in the third quarter of FY 2016-17. The integration of informal sector into the formal economy and unplanned consumption, led to double-digit consumption growth in the third quarter.

#### **Low industrial production growth corroborates slow economic activity**

In the ten months of FY2016-17, industrial production has grown 0.6% versus the 2.8% growth during the same time in FY 2015-16. The major drags to growth have been the manufacturing and capital-goods sectors. Consumer non-durables is another sector which has remained fragile for major part of the year. Mining growth also has been tepid. In contrast, electricity and consumer durables have shown a good performance. The demonetization impact was felt in the contraction in the Dec.2016 data, but the growth came back in the month after.

#### **CPI Inflation remains low for second year**

Consumer Price Index (CPI) inflation averaged 4.6% in the eleven months of FY 2016-17 against the 4.9% in the eleven months of FY 2015-16. Despite volatility in recent months, inflation in Jan.2017 had dropped to the lowest level in FY 2016-17. Food prices continued to drive the headline figures, which were lower this year. After two years of drought, monsoon was favourable this year, which helped higher production of agricultural crops and kept food inflation low. With crude prices remaining low, fuel inflation came off by nearly 200 bps in FY 2016-17. In contrast Wholesale Price Index (WPI) inflation has been quickening fast. From -2.6% in the eleven month of FY 2016-17, WPI inflation has risen to 3.5% in the eleven months of FY 2016-17, a rise of more than 600 bps.

#### **External accounts in good shape**

After being in negative for nearly two years, exports have turned around in the past six months. Imports have also come back to positive territory, led by growth in both, oil and non-oil imports. Gold imports have come down to \$23bn in FY 2016-17, a reduction of nearly \$7bn from the previous year. Average trade deficit for eleven months of FY 2017 was -\$8.8bn against the deficit of -\$10.4bn during the same time last year. With a capital account surplus of \$19.8bn and a current account deficit of -\$3.7bn in first half of FY 2016-17, the balance of payments has been in surplus and the forex reserve has been increasing. This has also helped the exchange rate appreciate by 1.1% in FY 2016-17.

**Good tax collections helped achieve fiscal deficit target**—Growth in tax collections have been buoyant this year, with growth in direct and indirect tax collections at 12% and 25%,

respectively in the eleven months of FY 2016-17. The good collection in income tax has been helped by the Income Disclosure Scheme. There was a huge rise in excise collections due to rise in domestic petroleum prices in excess of international prices. The Government has not only achieved the fiscal deficit target of 3.5% of GDP for FY 2016-17, but it has also guided for a fiscal deficit of 3.2% for FY 2017-18, in line with the fiscal roadmap.

**International bodies revise down forecast, Central Statistics Office (CSO) remains positive on FY 2016-17 growth** - The World Bank lowered its forecast for India for FY 2017 to 7% from the earlier estimate of 7.6%, citing demonetisation. The IMF, in its World Economic Outlook, lowered the growth forecast for India for FY 2017 to 6.6% from the earlier estimate of 7.6%, again citing demonetisation and the cash crunch as the main factor. The CSO has kept the FY 2016-17 full-year estimate unchanged at 7.1%. Given nine month GDP growth at 7.2%, the CSO expects fourth quarter GDP growth to be slightly lower than in the third quarter. Also, it expects investment growth to accelerate in the last quarter.

**Equity Market Review FY 2016-17:**

The returns from the Indian equity market has been positive in FY 2016-17. But the performance has been disappointing compared to its peers. Indian markets have successfully outperformed only Thailand and Malaysia among its peers. The equity market returns are also broadly comparable with the market returns from the developed economies. Australia and US markets were the best performers among the developed economies.

Indian equity markets continued to post strong gains in most of the months of FY 2016-17 and crossed all-time high levels in Mar.2017 led by a broad based rally. Strength in global equity markets, the NDA's victory in recent state elections and continued domestic inflows into mutual funds kept markets in a rising trajectory. Global equity markets remained buoyant despite a rate hike by the US Fed. In contrast to earlier reaction, a US Fed hike is now being perceived as a testimony that growth is improving and dovish stance by Fed indicates rate hikes will be only gradual, going forward.

The impact of demonetization was largely transient and there was no significant impact felt for the same. The results for the third quarter of FY 2016-17 showed steady performance amid fears of a drop in revenues and profitability on account of demonetisation. Even the GDP growth numbers for third quarter surprised by being higher than expectations. The GDP figures, while reflecting a gradual slowdown of economic activities did not reflect any slowdown because of demonetization. In contrast, demonetization led to integration of informal sector into the formal economy and unplanned consumption, which led to rise in consumption growth in the third quarter.

The FY 2016-17 has been a year of numerous reforms for India. A host of arcane and colonial era traditions in the budget making exercise are been jettisoned – the railway budget has been



merged with the union budget and the union budget itself has been brought forward by a month.

The passing of the Goods and Service Tax (GST) legislation and the shift towards a vote based Monetary Policy Committee by the Reserve Bank of India (RBI) are the most notable reforms on the economic front. The passage of the GST legislation has set in motion the move towards making India a true customs union. Besides improving efficiency in the overall supply chain by cutting red tape, GST will also incentivize tax compliance which ultimately boosts tax revenues. It has been scheduled for a July 2017 launch under a four-tier rate system.

In terms of further opening up of the country to foreign investment, the government has permitted 100% foreign direct investments (FDI) in sectors such as defence, civil aviation, pharmaceuticals, food processing and many more.

#### **Debt market Review FY 2016-17**

For debt markets', FY 2016-17 so far has been a mixed year. During the first three months there was no change in the 10-year yields. This was followed by a sharp softening of rates in the following six months, when the yields fell from 7.5% to 6.2%. Beyond Nov.2016, yields started hardening again. Yields jumped up 33 bps in the month of Feb.2017, when the RBI decided to keep its policy rate unchanged and modified its stance from accommodative to neutral.

The short end of the curve – the 3 month bond yields have also behaved in a similar manner for major part of the year. But the trajectory of the short end of the curve after the RBI policy meet has been different. While the long end of the curve has remained sticky, the short end has been softening.

Indian debt markets witnessed a sharp sell-off post the RBI's monetary policy in Feb.2017, which indicated a change in stance of the RBI from accommodative to neutral. It possibly signifies an end to the rate easing cycle, which started in Jan'15. Markets reacted negatively more on account of a change in rate stance than the status quo on rates itself. RBI's change in stance suggests it is now more focused on its medium term target of 4% inflation, which has upside risk.

Till now the softening of debt yields has been in line with the drop in inflation rates. Although the CPI inflation for Feb.2017 edged to a four-month-high of 3.65%, overall inflation has softened by 182 bps during Apr-Feb'17. During the same time the RBI has reduced its policy rate by 25 bps.

With a capital account surplus of \$19.8bn and a current account deficit of -\$3.7bn in the first half of FY 2016-17, the balance of payments has been in surplus and so forex reserves has been increasing. This has also helped the liquidity situation in the economy. Liquidity in the



banking system has moved from deficit in the beginning of the year to surplus mode in the last three months.

#### **Market Outlook for FY 2017-18 – Equity & Debt**

The impact of demonetization is over and the markets have resumed normalcy. This is reflected in two big data releases in the past one month. After being negative for four consecutive months, mood of the foreign investors turned positive in Feb.2017, with the FII's buying equity. Secondly the GDP print for the third quarter of FY 2016-17 came in as a big positive surprise. While the market had anticipated a slowdown in the third quarter because of demonetization, the final figures showed there was limited impact of demonetization on growth.

Global equity markets have remained buoyant despite a rate hike by the US Fed. In contrast to earlier reaction, a US Fed hike is now being perceived as a testimony that growth is improving and dovish stance by Fed indicates rate hikes will be only gradual, going forward. The Chinese economy, which faced growth hurdles in FY 2015-16 and first half of FY 2016-17 is turning around now. Inflation has been normalizing in most of the major economies.

The twin deficits are well under control. Current account deficit for the first half year of FY 2016-17 is low and there is also the comfort of large forex reserves. Income tax collections have got a fillip with the introduction of Income Declaration Schemes (IDS). The IDS-II has coincided with the decision to demonetize 86% of the currency in circulation. These have led to handsome collections for the government exchequer. Low international basket of crude oil prices along with high domestic prices have helped in collection of large excise duties. CPI inflation has been under the 4% target level of the RBI for the past four months.

The centre had earlier resolved the issues arising out of the states' concerns over the tax administration. The Union Cabinet has approved four legislations required to implement the GST. Now, all state assemblies will have to separately approve the state GST legislation. In addition, the Council also needs to fix the taxation rates for various individual goods and services. This has made the GST rollout more likely by 1<sup>st</sup> Jul.2017.

Mutual funds continued to remain net buyers for the seventh straight month. Strong inflows into the domestic mutual fund industry are likely to continue. In the past, Indian households have channelized a large portion of their savings into physical assets such as gold and real estate. There are clear signs that the trend is gradually changing and households are navigating towards financial savings. Higher equity market allocation from Employee Provident Fund and increasing popularity of National Pension Scheme will further enhance domestic inflows over a period of time.

Lower yield in the debt market, negative outlook for real estate and lacklustre outlook for gold are the other factors positive for the Indian equity markets.



The outlook for equity market remains positive on the back of expectation of continued economic reforms by the government, particularly after recent state election outcome. Earnings growth is likely to pick up significantly over the next two or three years given the low base, stable commodity prices and revival of consumption led demand.

The risk stems from majorly three points. Aggressive and frequent rate hikes by the Fed. This along with the protectionism policies being initiated by Trump – reduction in corporate rate tax, introduction of border adjusted tax, immigration policies, can be sentimentally negative for the markets. In the domestic front, the RBI's stance and action would be crucial for the markets.

We may say softening of yield in next 12 months for two major reasons. Bank deposits have risen significantly in the past two months. This would lead to increased demand of Government securities by banks. Secondly, inflation has fallen below expected levels. If inflation continues to remain soft, the chances of a policy rate cut increases. Additionally if the monsoon this year turns out to be normal then the inflation expectations will be further contained. We feel there is a room for a 25 bps rate cut beyond Jun.2017 and this may come as a positive surprise for the debt market. Foreign investors bought debt after being negative on Indian debt for the four months – Oct to Jan. Indian mutual funds bought Rs 388bn debt in Feb.2017 (five month high).

The biggest risk currently to the bond yields is the high probability of the US Fed increasing the policy rates. Aggressive monetary tightening in the US, would have a negative impact on the foreign flows to the domestic economy. Unexpected hardening of inflation is another short term risk for the bond yields.

## SCHEME PERFORMANCE AND OPERATIONS

### SCHEME E TIER I - Equity market instruments

#### Investment Objective

Investment objective is to optimise returns while investing in prescribed investment universe over a rolling annual basis.

#### Scheme Performance against Benchmark

The performance of the scheme is measured by reference to the performance of the Nifty 100 Index.

The performance of Scheme E Tier I at March 31, 2017 is presented below:

Period	Returns (%) <sup>^</sup>	Benchmark Returns (%) <sup>#</sup>
1 Year	22.96%	20.87%
2 Years	6.66%	5.41%
3 Years	13.53%	12.78%
Since inception @	16.60%	15.41%



^ Past performance may or may not be sustained in the future. Returns are compounded annualised (CAGR).

# Benchmark index: Nifty 100

# Post changes in the PFRDA investment regulation vide circular No PFRDA/2015/PFM/08 in September 2015; company has changed the fund management strategy of the equity schemes. Due to this change, the benchmark of the scheme has been changed from Nifty 50 to Nifty 100 effective from October 01, 2015. The benchmark return mentioned above represents the return of existing scheme benchmark, which is Nifty 100.

@ Date of Inception: August 01, 2013

Since inception returns of the scheme has outperformed the benchmark returns.

#### AUM and Asset Mix

The net assets of the Scheme at March 31, 2017 stood at ₹ 46,667.14 lakhs  
At March 31, 2017, 96.72% of the net assets were invested in Equity Shares and 3.28% in money market instruments and cash/cash equivalent & net current assets.

#### SCHEME E TIER II - Equity market instruments

##### Investment Objective

Investment objective is to optimise returns while investing in prescribed investment universe over a rolling annual basis.

##### Scheme Performance against Benchmark

The performance of the scheme is measured by reference to the total performance of the Nifty 100 Index.

The performance of Scheme E Tier II at March 31, 2017 is presented below:

Period	Returns (%)^	Benchmark Returns (%) # \$
1 Year	23.31%	20.87%
2 Years	6.99%	5.41%
3 Years	12.01%	12.78%
Since inception @	12.03%	15.41%

^ Past performance may or may not be sustained in the future. Returns are compounded annualised (CAGR).

# Benchmark index: Nifty 100 Index

# Post changes in the PFRDA investment regulation vide circular No PFRDA/2015/PFM/08 in September 2015; company has changed the fund management strategy of the equity schemes. Due to this change, the benchmark of the scheme has been changed from Nifty 50 to Nifty 100 effective from October 01, 2015. The benchmark return mentioned above represents the return of existing scheme benchmark, which is Nifty 100.

@ Date of Inception: August 01, 2013



\$ The investments into the mandated assets of the fund started in March 2014. From the date of inception of the fund till March 2014 the inflows were invested in liquid schemes of mutual funds. As per prevailing fund objective of Tier II Scheme E, the fund could only invest in equity securities through Nifty 50 Index basket. There was a minimum threshold amount for investment in Nifty 50 basket and till the time investable amount reaches the threshold, it was invested temporarily in liquid and money market schemes of mutual funds. Due to small size of the fund this has affected the fund performance. Hence, Fund performance since inception of the scheme is not comparable with the benchmark.

#### **AUM and Asset Mix**

The net assets of the Scheme at March 31, 2017 stood at ₹ 1,217.19 lakhs.

At March 31, 2017, 96.33% of the net assets were invested in Equity Shares and 3.67% in money market instruments and cash/cash equivalent & net current assets.

#### **SCHEME C TIER I - Credit risk bearing fixed income instruments**

##### **Investment Objective**

The investment objective is to optimise returns by investing in the chosen asset class

##### **Scheme Performance against Benchmark**

The performance of Scheme C Tier I at March 31, 2017 is presented below:

Period	Returns (%) <sup>^</sup>	Benchmark Returns (%) #
1 Year	12.20%	12.31%
2 Years	10.69%	10.28%
3 Years	12.18%	12.69%
Since inception @	11.91%	11.72%

<sup>^</sup> Past performance may or may not be sustained in the future. Returns are compounded annualised (CAGR).

# Benchmark index: NPS - Corporate Bond Index

@ Date of Inception: August 01, 2013

Since inception returns of the scheme has outperformed the benchmark returns.

#### **AUM and Asset Mix**

The net assets of the Scheme at March 31, 2017 stood at ₹ 28,847.70 lakhs.

At March 31, 2017, 94.75% of the net assets were invested in bonds and non-convertible debentures and 5.25% in money market instruments and cash/cash equivalent & net current assets.



**SCHEME C TIER II - Credit risk bearing fixed income instruments****Investment Objective**

The investment objective is to optimise returns by investing in the chosen asset class.

**Scheme Performance against Benchmark**

The performance of Scheme C Tier II at March 31, 2017 is presented below:

Period	Returns (%) <sup>^</sup>	Benchmark Returns (%) # \$
1 Year	12.33%	12.31%
2 Years	10.62%	10.28%
3 Years	10.25%	12.69%
Since inception @	10.08%	11.72%

<sup>^</sup> Past performance may or may not be sustained in the future. Returns are compounded annualised (CAGR).

# Benchmark index: NPS - Corporate Bond Index

@ Date of Inception: August 01, 2013

\$ The investments into the mandated assets of the fund started in March 2015. From the date of inception of the fund till March 2015 the inflows were invested in liquid schemes of mutual funds. As per fund objective of Tier II Scheme C, the fund only invests in Corporate Bonds. There is a minimum threshold of Rs.10 Lacs for investment Corporate Bonds and till the time investable amount reaches this threshold, it is invested temporarily in liquid and money market schemes of mutual funds. Due to small size of the fund this has affected the fund performance. Hence, Fund performance since inception of the scheme is not comparable with the benchmark.

**AUM and Asset Mix**

The net assets of the Scheme at March 31, 2017 stood at ₹ 895.63 lakhs.

At March 31, 2017, 92.76% of the net assets were invested in bonds and non-convertible debentures and 7.24% in money market instruments and cash/cash equivalent & net current assets.



## SCHEME G TIER I - Government securities

### Investment Objective

The investment objective is to optimise returns by investing in the chosen asset class.

### Scheme Performance against Benchmark

The performance of Scheme G Tier I at March 31, 2017 is presented below:

Period	Returns (%) <sup>^</sup>	Benchmark Returns (%) #
1 Year	12.23%	11.90%
2 Years	9.47%	9.73%
3 Years	12.83%	12.84%
Since inception @	11.36%	10.92%

<sup>^</sup> Past performance may or may not be sustained in the future. Returns are compounded annualised (CAGR).

# Benchmark index: NPS – Government Securities Index

@ Date of Inception: August 01, 2013

Since inception returns of the scheme has outperformed the benchmark returns.

### AUM and Asset Mix

The net assets of the Scheme at March 31, 2017 stood at ₹ 37,685.91 lakhs.

At March 31, 2017, 94.51% of the net assets were invested in government securities and 5.49% in money market instruments and cash/cash equivalent & net current assets.

## SCHEME G TIER II - Government securities

### Investment Objective

The investment objective is to optimise returns by investing in the chosen asset class.

### Scheme Performance against Benchmark

The performance of Scheme G Tier II at March 31, 2017 is presented below:

Period	Returns (%) <sup>^</sup>	Benchmark Returns (%) #
1 Year	12.11%	11.90%
2 Years	9.44%	9.73%
3 Years	12.68%	12.84%
Since inception @	12.01%	10.92%

<sup>^</sup> Past performance may or may not be sustained in the future. Returns are compounded annualised (CAGR).



# Benchmark index: NPS – Government Securities Index

@ Date of Inception: August 01, 2013

Since inception returns of the scheme has outperformed the benchmark returns.

#### **AUM and Asset Mix**

The net assets of the Scheme at March 31, 2017 stood at ₹ 959.82 lakhs.

At March 31, 2017, 95.59% of the net assets were invested in government securities and 4.41% in money market instruments and cash/cash equivalent & net current assets.

#### **SCHEME A TIER I - Alternative Investment Funds (AIF)**

##### **Investment Objective**

The investment objective is to optimise returns by investing in the chosen asset class.

##### **Scheme Performance against Benchmark**

The performance of Scheme A Tier I at March 31, 2017 is presented below:

Period	Returns (%) <sup>^</sup>	Benchmark Returns (%) #
1 Year	N.A.	N.A.
2 Years	N.A.	N.A.
3 Years	N.A.	N.A.
Since inception @	6.15%	N.A.

<sup>^</sup> Past performance may or may not be sustained in the future. Returns are compounded annualised (CAGR).

# Benchmark index: As per fund objective of Scheme A, the fund is mandated to invest in Commercial/Residential mortgage based securities, Units issued by REITs, Alternative Investment Funds, Units issued by InvITs, Asset backed securities, etc. for that there is no comparable market benchmarks is available and hence benchmark returns are not disclosed for this fund.

@ Date of Inception: October 10, 2016

#### **AUM and Asset Mix**

The net assets of the Scheme at March 31, 2017 stood at ₹ 23.91 lakhs.

At March 31, 2017, 100% of the assets were invested in money market instruments and cash/cash equivalent & net current assets due to small size of the fund.



**SCHEME A TIER II - Alternative Investment Funds (AIF)****Investment Objective**

The investment objective is to optimise returns by investing in the chosen asset class.

**Scheme Performance against Benchmark**

The performance of Scheme A Tier II at March 31, 2017 is presented below:

Period	Returns (%) <sup>^</sup>	Benchmark Returns (%) # \$
1 Year	N.A.	N.A.
2 Years	N.A.	N.A.
3 Years	N.A.	N.A.
Since inception @	4.35%	N.A.

<sup>^</sup> Past performance may or may not be sustained in the future. Returns are compounded annualised (CAGR).

<sup>#</sup> Benchmark index: As per fund objective of Scheme A, the fund is mandated to invest in Commercial/Residential mortgage based securities, Units issued by REITs, Alternative Investment Funds, Units issued by InvITs, Asset backed securities, etc. for that there is no comparable market benchmarks is available and hence benchmark returns are not disclosed for this fund.

@ Date of Inception: October 10, 2016

**AUM and Asset Mix**

The net assets of the Scheme at March 31, 2017 stood at ₹ 1.46 lakhs.

At March 31, 2017, 100% of the assets were invested in money market instruments and cash/cash equivalent & net current assets due to small size of the fund.

**SCHEME NPS LITE**

During the period ended March 31, 2017, there was no subscriptions received in Scheme NPS Lite, hence Financial Statements for this scheme have not been prepared.

**Disclaimer:**

Since the Schemes permit investments in shares, bonds, debentures and other scripts or securities whose value can fluctuate, the price and redemption value of the units of the Schemes and income from them can go up as well as come down with the fluctuations in the market value of these underlying investments.

Further, the views expressed under Economic Scenario are considering the current environment.

## 2. INVESTMENT OBJECTIVE OF THE SCHEME

The investment objective of the Scheme(s) managed by HDFC Pension Management Company Limited during the year under review is as under :

Sr. No	Name of The Scheme	Investment Objective
1	SCHEME E TIER I	The investment objective is to optimise returns while investing in the prescribed universe of stocks over a rolling annual basis.
2	SCHEME E TIER II	The investment objective is to optimise returns while investing in the prescribed universe of stocks over a rolling annual basis
3	SCHEME C TIER I	The investment objective is to optimise returns by investing in the chosen asset class.
4	SCHEME C TIER II	The investment objective is to optimise returns by investing in the chosen asset class.
5	SCHEME G TIER I	The investment objective is to optimise returns by investing in the chosen asset class.
6	SCHEME G TIER II	The investment objective is to optimise returns by investing in the chosen asset class.
7	SCHEME A TIER I	The investment objective is to optimise returns by investing in the chosen asset class.
8	SCHEME A TIER II	The investment objective is to optimise returns by investing in the chosen asset class.

## 3. LIABILITIES AND RESPONSIBILITIES OF THE COMPANY

The Company has been appointed by PFRDA as a pension fund manager for management of investments of the Schemes referred above and, in that capacity, makes investment decisions and manages the Scheme in accordance with the Investment Guidelines, Scheme Objectives, Investment Management Agreement ( IMA ) and provisions given under the PFRDA guidelines /regulation /rules. The transactions entered into by the Company are in accordance with the PFRDA Guidelines, IMA and the code of ethics prescribed by the Trustees.

The Company has exercised necessary due diligence and vigilance in carrying out its duties under IMA and in protecting the rights and interests of the subscribers. Investment decisions have been taken with emphasis on safety and optimum returns. The Company has not dealt in any speculative transactions in dealing for investments. The Company will be responsible for the acts of omissions or commissions of its employees or the persons whose services have been procured by the Company.



**Internal Auditors' Certificate on Proxy Voting Report**

To  
**The Board of Directors**  
**HDFC Pension Management Company Limited**  
14<sup>th</sup> floor, Lodha Excelus,  
Apollo Mills Compound,  
N.M. Joshi Marg,  
Mahalaxmi, Mumbai - 400 011

Dear Sir,

1. We have been requested by **HDFC Pension Management Company Limited ('Company')** to provide a Certification as required under Para 2 of Circular No PFRDA/2015/15/NPST/1 dated August 17, 2015 on Voting Policy on Assets held by NPS Trust.
2. The Company's management is responsible to ensure that the voting rights are exercised in accordance with the procedure prescribed in the aforesaid Circular. The Company's management is also responsible to ensure that the periodic reports as specified in the aforesaid Circular are duly placed before its Board of Directors and submitted to the NPS Trust. Our responsibility is to certify whether the Company has complied with the procedure for exercising the voting rights and submission of periodic reports as prescribed in the aforesaid Circular.
3. In this regards we have examined the books and records of the company. Based on our review, please find enclosed the required certificate.

**For Majithia & Associates**  
**Chartered Accountants**  
**Firm Reg. No. 105871W**



**Neel Majithia**  
**Partner**

**M. No. 122626**

Mumbai | April 17, 2017



**To**

**The Board of Directors**  
**HDFC Pension Management Company Limited**  
14th floor, Lodha Excelus,  
Apollo Mills Compound,  
N.M. Joshi Marg,  
Mahalaxmi, Mumbai - 400 011

We have reviewed the report on proxy voting for the quarter ending June 2016, September 2016, December 2016 and the proxy voting disclosure uploaded on the company's website with the memorandum of discussions of the meetings of the proxy voting committee, approval mails of the CIO & CEO of the company and the collective decision of the other pension funds.

We have also reviewed the draft report for the quarter ending March 31, 2017 on proxy voting with the memorandum of discussions of the meetings of the proxy voting committee, approval mails of the CIO & CEO of the company and the collective decision of the other pension funds.

We hereby certify that the Company has complied with the procedure for exercise of voting rights and submission of periodic reports effective quarter ended June 2016, September 2016, December 2016, March 2017, as required under the Circular, to the NPS Trust for the Financial Year 2016-17.

This Certificate has been issued as per the requirement under Para 2 of the Circular No PFRDA/2015/15/NPST/1 dated August 17, 2015. Our review is to the extent of documents/information submitted by the company in this regard.

**For Majithia & Associates**  
**Chartered Accountants**  
**Firm Reg. No. 105871W**

  
**Neel Majithia**  
**Partner**  
**M. No. 122626**

Mumbai | April 17, 2017



#### 4. FINANCIAL STATEMENTS OF THE SCHEMES

- a) SCHEME E TIER I - Equity market instruments
- b) SCHEME E TIER II - Equity market instruments
- c) SCHEME C TIER I - Credit risk bearing fixed income instruments
- d) SCHEME C TIER II - Credit risk bearing fixed income instruments
- e) SCHEME G TIER I - Government securities
- f) SCHEME G TIER II - Government securities
- g) SCHEME A TIER I - Alternate Investment funds
- h) SCHEME A TIER II - Alternate Investment funds



**NPS TRUST A/C HDFC PENSION MANAGEMENT  
COMPANY LIMITED - SCHEME E TIER I**

**Financial Statements together  
with Auditors' Report**

**For the Financial year ended March 31, 2017**

***Contents***

Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts



# T R Chadha & Co LLP

## Chartered Accountants

502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai – 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com



### INDEPENDENT AUDITORS' REPORT

To,

The Board of Trustees  
National Pension System (NPS) Trust  
1st Floor, ICADR Building,  
6, Vasant Kunj Institutional Area- Phase II,  
New Delhi 110 070

#### Report on Financial Statements

1. We have audited the accompanying financial statements of **NPS Trust A/c HDFC Pension Fund Scheme E – Tier I under the National Pension System Trust (NPS trust)** managed by **HDFC Pension Management Company Ltd. (PFM)** which comprise of the Balance Sheet as at March 31, 2017 and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

2. Management of the PFM, in accordance with the Pension Fund Regulatory and Development Authority (PFRDA) Guidelines and the Investment Management Agreement (IMA) with the NPS Trust, is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Scheme in accordance with the accounting standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent made applicable by PFRDA to Scheme. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFM.

#### Auditor's Responsibility

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

T R Chadha & Co., a partnership firm converted into T R Chadha & Co LLP  
(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015)

Corporate Office : B-30, Connaught Place, Kuthiala Building, New Delhi – 110001  
Phone : 43259900, Fax : 43259930, E-mail : [delhi@trchadha.com](mailto:delhi@trchadha.com)

Regd. Office : Suite No. 11A, 2<sup>nd</sup> Floor, Gobind Mansion, H-Block, Connaught Circus, New Delhi – 110001  
Phone : 011 41513059 / 41513169



Branches at: ❖ AHMEDABAD ❖ BENGALURU ❖ CHENNAI ❖ GURGAON ❖ HYDERABAD ❖ PUNE

# T R Chadha & Co LLP

## Chartered Accountants

502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai – 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com



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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012 and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Scheme as of March 31, 2017;
- in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date:

### Emphasis of Matter

7. Without modifying our opinion, we invite attention to Note 2.9 of Schedule 7 in connection with litigation relating to granting of license to PFM to undertake pension management under the National Pension System by PFRDA.

### Report on Other Legal and Regulatory Requirements

8. As required by the PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended, we report that:

- We have obtained all information and explanations which to the best our knowledge and belief were necessary for the purpose of the audit.
- The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme.
- In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by the PFM so far as appears from our examination of those books.

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# T R Chadha & Co LLP

## Chartered Accountants

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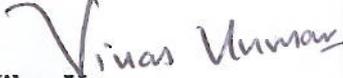


- d) All transactions expenses in excess of the limits contractually agreed to / approved by the Authority are borne by the Pension Fund (if any) and are not charged to the NAV of the Scheme.
- e) In our opinion the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent made applicable by PFRDA.
9. We further certify that
- a) Investments have been valued in accordance with the guidelines issued by the Authority.
- b) Transaction and claims/fee raised by different entities are in accordance with the prescribed fee. The CRA charges have been charged based on communication received from CRA.

For T R Chadha & Co LLP

Chartered Accountants

Firm Registration No 006711N/N500028

  
Vikas Kumar  
Partner \*  
Membership No 75363  
Place: Mumbai  
Date: 13-7-17



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(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015)

Corporate Office : B-30, Connaught Place, Kuthiala Building, New Delhi - 110001  
Phone : 43259900, Fax : 43259930, E-mail : delhi@trchadha.com  
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Phone : 011 41513059 / 41513169

Branches at: ❖ AHMEDABAD ❖ BENGALURU ❖ CHENNAI ❖ GURGAON ❖ HYDERABAD ❖ PUNE

**NATIONAL PENSION SYSTEM TRUST**

**NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME E TIER I**

**BALANCE SHEET AS AT MARCH 31, 2017**

(In ₹)

Particulars	Schedule	Scheme E Tier I	
		March 31, 2017	March 31, 2016
<b>Liabilities</b>			
Unit Capital	1	2,657,539,445	1,034,914,608
Reserves & Surplus	2	2,009,174,248	443,069,064
Current Liabilities and Provisions	3	113,752,016	40,476,324
<b>Total</b>		<b>4,780,465,709</b>	<b>1,518,469,996</b>
<b>Assets</b>			
Investments	4	4,711,089,458	1,478,079,267
Deposits	5	-	-
Other Current Assets	6	69,376,251	40,380,729
<b>Total</b>		<b>4,780,465,709</b>	<b>1,518,469,996</b>
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		4,666,713,693	1,477,983,672
(b) Number of units outstanding		265,753,944	103,491,461
(c) NAV per unit (a)/(b) (₹)		17.5602	14.2812
Significant accounting policies and notes to accounts	7		

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

This is the Balance Sheet referred to in our report of even date.

For T R Chadha & Co LLP (FRN 006711N/N500028)

Chartered Accountants

Vikas Kumar  
Partner  
Membership No.75363



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)

Fagun Pancholi  
(Chief Financial Officer)

Nagesh Pai  
(Company Secretary)

Place : Mumbai

Date : 13.7.17

Place : Mumbai

Date : April 24, 2017

For and on Behalf of NPS Trust

Shailesh V. Haribhakti  
(Chairman, NPS Trust Board)



Kamal Chaudhry  
(Chief Executive Officer)

Place :

Date : 13 JUL 2017

NATIONAL PENSION SYSTEM TRUST

NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME E TIER I

REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

(In ₹)

Particulars	Schedule	Scheme E Tier I	
		March 31, 2017	March 31, 2016
<b>Income</b>			
Dividend		35,746,148	7,712,659
Interest		-	944
Profit on sale/redemption of investments		59,571,085	2,123,102
Unrealised gain on appreciation in investments		480,830,318	-
<b>Total Income (A)</b>		<b>576,147,551</b>	<b>9,836,705</b>
<b>Expenses &amp; Losses</b>			
Unrealised losses in value of investments		-	10,221,369
Loss on sale/redemption of investments		21,779,281	1,968,080
Management fees (including service tax)		296,451	58,343
NPS Trust fees		257,902	32,638
Custodian fees		95,391	42,643
CRA fees		9,961,477	4,129,274
Less : Amount recoverable on sale of units on account of CRA Charges		(9,961,477)	(4,129,274)
Depository and settlement charges		12,998	-
<b>Total Expenditure (B)</b>		<b>22,442,023</b>	<b>12,323,073</b>
<b>Surplus/(Deficit) for the year (A-B = C)</b>		<b>553,705,528</b>	<b>(2,486,368)</b>
Less: Amount transferred to Unrealised appreciation account		(480,830,318)	10,221,369
Less: Amount transferred to General Reserve		(72,875,210)	(7,735,001)
<b>Amount carried forward to Balance Sheet</b>		-	-
<b>Significant accounting policies and notes to accounts</b>	7		

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

This is the Revenue Account referred to in our report of even date.

For T R Chadha & Co LLP (FRN 006711N/N500028)

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

Chartered Accountants

Vikas Kumar  
Partner  
Membership No.75363



Amitabh Chaudhry  
(Director)

Vibha Padalkar  
(Director)



Sumit Shukla  
(Chief Executive Officer)

Ragun Pancholi  
(Chief Financial Officer)

Nagesh Pal  
(Company Secretary)

Place : Mumbai

Date : 13-7-17

Place : Mumbai

Date : April 24, 2017

For and on Behalf of NPS Trust

Shallesh V. Haribhakti  
(Chairman, NPS Trust Board)



Kamal Chaudhry  
(Chief Executive Officer)

Place :

Date : 13 JUL 2017

**NATIONAL PENSION SYSTEM TRUST**  
**NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME E TIER I**

Schedules forming part of the financial statements

**Schedule 1: Unit capital**

(In ₹)

Particulars	Scheme E Tier I	
	March 31, 2017	March 31, 2016
<b>Initial capital</b>		
<b>Unit capital</b>		
Outstanding at the beginning of the year		
Add :Units issued during the year	1,034,914,608	126,567,747
Less: Units redeemed during the year	1,701,282,818 (78,657,981)	918,463,236 (10,116,375)
<b>Outstanding at the end of the year</b>	<b>2,657,539,445</b>	<b>1,034,914,608</b>
(Face Value of Rs.10/- each unit, fully paid up)		
Outstanding units at the beginning of the year		
Add :Units issued during the year	103,491,461	12,656,775
Less: Units redeemed during the year	170,128,282 (7,865,798)	91,846,324 (1,011,638)
<b>Outstanding Units at the end of the year</b>	<b>265,753,944</b>	<b>103,491,461</b>

**Schedule 2: Reserves and surplus**

(In ₹)

Particulars	Scheme E Tier I	
	March 31, 2017	March 31, 2016
<b>Unit premium reserve</b>		
Opening balance		
Add: Premium on Units issued	431,174,730	54,403,305
Less: Premium on Units redeemed	1,061,279,398 (48,879,742)	381,316,189 (4,544,764)
Closing balance	<b>1,443,674,386</b>	<b>431,174,730</b>
<b>General Reserve</b>		
Opening balance		
Add/(Less): Transfer from/(to) Revenue Account	10,479,828	2,744,827
Closing balance	72,875,210	7,735,001
	<b>83,355,038</b>	<b>10,479,828</b>
<b>Unrealised Appreciation Reserve</b>		
Opening balance		
Add/(Less): Transfer from /(to) Revenue Account	1,414,506	11,635,875
Closing balance	480,830,318	(10,221,369)
	<b>482,244,824</b>	<b>1,414,506</b>
<b>Total</b>	<b>2,009,174,248</b>	<b>443,069,064</b>

**Schedule 3: Current liabilities and provisions**

(In ₹)

Particulars	Scheme E Tier I	
	March 31, 2017	March 31, 2016
<b>Current liabilities &amp; Provisions</b>		
Sundry creditors for expenses		
Redemption Payable	320,594	82,773
TDS Payable	3,950,652	182,888
Contracts for purchase of investments	4,663	1,047
Provisions*	109,476,107	40,205,920
<b>Total</b>	<b>113,752,016</b>	<b>40,476,324</b>

\* The Provision referred above is towards TDS payable on Custodian fees.



**NATIONAL PENSION SYSTEM TRUST**

**NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME E TIER I**

Schedules forming part of the financial statements

**Schedule 4: Investments (Long Term and Short Term)**

(In ₹)

Particulars	Scheme E Tier I	
	March 31, 2017	March 31, 2016
Equity shares	4,513,682,458	1,425,550,267
Others - Mutual Fund Units	197,407,000	52,529,000
<b>Total</b>	<b>4,711,089,458</b>	<b>1,478,079,267</b>

**Schedule 5: Deposits**

(In ₹)

Particulars	Scheme E Tier I	
	March 31, 2017	March 31, 2016
Deposits with scheduled banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Schedule 6: Other current assets**

(In ₹)

Particulars	Scheme E Tier I	
	March 31, 2017	March 31, 2016
Balances with banks in current account	25,728	520
Contracts for sale of investments	4,497,520	-
Brokerage receivable from PFM	15,235	-
Application money pending allotment	162,000	20,000
Others - Dividend receivable	1,511,132	154,288
Sundry Debtors	63,164,636	40,205,921
<b>Total</b>	<b>69,376,251</b>	<b>40,380,729</b>



# NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME E TIER I

## Schedule 7

### Significant accounting policies & notes to accounts for the year ended March 31, 2017

#### 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 and Karvy Computershare Pvt.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), Karvy Computershare Pvt.Ltd and PFRDA have set up Central Recordkeeping Agency (CRA) for the NPS. Some of the key responsibilities of the CRA include the following:

- Record keeping, 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.

PFRDA has appointed the Karvy Computershare Pvt. Ltd as additional CRA in FY 2016-17 for the NPS, which got operational with effect from 15<sup>th</sup> February, 2017.



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 E TIER I being managed by the Company.

The Company manages eight separate schemes under the two tiered structure (Tier I and II) prescribed under the NPS. The schemes are classified as Scheme E, C, G and A 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

Scheme A – Alternate Investment funds

## 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 includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.

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.

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.

### Securities traded at a stock exchange:

The securities are valued at the daily closing price on the stock exchange.

Listed equity shares are valued at market value, being the last quoted closing price on the National stock exchange (NSE). If they are not quoted on NSE, then the last quoted closing price on the Bombay stock exchange (BSE) is taken.

Non traded rights are valued at the difference of closing market price of the original equity share for the day and the offer price. Traded rights are valued at the closing market price of the rights renunciation till the time of application. In the event of application of rights, the rights entitlement would be valued at the closing market price of the original equity share till the date of allotment/listing.

Mutual fund units are valued based on the net asset values of the preceding day of the valuation date.

### Securities not traded at a stock exchange:

Non-traded / thinly traded / privately placed equity securities including those not traded within thirty days are valued "in-good faith" on the basis of following valuation methods approved by the Authority/Trust:

Equity instruments are generally valued on the basis of capitalization of earnings solely or in combination with the net asset value, using for the purposes of capitalization, the price or earning ratios of comparable traded securities and with an appropriate discount for lower liquidity.



#### 1.4 Income Recognition

Dividend Income is recognised on the "Ex-Dividend" date in case of listed equity shares.

Bonus entitled shares are recognised only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Rights entitlements are recognized only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.

Profit or loss on sale of equity is the difference between the sale consideration net of expenses and the weighted average book 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.

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.

#### 1.5 Units reconciliation

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

#### 1.6 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.

#### 1.7 Trustee fees

The Company has started charging Trustee fee of 0.01% per annum, with effect from November 01, 2015 in terms of the National Pension Scheme Trust circular no. 1/20/2015/NPS dated October 19, 2015.



### 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 E TIER I

Notes to accounts

2.1 Contingent liabilities

(In ₹)

Particulars	Scheme E Tier I	
	March 31, 2017	March 31, 2016
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
Mr. Fagun Pancholi	Key Management Personnel
Mr. Nagesh Pai	Key Management Personnel

The following represents significant transactions between the Company and its related parties for the year ended March 31, 2017

(In ₹)

Nature of Transaction	Scheme E Tier I	
	March 31, 2017	March 31, 2016
Investment management fees	296,451	58,343

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme E Tier I	
	March 31, 2017	March 31, 2016
Investment management fees payable	100,177	25,913

Aggregate investments made in the Associates and group companies as at March 31, 2017 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme E Tier I			
		March 31, 2017		March 31, 2016	
		Cost	Market Value	Cost	Market Value
HDFC Ltd	Equity	23,231,909	29,206,832	24,677,630	22,835,062

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 as at March 31, 2017 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme E Tier I			
		March 31, 2017		March 31, 2016	
		Cost	Market Value	Cost	Market Value
HDFC Bank Ltd	Equity	155,882,296	191,781,252	42,246,164	44,705,516

2.4 Provision

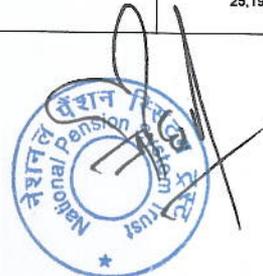
There are no provisions for doubtful deposits, debts and outstanding and accrued income.

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

Aggregate value of purchase and sale with percentage to average assets as at March 31, 2017 is as follows :

(In ₹)

Particular	Scheme E Tier I	
	March 31, 2017	March 31, 2016
Average Net Asset Value		
Purchase of Investment	2,579,013,475	510,954,665
% to average Net Assets Value	27,912,726,734	4,148,715,828
Sale of Investment	1082.30%	811.95%
% to average Net Assets Value	25,196,508,695	2,867,708,380
	976.98%	561.25%



**NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME E TIER I**

**Notes to accounts**

Aggregate value of purchase and sale (excluding liquid mutual fund)\* with percentage to average assets as at March 31, 2017 is as follows :

(In ₹)

Particular	Scheme E Tier I	
	March 31, 2017	March 31, 2016
Average Net Asset Value		
Purchase of Investment	2,579,013,475	510,954,665
% to average Net Assets Value	3,310,106,733	1,285,855,780
Sale of Investment	128.35%	251.66%
% to average Net Assets Value	731,761,842	40,933,112
	28.37%	8.01%

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

**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:

(In ₹)

Industry Classification	Scheme E Tier I			
	March 31, 2017		March 31, 2016	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Monetary intermediation of commercial / saving / postal banks	1,257,046,692	26.94%	336,551,802	22.77%
Computer programming, consultancy and related activities	425,817,037	9.12%	195,840,520	13.25%
Manufacture of passenger cars	339,928,262	7.28%	49,212,521	3.33%
Manufacture of cigarettes, cigarette tobacco	323,846,288	6.94%	86,730,872	5.87%
Manufacture of refined petroleum products	319,483,990	6.85%	86,222,811	5.83%
Construction of Utility Projects	235,631,813	5.05%	42,885,025	2.90%
Others	1,611,928,376	34.54%	628,106,716	42.50%
Mutual Funds	197,407,000	4.23%	52,529,000	3.55%
Net Current Assets	-44,375,765	-0.95%	-95,595	-0.01%
<b>Net Asset Value</b>	<b>4,666,713,693</b>	<b>100.00%</b>	<b>1,477,983,672</b>	<b>100.00%</b>

Note :

1. Industry classification has been taken at sub class level of National Industrial Classification (NIC) 2008.

**2.7 Age wise disclosure for Shares/dabentures/ others application money pending allotment.**

(In ₹)

Security Name	Asset Type	Ageing	Scheme E Tier I	
			March 31, 2017	March 31, 2016
ICICI Prudential Liquid - Direct Plan - Growth.	Liquid Mutual Fund	Less than 7 Days	162,000.00	20,000

**2.8 Prior Year Comparatives :**

The Figures of the previous period have been regrouped / rearranged, wherever applicable, to conform current year's presentation.

**2.9 Note on status of litigation matters with PFRDA**

In January 2014, a fresh Request for Proposal (RFP) was floated by the PFRDA seeking bids from Sponsors for selection of pension fund managers afresh to manage the pension funds. In response to the RFP, HDFC Standard Life Insurance Company Limited (HDFC Life / the Sponsor) had submitted its technical and commercial bid. The technical bid made under RFP was opened in April 2014 and the bid submitted by the Sponsor was not accepted by the PFRDA on technical grounds of not having profitability for a period of 3 years. The Sponsor, therefore, filed a Writ Petition before the Hon'ble High Court of Delhi, challenging the said rejection. The Hon'ble High Court of Delhi by its Order dated May 15, 2014 quashed and set aside the PFRDA's rejection of the Sponsor's bid and directed the PFRDA to evaluate the bid in accordance with the steps set out in the RFP. While the PFRDA cleared the Sponsor's technical and commercial bid and the Sponsor even agreed to match the lowest commercial bid, the PFRDA declined to grant the Sponsor a 'Letter of Appointment'. The Sponsor therefore filed another Writ Petition before the Hon'ble High Court of Delhi against the rejection. Vide its Order dated December 18, 2014 the Hon'ble High Court of Delhi quashed, and set aside the PFRDA's rejection of the Sponsor's bid and directed the PFRDA to grant: HDFC Life a 'Letter of Appointment' to act as a Sponsor. Subsequently, the PFRDA has filed a Special Leave Petition before the Hon'ble Supreme Court of India challenging the above said Order dated December 18, 2014. The Hon'ble Supreme Court, by its Order dated March 9, 2015, refused to grant the PFRDA any ad-interim relief and the matter is presently pending hearing. On March 27, 2015, complying with the High Court order, the PFRDA had issued a 'Letter of Appointment' in favour of the Sponsor, stating inter alia that such appointment is subject to the outcome of the above proceedings filed before the Hon'ble Supreme Court. The Company has obtained an opinion from its lawyers, as per which the Company stands a fairly good chance of succeeding in the matter.

It may be noted that the PFRDA (Pension Fund) Regulations, 2015 were notified in May 2015, pursuant to which re-registration of all pension funds was sought by the PFRDA. HDFC Pension has submitted its application for the same, and a response from the PFRDA is awaited. However, vide a letter dated June 24, 2016, the PFRDA, while acknowledging our submission of Annual Fees, had granted an extension to continue as a Pension Fund until the selection of Pension Funds in terms of process specified under PFRDA (Pension Fund) regulations, 2015. This extension was subject to the Order of the Supreme Court of India on the appeal filed against the Order of the High Court of Delhi.

During the year under review, the PFRDA had issued a fresh Request For Proposal (RFP) for selection of Pension Funds for private sector, pursuant to which the Sponsor had submitted a Technical and Commercial bid. On November 29, 2016 the PFRDA issued a notice that the Commercial Bid would be opened on November 30, 2016 wherein the name of HDFC Life was included which implies that the Technical Bid of HDFC Life has been accepted. HDFC Life is also given to understand that the Commercial Bid submitted by HDFC Pension has also been accepted by the PFRDA and formal issuance of letters of appointment is awaited.



NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME E TIER I

3. PORTFOLIO STATEMENT AS ON YEAR ENDED MARCH 31, 2017

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
Equity Shares	ITC Ltd	1,155,356	323,846,288	6.94%
	Reliance Industries Ltd	188,697	249,249,867	5.34%
	ICICI Bank Ltd	874,885	242,211,912	5.19%
	Larsen & Toubro Ltd	149,617	235,631,813	5.05%
	Kotak Mahindra Bank Ltd	268,331	234,038,298	5.02%
	Infosys Ltd	210,843	215,534,257	4.62%
	Maruti Suzuki India Ltd	35,322	212,486,555	4.55%
	HDFC Bank Ltd	132,946	191,781,252	4.11%
	IndusInd Bank Ltd	123,249	175,648,312	3.76%
	State Bank of India	593,121	174,021,701	3.73%
	UltraTech Cement Ltd	38,246	152,400,749	3.27%
	Yes Bank Ltd	85,833	132,762,193	2.84%
	Mahindra & Mahindra Ltd	99,030	127,441,707	2.73%
	Tata Motors Ltd	244,960	114,114,616	2.45%
	Tata Consultancy Services Ltd	45,509	110,668,786	2.37%
	Hero Motocorp Ltd	29,371	94,631,893	2.03%
	Hindustan Unilever Ltd	99,666	90,870,476	1.95%
	HCL Technologies Ltd	98,577	86,230,231	1.85%
	Sun Pharmaceuticals Industries Ltd	123,692	85,118,650	1.82%
	Zee Entertainment Enterprises Ltd	153,702	82,315,106	1.76%
	Cipla Ltd	109,834	65,126,070	1.40%
	Tata Steel Ltd	129,965	62,734,106	1.34%
	Axis Bank Ltd	127,528	62,590,742	1.34%
	Hindustan Petroleum Corporation Ltd	99,061	52,071,415	1.12%
	Power Grid Corporation of India Ltd	258,818	51,064,791	1.09%
	Bharat Petroleum Corporation Ltd	76,957	50,010,506	1.07%
	Bajaj Finance Ltd	38,568	45,166,985	0.97%
	National Thermal Power Corporation Ltd	260,125	43,180,750	0.93%
	Coal India Ltd	141,294	41,349,689	0.89%
	Vedanta Ltd	139,033	38,227,123	0.82%
	Oil & Natural Gas Corporation Ltd	178,225	32,971,625	0.71%
	Exide Industries Ltd	139,360	31,265,416	0.67%
	Bharati Airtel Ltd	86,641	30,328,682	0.65%
	Wipro Ltd	58,514	30,175,670	0.65%
	Housing Development Finance Corporation Ltd	19,444	29,206,832	0.63%
	Bank of Baroda	161,266	27,890,955	0.60%
	Ambuja Cements Ltd	103,407	24,471,267	0.52%
	Dr Reddys Laboratories Ltd	8,502	22,380,240	0.48%
	Tata Motors Ltd DVR	79,035	22,299,725	0.48%
	Adani Ports And Special Economic Zone Ltd	59,636	20,252,386	0.43%
	Lupin Ltd	13,914	20,108,513	0.43%
	Indian Oil Corporation Ltd	46,926	18,162,708	0.39%
	Siemens Ltd	13,913	17,463,598	0.37%
	Rural Electrification Corporation Ltd	93,372	16,900,332	0.36%
	Hindalco Industries Ltd	84,567	16,494,793	0.35%
	Shree Cements Ltd	955	16,314,456	0.35%
	Federal Bank Ltd	176,067	16,101,327	0.35%
	UPL Ltd	21,918	15,932,194	0.34%
	Bharti Infratel Ltd	48,691	15,868,397	0.34%
	Gas Authority of India Ltd	41,153	15,512,623	0.33%
	Bharat Electronics Ltd	96,860	15,182,805	0.33%
Oracle Financial Services Software Ltd	3,795	14,480,771	0.31%	
Cummins India Ltd	15,066	14,304,414	0.31%	
Eicher Motors Ltd	555	14,201,063	0.30%	
Dabur India Ltd	49,111	13,620,936	0.29%	
Godrej Consumer Products Ltd	8,009	13,386,243	0.29%	
Tech Mahindra Ltd	29,149	13,383,763	0.29%	
Petronet LNG Ltd	33,100	13,344,265	0.29%	
Britannia Industries Ltd	3,850	12,989,900	0.28%	



NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME E TIER I

3. PORTFOLIO STATEMENT AS ON YEAR ENDED MARCH 31, 2017

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
	Ashok Leyland Ltd	152,288	12,875,950	0.28%
	Divis Laboratories Ltd	19,745	12,317,918	0.26%
	Shriram Transport Finance Co. Ltd	10,832	11,676,896	0.25%
	Asian Paints (India) Ltd	10,723	11,511,141	0.25%
	Glenmark Pharmaceuticals Ltd	13,200	11,247,720	0.24%
	Cadila Healthcare Ltd	23,000	10,166,000	0.22%
	United Spirits Ltd	4,193	9,118,517	0.20%
	Havells India Ltd	17,840	8,308,980	0.18%
	Hindustan Zinc Ltd	26,021	7,514,865	0.16%
	LIC Housing Finance Ltd	11,917	7,370,069	0.16%
	Oil India Ltd	12,138	4,051,664	0.09%
<b>Equity Shares Total</b>		<b>8,109,034</b>	<b>4,513,682,458</b>	<b>96.72%</b>
Mutual Fund Units	ICICI Prudential Liquid - Direct Plan - Growth	820,324	197,407,000	4.23%
<b>Mutual Fund Units Total</b>		<b>820,324</b>	<b>197,407,000</b>	<b>4.23%</b>
<b>Net Current Assets</b>		<b>-</b>	<b>(44,375,765)</b>	<b>-0.96%</b>
<b>Grand Total</b>		<b>8,929,368</b>	<b>4,666,713,693</b>	<b>100.00%</b>



NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME E TIER I

3.1 KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2017

Sr No	Particulars	Scheme E Tier I	
		March 31, 2017	March 31, 2016
1	NAV per unit (₹) I		
	Open	14.2812	15.4345
	High	17.5602	16.0622
	Low	13.9545	12.7527
	End	17.5602	14.2812
2	Closing Assets Under Management (₹ in Lakhs)		
	End	46,867.14	14779.84
	Average daily net assets (AAuM) II	25,790.13	5109.55
3	Gross income as % of AAuM III	22.34%	1.93%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.03%	0.03%
b	Management fee as % of AAuM (scheme wise) V	0.01%	0.01%
5	Net income as % of AAuM VI	21.47%	-0.49%
6	Portfolio turnover ratio VII	28.37%	8.01%
7	Total dividend per unit distributed during the period	N.A.	N.A.
8	Returns: (%)		
a	Last one year	22.96%	-7.47%
	Benchmark IX	20.87%	-8.07%
b	Since inception	75.60%	42.81%
	Benchmark IX	69.10%	39.90%
c	Compound annualised yield (%) VIII		
	Last 1 year	22.96%	-7.47%
	Last 2 year	6.66%	9.10%
	Last 3 year	13.53%	N.A.
	Since launch of the scheme	16.60%	14.30%
	Launch Date	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 = Total Income as per Revenue Account		
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 = Surplus / Deficit as per Revenue Account		
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+ cumulative return) <sup>n</sup> - 1 (where n=365/no. of days)		
IX	Post changes in the PFRDA investment regulation vide circular No PFRDA/2015/PFM/08 in September 2015; company has changed the fund management strategy of the equity schemes. Due to this change, the benchmark of the scheme has been changed from Nifty 50 to Nifty 100 effective from October 01, 2015. The benchmark return mentioned above represents the return of existing scheme benchmark, which is Nifty 100.		



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

**Financial Statements together  
with Auditors' Report**

**For the Financial year ended March 31, 2017**

**Contents**

Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts



# T R Chadha & Co LLP

## Chartered Accountants

502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai – 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com



## INDEPENDENT AUDITORS' REPORT

To,

The Board of Trustees  
National Pension System (NPS) Trust  
1st Floor, ICADR Building,  
6, Vasant Kunj Institutional Area- Phase II,  
New Delhi 110 070

### Report on Financial Statements

1. We have audited the accompanying financial statements of **NPS Trust A/c HDFC Pension Fund Scheme E – Tier II under the National Pension System Trust (NPS trust)** managed by **HDFC Pension Management Company Ltd. (PFM)** which comprise of the Balance Sheet as at March 31, 2017 and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. Management of the PFM, in accordance with the Pension Fund Regulatory and Development Authority (PFRDA) Guidelines and the Investment Management Agreement (IMA) with the NPS Trust, is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Scheme in accordance with the accounting standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent made applicable by PFRDA to Scheme. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFM.

### Auditor's Responsibility

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

T R Chadha & Co., a partnership firm converted into T R Chadha & Co LLP  
(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015)

Corporate Office : B-30, Connaught Place, Kuthiala Building, New Delhi – 110001

Phone : 43259900, Fax : 43259930, E-mail : [delhi@trchadha.com](mailto:delhi@trchadha.com)

Regd. Office : Suite No. 11A, 2<sup>nd</sup> Floor, Gobind Mansion, H-Block, Connaught Circus, New Delhi – 110001

Phone : 011 41513059 / 41513169



Branches at: ❖ AHMEDABAD ❖ BENGALURU ❖ CHENNAI ❖ GURGAON ❖ HYDERABAD ❖ PUNE

# T R Chadha & Co LLP

## Chartered Accountants

502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai – 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com



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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012 and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Scheme as of March 31, 2017;
- in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date:

### Emphasis of Matter

7. Without modifying our opinion, we invite attention to Note 2.8 of Schedule 7 in connection with litigation relating to granting of license to PFM to undertake pension management under the National Pension System by PFRDA.

### Report on Other Legal and Regulatory Requirements

8. As required by the PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended, we report that:

- We have obtained all information and explanations which to the best our knowledge and belief were necessary for the purpose of the audit.
- The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme.
- In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by the PFM so far as appears from our examination of those books.

T R Chadha & Co., a partnership firm converted into T R Chadha & Co LLP  
(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015)

Corporate Office : B-30, Connaught Place, Kuthiala Building, New Delhi – 110001  
Phone : 43259900, Fax : 43259930, E-mail : delhi@trchadha.com  
Regd. Office : Suite No. 11A, 2<sup>nd</sup> Floor, Gobind Mansion, H-Block, Connaught Circus, New Delhi – 110001  
Phone : 011 41513059 / 41513169

Branches at: ❖ AHMEDABAD ❖ BENGALURU ❖ CHENNAI ❖ GURGAON ❖ HYDERABAD ❖ PUNE

# T R Chadha & Co LLP

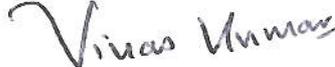
## Chartered Accountants

502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai – 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com



- d) All transactions expenses in excess of the limits contractually agreed to / approved by the Authority are borne by the Pension Fund (if any) and are not charged to the NAV of the Scheme.
- e) In our opinion the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent made applicable by PFRDA.
9. We further certify that
- a) Investments have been valued in accordance with the guidelines issued by the Authority.
- b) Transaction and claims/fee raised by different entities are in accordance with the prescribed fee. The CRA charges have been charged based on communication received from CRA.

For T R Chadha & Co LLP  
Chartered Accountants  
Firm Registration No 006711N/N500028

  
Vikas Kumar  
Partner   
Membership No 75363  
Place: Mumbai  
Date: 13.7.17



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NATIONAL PENSION SYSTEM TRUST

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

BALANCE SHEET AS AT MARCH 31, 2017

(In ₹)

Particulars	Schedule	Scheme E Tier II	
		March 31, 2017	March 31, 2016
<b>Liabilities</b>			
Unit Capital	1	80,251,831	26,085,973
Reserves & Surplus	2	41,466,931	6,000,572
Current Liabilities and Provisions	3	3,278,316	955,649
<b>Total</b>		<b>124,997,078</b>	<b>33,042,194</b>
<b>Assets</b>			
Investments	4	123,012,908	32,138,444
Deposits	5	-	-
Other Current Assets	6	1,984,170	903,750
<b>Total</b>		<b>124,997,078</b>	<b>33,042,194</b>
(a) Net asset as per Balance Sheet (Schedule 4+5+6-3)		121,718,762	32,086,545
(b) Number of un <sup>ts</sup> outstanding		8,025,183	2,608,597
(c) NAV per unit (a)/(b) (₹)		15.1671	12.3003
<b>Significant accounting policies and notes to accounts</b>	7		

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

This is the Balance Sheet referred to in our report of even date.

For T R Chadha & Co LLP (FRN 006711N/N500028)

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

Chartered Accountants

Vikas Kumar  
Partner  
Membership No.75363



Amitabh Chaudhry  
(Director)

Vibha Padalkar  
(Director)

Sumit Shukla  
(Chief Executive Officer)

Fagun Pancholi  
(Chief Financial Officer)

Nagesh Pal  
(Company Secretary)

Place : Mumbai

Date : 13.7.17

Place : Mumbai

Date : April 24, 2017

For and on Behalf of NPS Trust

Shailesh V. Haribhakti  
(Chairman, NPS Trust Board)



Kamal Chaudhry  
(Chief Executive Officer)

Place :

Date : 1.3 JUL 2017

**NATIONAL PENSION SYSTEM TRUST**

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

**REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017**

(In ₹)

Particulars	Schedule	Scheme E Tier II	
		March 31, 2017	March 31, 2016
<b>Income</b>			
Dividend		900,447	220,984
Interest		-	24
Profit on sale/redemption of investments		1,235,664	52,120
Unrealised gain on appreciation in investments		12,434,794	-
<b>Total Income (A)</b>		<b>14,570,905</b>	<b>273,128</b>
<b>Expenses &amp; Losses</b>			
Unrealised losses in value of investments		-	784,544
Loss on sale/redemption of investments		496,240	7,758
Management fees (including service tax)		7,574	1,759
NPS Trust fees		6,588	889
Custodian fees		2,475	1,266
CRA fees		46,723	15,540
Less : Amount recoverable on sale of units on account of CRA Charges		(46,723)	(15,540)
Depository and settlement charges		392	-
<b>Total Expenditure (B)</b>		<b>513,269</b>	<b>796,216</b>
<b>Surplus/(Deficit) for the year (A-B = C)</b>		<b>14,057,636</b>	<b>(523,088)</b>
Less: Amount transferred to Unrealised appreciation account		(11,868,098)	217,848
Less: Amount transferred to General Reserve		(2,189,538)	305,240
<b>Amount carried forward to Balance Sheet</b>		<b>-</b>	<b>-</b>
<b>Significant accounting policies and notes to accounts</b>	7		

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

This is the Revenue Account referred to in our report of even date.

For T R Chadha & Co LLP (FRN 006711N/N500028)

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

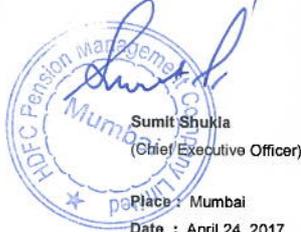
Chartered Accountants

Vikas Kumar  
Partner  
Membership No.75363



Amitabh Chaudhry  
(Director)

Vibha Padalkar  
(Director)



Sumit Shukla  
(Chief Executive Officer)

Fagun Pancholl  
(Chief Financial Officer)

Nagesh Pai  
(Company Secretary)

Place : Mumbai

Date : 13.7.17

Place : Mumbai

Date : April 24, 2017

For and on Behalf of NPS Trust

Shallesh V. Haribhakti  
(Chairman, NPS Trust Board)



Kamal Chaudhry  
(Chief Executive Officer)

Place :

Date : 13 JUL 2017

**NATIONAL PENSION SYSTEM TRUST**

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

Schedules forming part of the financial statements

**Schedule 1: Unit capital**

(In ₹)

Particulars	Scheme E Tier II	
	March 31, 2017	March 31, 2016
<b>Initial capital</b>		
<b>Unit capital</b>		
Outstanding units at the beginning of the year	26,085,973	4,068,912
Add :Units issued during the year	62,633,146	23,491,486
Less: Units redeemed during the year	(8,467,288)	(1,474,425)
<b>Outstanding at the end of the year</b>	<b>80,251,831</b>	<b>26,085,973</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>		
Outstanding units at the beginning of the year	2,608,597	406,891
Add :Units issued during the year	6,263,315	2,349,149
Less: Units redeemed during the year	(846,729)	(147,443)
<b>Outstanding Units at the end of the year</b>	<b>8,025,183</b>	<b>2,608,597</b>

**Schedule 2: Reserves and surplus**

(In ₹)

Particulars	Scheme E Tier II	
	March 31, 2017	March 31, 2016
<b>Unit premium reserve</b>		
Opening balance	6,256,944	1,055,959
Add: Premium on Units issued	24,836,124	5,529,923
Less: Premium on Units redeemed	(3,427,401)	(328,938)
Closing balance	<b>27,665,667</b>	<b>6,256,944</b>
<b>General Reserve</b>		
Opening balance	(256,372)	48,868
Add/(Less): Transfer from/(to) Revenue Account	2,189,538	(305,240)
Closing balance	<b>1,933,166</b>	<b>(256,372)</b>
<b>Unrealised Appreciation Reserve</b>		
Opening balance	-	217,848
Add/(Less): Transfer from/(to) Revenue Account	11,868,098	(217,848)
Closing balance	<b>11,868,098</b>	<b>-</b>
<b>Total</b>	<b>41,466,931</b>	<b>6,000,572</b>

**Schedule 3: Current liabilities and provisions**

(In ₹)

Particulars	Scheme E Tier II	
	March 31, 2017	March 31, 2016
<b>Current liabilities &amp; Provision</b>		
Sundry creditors for expenses	8,652	2,199
Redemption Payable	244,759	54,548
TDS Payable	125	24
Contracts for purchase of investments	3,024,780	898,767
<b>Provisions*</b>		
Total	<b>3,278,316</b>	<b>956,849</b>

\* The Provision referred above is towards TDS payable on Custodian fees.



**NATIONAL PENSION SYSTEM TRUST**

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

Schedules forming part of the financial statements

**Schedule 4: Investments (Long Term and Short Term)**

(In ₹)

Particulars	Scheme E Tier II	
	March 31, 2017	March 31, 2016
Equity shares	117,256,908	31,596,944
Others - Mutual Fund Units	5,756,000	541,500
<b>Total</b>	<b>123,012,908</b>	<b>32,138,444</b>

**Schedule 5: Deposits**

(In ₹)

Particulars	Scheme E Tier II	
	March 31, 2017	March 31, 2016
Deposits with scheduled banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Schedule 6: Other current assets**

(In ₹)

Particulars	Scheme E Tier II	
	March 31, 2017	March 31, 2016
Balances with banks in current account	9,619	688
Contracts for sale of investments	114,290	-
Brokerage receivable from PFM	396	-
Others - Dividend receivable	40,076	4,296
Sundry debtors	1,819,789	898,766
<b>Total</b>	<b>1,984,170</b>	<b>903,750</b>

*[Handwritten signature]*



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

### Schedule 7

#### Significant accounting policies & notes to accounts for the year ended March 31, 2017

##### 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 and Karvy Computershare Pvt.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), Karvy Computershare Pvt.Ltd and PFRDA have set up Central Recordkeeping Agency (CRA) for the NPS. Some of the key responsibilities of the CRA include the following:

- Recording keeping, 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.

PFRDA has appointed the Karvy Computershare Pvt. Ltd as additional CRA in FY 2016-17 for the NPS, which got operational with effect from 15<sup>th</sup> February, 2017.



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 E TIER II being managed by the Company.

The Company manages eight separate schemes under the two tiered structure (Tier I and II) prescribed under the NPS. The schemes are classified as Scheme E, C, G and A 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

Scheme A – Alternate Investment funds

## 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 includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.

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.

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.

### Securities traded at a stock exchange:

The securities are valued at the daily closing price on the stock exchange.

Listed equity shares are valued at market value, being the last quoted closing price on the National stock exchange (NSE). If they are not quoted on NSE, then the last quoted closing price on the Bombay stock exchange (BSE) is taken.

Non traded rights are valued at the difference of closing market price of the original equity share for the day and the offer price. Traded rights are valued at the closing market price of the rights renunciation till the time of application. In the event of application of rights, the rights entitlement would be valued at the closing market price of the original equity share till the date of allotment/listing.

Mutual fund units are valued based on the net asset values of the preceding day of the valuation date.

### Securities not traded at a stock exchange:

Non-traded / thinly traded / privately placed equity securities including those not traded within thirty days are valued "in-good faith" on the basis of following valuation methods approved by the Authority/Trust:

Equity instruments are generally valued on the basis of capitalization of earnings solely or in combination with the net asset value, using for the purposes of capitalization, the price or earning ratios of comparable traded securities and with an appropriate discount for lower liquidity.



#### 1.4 Income Recognition

Dividend Income is recognised on the "Ex-Dividend" date in case of listed equity shares.

Bonus entitled shares are recognised only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Rights entitlements are recognized only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.

Profit or loss on sale of equity is the difference between the sale consideration net of expenses and the weighted average book 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.

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.

#### 1.5 Units reconciliation

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

#### 1.6 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 charged 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.



### 1.7 Trustee fees

The Company has started charging Trustee fee of 0.01% per annum, with effect from November 01, 2015 in terms of the National Pension Scheme Trust circular no. 1/20/2015/NPS dated October 19, 2015.

### 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 E TIER II**

Notes to accounts

(In ₹)

**2.1 Contingent liabilities**

Particulars	Scheme E Tier II	
	March 31, 2017	March 31, 2016
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	HDFC Limited
Holding Company	Key Management Personnel
Mr. Amitabh Chaudhry	Key Management Personnel
Ms. Vibha Padalkar	Key Management Personnel
Mr. Sumit Shukla	Key Management Personnel
Mr. Fagun Pancholi	Key Management Personnel
Mr. Nagesh Pai	Key Management Personnel

The following represents significant transactions between the Company and its related parties for the year ended March 31, 2017

(In ₹)

Nature of Transaction	Scheme E Tier II	
	March 31, 2017	March 31, 2016
Investment management fees	7,574	1,759

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme E Tier II	
	March 31, 2017	March 31, 2016
Investment management fees payable	2,684	638

Aggregate investments made in the Associates and group companies as at March 31, 2017 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme E Tier II			
		March 31, 2017		March 31, 2016	
		Cost	Market Value	Cost	Market Value
HDFC Ltd	Equity	858,402	1,066,491	858,402	784,976

**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 as at March 31, 2017 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme E Tier II			
		March 31, 2017		March 31, 2016	
		Cost	Market Value	Cost	Market Value
HDFC Bank Ltd	Equity	3,853,582	4,670,977	877,134	935,114

**2.4 Provision**

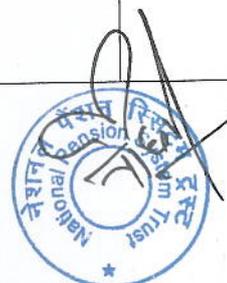
There are no provisions for doubtful deposits, debts and outstanding and accrued income.

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

Aggregate value of purchase and sale with percentage to average assets as at March 31, 2017 is as follows :

(In ₹)

Particular	Scheme E Tier II	
	March 31, 2017	March 31, 2016
Average Net Asset Value	65,882,909	15,409,095
Purchase of Investment	713,827,377	64,258,296
% to average Net Assets Value	1083.48%	417.02%
Sale of Investment	636,094,719	36,735,644
% to average Net Assets Value	965.49%	238.40%



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

**Notes to accounts**

Aggregate value of purchase and sale (excluding liquid mutual fund)\* with percentage to average assets as at March 31, 2017 is as follows :

(In ₹)

Particular	Scheme E Tier II	
	March 31, 2017	March 31, 2016
Average Net Asset Value	65,882,909	15,409,095
Purchase of Investment	89,412,176	27,364,096
% to average Net Assets Value	135.71%	177.58%
Sale of Investment	16,716,791	121,100
% to average Net Assets Value	25.37%	0.79%

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

**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:

(In ₹)

Industry Classification	Scheme E Tier II			
	March 31, 2017		March 31, 2016	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Monetary intermediation of commercial / saving / postal banks	33,079,486	27.18%	7,374,166	22.98%
Computer programming, consultancy and related activities	11,105,823	9.12%	4,344,023	13.54%
Manufacture of passenger cars	9,057,269	7.44%	1,093,817	3.41%
Manufacture of cigarettes, cigarette tobacco	8,823,563	7.25%	1,927,156	6.01%
Manufacture of refined petroleum products	7,678,328	6.31%	1,909,207	5.95%
Manufacture of pharmaceuticals, medicinal chemical and botanical products	3,435,257	2.82%	1,624,705	5.06%
Others	44,077,384	36.21%	13,323,870	41.52%
Mutual Funds	5,756,000	4.73%	541,500	1.69%
Net Current Assets	(1,294,148)	-1.06%	(51,899)	-0.16%
<b>Net Asset Value</b>	<b>121,718,762</b>	<b>100.00%</b>	<b>32,086,646</b>	<b>100.00%</b>

Note :

1) Industry classification has been taken at sub class level of National Industrial Classification (NIC) 2008.

**2.7 Age wise disclosure for Shares/debentures/ others application money pending allotment.**

(In ₹)

Security Name	Asset Type	Ageing	Scheme E Tier II	
			March 31, 2017	March 31, 2016
	NIL	NIL	NIL	NIL

**2.8 Prior Year Comparatives :**

The Figures of the previous period have been regrouped / rearranged, wherever applicable, to conform current year's presentation.

**2.9 Note on status of litigation matters with PFRDA**

In January 2014, a fresh Request for Proposal ('RFP') was floated by the PFRDA seeking bids from Sponsors for selection of pension fund managers afresh to manage the pension funds. In response to the RFP, HDFC Standard Life Insurance Company Limited ('HDFC Life' / 'the Sponsor') had submitted its technical and commercial bid. The technical bid made under RFP was opened in April 2014 and the bid submitted by the Sponsor was not accepted by the PFRDA on technical grounds of not having profitability for a period of 3 years. The Sponsor, therefore, filed a Writ Petition before the Hon'ble High Court of Delhi, challenging the said rejection. The Hon'ble High Court of Delhi by its Order dated May 15, 2014 quashed and set aside the PFRDA's rejection of the Sponsor's bid and directed the PFRDA to evaluate the bid in accordance with the steps set out in the RFP. While the PFRDA cleared the Sponsor's technical and commercial bid and the Sponsor even agreed to match the lowest commercial bid, the PFRDA declined to grant the Sponsor a 'Letter of Appointment'. The Sponsor therefore filed another Writ Petition before the Hon'ble High Court of Delhi against the rejection. Vide its Order dated December 18, 2014 the Hon'ble High Court of Delhi quashed and set aside the PFRDA's rejection of the Sponsor's bid and directed the PFRDA to grant HDFC Life a 'Letter of Appointment' to act as a Sponsor. Subsequently, the PFRDA has filed a Special Leave Petition before the Hon'ble Supreme Court of India challenging the above said Order dated December 18, 2014. The Hon'ble Supreme Court, by its Order dated March 9, 2015, refused to grant the PFRDA any ad-interim relief and the matter is presently pending hearing. On March 27, 2015, complying with the High Court order, the PFRDA had issued a 'Letter of Appointment' in favour of the Sponsor, stating inter alia that such appointment is subject to the outcome of the above proceedings filed before the Hon'ble Supreme Court. The Company has obtained an opinion from its lawyers, as per which the Company stands a fairly good chance of succeeding in the matter.

It may be noted that the PFRDA (Pension Fund) Regulations, 2015 were notified in May 2015, pursuant to which re-registration of all pension funds was sought by the PFRDA. HDFC Pension has submitted its application for the same, and a response from the PFRDA is awaited. However, vide a letter dated June 24, 2016, the PFRDA, while acknowledging our submission of Annual Fees, had granted an extension to continue as a Pension Fund until the selection of Pension Funds in terms of process specified under PFRDA (Pension Fund) regulations, 2015. This extension was subject to the Order of the Supreme Court of India on the appeal filed against the Order of the High Court of Delhi.

During the year under review, the PFRDA had issued a fresh Request For Proposal ('RFP') for selection of Pension Funds for private sector, pursuant to which the Sponsor had submitted a Technical and Commercial bid. On November 29, 2016 the PFRDA issued a notice that the Commercial Bid would be opened on November 30, 2016 wherein the name of HDFC Life was included which implies that the Technical Bid of HDFC Life has been accepted. HDFC Life is also given to understand that the Commercial Bid submitted by HDFC Pension has also been accepted by the PFRDA and formal issuance of letters of appointment is awaited.

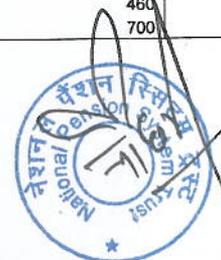


NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME E TIER II

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2017

(In ₹)

Asset Head	Script Name	Quantity	Market Value	% of Portfolio
Equity Shares	ITC Ltd	31,479	8,823,563	7.25%
	Kotak Mahindra Bank Ltd	7,349	6,409,797	5.27%
	ICICI Bank Ltd	22,697	6,283,663	5.16%
	Infosys Ltd	6,021	6,154,966	5.06%
	Reliance Industries Ltd	4,498	5,941,408	4.88%
	Maruti Suzuki India Ltd	977	5,877,339	4.83%
	Larsen & Toubro Ltd	3,498	5,509,000	4.53%
	State Bank of India	16,369	4,802,665	3.95%
	IndusInd Bank Ltd	3,291	4,690,169	3.85%
	HDFC Bank Ltd	3,238	4,670,977	3.84%
	UltraTech Cement Ltd	963	3,837,314	3.15%
	Yes Bank Ltd	2,081	3,218,787	2.64%
	Mahindra & Mahindra Ltd	2,471	3,179,930	2.61%
	Tata Motors Ltd	6,225	2,899,916	2.38%
	Tata Consultancy Services Ltd	1,135	2,760,093	2.27%
	Hero Motocorp Ltd	730	2,352,024	1.93%
	Hindustan Unilever Ltd	2,505	2,283,934	1.88%
	Zee Entertainment Enterprises Ltd	3,983	2,133,096	1.75%
	Sun Pharmaceuticals Industries Ltd	2,937	2,021,097	1.66%
	HCL Technologies Ltd	2,099	1,836,100	1.51%
	Cipla Ltd	2,869	1,701,174	1.40%
	Axis Bank Ltd	3,434	1,685,407	1.38%
	Tata Steel Ltd	3,358	1,620,907	1.33%
	Power Grid Corporation of India Ltd	7,098	1,400,435	1.15%
	Hindustan Petroleum Corporation Ltd	2,487	1,307,292	1.07%
	Bharat Petroleum Corporation Ltd	1,999	1,299,050	1.07%
	National Thermal Power Corporation Ltd	7,542	1,251,972	1.03%
	Bajaj Finance Ltd	1,007	1,179,298	0.97%
	Coal India Ltd	3,674	1,075,196	0.88%
	Housing Development Finance Corporation Ltd	710	1,066,491	0.88%
	Vedanta Ltd	3,732	1,026,113	0.84%
	Bank of Baroda	5,115	884,639	0.73%
	Oil & Natural Gas Corporation Ltd	4,725	874,125	0.72%
	Wipro Ltd	1,527	787,474	0.65%
	Exide Industries Ltd	3,478	780,289	0.64%
	Bharati Airtel Ltd	2,161	756,458	0.62%
	Tata Motors Ltd DVR	2,288	645,559	0.53%
	Ambuja Cements Ltd	2,627	621,680	0.51%
	Dr Reddys Laboratories Ltd	228	600,176	0.49%
	Lupin Ltd	373	539,060	0.44%
	Adani Ports And Special Economic Zone Ltd	1,559	529,436	0.43%
	Siemens Ltd	370	464,424	0.38%
	UPL Ltd	610	443,409	0.36%
	Federal Bank Ltd	4,739	433,382	0.36%
	Indian Oil Corporation Ltd	1,110	429,626	0.35%
	Rural Electrification Corporation Ltd	2,370	428,970	0.35%
	Gas Authority of India Ltd	1,114	419,922	0.34%
	Hindalco Industries Ltd	2,141	417,802	0.34%
	Bharti Infratel Ltd	1,280	417,152	0.34%
	Shree Cements Ltd	24	409,997	0.34%
	Bharat Electronics Ltd	2,570	402,848	0.33%
	Cummins India Ltd	402	381,679	0.31%
	Oracle Financial Services Software Ltd	100	381,575	0.31%
	Dabur India Ltd	1,325	367,489	0.30%
	Petronet LNG Ltd	895	360,819	0.30%
	Tech Mahindra Ltd	772	354,484	0.29%
	Godrej Consumer Products Ltd	204	340,966	0.28%
	Ashok Leyland Ltd	4,006	338,707	0.28%
	Eicher Motors Ltd	13	332,638	0.27%
	Divis Laboratories Ltd	525	327,521	0.27%
Britannia Industries Ltd	96	323,904	0.27%	
Shriram Transport Finance Co. Ltd	285	307,230	0.25%	
Asian Paints (India) Ltd	284	304,874	0.25%	
Glenmark Pharmaceuticals Ltd	355	302,496	0.25%	
Cadila Healthcare Ltd	622	274,924	0.23%	
United Spirits Ltd	112	243,566	0.20%	
Havells India Ltd	460	214,245	0.18%	
Hindustan Zinc Ltd	700	202,160	0.17%	

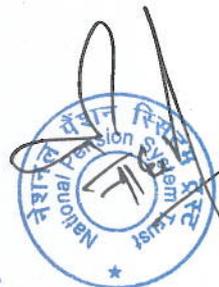


NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME E TIER II

(In ₹)

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2017

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
	LIC Housing Finance Ltd	323	199,759	0.16%
	Oil India Ltd	337	112,491	0.09%
<b>Equity Shares Total</b>		<b>214,681</b>	<b>117,256,908</b>	<b>96.33%</b>
Mutual Fund Units	ICICI Prudential Liquid - Direct Plan - Growth	23,919	5,756,000	4.73%
<b>Mutual Fund Units Total</b>		<b>23,919</b>	<b>5,756,000</b>	<b>4.73%</b>
<b>Net Current Assets</b>		-	<b>(1,294,146)</b>	<b>-1.06%</b>
<b>Grand Total</b>		<b>238,600</b>	<b>121,718,762</b>	<b>100.00%</b>



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

3.1 KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2017

Sr No	Particulars	Scheme E Tier II	
		March 31, 2017	March 31, 2016
1	NAV per unit (₹) I	12.3003	13.2506
	Open	15.1671	13.7615
	High	12.0125	10.9822
	Low	15.1671	12.3003
	End		
2	Closing Assets Under Management (₹ in Lakhs)	1,217.19	320.87
	End	658.83	154.09
	Average daily net assets (AAuM) II		
3	Gross income as % of AAuM III	22.12%	1.77%
4	Expense ratio	0.03%	0.03%
a	Total expense as % of AAuM (scheme wise) IV	0.01%	0.01%
b	Management fee as % of AAuM (scheme wise) V	21.34%	-3.39%
5	Net income as % of AAuM VI	25.37%	0.79%
6	Portfolio turnover ratio VII	N.A.	N.A.
7	Total dividend per unit distributed during the period		
8	Returns: (%) VIII	23.31%	-7.17%
a	Last one year	20.87%	-8.07%
	Benchmark X		
b	Since inception	51.67%	23.00%
	Benchmark X	69.10%	39.90%
c	Compound annualised yield (%) IX	23.31%	-7.17%
	Last 1 year	6.99%	6.76%
	Last 2 year	12.01%	N.A.
	Last 3 year	12.03%	8.08%
	Since launch of the scheme		
	Launch Date	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 = Total Income as per Revenue Account		
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 = Surplus / Deficit as per Revenue Account		
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	The investments into the mandated assets of the fund started in March 2014. From the date of inception of the fund till March 2014 the inflows were invested in liquid schemes of mutual funds. As per prevailing fund objective of Tier II Scheme E, the fund could only invest in equity securities through Nifty 50 Index basket. There was a minimum threshold amount for investment in Nifty 50 basket and till the time investable amount reaches the threshold, it was invested temporarily in liquid and money market schemes of mutual funds. Due to small size of the fund this has affected the fund performance. Hence, Fund performance since inception of the scheme is not comparable with the benchmark.		
IX	Compounded annualised yield is to be calculated based on following formula: = (1+ cumulative return) <sup>n</sup> -1 (where n=365/no. of days)		
X	Post changes in the PFRDA investment regulation vide circular No PFRDA/2015/PFM/08 in September 2015; company has changed the fund management strategy of the equity schemes. Due to this change, the benchmark of the scheme has been changed from Nifty 50 to Nifty 100 effective from October 01, 2015. The benchmark return mentioned above represents the return of existing scheme benchmark, which is Nifty 100.		



**NPS TRUST A/C HDFC PENSION MANAGEMENT  
COMPANY LIMITED - SCHEME C TIER I**

**Financial Statements together  
with Auditors' Report**

**For the Financial year ended March 31, 2017**

**Contents**

Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts



# T R Chadha & Co LLP

## Chartered Accountants

502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai - 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com



## INDEPENDENT AUDITORS' REPORT

To,

The Board of Trustees  
National Pension System (NPS) Trust  
1st Floor, ICADR Building,  
6, Vasant Kunj Institutional Area- Phase II,  
New Delhi 110 070

### Report on Financial Statements

1. We have audited the accompanying financial statements of **NPS Trust A/c HDFC Pension Fund Scheme C – Tier I under the National Pension System Trust (NPS trust)** managed by **HDFC Pension Management Company Ltd. (PFM)** which comprise of the Balance Sheet as at March 31, 2017 and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. Management of the PFM, in accordance with the Pension Fund Regulatory and Development Authority (PFRDA) Guidelines and the Investment Management Agreement (IMA) with the NPS Trust, is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Scheme in accordance with the accounting standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent made applicable by PFRDA to Scheme. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFM.

### Auditor's Responsibility

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

T R Chadha & Co., a partnership firm converted into T R Chadha & Co LLP  
(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015

Corporate Office : B-30, Connaught Place, Kuthiala Building, New Delhi - 110001  
Phone : 43259900, Fax : 43259930, E-mail : delhi@trchadha.com  
Regd. Office : Suite No. 11A, 2<sup>nd</sup> Floor, Gobind Mansion, H-Block, Connaught Circus, New Delhi - 110001  
Phone : 011 41513059 / 41513169



Branches at: ❖ AHMEDABAD ❖ BENGALURU ❖ CHENNAI ❖ GURGAON ❖ HYDERABAD ❖ PUNE

# T R Chadha & Co LLP

## Chartered Accountants

502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai – 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com



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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012 and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Scheme as of March 31, 2017;
- b) in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date:

### Emphasis of Matter

7. Without modifying our opinion, we invite attention to Note 2.9 of Schedule 7 in connection with litigation relating to granting of license to PFM to undertake pension management under the National Pension System by PFRDA.

### Report on Other Legal and Regulatory Requirements

8. As required by the PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended, we report that:

- a) We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.
- b) The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme.
- c) In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by the PFM so far as appears from our examination of those books.

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- d) All transactions expenses in excess of the limits contractually agreed to / approved by the Authority are borne by the Pension Fund (if any) and are not charged to the NAV of the Scheme.
- e) In our opinion the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent made applicable by PFRDA.
9. We further certify that
- a) Investments have been valued in accordance with the guidelines issued by the Authority.
- b) Transaction and claims/fee raised by different entities are in accordance with the prescribed fee. The CRA charges have been charged based on communication received from CRA.

For T R Chadha & Co LLP

Chartered Accountants

Firm Registration No 006711N/N500028

*Vikas Kumar*  
Vikas Kumar  
Partner  
Membership No 75363  
Place: Mumbai  
Date: 13.7.17



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Branches at: ❖ AHMEDABAD ❖ BENGALURU ❖ CHENNAI ❖ GURGAON ❖ HYDERABAD ❖ PUNE

NATIONAL PENSION SYSTEM TRUST

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

BALANCE SHEET AS AT MARCH 31, 2017

(In ₹)

Particulars	Schedule	Scheme C Tier I	
		March 31, 2017	March 31, 2016
<b>Liabilities</b>			
Unit Capital	1	1,909,945,530	752,163,302
Reserves & Surplus	2	974,824,004	260,350,164
Current Liabilities and Provisions	3	54,788,616	516,349
<b>Total</b>		<b>2,939,558,150</b>	<b>1,013,029,815</b>
<b>Assets</b>			
Investments	4	2,837,910,870	975,498,875
Deposits	5	-	-
Other Current Assets	6	101,647,280	37,530,940
<b>Total</b>		<b>2,939,558,150</b>	<b>1,013,029,815</b>
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		2,884,769,534	1,012,513,466
(b) Number of units outstanding		190,994,553	75,216,330
(c) NAV per unit (a)/(b) (₹)		15.1039	13.4613
Significant accounting policies and notes to accounts	7		

The notes referred to above form an integral part of the financial statements.  
This is the Balance Sheet referred to in our report of even date.

For T R Chadha & Co LLP (FRN 006711N/N500028)

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

Chartered Accountants

Vikas Kumar  
Partner  
Membership No.75363



Amitabh Chaudhry  
(Director)

Vibha Padalkar  
(Director)

Sumit Shukla  
(Chief Executive Officer)

Fagun Pancholi  
(Chief Financial Officer)

Nagesh Pai  
(Company Secretary)

Place : Mumbai

Date : 13-7-17

Place : Mumbai

Date : April 24, 2017

For and on Behalf of NPS Trust

Shailesh V. Haribhakti  
(Chairman, NPS Trust Board)

Kamal Chaudhry  
(Chief Executive Officer)

Place :

Date : 13 JUL 2017



NATIONAL PENSION SYSTEM TRUST

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

REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

(In ₹)

Particulars	Schedule	Scheme C Tier I	
		March 31, 2017	March 31, 2016
<b>Income</b>			
Interest		136,401,605	31,654,196
Profit on sale/redemption of investments		2,831,683	755,065
Unrealised gain on appreciation in investments		36,587,261	4,475,178
<b>Total Income (A)</b>		<b>175,820,549</b>	<b>36,884,439</b>
<b>Expenses &amp; Losses</b>			
Management fees (including service tax)		194,520	43,194
NPS Trust fees		169,229	24,013
Custodian fees		60,886	29,899
CRA fees		6,145,519	2,734,609
Less : Amount recoverable on sale of units on account of CRA Charges		(6,145,519)	(2,734,609)
Depository and settlement charges		8,695	-
<b>Total Expenditure (B)</b>		<b>433,330</b>	<b>97,106</b>
<b>Surplus/(Deficit) for the year (A-B = C)</b>		<b>176,387,219</b>	<b>36,787,333</b>
Less: Amount transferred to Unrealised appreciation account		(36,587,261)	(4,475,178)
Less: Amount transferred to General Reserve		(138,799,958)	(32,312,155)
<b>Amount carried forward to Balance Sheet</b>		<b>-</b>	<b>-</b>
<b>Significant accounting policies and notes to accounts</b>	7		

The notes referred to above form an integral part of the financial statements.  
This is the Revenue Account referred to in our report of even date.

For T R Chadha & Co LLP (FRN 206711N/N500028)

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

Chartered Accountants

Vikas Kumar  
Partner  
Membership No. 75363



Amitabh Chaudhry  
(Director)

Vibha Padalkar  
(Director)

Sumit Shukla  
(Chief Executive Officer)

Fagun Pancholl  
(Chief Financial Officer)

Nagesh Pai  
(Company Secretary)

Place : Mumbai

Date : 13.7.17

Place : Mumbai  
Date : April 24, 2017

For and on Behalf of NPS Trust

Shallesh V. Haribhakti  
(Chairman, NPS Trust Board)

Kamal Chaudhry  
(Chief Executive Officer)

Place :

Date : 13 JUL 2017



**NATIONAL PENSION SYSTEM TRUST**

**NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME C TIER I**

**Schedules forming part of the financial statements**

**Schedule 1: Unit capital**

(In ₹)

Particulars	Scheme C Tier I	
	March 31, 2017	March 31, 2016
<b>Initial capital</b>		
<u>Unit capital</u>		
Outstanding at the beginning of the year	752,163,302	119,154,538
Add :Units issued during the year	1,209,580,776	646,849,771
Less: Units redeemed during the year	(51,798,548)	(13,841,007)
<b>Outstanding at the end of the year</b>	<b>1,909,945,530</b>	<b>752,163,302</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>		
Outstanding units at the beginning of the year	75,216,330	11,915,454
Add :Units issued during the year	120,958,078	64,684,977
Less: Units redeemed during the year	(5,179,855)	(1,384,101)
<b>Outstanding Units at the end of the year</b>	<b>190,994,653</b>	<b>75,216,330</b>

**Schedule 2: Reserves and surplus**

(In ₹)

Particulars	Scheme C Tier I	
	March 31, 2017	March 31, 2016
<b>Unit premium reserve</b>		
Opening balance	214,545,981	18,708,382
Add: Premium on Units issued	562,744,284	199,962,330
Less: Premium on Units redeemed	(23,657,663)	(4,124,731)
Closing balance	<b>753,632,602</b>	<b>214,546,981</b>
<b>General Reserve</b>		
Opening balance	38,222,390	5,910,235
Add/(Less): Transfer from/(to) Revenue Account	138,799,958	32,312,155
Closing balance	<b>177,022,348</b>	<b>38,222,390</b>
<b>Unrealised Appreciation Reserve</b>		
Opening balance	7,581,793	3,106,615
Add/(Less): Transfer from/(to) Revenue Account	36,587,261	4,475,178
Closing balance	<b>44,169,054</b>	<b>7,581,793</b>
<b>Total</b>	<b>974,824,004</b>	<b>280,350,164</b>

**Schedule 3: Current liabilities and provisions**

(In ₹)

Particulars	Scheme C Tier I	
	March 31, 2017	March 31, 2016
<b>Current liabilities</b>		
Sundry creditors for expenses	183,528	59,611
Redemption Payable	1,881,347	200,754
TDS Payable	2,949	734
Contract for Purchase of Investments	52,468,114	-
Interest received in advance	252,678	252,678
<b>Provisions*</b>		
Total	<b>54,788,616</b>	<b>516,349</b>

\* The Provision referred above is towards TDS payable on Custodian fees.



**NATIONAL PENSION SYSTEM TRUST**

**NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME C TIER I**

Schedules forming part of the financial statements

**Schedule 4: Investments (Long Term and Short Term)**

(In ₹)

Particulars	Scheme C Tier I	
	March 31, 2017	March 31, 2016
Debentures and Bonds Listed/Awaiting Listing	2,733,428,869	969,726,876
Others - Mutual Fund Units	104,482,001	5,771,999
<b>Total</b>	<b>2,837,910,870</b>	<b>975,498,875</b>

**Schedule 5: Deposits**

(In ₹)

Particulars	Scheme C Tier I	
	March 31, 2017	March 31, 2016
Deposits with scheduled banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Schedule 6: Other current assets**

(In ₹)

Particulars	Scheme C Tier I	
	March 31, 2017	March 31, 2016
Balances with banks in current account	25,133	270
Outstanding and accrued income	101,622,147	37,226,670
Application money pending allotment	-	304,000
<b>Total</b>	<b>101,647,280</b>	<b>37,530,940</b>



Schedule 7

Significant accounting policies & notes to accounts for the year ended March 31, 2017

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 and Karvy Computershare Pvt. 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), Karvy Computershare Pvt. Ltd and PFRDA have set up Central Recordkeeping Agency (CRA) for the NPS. Some of the key responsibilities of the CRA include the following:

- Record keeping, 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.

PFRDA has appointed the Karvy Computershare Pvt. Ltd as additional CRA in FY 2016-17 for the NPS, which got operational with effect from 15<sup>th</sup> February, 2017



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 C TIER I being managed by the Company.

The Company manages eight separate schemes under the two tiered structure (Tier I and II) prescribed under the NPS. The schemes are classified as Scheme E, C, G and A 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

Scheme A – Alternate Investment funds

## 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 includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.

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.

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.

#### Securities traded at a stock exchange:

Debt securities (other than government securities) with a residual maturity over/upto 60 days are valued at National Stock Exchange (NSE) weighted average traded price on that day.

#### Securities not traded at a stock exchange:

Non-traded debt securities (i.e. securities not traded on a day) with a residual maturity over 60 days are valued on a yield to maturity basis by using the benchmark rate / matrix of spread over risk free benchmark yield obtained from CRISIL and ICRA.

Non-traded debt securities (i.e. securities not traded on a day) with a residual maturity upto 60 days are valued at last valuation price plus the difference between redemption price and last valuation price, spread uniformly over the remaining maturity period of the instrument.

#### Valuation of securities having call and/or Put options:

- a) Callable Bonds with single / daily / multiple call options will be valued at lowest value basis.
- b) Puttable Bonds with single / daily / multiple call options will be valued at highest value basis.
- c) The securities with both Call & Put options on the same day would be deemed to mature on the Call/Put day and will be valued accordingly.
- d) For perpetual bonds with single / daily / multiple call options, the price for all options dates till the maturity date will be computed and the lowest price will be used for valuing the bonds.



### Valuation of Partly Paid up Bonds

Partly paid bonds will be valued on the paid up value of the bonds till it is fully paid.

### Valuation of debt securities below Investment grade of BBB-

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)

### Valuation of Money Market Investment and Mutual Fund

Money market instruments like treasury bills, commercial paper, and certificate of deposit are valued at amortised cost. If they are traded, then they are valued at the last traded price on NSE.

Mutual fund units are valued based on the net asset value of the preceding day of the valuation date

## 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 up to 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 up to the date of sale credited to Interest Recoverable Account and not included in sale value.

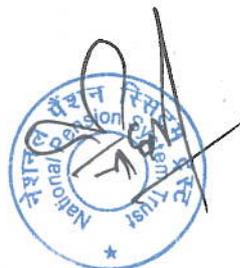
Accretion of discount and amortisation of premium relating to debt securities like Zero Coupon Bond and Money Market Investment are recognised over the holding / maturity period on a straight-line basis.

Profit or loss on sale of debt 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/instalment 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.

### 1.8 Trustee fees

The Company has started charging Trustee fee of 0.01% per annum, with effect from November 01, 2015 in terms of the National Pension Scheme Trust circular no. 1/20/2015/NPS dated October 19, 2015.

### 1.9 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.

## 2 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 C TIER I**

Notes to accounts

**2.1 Contingent liabilities**

(In ₹)

Particulars	Scheme C Tier I	
	March 31, 2017	March 31, 2016
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
Mr. Fagun Pancholi	Key Management Personnel
Mr. Nagesh Pai	Key Management Personnel

The following represents significant transactions between the Company and its related parties for the year ended March 31, 2017

(In ₹)

Nature of Transaction	Scheme C Tier I	
	March 31, 2017	March 31, 2016
Investment management fees	194,520	43,194

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme C Tier I	
	March 31, 2017	March 31, 2016
Investment management fees payable	63,929	18,854

Aggregate investments made in the Associates and group companies as at March 31, 2017 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme C Tier I			
		March 31, 2017		March 31, 2016	
		Cost	Market Value	Cost	Market Value
HDFC Ltd	NCD	102,736,500	103,754,748	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 as at March 31, 2017 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme C Tier I			
		March 31, 2017		March 31, 2016	
		Cost	Market Value	Cost	Market Value
		NIL	NIL	NIL	NIL

**2.4 Provision**

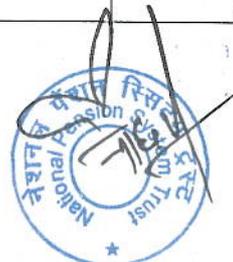
There are no provisions for doubtful deposits, debts and outstanding and accrued income.

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

Aggregate value of purchase and sale with percentage to average assets as at March 31, 2017 is as follows :

(In ₹)

Particular	Scheme C Tier I	
	March 31, 2017	March 31, 2016
Average Net Asset Value	1,692,285,445	378,292,586
Purchase of Investment	9,866,059,197	3,170,924,246
% to average Net Assets Value	583.00%	838.22%
Sale of Investment	7,888,311,019	2,315,151,367
% to average Net Assets Value	472.04%	612.00%



**NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME C TIER I**

**Notes to accounts**

Aggregate value of purchase and sale (excluding liquid mutual fund)\* with percentage to average assets as at March 31, 2017 is as follows :

(In ₹)

Particular	Scheme C Tier I	
	March 31, 2017	March 31, 2016
Average Net Asset Value		
Purchase of Investment	1,602,285,445	378,292,586
% to average Net Assets Value	1,804,995,840	854,896,474
Sale of Investment	106.66%	226.00%
% to average Net Assets Value	23,753,461	NIL
	1.40%	NIL

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

**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:

(In ₹)

Industry Classification	Scheme C Tier I			
	March 31, 2017		March 31, 2016	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Other credit granting	932,290,869	32.32%	332,049,897	32.79%
Activities of specialized institutions granting credit for house purchases	356,465,425	12.36%	82,066,624	8.11%
Monetary intermediation of commercial / saving / postal banks	353,716,586	12.26%	145,269,276	14.35%
Transmission of Electric Energy	263,853,168	9.15%	65,063,166	6.43%
Service activities incidental to water transportation	247,381,565	8.58%	78,296,820	7.73%
Electric Power Generation, Transmission and Distribution	191,532,569	6.64%	83,032,814	8.20%
Trusts, Funds and Other Financial Vehicles	145,191,058	5.03%	45,318,879	4.48%
Others	242,997,629	8.42%	138,629,400	13.69%
Mutual Funds	104,482,001	3.62%	5,771,999	0.57%
Net Current Assets	46,858,664	1.62%	37,014,591	3.66%
<b>Net Asset Value</b>	<b>2,884,769,534</b>	<b>100.00%</b>	<b>1,012,513,466</b>	<b>100.00%</b>

Note:

1. Industry classification has been taken at sub class level of National Industrial Classification (NIC) 2008.

**2.7 Age wise disclosure for Shares/dobantures/ others application money pending allotment.**

(In ₹)

Security Name	Asset Type	Ageing	Scheme C Tier I	
			March 31, 2017	March 31, 2016
Reliance Liquidity Fund - Direct Growth Plan - Growth Option	Liquid Mutual Fund	Less than 7 Days	NIL	304,000

**2.8 Prior Year Comparatives :**

The Figures of the previous period have been regrouped / rearranged, wherever applicable, to conform current year's presentation.

**2.9 Note on status of litigation matters with PFRDA**

In January 2014, a fresh Request for Proposal (RFP) was floated by the PFRDA seeking bids from Sponsors for selection of pension fund managers afresh to manage the pension funds. In response to the RFP, HDFC Standard Life Insurance Company Limited ('HDFC Life' / 'the Sponsor') had submitted its technical and commercial bid. The technical bid made under RFP was opened in April 2014 and the bid submitted by the Sponsor was not accepted by the PFRDA on technical grounds of not having profitability for a period of 3 years. The Sponsor, therefore, filed a Writ Petition before the Hon'ble High Court of Delhi, challenging the said rejection. The Hon'ble High Court of Delhi by its Order dated May 15, 2014 quashed and set aside the PFRDA's rejection of the Sponsor's bid and directed the PFRDA to evaluate the bid in accordance with the steps set out in the RFP. While the PFRDA cleared the Sponsor's technical and commercial bid and the Sponsor even agreed to match the lowest commercial bid, the PFRDA declined to grant the Sponsor a 'Letter of Appointment'. The Sponsor therefore filed another Writ Petition before the Hon'ble High Court of Delhi against the rejection. Vide its Order dated December 18, 2014 the Hon'ble High Court of Delhi quashed and set aside the PFRDA's rejection of the Sponsor's bid and directed the PFRDA to grant HDFC Life a 'Letter of Appointment' to act as a Sponsor. Subsequently, the PFRDA has filed a Special Leave Petition before the Hon'ble Supreme Court of India challenging the above said Order dated December 18, 2014. The Hon'ble Supreme Court, by its Order dated March 9, 2015, refused to grant the PFRDA any ad-interim relief and the matter is presently pending hearing. On March 27, 2015, complying with the High Court order, the PFRDA had issued a 'Letter of Appointment' in favour of the Sponsor, stating inter alia that such appointment is subject to the outcome of the above proceedings filed before the Hon'ble Supreme Court. The Company has obtained an opinion from its lawyers, as per which the Company stands a fairly good chance of succeeding in the matter.

It may be noted that the PFRDA (Pension Fund) Regulations, 2015 were notified in May 2015, pursuant to which re-registration of all pension funds was sought by the PFRDA. HDFC Pension has submitted its application for the same, and a response from the PFRDA is awaited. However, vide a letter dated June 24, 2016, the PFRDA, while acknowledging our submission of Annual Fees, had granted an extension to continue as a Pension Fund until the selection of Pension Funds in terms of process specified under PFRDA (Pension Fund) regulations, 2015. This extension was subject to the Order of the Supreme Court of India on the appeal filed against the Order of the High Court of Delhi.

During the year under review, the PFRDA had issued a fresh Request For Proposal (RFP) for selection of Pension Funds for private sector, pursuant to which the Sponsor had submitted a Technical and Commercial bid. On November 29, 2016 the PFRDA issued a notice that the Commercial Bid would be opened on November 30, 2016 wherein the name of HDFC Life was included which implies that the Technical Bid of HDFC Life has been accepted. HDFC Life is also given to understand that the Commercial Bid submitted by HDFC Pension has also been accepted by the PFRDA and formal issuance of letters of appointment is awaited.



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

3. PORTFOLIO STATEMENT AS ON YEAR ENDED MARCH 31, 2017

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
Non-convertible Debenture	10.40% Reliance Ports and Terminal Ltd NCD Mat 18-Jul-2021	94	104,088,284	3.61%
	8.45% Reliance Ports and Terminal Ltd NCD Mat 12-Jun-2023	74	77,038,197	2.67%
	8.67% IDFC Bank Ltd NCD Mat 03-Jan-2025	71	75,167,617	2.61%
	9.20% Capital First Ltd NCD Mat 22-Jan-2021	73	75,020,270	2.60%
	9.34% Rural Electrification Corp Ltd NCD Mat 25-Aug-2024	65	71,058,115	2.46%
	7.90% Reliance Ports and Terminal Ltd NCD Mat 18-Nov-2026	65	66,255,074	2.30%
	8.89% LIC Housing Finance Ltd. NCD Mat 25-Apr-2023	60	63,685,563	2.21%
	9.95% Food Corporation of India Ltd NCD Mat 07-03-2022.	51	56,036,454	1.94%
	9.30% Power Grid NCD Mat 04-Sep-2024	51	55,654,970	1.93%
	8.18% EXIM Bank NCD Mat-07-Dec-2025	52	53,556,048	1.86%
	8.85% Power Grid NCD Mat 19-Oct-2024	40	53,365,890	1.85%
	8.35% HDFC Ltd NCD Mat 13-May-2026	5	52,309,748	1.81%
	8.15% EXIM Bank NCD Mat-21-Jan-2030	50	52,180,657	1.81%
	8.20% Power Grid NCD Mat 23-Jan-2022	50	51,599,754	1.79%
	8.75% HDFC Ltd NCD Mat 04-Mar-2021	5	51,445,000	1.78%
	9.20% Capital First Ltd NCD Mat 29-Jan-2021	50	51,369,630	1.78%
	7.83% IRFC NCD Mat 21-Mar-2027	50	50,987,050	1.77%
	8.94% Power Finance Corp Ltd. NCD Mat 25-Mar-2028	46	50,479,251	1.75%
	8.62% Food Corporation of India Ltd NCD Mat 22-03-2023	48	50,313,396	1.74%
	7.50% Power Finance Corporation Ltd. NCD Mat-16-Aug-2021	50	50,105,100	1.74%
	8.55% BAJAJ FINANCE LTD NCD MAT 26-APR-2021	49	49,583,794	1.72%
	7.25% Nuclear Power Corp. NCD Mat 15-12-2029 (SR-XXXIII TRCH-C)	50	48,876,291	1.69%
	7.40% Power Finance Corporation Ltd. NCD Mat-30-09-2021	47	46,926,304	1.63%
	7.25% Nuclear Power Corp. NCD Mat 15-12-2031 (SR-XXXIII TRCH-E)	48	46,755,843	1.62%
	10.15% BAJAJ FINANCE LTD NCD MAT 19-SEP-2024	43	46,622,427	1.62%
	10.00% Shriram Transport Fin NCD Mat 13-Nov-2024	41	44,086,634	1.53%
	8.94% BAJAJ FINANCE LTD NCD MAT 07-Nov-2025	38	38,741,915	1.34%
	9.17% NTPC NCD Mat 22-Sep-2024	30	32,534,940	1.13%
	8.57% Rural Electrification Corp Ltd NCD Mat 21-Dec-2024	30	31,689,060	1.10%
	10.25% Shriram Transport Fin NCD Mat 10-Oct-2024	29	31,579,576	1.09%
	9.30% LIC Housing Finance Ltd. NCD Mat-14-Sep-2022	29	31,171,538	1.08%
	8.40% Nuclear Power Corp. NCD Mat 28-Nov-2025 (SR-XXXIX TRCH-A)	29	30,655,450	1.06%
	9.22% LIC Housing Finance Co. Ltd. NCD Mat 16-Oct-2024	28	30,460,596	1.06%
	8.11% Rural Electrification Corp Ltd NCD Mat 07-Oct-2025	29	29,752,066	1.03%
	8.49% NTPC NCD Mat 25-Mar-2025	2,244,982	29,355,385	1.02%
	7.59% LIC Housing Finance Ltd. NCD Mat-14-Oct-2021	28	28,206,436	0.98%
	8.14% Nuclear Power Corp. NCD Mat 25-03-2026(Tranche A)	26	27,140,100	0.94%
	9.36% IDFC Bank Ltd NCD Mat 21-Aug-2024	22	24,073,051	0.83%
	8.30% Rural Electrification Corp Ltd NCD Mat 10-Apr-2025	23	23,829,288	0.83%
	8.82% Rural Electrification Corp. Ltd. NCD Mat - 12.04.2023	22	23,345,894	0.81%
	8.32% Power Grid NCD Mat 23-Dec-2030	22	23,146,587	0.80%
	9.30% Power Grid NCD Mat 28-June-2026	16	22,153,143	0.77%
	9.60% LIC Housing Finance Ltd. NCD Mat-07-MAR-2021	20	21,468,145	0.74%
	9.00% LIC Housing Finance Ltd. Ncd Mat-23-NOV-2020	20	21,077,630	0.73%
	9.05% Shriram Transport Fin NCD Mat 30-June-2021	20	20,491,479	0.71%
	10.25% Shriram Transport Fin NCD Mat 18-Sep-2024	18	19,617,122	0.68%
	9.45% LIC Housing Finance Co. Ltd. NCD Mat-30-Jan-2022	18	19,466,180	0.67%
	8.40% Power Grid NCD Mat 27-May-2029	18	19,109,485	0.66%
	8.65% Power Finance Corporation Ltd. NCD Mat-28-DEC-2024	18	19,033,794	0.66%
	8.10% EXIM Bank NCD Mat-19-Nov-2025	18	18,523,810	0.64%
	8.50% EXIM Bank NCD Mat-08-07-2023	17	17,743,508	0.62%
	8.38% Power Finance Corporation Ltd. NCD Mat-27-April-2020	17	17,554,349	0.61%
	10.70% IRFC NCD Mat 11-Sep-2023	15	17,465,238	0.61%
	8.80% Food Corporation of India Ltd NCD Mat 22-03-2028.	16	17,394,057	0.60%
	8.70% IDFC Bank Ltd NCD Mat 23-June-2025	16	17,009,385	0.59%
10.35% United Phosphorus Ltd. NCD MAT 08-June-2019	16	16,943,827	0.59%	
8.75% IDFC Bank Ltd NCD Mat 28-Jul-2023	16	16,898,429	0.59%	
8.70% Power Grid NCD Mat 15-JULY-2028	15	16,211,514	0.56%	
9.39% Power Finance Corporation Ltd. NCD Mat-27-Aug-2024	14	15,344,448	0.53%	
8.70% Power Finance Corporation Ltd. NCD Mat-14-05-2025	14	14,877,773	0.52%	
9.22% Shriram Transport Fin NCD Mat 13-Apr-2026	14	14,532,868	0.50%	
8.83% IRFC NCD Mat 14-May-2031	13	14,439,229	0.50%	
8.95% IRFC NCD Mat 10-Mar-2025	13	14,121,299	0.49%	
9.02% Rural Electrification Corp Ltd NCD Mat 19-Nov-2022	13	13,820,648	0.48%	
9.43% LIC Housing Finance Co. Ltd. NCD Mat-10-Feb-2022	12	12,973,371	0.45%	
9.15% EXIM Bank NCD Mat-05-Sep-2022	12	12,825,169	0.44%	
8.49% IDFC Bank Ltd NCD Mat 11-December-2024	12	12,576,734	0.44%	
8.50% LIC Housing Finance Co. Ltd. NCD Mat-29-Aug-2025	11	11,570,224	0.40%	
9.17% IDFC Bank Ltd NCD Mat 14-Oct-2024	10	10,850,350	0.38%	
9.35% Rural Electrification Corp Ltd NCD Mat 15-Jun-2022	10	10,823,488	0.38%	
8.80% Power Finance Corporation Ltd. NCD Mat-15-JAN-2025	10	10,663,469	0.37%	
10.15% Shriram Transport Fin NCD Mat 15-July-2021	10,000	10,629,782	0.37%	
8.14% Nuclear Power Corp. NCD Mat 25-03-2028 (Tranche C)	10	10,502,783	0.36%	
8.89% IDFC Bank Ltd NCD Mat 02-Dec-2020	10	10,498,918	0.36%	
9.30% Shriram Transport Fin NCD Mat 18-Mar-2026	10	10,417,400	0.36%	
8.40% L&T NCD Mat 24 Sep 20	10	10,361,825	0.36%	
8.23% Rural Electrification Corp Ltd NCD Mat 23-Jan-2025	10	10,344,088	0.36%	
8.20% Power Finance Corporation Ltd. NCD Mat-10-03-2025	10	10,328,867	0.36%	
8.52% Power Finance Corporation Ltd. NCD Mat-09-Dec-2019	10	10,314,973	0.36%	
9.25% Shriram Transport Fin NCD Mat 18-Mar-2021	10	10,302,375	0.36%	



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

3. PORTFOLIO STATEMENT AS ON YEAR ENDED MARCH 31, 2017

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
	8.85% BAJAJ FINANCE LTD NCD MAT 21-July-2026	10	10,242,922	0.36%
	8.75% Power Finance Corporation Ltd. NCD Mat-15-June-2025	9	9,593,623	0.33%
	8.56% Nuclear Power Corp. NCD Mat 15-03-2023(Tranche C)	9	9,473,811	0.33%
	8.14% Nuclear Power Corp. NCD Mat 25-03-2027 (Tranche B)	9	9,424,621	0.33%
	9.15% Shriram Transport Fin NCD Mat 13-Apr-2021	9	9,271,962	0.32%
	8.85% Power Finance Corporation Ltd. NCD Mat-15-06-2030	7	7,709,964	0.27%
	8.83% IRFC NCD Mat 14-May-2034	6	6,735,887	0.23%
	8.83% IRFC NCD Mat 14-May-2035	5	5,630,368	0.20%
	9.38% IDFC Bank Ltd NCD Mat 12-September-2024	5	5,479,380	0.19%
	8.40% Nuclear Power Corp. NCD Mat 28-11-2028 (SR-XXIX TRCH-B)	5	5,318,382	0.18%
	8.73% IDFC Bank Ltd NCD Mat 14-Jun-2022	5	5,281,779	0.18%
	9.25% Tata Sons Ltd NCD Mat 19-June-2019	5	5,215,777	0.18%
	8.44% Rural Electrification Corp Ltd NCD Mat 04-Dec-2021	5	5,207,625	0.18%
	8.75% Mahindra and Mahindra Financial Services Ltd NCD Mat-09-Oct-2025	5	5,085,718	0.18%
	8.79% IRFC NCD Mat 04-May-2030	4	4,439,635	0.15%
	8.93% Power Grid NCD Mat 20-Oct-2027	4	4,373,643	0.15%
	8.93% Power Grid NCD Mat 20-Oct-2020	4	4,211,749	0.15%
	8.25% EXIM Bank NCD Mat-23-Jun-2031	4	4,203,516	0.15%
	8.55% Power Finance Corporation Ltd. NCD Mat-09-DEC-2021	4	4,178,253	0.14%
	8.70% Power Finance Corp Ltd NCD Mat 14-May-2020	4	4,165,039	0.14%
	8.64% IDFC Bank Ltd NCD Mat 15-April-2020	4	4,155,695	0.14%
	9.46% Power Finance Corporation Ltd. NCD Mat-01-AUG-2026	3	3,358,178	0.12%
	8.90% IDFC Bank Ltd NCD Mat 19-Nov-2025	3	3,232,451	0.11%
	9.48% Rural Electrification Corp Ltd NCD Mat 10-Aug-2021	3	3,226,011	0.11%
	8.68% IRFC NCD Mat 29-11-2021	3	3,168,136	0.11%
	8.68% LIC Housing Finance Ltd. NCD Mat 30-Mar-2020	3	3,118,873	0.11%
	8.27% Rural Electrification Corp Ltd NCD Mat 09-Mar-2022	3	3,107,847	0.11%
	9.50% IL&FS Ltd. NCD Mat 28-July-2024	2,900	3,068,985	0.11%
	7.74% IRFC NCD Mat 22-12-2020	3	3,049,489	0.11%
	8.84% Power Grid NCD Mat 21-10-2023	2	2,655,525	0.09%
	8.64% Power Grid NCD Mat 08-Jul-2024	2	2,636,403	0.09%
	9.80% L&T Infrastructure Finance Ltd NCD Mat-16-01-2019	1	2,570,411	0.09%
	9.18% Nuclear Power Corp. NCD Mat 23-01-2028(Tranche D)	2	2,251,942	0.08%
	9.47% LIC Housing Finance Ltd NCD Mat 23rd Aug 2024	2	2,200,631	0.08%
	8.93% Power Grid NCD Mat 20-Oct-2028	2	2,198,233	0.08%
	9.75% EXIM Bank NCD Mat-04-Oct-2020	2	2,153,898	0.07%
	8.93% Power Grid NCD Mat 20-Oct-2024	2	2,143,566	0.07%
	8.70% IDFC Bank Ltd NCD Mat 20-May-2025	2	2,125,502	0.07%
	9.55% IL&FS Ltd. NCD Mat 13-Aug-2024	2,000	2,120,567	0.07%
	8.93% Power Grid NCD Mat 20-Oct-2021	2	2,115,137	0.07%
	9.44% LIC Housing Finance Co. Ltd. NCD Mat-30-Aug-2019.	2	2,097,778	0.07%
	9.55% Hindalco Ind. Ltd. NCD Mat 27-Jun-2022	2	2,090,342	0.07%
	9.43% Tata Sons Ltd NCD Mat 02-Jun-2019	2	2,091,812	0.07%
	10.00% Shriram Transport Fin NCD Mat 15-07-2019	2,000	2,078,504	0.07%
	8.69% IL&FS Ltd. NCD Mat 25-Aug-2025	2,000	2,026,960	0.07%
	10.50% Shriram Transport Fin-Series II NCD Mat 09-08-2017	2,000	2,023,745	0.07%
	8.50% NHPC NCD Mat 14-July-2023	15	1,565,706	0.05%
	9.25% Power Grid NCD Mat 24-07-2017	1	1,258,828	0.04%
	9.47% IRFC NCD Mat 10-May-2031	1	1,169,236	0.04%
	9.18% Nuclear Power Corp. NCD Mat 23-01-2029(Tranche E)	1	1,133,346	0.04%
	9.74% Tata Sons Ltd NCD Mat 13-Jan-2024	1	1,110,551	0.04%
	9.75% Rural Electrification Corp Ltd NCD Mat 11-Nov-2021	1	1,089,302	0.04%
	8.83% IRFC NCD Mat 25-03-2023	1	1,072,566	0.04%
	9.20% Power Finance Corp Ltd NCD Mat 07-July-2021	1	1,064,141	0.04%
	11.15% Rural Electrification Corp Ltd NCD Mat 24-Oct-2018	1	1,057,480	0.04%
	10.24% L&T Finance Ltd NCD Mat-17-09-2019	1,000	1,050,864	0.04%
	8.97% Tata Sons Ltd NCD Mat 15-Jul-2020	1	1,050,622	0.04%
	9.51% LIC Housing Finance Co. Ltd. NCD Mat-24-07-2019	1	1,049,371	0.04%
	9.45% LIC Housing Finance Co. Ltd. NCD Mat-10-Sept-2019	1	1,049,323	0.04%
	8.64% IRFC NCD Mat 17-May-2021	1	1,049,166	0.04%
	8.72% IDFC Bank Ltd NCD Mat 29-Sep-2020	1	1,045,880	0.04%
	9.63% LIC Housing Finance Co. Ltd. NCD Mat-22-01-2019	1	1,041,563	0.04%
	9.18% IDFC Bank Ltd NCD Mat 11-Jun-2024	1	1,040,952	0.04%
	9.33% IDFC Bank Ltd NCD Mat 14-March-2028	1	1,039,642	0.04%
	8.90% IDFC Bank Ltd NCD Mat 29-Sep-2019	1	1,037,640	0.04%
	8.37% LIC Housing Finance Co. Ltd. NCD Mat-21-05-2023	1	1,037,051	0.04%
	9.65% LIC Housing Finance Co. Ltd. NCD Mat-01-11-2018	1	1,036,604	0.04%
	8.36% Rural Electrification Corp Ltd NCD Mat 22-SEP-2020	1	1,035,474	0.04%
	8.55% IRFC NCD Mat 15-Jan-2019	1	1,026,571	0.04%
	8.95% Power Finance Corp Ltd NCD Mat 11-Mar-2018	1	1,019,148	0.04%
	8.70% Power Grid NCD Mat 15/07/2018	1	1,018,741	0.04%
	7.94% EXIM Bank NCD Mat-22-05-2023	1	1,016,575	0.04%
	9.85% Tata Sons Ltd NCD Mat 21-May-2017.	1	1,003,430	0.03%
	10.75% Shriram Transport Finance-Series II NCD Mat 24-10-2018	397	412,752	0.01%
<b>Non-convertible Debenture Total</b>		<b>2,269,732</b>	<b>2,733,428,869</b>	<b>94.75%</b>
Mutual Fund Units	Reliance Liquidity Fund - Direct Growth Plan - Growth Option	42,638	104,482,001	3.62%
<b>Mutual Fund Units Total</b>		<b>42,638</b>	<b>104,482,001</b>	<b>3.62%</b>
<b>Net Current Assets</b>		<b>-</b>	<b>46,858,664</b>	<b>1.62%</b>
<b>Grand Total</b>		<b>2,312,370</b>	<b>2,884,789,534</b>	<b>100.00%</b>



**NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME C TIER I**

**3.1 KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2017**

Sr No	Particulars	Scheme C Tier I	
		March 31, 2017	March 31, 2016
1	NAV per unit (₹) I		
	Open	13.4613	12.3268
	High	15.1531	13.4613
	Low	13.5316	12.3377
	End	15.1039	13.4613
2	Closing Assets Under Management (₹ in Lakhs)		
	End	28,847.70	10125.13
	Average daily net assets (AAuM) II	16,922.85	3782.93
3	Gross income as % of AAuM III	10.39%	9.75%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.03%	0.03%
b	Management fee as % of AAuM (scheme wise) V	0.01%	0.01%
5	Net income as % of AAuM VI	10.36%	9.72%
6	Portfolio turnover ratio VII	1.40%	NIL
7	Total dividend per unit distributed during the period	N.A.	N.A.
8	Returns: (%)		
a	Last one year	12.20%	9.20%
	Benchmark	12.31%	8.31%
b	Since inception	51.04%	34.61%
	Benchmark	44.21%	29.81%
c	Compound annualised yield (%) VIII		
	Last 1 year	12.20%	9.20%
	Last 2 year	10.69%	12.16%
	Last 3 year	12.18%	N.A.
	Since launch of the scheme	11.91%	11.80%
	Launch Date	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 = Total Income as per Revenue Account		
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 = Surplus / Deficit as per Revenue Account		
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+ cumulative return) <sup>n</sup> -1 (where n=365/no. of days)		



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

**Financial Statements together  
with Auditors' Report**

**For the Financial year ended March 31, 2017**

**Contents**

Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts



# T R Chadha & Co LLP

## Chartered Accountants

502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai - 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com



## INDEPENDENT AUDITORS' REPORT

To,

The Board of Trustees  
National Pension System (NPS) Trust  
1st Floor, ICADR Building,  
6, Vasant Kunj Institutional Area- Phase II,  
New Delhi 110 070

### Report on Financial Statements

1. We have audited the accompanying financial statements of **NPS Trust A/c HDFC Pension Fund Scheme C – Tier II under the National Pension System Trust (NPS trust)** managed by **HDFC Pension Management Company Ltd. (PFM)** which comprise of the Balance Sheet as at March 31, 2017 and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. Management of the PFM, in accordance with the Pension Fund Regulatory and Development Authority (PFRDA) Guidelines and the Investment Management Agreement (IMA) with the NPS Trust, is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Scheme in accordance with the accounting standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent made applicable by PFRDA to Scheme. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFM.

### Auditor's Responsibility

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

T R Chadha & Co., a partnership firm converted into T R Chadha & Co LLP  
(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015)

Corporate Office : B-30, Connaught Place, Kuthiala Building, New Delhi - 110001  
Phone : 43259900, Fax : 43259930, E-mail : delhi@trchadha.com

Regd. Office : Suite No. 11A, 2<sup>nd</sup> Floor, Gobind Mansion, H-Block, Connaught Circus, New Delhi - 110001  
Phone : 011 41513059 / 41513169

Branches at: ❖ AHMEDABAD ❖ BENGALURU ❖ CHENNAI ❖ GURGAON ❖ HYDERABAD ❖ PUNE



# T R Chadha & Co LLP

## Chartered Accountants

502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai – 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com



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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012 and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Scheme as of March 31, 2017;
- in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date:

### Emphasis of Matter

7. Without modifying our opinion, we invite attention to Note 2.8 of Schedule 7 in connection with litigation relating to granting of license to PFM to undertake pension management under the National Pension System by PFRDA.

### Report on Other Legal and Regulatory Requirements

8. As required by the PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended, we report that:

- We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.
- The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme.
- In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by the PFM so far as appears from our examination of those books.

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# T R Chadha & Co LLP

## Chartered Accountants

502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai - 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com



- d) All transactions expenses in excess of the limits contractually agreed to / approved by the Authority are borne by the Pension Fund (if any) and are not charged to the NAV of the Scheme.
- e) In our opinion the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent made applicable by PFRDA.
9. We further certify that
- a) Investments have been valued in accordance with the guidelines issued by the Authority.
- b) Transaction and claims/fee raised by different entities are in accordance with the prescribed fee. The CRA charges have been charged based on communication received from CRA.

For T R Chadha & Co LLP  
Chartered Accountants  
Firm Registration No 006711N/N500028

*Vikas Kumar*  
Vikas Kumar  
Partner  
Membership No 75363  
Place: Mumbai  
Date: 13.7.17



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(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015)

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Branches at: ❖ AHMEDABAD ❖ BENGALURU ❖ CHENNAI ❖ GURGAON ❖ HYDERABAD ❖ PUNE

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

(In ₹)

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Schedule	Scheme C Tier II	
		March 31, 2017	March 31, 2016
<b>Liabilities</b>			
Unit Capital	1	62,979,573	25,261,091
Reserves & Surplus	2	26,583,325	6,718,599
Current Liabilities and Provisions	3	135,293	38,340
<b>Total</b>		<b>89,698,191</b>	<b>32,018,030</b>
<b>Assets</b>			
Investments	4	86,561,061	30,820,736
Deposits	5	-	-
Other Current Assets	6	3,137,130	1,197,294
<b>Total</b>		<b>89,698,191</b>	<b>32,018,030</b>
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		89,562,898	31,979,690
(b) Number of units outstanding		6,297,957	2,526,109
(c) NAV per unit (a)/(b) (₹)		14.2209	12.6596
Significant accounting policies and notes to accounts	7		

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

This is the Balance Sheet referred to in our report of even date.

For T R Chadha & Co LLP (FRN 006711N/N500028)

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

Chartered Accountants

Vikas Kumar  
Partner  
Membership No.75363



Amitabh Chaudhry  
(Director)

Vibha Padalkar  
(Director)



Sumit Shukla  
(Chief Executive Officer)

Fagun Pancholi  
(Chief Financial Officer)

Nagesh Pai  
(Company Secretary)

Place : Mumbai

Date : 13.7.17

Place : Mumbai

Date : April 24, 2017

For and on Behalf of NPS Trust

Shallesh V. Haribhakti  
(Chairman, NPS Trust Board)

Place :

Date : 13 JUL 2017



Kamal Chaudhry  
(Chief Executive Officer)

**NATIONAL PENSION SYSTEM TRUST**

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

**REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017**

(In ₹)

Particulars	Schedule	Scheme C Tier II	
		March 31, 2017	March 31, 2016
<b>Income</b>			
Interest		4,474,824	1,584,022
Profit on sale/redemption of investments		110,308	90,282
Unrealised gain on appreciation in investments		1,145,612	52,672
<b>Total Income (A)</b>		<b>5,730,744</b>	<b>1,726,976</b>
<b>Expenses &amp; Losses</b>			
Management fees (including service tax)		6,467	2,236
NPS Trust fees		5,626	1,046
Custodian fees		2,061	1,440
CRA fees		27,199	10,380
Less : Amount recoverable on sale of units on account of CRA Charges		(27,199)	(10,380)
Depository and settlement charges		632	-
<b>Total Expenditure (B)</b>		<b>14,786</b>	<b>4,722</b>
<b>Surplus/(Deficit) for the year (A-B = C)</b>		<b>5,715,958</b>	<b>1,722,254</b>
Less: Amount transferred to Unrealised appreciation account		(1,145,612)	(52,672)
Less: Amount transferred to General Reserve		(4,570,346)	(1,669,582)
<b>Amount carried forward to Balance Sheet</b>		<b>-</b>	<b>-</b>
Significant accounting policies and notes to accounts	7		

The notes referred to above form an integral part of the financial statements.  
This is the Revenue Account referred to in our report of even date.

For T R Chadha & Co LLP (FRN 006711N/N500028)

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

Chartered Accountants

Vikas Kumar  
Partner  
Membership No.75363



Amitabh Chaudhry  
(Director)

Vibha Padalkar  
(Director)



Sumit Shukla  
(Chief Executive Officer)

Fagun Pancholl  
(Chief Financial Officer)

Nagesh Pai  
(Company Secretary)

Place : Mumbai  
Date : 13.7.17

Place : Mumbai  
Date : April 24, 2017

For and on Behalf of NPS Trust

Shallesh V. Haribhakti

Shallesh V. Haribhakti  
(Chairman, NPS Trust Board)

Kamal Chaudhry

Kamal Chaudhry  
(Chief Executive Officer)

Place :  
Date : 13 JUL 2017



**NATIONAL PENSION SYSTEM TRUST**  
**NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME C TIER II**

Schedules forming part of the financial statements

**Schedule 1: Unit capital**

(In ₹)

Particulars	Scheme C Tier II	
	March 31, 2017	March 31, 2016
<b>Initial capital</b>		
<b>Unit capital</b>		
Outstanding at the beginning of the year	25,261,091	6,099,940
Add: Units issued during the year	46,207,259	20,305,704
Less: Units redeemed during the year	(8,488,777)	(1,144,553)
<b>Outstanding at the end of the year</b>	<b>62,979,573</b>	<b>25,261,091</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>		
Outstanding units at the beginning of the year	2,526,109	609,994
Add: Units issued during the year	4,620,726	2,030,570
Less: Units redeemed during the year	(848,878)	(114,455)
<b>Outstanding Units at the end of the year</b>	<b>6,297,967</b>	<b>2,526,109</b>

**Schedule 2: Reserves and surplus**

(In ₹)

Particulars	Scheme C Tier II	
	March 31, 2017	March 31, 2016
<b>Unit premium reserve</b>		
Opening balance	4,840,262	832,633
Add: Premium on Units issued	17,263,916	4,268,992
Less: Premium on Units redeemed	(3,115,148)	(261,363)
<b>Closing balance</b>	<b>18,989,030</b>	<b>4,840,262</b>
<b>General Reserve</b>		
Opening balance	1,799,588	130,006
Add/(Less): Transfer from/(to) Revenue Account	4,570,346	1,669,582
<b>Closing balance</b>	<b>6,369,934</b>	<b>1,799,588</b>
<b>Unrealised Appreciation Reserve</b>		
Opening balance	78,749	26,077
Add/(Less): Transfer from/(to) Revenue Account	1,145,612	52,672
<b>Closing balance</b>	<b>1,224,361</b>	<b>78,749</b>
<b>Total</b>	<b>26,683,325</b>	<b>6,718,599</b>

**Schedule 3: Current liabilities and provisions**

(In ₹)

Particulars	Scheme C Tier II	
	March 31, 2017	March 31, 2016
<b>Current liabilities &amp; Provisions</b>		
Sundry creditors for expenses	6,481	2,502
Redemption Payable	128,717	35,686
TDS Payable	95	25
<b>Provisions*</b>		127
<b>Total</b>	<b>135,293</b>	<b>38,340</b>

\* The Provision referred above is towards TDS payable on Custodian fees.



**NATIONAL PENSION SYSTEM TRUST**

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

Schedules forming part of the financial statements

**Schedule 4: Investments (Long Term and Short Term)**

(In ₹)

Particulars	Scheme C Tier II	
	March 31, 2017	March 31, 2016
Debentures and Bonds Listed/Awaiting Listing	83,082,061	29,987,536
Others - Mutual Fund Units	3,479,000	833,200
<b>Total</b>	<b>86,561,061</b>	<b>30,820,736</b>

**Schedule 5: Deposits**

(In ₹)

Particulars	Scheme C Tier II	
	March 31, 2017	March 31, 2016
Deposits with scheduled banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Schedule 6: Other current assets**

(In ₹)

Particulars	Scheme C Tier II	
	March 31, 2017	March 31, 2016
Balances with banks in current account	5,797	301
Outstanding and accrued income	3,131,333	1,196,993
<b>Total</b>	<b>3,137,130</b>	<b>1,197,294</b>



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

### Schedule 7

### Significant accounting policies & notes to accounts for the year ended March 31, 2017

#### 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 and Karvy Computershare Pvt.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), Karvy Computershare Pvt. Ltd and PFRDA have set up Central Recordkeeping Agency (CRA) for the NPS. Some of the key responsibilities of the CRA include the following:

- Record keeping, 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.

PFRDA has appointed the Karvy Computershare Pvt. Ltd as additional CRA in FY 2016-17 for the NPS, which got operational with effect from 15<sup>th</sup> February, 2017.



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 C TIER II being managed by the Company.

The Company manages eight separate schemes under the two tiered structure (Tier I and II) prescribed under the NPS. The schemes are classified as Scheme E, C, G and A 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

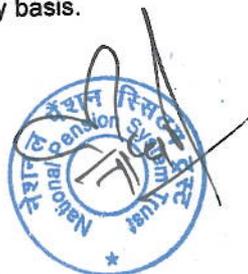
Scheme A – Alternate Investment funds

## 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 includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.

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.

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.

#### Securities traded at a stock exchange:

Debt securities (other than government securities) with a residual maturity over/upto 60 days are valued at National Stock Exchange (NSE) weighted average traded price on that day.

#### Securities not traded at a stock exchange:

Non-traded debt securities (i.e. securities not traded on a day) with a residual maturity over 60 days are valued on a yield to maturity basis by using the benchmark rate / matrix of spread over risk free benchmark yield obtained from CRISIL and ICRA.

Non-traded debt securities (i.e. securities not traded on a day) with a residual maturity upto 60 days are valued at last valuation price plus the difference between redemption price and last valuation price, spread uniformly over the remaining maturity period of the instrument.

#### Valuation of securities having call and/or Put options:

- a) Callable Bonds with single / daily / multiple call options will be valued at lowest value basis.
- b) Puttable Bonds with single / daily / multiple call options will be valued at highest value basis.
- c) The securities with both Call & Put options on the same day would be deemed to mature on the Call/Put day and will be valued accordingly.
- d) For perpetual bonds with single / daily / multiple call options, the price for all options dates till the maturity date will be computed and the lowest price will be used for valuing the bonds.



#### **Valuation of Partly Paid up Bonds:**

Partly paid bonds will be valued on the paid up value of the bonds till it is fully paid.

#### **Valuation of debt securities below Investment grade of BBB-:**

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)

#### **Valuation of Money Market Investment and Mutual Fund:**

Money market instruments like treasury bills, commercial paper, and certificate of deposit are valued at amortised cost. If they are traded, then they are valued at the last traded price on NSE.

Mutual fund units are valued based on the net asset value of the preceding day of the valuation date

### **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 up to 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 up to the date of sale credited to Interest Recoverable Account and not included in sale value.

Accretion of discount and amortisation of premium relating to debt securities like Zero Coupon Bond and Money Market Investment are recognised over the holding / maturity period on a straight-line basis.

Profit or loss on sale of equity is the difference between the sale consideration net of expenses and the weighted average book 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/instalment 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.

### 1.8 Trustee fees

The Company has started charging Trustee fee of 0.01% per annum, with effect from November 01, 2015 in terms of the National Pension Scheme Trust circular no. 1/20/2015/NPS dated October 19, 2015.

### 1.9 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.

## 2 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 C TIER II**

Notes to accounts

(In ₹)

**2.1 Contingent liabilities**

Particulars	Scheme C Tier II	
	March 31, 2017	March 31, 2016
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
Mr. Fagun Pancholi	Key Management Personnel
Mr. Nagesh Pai	Key Management Personnel

The following represents significant transactions between the Company and its related parties for the half year ended March 31, 2017

(In ₹)

Nature of Transaction	Scheme C Tier II	
	March 31, 2017	March 31, 2016
Investment management fees	6,467	2,236

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme C Tier II	
	March 31, 2017	March 31, 2016
Investment management fees payable	2,151	755

Aggregate investments made in the Associates and group companies as at March 31, 2017 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme C Tier II			
		March 31, 2017		March 31, 2016	
		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

(In ₹)

Aggregate investments made in the other group companies as at March 31, 2017 are as follows:

Name of the Company	Asset type	Scheme C Tier II			
		March 31, 2017		March 31, 2016	
		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.

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

Aggregate value of purchase and sale with percentage to average assets as at March 31, 2017 is as follows :

(In ₹)

Particular	Scheme C Tier II	
	March 31, 2017	March 31, 2016
Average Net Asset Value	56,258,447	19,800,238
Purchase of Investment	431,715,995	156,945,252
% to average Net Assets Value	767.38%	800.73%
Sale of Investment	375,760,251	132,461,982
% to average Net Assets Value	667.92%	675.82%



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

**Notes to accounts**

Aggregate value of purchase and sale (excluding liquid mutual fund)\* with percentage to average assets as at March 31, 2017 is as follows :

(In ₹)

Particular	Scheme C Tier II	
	March 31, 2017	March 31, 2016
Average Net Asset Value	58,258,447	19,600,236
Purchase of Investment	53,420,265	25,459,359
% to average Net Assets Value	94.98%	129.89%
Sale of Investment	NIL	NIL
% to average Net Assets Value	NIL	NIL

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

**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:

(In ₹)

Industry Classification	Scheme C Tier II			
	March 31, 2017		March 31, 2016	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Other credit granting	27,396,279	30.59%	8,339,509	26.08%
Monetary intermediation of commercial / saving / postal banks	12,673,500	14.15%	4,109,355	12.85%
Transmission of Electric Energy	8,283,880	9.25%	2,028,603	6.34%
Activities of specialized institutions granting credit for house purchases	6,374,316	7.12%	2,093,600	6.55%
Activity of commission agents dealing in wholesale trade in agriculture	5,381,029	6.01%	1,075,379	3.36%
Service activities incidental to water transportation	5,294,320	5.91%	2,141,580	6.70%
Electric Power Generation, Transmission and Distribution	5,096,274	5.69%	3,023,996	9.46%
Electric power generation by coal based thermal power plants	4,261,156	4.76%	2,044,400	6.39%
Activities of holding companies	2,109,970	2.36%	2,042,789	6.39%
Others	6,211,337	6.94%	3,088,325	9.66%
Mutual Funds	3,479,000	3.88%	833,200	2.61%
Net Current Assets	3,001,837	3.35%	1,158,954	3.62%
<b>Net Asset Value</b>	<b>89,862,696</b>	<b>100.00%</b>	<b>31,979,690</b>	<b>100.00%</b>

Note :

1. Industry classification has been taken at sub class level of National Industrial Classification (NIC) 2008.

**2.7 Age wise disclosure for Shares/debentures/ others application money pending allotment.**

The Figures of the previous period have been regrouped / rearranged, wherever applicable, to conform current year's presentation.

(In ₹)

Security Name	Asset Type	Ageing	Scheme C Tier II	
			March 31, 2017	March 31, 2016
	NIL	NIL	NIL	NIL

**2.8 Prior Year Comparatives :**

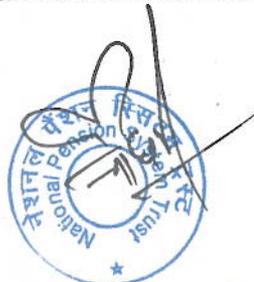
The Figures of the previous period have been regrouped / rearranged, wherever applicable, to conform current year's presentation.

**2.9 Note on status of litigation matters with PFRDA**

In January 2014, a fresh Request for Proposal (RFP) was floated by the PFRDA seeking bids from Sponsors for selection of pension fund managers afresh to manage the pension funds. In response to the RFP, HDFC Standard Life Insurance Company Limited ('HDFC Life' / 'the Sponsor') had submitted its technical and commercial bid. The technical bid made under RFP was opened in April 2014 and the bid submitted by the Sponsor was not accepted by the PFRDA on technical grounds of not having profitability for a period of 3 years. The Sponsor, therefore, filed a Writ Petition before the Hon'ble High Court of Delhi, challenging the said rejection. The Hon'ble High Court of Delhi by its Order dated May 15, 2014 quashed and set aside the PFRDA's rejection of the Sponsor's bid and directed the PFRDA to evaluate the bid in accordance with the steps set out in the RFP. While the PFRDA cleared the Sponsor's technical and commercial bid and the Sponsor even agreed to match the lowest commercial bid, the PFRDA declined to grant the Sponsor a 'Letter of Appointment'. The Sponsor therefore filed another Writ Petition before the Hon'ble High Court of Delhi against the rejection. Vide its Order dated December 18, 2014 the Hon'ble High Court of Delhi quashed and set aside the PFRDA's rejection of the Sponsor's bid and directed the PFRDA to grant HDFC Life a 'Letter of Appointment' to act as a Sponsor. Subsequently, the PFRDA has filed a Special Leave Petition before the Hon'ble Supreme Court of India challenging the above said Order dated December 18, 2014. The Hon'ble Supreme Court, by its Order dated March 9, 2015, refused to grant the PFRDA any ad-interim relief and the matter is presently pending hearing. On March 27, 2015, complying with the High Court order, the PFRDA had issued a 'Letter of Appointment' in favour of the Sponsor, stating inter alia that such appointment is subject to the outcome of the above proceedings filed before the Hon'ble Supreme Court. The Company has obtained an opinion from its lawyers, as per which the Company stands a fairly good chance of succeeding in the matter.

It may be noted that the PFRDA (Pension Fund) Regulations, 2015 were notified in May 2015, pursuant to which re-registration of all pension funds was sought by the PFRDA. HDFC Pension has submitted its application for the same, and a response from the PFRDA is awaited. However, vide a letter dated June 24, 2016, the PFRDA, while acknowledging our submission of Annual Fees, had granted an extension to continue as a Pension Fund until the selection of Pension Funds in terms of process specified under PFRDA (Pension Fund) regulations, 2015. This extension was subject to the Order of the Supreme Court of India on the appeal filed against the Order of the High Court of Delhi.

During the year under review, the PFRDA had issued a fresh Request For Proposal (RFP) for selection of Pension Funds for private sector, pursuant to which the Sponsor had submitted a Technical and Commercial bid. On November 29, 2016 the PFRDA issued a notice that the Commercial Bid would be opened on November 30, 2016 wherein the name of HDFC Life was included which implies that the Technical Bid of HDFC Life has been accepted. HDFC Life is also given to understand that the Commercial Bid submitted by HDFC Pension has also been accepted by the PFRDA and formal issuance of letters of appointment is awaited.

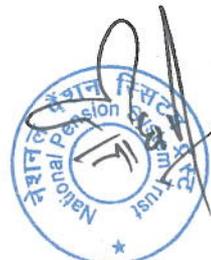


NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME C TIER II

(In ₹)

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2017

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
Non-convertible Debenture	8.18% EXIM Bank NCD Mat-07-Dec-2025	3	3,089,772	3.45%
	8.11% Rural Electrification Corp Ltd NCD Mat 07-Oct-2025	3	3,077,800	3.44%
	7.40% Power Finance Corporation Ltd. NCD Mat-30-09-2021	3	2,995,294	3.34%
	8.68% Power Grid NCD Mat 07-Dec-2020	2	2,607,074	2.91%
	10.40% Reliance Ports and Terminal Ltd NCD Mat 18-Jul-2021	2	2,214,645	2.47%
	9.95% Food Corporation of India Ltd NCD Mat 07-03-2022	2	2,197,508	2.45%
	9.34% Rural Electrification Corp Ltd NCD Mat 25-Aug-2024	2	2,186,404	2.44%
	9.30% Power Grid NCD Mat 04-Sep-2024	2	2,182,548	2.44%
	8.95% IRFC NCD Mat 10-Mar-2025	2	2,172,508	2.43%
	9.17% NTPC NCD Mat 22-Sep-2024	2	2,168,996	2.42%
	8.90% IDFC Bank Ltd NCD Mat 19-Nov-2025	2	2,154,967	2.41%
	8.62% Food Corporation of India Ltd NCD Mat 22-03-2023	2	2,096,392	2.34%
	8.49% NTPC NCD Mat 25-Mar-2025	2	2,092,160	2.34%
	9.20% Capital First Ltd NCD Mat 22-Jan-2021	2	2,055,350	2.29%
	8.94% BAJAJ FINANCE LTD NCD MAT 07-Nov-2025	2	2,039,048	2.28%
	7.90% Reliance Ports and Terminal Ltd NCD Mat 18-Nov-2025	2	2,036,618	2.28%
	7.74% IRFC NCD Mat 22-12-2020	2	2,032,993	2.27%
	7.25% Nuclear Power Corp. NCD Mat 15-12-2031 (SR-XXXIII TRCH-E)	2	1,948,160	2.18%
	9.30% Power Grid NCD Mat 28-June-2026	1	1,384,571	1.55%
	8.83% IRFC NCD Mat 14-May-2034	1	1,122,648	1.25%
	9.46% Power Finance Corporation Ltd. NCD Mat-01-AUG-2026	1	1,119,393	1.25%
	8.83% IRFC NCD Mat 14-May-2031	1	1,110,710	1.24%
	9.69% Tata Sons Ltd NCD Mat 12-Jun-2022	1	1,096,490	1.22%
	9.36% IDFC Bank Ltd NCD Mat 21-Aug-2024	1	1,094,230	1.22%
	10.25% Shriram Transport Fin NCD Mat 10-Oct-2024	1	1,088,951	1.22%
	9.22% LIC Housing Finance Co. Ltd. NCD Mat 16-Oct-2024	1	1,087,878	1.21%
	8.80% Food Corporation of India Ltd NCD Mat 22-03-2028	1	1,087,129	1.21%
	10.15% BAJAJ FINANCE LTD NCD MAT 19-SEP-2024	1	1,084,242	1.21%
	9.45% LIC Housing Finance Co. Ltd. NCD Mat-30-Jan-2022	1	1,081,454	1.21%
	9.75% EXIM Bank NCD Mat-04-Oct-2020	1	1,076,949	1.20%
	10.00% Shriram Transport Fin NCD Mat 13-Nov-2024	1	1,075,284	1.20%
	9.30% LIC Housing Finance Ltd. NCD Mat-14-Sep-2022	1	1,074,881	1.20%
	9.60% LIC Housing Finance Ltd. NCD Mat-07-MAR-2021	1	1,073,407	1.20%
	8.75% Power Finance Corporation Ltd. NCD Mat-15-June-2025	1	1,065,958	1.19%
	9.02% Rural Electrification Corp Ltd NCD Mat 19-Nov-2022	1	1,063,127	1.19%
	8.70% IDFC Bank Ltd NCD Mat 20-May-2025	1	1,062,751	1.19%
	8.70% Power Finance Corporation Ltd. NCD Mat-14-05-2025	1	1,062,698	1.19%
	10.35% United Phosphorus Ltd. NCD MAT 08-June-2019	1	1,058,989	1.18%
	8.67% IDFC Bank Ltd NCD Mat 03-Jan-2025	1	1,058,699	1.18%
	8.93% Power Grid NCD Mat 20-Oct-2021	1	1,057,569	1.18%
	8.40% Nuclear Power Corp. NCD Mat 28-Nov-2025 (SR-XXIX TRCH-A)	1	1,057,084	1.18%
	8.75% IDFC Bank Ltd NCD Mat 28-Jul-2023	1	1,056,152	1.18%
	8.32% Power Grid NCD Mat 23-Dec-2030	1	1,052,118	1.17%
	8.25% EXIM Bank NCD Mat-23-Jun-2031	1	1,050,879	1.17%
	8.85% Power Finance Corporation Ltd. NCD Mat-31-05-2021	1	1,050,855	1.17%
	9.45% LIC Housing Finance Co. Ltd. NCD Mat-10-Sept-2019	1	1,049,323	1.17%
	8.14% Nuclear Power Corp. NCD Mat 25-03-2027 (Tranche B)	1	1,047,180	1.17%
	8.55% Power Finance Corporation Ltd. NCD Mat-09-DEC-2021	1	1,044,563	1.17%
	8.14% Nuclear Power Corp. NCD Mat 25-03-2028(Tranche A)	1	1,043,850	1.17%
	8.44% Rural Electrification Corp Ltd NCD Mat 04-Dec-2021	1	1,041,525	1.16%
	8.45% Reliance Ports and Terminal Ltd NCD Mat 12-Jun-2023	1	1,041,057	1.16%
	9.15% Shriram Transport Fin NCD Mat 13-Apr-2021	1	1,030,218	1.15%
	8.10% EXIM Bank NCD Mat-19-Nov-2025	1	1,029,101	1.15%
	8.75% Mahindra and Mahindra Financial Services Ltd NCD Mat-09-Oct-2025	1	1,017,144	1.14%
	8.69% IL&FS Ltd. NCD Mat 25-Aug-2025	1,000	1,013,480	1.13%
	8.55% BAJAJ FINANCE LTD NCD MAT 26-APR-2021	1	1,011,914	1.13%
	7.59% LIC Housing Finance Ltd. NCD Mat-14-Oct-2021	1	1,007,373	1.12%
<b>Non-convertible Debenture Total</b>		<b>161,075</b>	<b>83,082,061</b>	<b>92.76%</b>
Mutual Fund Units	Reliance Liquidity Fund - Direct Growth Plan - Growth Option	1,420	3,479,000	3.88%
<b>Mutual Fund Units Total</b>		<b>1,420</b>	<b>3,479,000</b>	<b>3.88%</b>
<b>Net Current Assets</b>			<b>3,001,837</b>	<b>3.35%</b>
<b>Grand Total</b>		<b>162,495</b>	<b>89,562,898</b>	<b>100.00%</b>



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

3.1 KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2017

Sr No	Particulars	Scheme C Tier II	
		March 31, 2017	March 31, 2016
1	NAV per unit (₹) I Open High Low End	12.6596 14.2940 12.7169 14.2209	11.6208 12.6596 11.6242 12.6596
2	Closing Assets Under Management (₹ in Lakhs) End Average daily net assets (AAuM) II	895.63 562.58	319.80 196.00
3	Gross income as % of AAuM III	10.19%	8.81%
4	Expense ratio	0.03%	0.02%
a	Total expense as % of AAuM (scheme wise) IV	0.01%	0.01%
b	Management fee as % of AAuM (scheme wise) V		
5	Net income as % of AAuM VI	10.16%	8.79%
6	Portfolio turnover ratio VII	94.96%	0.00%
7	Total dividend per unit distributed during the period	N.A.	N.A.
8	Returns: (%) VIII		
a	Last one year Benchmark	12.33% 12.31%	8.94% 8.31%
b	Since inception Benchmark	42.21% 44.21%	26.60% 29.81%
c	Compound annualised yield (%) IX Last 1 year Last 2 year Last 3 year Since launch of the scheme	12.33% 10.62% 10.25% 10.08%	8.94% 9.22% N.A. 9.25%
	Launch Date	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 = Total Income as per Revenue Account		
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 = Surplus / Deficit as per Revenue Account		
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	The investments into the mandated assets of the fund started in March 2015. From the date of inception of the fund till March 2015 the inflows were invested in liquid schemes of mutual funds. As per fund objective of Tier II Scheme C, the fund only invests in Corporate Bonds. There is a minimum threshold of Rs.10 Lacs for investment Corporate Bonds and till the time investable amount reaches this threshold, it is invested temporarily in liquid and money market schemes of mutual funds. Due to small size of the fund this has affected the fund performance. Hence, Fund performance since inception of the scheme is not comparable with the benchmark.		
IX	Compounded annualised yield is to be calculated based on following formula: = (1+ cumulative return) <sup>n</sup> -1 (where n=365/no. of days)		



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

**Financial Statements together  
with Auditors' Report**

**For the Financial year ended March 31, 2017**

**Contents**

Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts



# T R Chadha & Co LLP

## Chartered Accountants

502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai – 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com



## INDEPENDENT AUDITORS' REPORT

To,

The Board of Trustees  
National Pension System (NPS) Trust  
1st Floor, ICADR Building,  
6, Vasant Kunj Institutional Area- Phase II,  
New Delhi 110 070

### Report on Financial Statements

1. We have audited the accompanying financial statements of **NPS Trust A/c HDFC Pension Fund Scheme G – Tier I under the National Pension System Trust (NPS trust)** managed by **HDFC Pension Management Company Ltd. (PFM)** which comprise of the Balance Sheet as at March 31, 2017 and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. Management of the PFM, in accordance with the Pension Fund Regulatory and Development Authority (PFRDA) Guidelines and the Investment Management Agreement (IMA) with the NPS Trust, is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Scheme in accordance with the accounting standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent made applicable by PFRDA to Scheme. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFM.

### Auditor's Responsibility

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

T R Chadha & Co., a partnership firm converted into T R Chadha & Co LLP  
(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015

Corporate Office : B-30, Connaught Place, Kuthiala Building, New Delhi – 110001  
Phone : 43259900, Fax : 43259930, E-mail : delhi@trchadha.com

Regd. Office : Suite No. 11A, 2<sup>nd</sup> Floor, Gobind Mansion, H-Block, Connaught Circus, New Delhi – 110001  
Phone : 011 41513059 / 41513169

Branches at: ❖ AHMEDABAD ❖ BENGALURU ❖ CHENNAI ❖ GURGAON ❖ HYDERABAD ❖ PUNE



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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012 and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Scheme as of March 31, 2017;
- in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date:

### Emphasis of Matter

7. Without modifying our opinion, we invite attention to Note 28 of Schedule 7 in connection with litigation relating to granting of license to PFM to undertake pension management under the National Pension System by PFRDA.

### Report on Other Legal and Regulatory Requirements

8. As required by the PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended, we report that:

- We have obtained all information and explanations which to the best our knowledge and belief were necessary for the purpose of the audit.
- The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme.
- In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by the PFM so far as appears from our examination of those books.

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012 and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Scheme as of March 31, 2017;
- in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date:

### Emphasis of Matter

7. Without modifying our opinion, we invite attention to Note 2.7 of Schedule 7 in connection with litigation relating to granting of license to PFM to undertake pension management under the National Pension System by PFRDA.

### Report on Other Legal and Regulatory Requirements

8. As required by the PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended, we report that:

- We have obtained all information and explanations which to the best our knowledge and belief were necessary for the purpose of the audit.
- The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme.
- In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by the PFM so far as appears from our examination of those books.

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- d) All transactions expenses in excess of the limits contractually agreed to / approved by the Authority are borne by the Pension Fund (if any) and are not charged to the NAV of the Scheme.
- e) In our opinion the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent made applicable by PFRDA.
9. We further certify that
- a) Investments have been valued in accordance with the guidelines issued by the Authority.
- b) Transaction and claims/fee raised by different entities are in accordance with the prescribed fee. The CRA charges have been charged based on communication received from CRA.

For T R Chadha & Co LLP  
Chartered Accountants  
Firm Registration No 006711N/N500028

*Vikas Kumar*  
Vikas Kumar  
Partner \*  
Membership No 75363  
Place: Mumbai  
Date: 13.7.17



T R Chadha & Co., a partnership firm converted into T R Chadha & Co LLP  
(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015)

Corporate Office : B-30, Connaught Place, Kuthiala Building, New Delhi - 110001  
Phone : 43259900, Fax : 43259930, E-mail : delhi@trchadha.com  
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NATIONAL PENSION SYSTEM TRUST

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

BALANCE SHEET AS AT MARCH 31, 2017

(In ₹)

Particulars	Schedule	Scheme G Tier I	
		March 31, 2017	March 31, 2016
<b>Liabilities</b>			
Unit Capital	1	2,540,074,900	895,774,852
Reserves & Surplus	2	1,228,516,574	288,381,748
Current Liabilities and Provisions	3	2,048,306	28,797,840
<b>Total</b>		<b>3,770,639,780</b>	<b>1,212,954,440</b>
<b>Assets</b>			
Investments	4	3,705,684,086	1,163,447,194
Deposits	5	-	-
Other Current Assets	6	64,955,694	49,507,246
<b>Total</b>		<b>3,770,639,780</b>	<b>1,212,954,440</b>
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		3,768,591,474	1,184,156,600
(b) Number of units outstanding		254,007,490	89,577,485
(c) NAV per unit (a)/(b) (₹)		14.8365	13.2193
Significant accounting policies and notes to accounts	7		

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

This is the Balance Sheet referred to in our report of even date.

For T R Chadha & Co LLP (FRN 006711N/N500028)

Chartered Accountants

Vikas Kumar  
Partner  
Membership No.75363



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)

Fagun Pancholi  
(Chief Financial Officer)

Nagesh Pai  
(Company Secretary)

Place : Mumbai

Date : 13.7.17

Place : Mumbai

Date : April 24, 2017

For and on Behalf of NPS Trust

Shailesh V.Haribhakti  
(Chairman, NPS Trust Board)



Kamal Chaudhry  
(Chief Executive Officer)

Place :

Date : 13 JUL 2017

NATIONAL PENSION SYSTEM TRUST

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

REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

(In ₹)

Particulars	Schedule	Scheme G Tier I	
		March 31, 2017	March 31, 2016
<b>Income</b>			
Interest		154,917,298	32,638,257
Profit on sale/redemption of investments		44,013,261	866,236
Unrealised gain on appreciation in investments		-	9,173,325
<b>Total Income (A)</b>		<b>188,930,559</b>	<b>42,877,818</b>
<b>Expenses &amp; Losses</b>			
Unrealised losses in value of investments		10,853,293	-
Loss on sale/redemption of investments		559,625	-
Management fees (including service tax)		244,083	47,671
NPS Trust fees		212,343	26,358
Custodian fees		75,115	33,180
CRA fees		7,699,709	2,790,077
Less: Amount recoverable on sale of units on account of CRA Charges		(7,699,709)	(2,790,077)
Depository and settlement charges		42,811	-
<b>Total Expenditure (B)</b>		<b>11,987,270</b>	<b>107,209</b>
<b>Surplus/(Deficit) for the year (A-B = C)</b>		<b>186,943,289</b>	<b>42,670,609</b>
Less: Amount transferred to Unrealised appreciation account		10,853,293	(9,173,325)
Less: Amount transferred to General Reserve		(197,796,582)	(33,397,284)
<b>Amount carried forward to Balance Sheet</b>		-	-
<b>Significant accounting policies and notes to accounts</b>	7		

The notes referred to above form an integral part of the financial statements.  
This is the Revenue Account referred to in our report of even date.

For T R Chadha & Co LLP (FRN 006711N/N500028)

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

Chartered Accountants

*Vikas*  
Vikas Kumar  
Partner  
Membership No. 75363



*Amitabh Chaudhry*  
Amitabh Chaudhry  
(Director)

*Vibha Padalkar*  
Vibha Padalkar  
(Director)

*Sumit Shukla*  
Sumit Shukla  
(Chief Executive Officer)



*Fagun Pancholi*  
Fagun Pancholi  
(Chief Financial Officer)

*Nagesh Pal*  
Nagesh Pal  
(Company Secretary)

Place : Mumbai  
Date : 13.7.17

Place : Mumbai  
Date : April 24, 2017

For and on Behalf of NPS Trust

*Shallesh V. Haribhakti*  
Shallesh V. Haribhakti  
(Chairman, NPS Trust Board)



*Kamal Chaudhry*  
Kamal Chaudhry  
(Chief Executive Officer)

Place :  
Date : 13 JUL 2017

**NATIONAL PENSION SYSTEM TRUST**  
**NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME G TIER I**

Schedules forming part of the financial statements

**Schedule 1: Unit capital**

(In ₹)

Particulars	Scheme G Tier I	
	March 31, 2017	March 31, 2018
<b>Initial capital</b>		
<u>Unit capital</u>		
Outstanding units at the beginning of the year	895,774,852	139,818,985
Add :Units issued during the year	1,697,554,751	771,653,637
Less: Units redeemed during the year	(53,254,703)	(15,697,770)
<b>Closing balance</b>	<b>2,540,074,900</b>	<b>896,774,852</b>
 (Face Value of Rs.10/- each unit, fully paid up)		
Outstanding units at the beginning of the year	89,577,485	13,981,898
Add :Units issued during the year	169,755,475	77,165,364
Less: Units redeemed during the year	(5,325,470)	(1,569,777)
<b>Outstanding Units at the end of the year</b>	<b>254,007,490</b>	<b>89,577,485</b>

**Schedule 2: Reserves and surplus**

(In ₹)

Particulars	Scheme G Tier I	
	March 31, 2017	March 31, 2018
<b>Unit premium reserve</b>		
Opening balance	232,370,792	19,845,979
Add: Premium on Units issued	777,092,524	216,536,331
Less: Premium on Units redeemed	(23,900,987)	(4,011,518)
<b>Closing balance</b>	<b>985,562,329</b>	<b>232,370,792</b>
<b>General Reserve</b>		
Opening balance	39,943,874	6,546,590
Add/(Less): Transfer from Revenue Account	197,796,582	33,397,284
<b>Closing balance</b>	<b>237,740,456</b>	<b>39,943,874</b>
<b>Unrealised Appreciation Reserve</b>		
Opening balance	16,067,082	6,893,757
Add/(Less): Transfer from Revenue Account	(10,853,293)	9,173,325
<b>Closing balance</b>	<b>5,213,789</b>	<b>16,067,082</b>
<b>Total</b>	<b>1,228,516,574</b>	<b>288,381,748</b>

**Schedule 3: Current liabilities and provisions**

(In ₹)

Particulars	Scheme G Tier I	
	March 31, 2017	March 31, 2018
<b>Current liabilities &amp; Provisions</b>		
Sundry creditors for expenses	263,785	65,436
Redemption Payable	1,780,712	122,951
TDS Payable	3,809	824
Contracts for purchase of investments	-	28,605,750
<b>Provisions*</b>	-	2,879
<b>Total</b>	<b>2,048,306</b>	<b>28,797,840</b>

\* The Provision referred above is towards TDS payable on Custodian fees.



**NATIONAL PENSION SYSTEM TRUST**

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

Schedules forming part of the financial statements

**Schedule 4: Investments (Long Term and Short Term)**

(In ₹)

Particulars	Scheme G Tier I	
	March 31, 2017	March 31, 2018
Central and state government securities (including treasury bills )	3,561,876,086	1,150,015,694
Others - Mutual Fund Units	143,808,000	13,431,500
<b>Total</b>	<b>3,705,684,086</b>	<b>1,163,447,194</b>

**Schedule 5: Deposits**

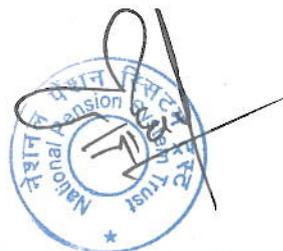
(In ₹)

Particulars	Scheme G Tier I	
	March 31, 2017	March 31, 2018
Deposits with scheduled banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Schedule 6: Other current assets**

(In ₹)

Particulars	Scheme G Tier I	
	March 31, 2017	March 31, 2018
Balances with banks in current account	25,355	475
Outstanding and accrued income	64,930,339	20,901,022
Sundry debtors	-	28,605,749
<b>Total</b>	<b>64,955,694</b>	<b>49,507,246</b>



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

### Schedule 7

#### Significant accounting policies & notes to accounts for the year ended March 31, 2017

##### 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 and Karvy Computershare Pvt.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), Karvy Computershare Pvt.Ltd and PFRDA have set up Central Recordkeeping Agency (CRA) for the NPS. Some of the key responsibilities of the CRA include the following:

- Record keeping, 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.

PFRDA has appointed the Karvy Computershare Pvt. Ltd as additional CRA in FY 2016-17 for the NPS, which got operational with effect from 15<sup>th</sup> February, 2017.



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 I being managed by the Company.

The Company manages eight separate schemes under the two tiered structure (Tier I and II) prescribed under the NPS. The schemes are classified as Scheme E, C, G and A 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

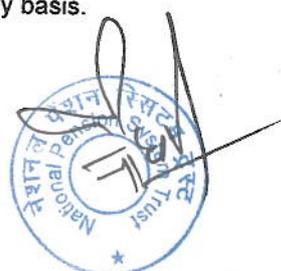
Scheme A – Alternate Investment funds

## 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 includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.

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.

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, State Government securities are valued at the aggregated prices received from independent valuation agencies CRISIL & ICRA on the particular valuation day.

Treasury bills are valued at the aggregated prices received from independent valuation agencies CRISIL & ICRA on the particular valuation day.

Mutual fund units are valued based on the net asset value of the preceding day of the valuation date.

### 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) is 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.

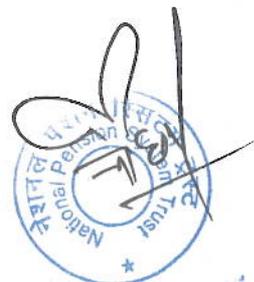
### 1.7 Investment management fees

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.

### 1.8 Trustee fees

The Company has started charging Trustee fee of 0.01% per annum, with effect from November 01, 2015 in terms of the National Pension Scheme Trust circular no. 1/20/2015/NPS dated October 19, 2015.



### 1.9 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.

### 2 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 I**

**Notes to accounts**

(In ₹)

**2.1 Contingent liabilities**

Particulars	Scheme G Tier I	
	March 31, 2017	March 31, 2016
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
Mr. Fagun Pancholi	Key Management Personnel
Mr. Nagesh Pai	Key Management Personnel

The following represents significant transactions between the Company and its related parties for the year ended March 31, 2017

(In ₹)

Nature of Transaction	Scheme G Tier I	
	March 31, 2017	March 31, 2016
Investment management fees	244,083	47,671

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme G Tier I	
	March 31, 2017	March 31, 2016
Investment management fees payable	81,818	20,607

Aggregate investments made in the Associates and group companies as at March 31, 2017 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme G Tier I			
		March 31, 2017		March 31, 2016	
		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 as at March 31, 2017 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme G Tier I			
		March 31, 2017		March 31, 2016	
		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.

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

Aggregate value of purchase and sale with percentage to average assets as at March 31, 2017 is as follows :

(In ₹)

Particular	Scheme G Tier I	
	March 31, 2017	March 31, 2016
Average Net Asset Value	2,123,428,725	417,530,011
Purchase of Investment	12,122,123,991	2,274,955,763
% to average Net Assets Value	570.88%	544.86%
Sale of Investment	9,571,891,712	1,274,412,399
% to average Net Assets Value	450.78%	305.23%



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

### Notes to accounts

Aggregate value of purchase and sale (excluding liquid mutual fund)\* with percentage to average assets as at March 31, 2017 is as follows :

(In ₹)

Particular	Scheme G Tier I	
	March 31, 2017	March 31, 2016
Average Net Asset Value	2,123,428,725	417,530,011
Purchase of Investment	3,618,890,488	1,013,691,362
% to average Net Assets Value	170.43%	242.78%
Sale of Investment	1,196,664,589	26,156,835
% to average Net Assets Value	56.36%	6.26%

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

### 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:

(In ₹)

Industry Classification	Scheme G Tier I			
	March 31, 2017		March 31, 2016	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Central Government Securities	3,290,710,179	87.32%	1,117,469,922	94.37%
State Development Loans	271,165,907	7.20%	32,545,772	2.75%
Mutual Funds	143,808,000	3.82%	13,431,500	1.13%
Net Current Assets	62,907,388	1.67%	20,709,406	1.75%
<b>Net Asset Value</b>	<b>3,768,591,474</b>	<b>100.00%</b>	<b>1,184,166,600</b>	<b>100.00%</b>

### 2.7 Age wise disclosure for Shares/debentures/ others application money pending allotment.

(In ₹)

Security Name	Asset Type	Ageing	Scheme G Tier I	
			March 31, 2017	March 31, 2016
	NIL	NIL	NIL	NIL

### 2.8 Prior Year Comparatives :

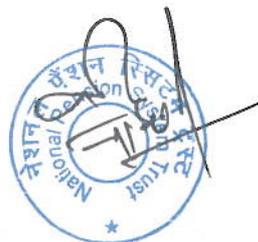
The Figures of the previous period have been regrouped / rearranged, wherever applicable, to conform current year's presentation.

### 2.9 Note on status of litigation matters with PFRDA

In January 2014, a fresh Request for Proposal (RFP) was floated by the PFRDA seeking bids from Sponsors for selection of pension fund managers afresh to manage the pension funds. In response to the RFP, HDFC Standard Life Insurance Company Limited ('HDFC Life' / 'the Sponsor') had submitted its technical and commercial bid. The technical bid made under RFP was opened in April 2014 and the bid submitted by the Sponsor was not accepted by the PFRDA on technical grounds of not having profitability for a period of 3 years. The Sponsor, therefore, filed a Writ Petition before the Hon'ble High Court of Delhi, challenging the said rejection. The Hon'ble High Court of Delhi by its Order dated May 15, 2014 quashed and set aside the PFRDA's rejection of the Sponsor's bid and directed the PFRDA to evaluate the bid in accordance with the steps set out in the RFP. While the PFRDA cleared the Sponsor's technical and commercial bid and the Sponsor even agreed to match the lowest commercial bid, the PFRDA declined to grant the Sponsor a 'Letter of Appointment'. The Sponsor therefore filed another Writ Petition before the Hon'ble High Court of Delhi against the rejection. Vide its Order dated December 18, 2014 the Hon'ble High Court of Delhi quashed and set aside the PFRDA's rejection of the Sponsor's bid and directed the PFRDA to grant HDFC Life a 'Letter of Appointment' to act as a Sponsor. Subsequently, the PFRDA has filed a Special Leave Petition before the Hon'ble Supreme Court of India challenging the above said Order dated December 18, 2014. The Hon'ble Supreme Court, by its Order dated March 9, 2015, refused to grant the PFRDA any ad-interim relief and the matter is presently pending hearing. On March 27, 2015, complying with the High Court order, the PFRDA had issued a 'Letter of Appointment' in favour of the Sponsor, stating inter alia that such appointment is subject to the outcome of the above proceedings filed before the Hon'ble Supreme Court. The Company has obtained an opinion from its lawyers, as per which the Company stands a fairly good chance of succeeding in the matter.

It may be noted that the PFRDA (Pension Fund) Regulations, 2015 were notified in May 2015, pursuant to which re-registration of all pension funds was sought by the PFRDA. HDFC Pension has submitted its application for the same, and a response from the PFRDA is awaited. However, vide a letter dated June 24, 2016, the PFRDA, while acknowledging our submission of Annual Fees, had granted an extension to continue as a Pension Fund until the selection of Pension Funds in terms of process specified under PFRDA (Pension Fund) regulations, 2015. This extension was subject to the Order of the Supreme Court of India on the appeal filed against the Order of the High Court of Delhi.

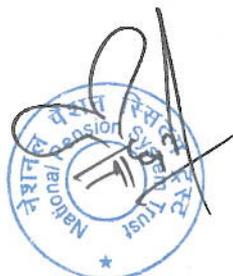
During the year under review, the PFRDA had issued a fresh Request For Proposal (RFP) for selection of Pension Funds for private sector, pursuant to which the Sponsor had submitted a Technical and Commercial bid. On November 29, 2016 the PFRDA issued a notice that the Commercial Bid would be opened on November 30, 2016 wherein the name of HDFC Life was included which implies that the Technical Bid of HDFC Life has been accepted. HDFC Life is also given to understand that the Commercial Bid submitted by HDFC Pension has also been accepted by the PFRDA and formal issuance of letters of appointment is awaited.



3. PORTFOLIO STATEMENT AS ON MARCH 31, 2017

(In ₹)

Asset Head	Script Name	Quantity	Market Value	% of Portfolio	
Government Securities	7.61% GOI Mat 09-May-2030	4,151,000	429,960,582	11.41%	
	8.17% GOI MAT 01-Dec-2044	3,118,000	335,808,600	8.91%	
	8.24% GOI MAT 15 Feb 2027	2,137,700	228,794,824	6.07%	
	8.24% GOI MAT 10 Nov 2033	2,046,200	219,884,652	5.83%	
	8.32% GOI Mat 02-Aug-2032	1,808,900	195,799,677	5.20%	
	7.88% GOI 19March2030	1,860,700	194,443,150	5.16%	
	8.13% GOI MAT 22-Jun-2045	1,764,600	190,488,570	5.05%	
	8.30% GOI Mat 31-Dec-2042	1,476,100	160,826,852	4.27%	
	8.30% GOI MAT 02-July-2040	1,389,000	150,697,888	4.00%	
	8.28% GOI Mat 21-Sep-2027	1,233,700	132,561,065	3.52%	
	9.23% GOI MAT 23-Dec-2043	1,100,100	131,131,920	3.48%	
	8.15% GOI Mat 24-Nov-2026	1,219,100	130,017,015	3.45%	
	8.83% GOI Mat 12-Dec-2041	976,600	111,576,550	2.96%	
	8.28% GOI Mat 15-Feb-2032	1,011,800	108,871,906	2.89%	
	9.20% GOI Mat 30-Sep-2030	909,400	105,235,313	2.79%	
	7.73% GOI Mat 19-Dec-2034	1,009,700	104,304,534	2.77%	
	6.79% GOI Maturity 26-Dec-2029	955,000	93,570,900	2.48%	
	8.60% GOI MAT 2JUN2028	783,800	85,880,966	2.28%	
	8.33% GOI Mat-07-Jun-2036	768,400	83,755,600	2.22%	
	6.97% GOI Mat 06-Sep-2026	500,000	50,955,000	1.35%	
	7.50% GOI Mat 10-Aug-2034	200,000	20,140,000	0.53%	
	7.72% GOI Mat 25-May-2025	100,000	10,413,000	0.28%	
	8.40% GOI Mat 28-JUL-2024	60,600	6,542,370	0.17%	
	8.26% GOI Mat 02-Aug-2027	24,900	2,666,314	0.07%	
	8.20% GOI Mat 24-Sep-2025	22,400	2,382,016	0.06%	
	8.33% GOI Mat 09-Jul-2026	17,100	1,838,248	0.05%	
	7.95% GOI Maturity 28-Aug-2032	15,600	1,634,880	0.04%	
	7.28% GOI Mat 03-Jun-2019	3,900	396,357	0.01%	
	7.16% GOI Mat 20-May-2023	1,300	131,430	0.00%	
	<b>Government Securities Total</b>		<b>30,665,600</b>	<b>3,290,710,179</b>	<b>87.32%</b>
	State Development Loans	8.69% Tamil Nadu SDL Mat 24-Feb-2026	1,000,000	106,500,000	2.83%
		7.88% Andhra Pradesh SDL Mat 15-Mar-2027	500,000	51,012,350	1.35%
		7.96% Maharashtra SDL 29-June-2026	470,000	48,155,636	1.28%
8.67% Maharashtra SDL 24-Feb-2026		300,000	32,050,890	0.85%	
8.72% Andhra Pradesh SDL Mat 24-Feb-2026		100,000	10,699,770	0.28%	
8.00% Tamil Nadu SDL Mat 28-Oct-2025		80,000	8,172,944	0.22%	
8.24% Andhra Pradesh SDL Mat 09-Sep-2025		43,300	4,488,326	0.12%	
8.44% Tamil Nadu SDL Mat 26-Nov-2024		40,500	4,242,055	0.11%	
8.17% Tamil Nadu SDL Mat 26-Nov-2025		24,600	2,541,810	0.07%	
9.77% Andhra Pradesh SDL Mat 28-Aug-2023		10,000	1,109,079	0.03%	
9.49% Tamil Nadu SDL Mat 18-Dec-2023		10,000	1,098,870	0.03%	
9.39% Maharashtra SDL 20-Nov-2023	10,000	1,094,177	0.03%		
<b>State Development Loans Total</b>		<b>2,588,400</b>	<b>271,165,907</b>	<b>7.20%</b>	
Mutual Fund Units	Birla Sun Life Cash Plus - Growth - Direct Plan	550,492	143,808,000	3.82%	
<b>Mutual Fund Units Total</b>		<b>550,492</b>	<b>143,808,000</b>	<b>3.82%</b>	
<b>Net Current Assets</b>		<b>-</b>	<b>62,907,388</b>	<b>1.67%</b>	
<b>Grand Total</b>		<b>33,804,492</b>	<b>3,768,591,474</b>	<b>100.00%</b>	



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

3.1 KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2017

Sr No	Particulars	Scheme G Tier I	
		March 31, 2017	March 31, 2016
1	NAV per unit (₹) I Open High Low End	13.2193 15.6015 13.2556 14.8365	12.3806 13.2193 12.1525 13.2193
2	Closing Assets Under Management (₹ in Lakhs) End Average daily net assets (AAuM) II	37685.91 21234.29	11841.57 4175.30
3	Gross income as % of AAuM III	9.37%	10.22%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.03%	0.03%
b	Management fee as % of AAuM (scheme wise) V	0.01%	0.01%
5	Net income as % of AAuM VI	8.80%	10.20%
6	Portfolio turnover ratio VII	56.36%	6.26%
7	Total dividend per unit distributed during the period	N.A.	N.A.
8	Returns: (%)		
a	Last one year Benchmark	12.23% 11.90%	6.77% 7.63%
b	Since inception Benchmark	48.37% 47.45%	32.19% 31.10%
c	Compound annualised yield (%) VIII		
	Last 1 year	12.23%	6.77%
	Last 2 year	9.47%	13.14%
	Last 3 year	12.83%	N.A.
	Since launch of the scheme	11.36%	11.04%
	Launch Date	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 = Total Income as per Revenue Account		
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 = Surplus / Deficit as per Revenue Account		
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+ cumulative return) <sup>n</sup> -1 (where n=365/no. of days)		



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

**Financial Statements together  
with Auditors' Report**

**For the Financial year ended March 31, 2017**

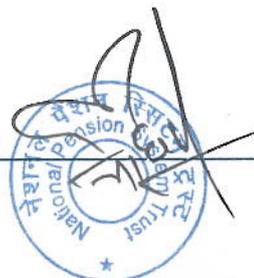
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Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts



# T R Chadha & Co LLP

## Chartered Accountants

502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai – 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com



## INDEPENDENT AUDITORS' REPORT

To,

The Board of Trustees  
National Pension System (NPS) Trust  
1st Floor, ICADR Building,  
6, Vasant Kunj Institutional Area- Phase II,  
New Delhi 110 070

### Report on Financial Statements

1. We have audited the accompanying financial statements of **NPS Trust A/c HDFC Pension Fund Scheme G – Tier II under the National Pension System Trust (NPS trust)** managed by **HDFC Pension Management Company Ltd. (PFM)** which comprise of the Balance Sheet as at March 31, 2017 and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. Management of the PFM, in accordance with the Pension Fund Regulatory and Development Authority (PFRDA) Guidelines and the Investment Management Agreement (IMA) with the NPS Trust, is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Scheme in accordance with the accounting standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent made applicable by PFRDA to Scheme. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFM.

### Auditor's Responsibility

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

T R Chadha & Co., a partnership firm converted into T R Chadha & Co LLP  
(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015

Corporate Office : B-30, Connaught Place, Kuthiala Building, New Delhi – 110001  
Phone : 43259900, Fax : 43259930, E-mail : delhi@trchadha.com  
Regd. Office : Suite No. 11A, 2<sup>nd</sup> Floor, Gobind Mansion, H-Block, Connaught Circus, New Delhi – 110001  
Phone : 011 41513059 / 41513169



Branches at: ❖ AHMEDABAD ❖ BENGALURU ❖ CHENNAI ❖ GURGAON ❖ HYDERABAD ❖ PUNE

# T R Chadha & Co LLP

## Chartered Accountants

502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai – 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com



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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012 and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Scheme as of March 31, 2017;
- in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date:

### Emphasis of Matter

7. Without modifying our opinion, we invite attention to Note 2.8 of Schedule 7 in connection with litigation relating to granting of license to PFM to undertake pension management under the National Pension System by PFRDA.



### Report on Other Legal and Regulatory Requirements

8. As required by the PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended, we report that:

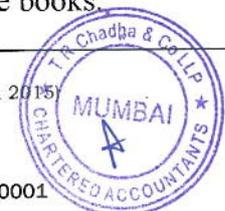
- We have obtained all information and explanations which to the best our knowledge and belief were necessary for the purpose of the audit.
- The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme.
- In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by the PFM so far as appears from our examination of those books.

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(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015

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Phone : 43259900, Fax : 43259930, E-mail : delhi@trchadha.com

Regd. Office : Suite No. 11A, 2<sup>nd</sup> Floor, Gobind Mansion, H-Block, Connaught Circus, New Delhi – 110001  
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Branches at: ❖ AHMEDABAD ❖ BENGALURU ❖ CHENNAI ❖ GURGAON ❖ HYDERABAD ❖ PUNE

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502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
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Lower Parel, Mumbai - 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com



- d) All transactions expenses in excess of the limits contractually agreed to / approved by the Authority are borne by the Pension Fund (if any) and are not charged to the NAV of the Scheme.
- e) In our opinion the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent made applicable by PFRDA.
9. We further certify that
- a) Investments have been valued in accordance with the guidelines issued by the Authority.
- b) Transaction and claims/fee raised by different entities are in accordance with the prescribed fee. The CRA charges have been charged based on communication received from CRA.

For T R Chadha & Co LLP  
Chartered Accountants  
Firm Registration No 006711N/N500028

*Vikas Kumar*  
Vikas Kumar  
Partner *A*  
Membership No 75363  
Place: Mumbai  
Date: 13.7.17



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Phone : 43259900, Fax : 43259930, E-mail : [delhi@trchadha.com](mailto:delhi@trchadha.com)  
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Phone : 011 41513059 / 41513169

Branches at: ❖ AHMEDABAD ❖ BENGALURU ❖ CHENNAI ❖ GURGAON ❖ HYDERABAD ❖ PUNE

NATIONAL PENSION SYSTEM TRUST

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

BALANCE SHEET AS AT MARCH 31, 2017

(In ₹)

Particulars	Schedule	Scheme G Tier II	
		March 31, 2017	March 31, 2016
<b>Liabilities</b>			
Unit Capital	1	63,342,401	17,424,438
Reserves & Surplus	2	32,639,211	6,125,686
Current Liabilities and Provisions	3	160,772	57,086
<b>Total</b>		<b>96,142,384</b>	<b>23,607,210</b>
<b>Assets</b>			
Investments	4	94,317,239	23,025,035
Deposits	5	-	-
Other Current Assets	6	1,825,145	582,175
<b>Total</b>		<b>96,142,384</b>	<b>23,607,210</b>
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		95,981,612	23,550,124
(b) Number of units outstanding		6,334,240	1,742,444
(c) NAV per unit (a)/(b) (₹)		15.1528	13.5155
<b>Significant accounting policies and notes to accounts</b>	7		

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

This is the Balance Sheet referred to in our report of even date.

For T R Chadha & Co LLP (FRN 006711N/N500028)

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

Chartered Accountants

Vikas Kumar  
Partner  
Membership No.75363



Amitabh Chaudhry  
(Director)

Vibha Padalkar  
(Director)

Sumit Shukla  
(Chief Executive Officer)

Fagun Pancholi  
(Chief Financial Officer)

Nagesh Pal  
(Company Secretary)

Place : Mumbai

Date : 13-7-17

Place : Mumbai

Date : April 24, 2017

For and on Behalf of NPS Trust

Shailesh V. Haribhakti

(Chairman, NPS Trust Board)

Kamal Chaudhry

(Chief Executive Officer)

Place :

Date : 13 JUL 2017



NATIONAL PENSION SYSTEM TRUST

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

REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

(In ₹)

Particulars	Schedule	Scheme G Tier II	
		March 31, 2017	March 31, 2016
<b>Income</b>			
Interest		3,866,043	792,014
Profit on sale/redemption of investments		98,707	16,861
Unrealised gain on appreciation in investments		69,181	138,401
<b>Total Income (A)</b>		<b>4,033,931</b>	<b>947,276</b>
<b>Expenses &amp; Losses</b>			
Loss on sale/redemption of investments		-	8,157
Management fees (including service tax)		6,103	1,155
NPS Trust fees		5,309	632
Custodian fees		1,847	803
CRA fees		32,069	11,213
Less : Amount recoverable on sale of units on account of CRA Charges		(32,069)	(11,213)
Depository and settlement charges		850	-
<b>Total Expenditure (B)</b>		<b>14,109</b>	<b>10,747</b>
<b>Surplus/(Deficit) for the year (A-B = C)</b>		<b>4,019,822</b>	<b>936,529</b>
Less: Amount transferred to Unrealised appreciation account		(69,181)	(138,401)
Less: Amount transferred to General Reserve		(3,950,641)	(798,128)
<b>Amount carried forward to Balance Sheet</b>		<b>-</b>	<b>-</b>
Significant accounting policies and notes to accounts	7		

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

This is the Revenue Account referred to in our report of even date.

For T R Chadha & Co LLP (FRN 006711N/N500028)

Chartered Accountants

Vikas Kumar  
Partner  
Membership No.75363



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)

Fagun Pancholl  
(Chief Financial Officer)

Nagesh Pai  
(Company Secretary)

Place : Mumbai

Date : 13.7.17

Place : Mumbai

Date : April 24, 2017

For and on Behalf of NPS Trust

Shailesh V. Haribhakti  
(Chairman, NPS Trust Board)

Kamal Chaudhry  
(Chief Executive Officer)

Place :

Date : 13 JUL 2017



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

Schedules forming part of the financial statements

Schedule 1: Unit capital

(In ₹)

Particulars	Scheme G Tier II	
	March 31, 2017	March 31, 2016
<b>Initial capital</b>		
<b>Unit capital</b>		
Outstanding units at the beginning of the year	17,424,438	2,339,290
Add :Units issued during the year	51,281,374	16,308,856
Less: Units redeemed during the year	(5,363,411)	(1,223,708)
<b>Closing balance</b>	<b>63,342,401</b>	<b>17,424,438</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>		
Outstanding units at the beginning of the year	1,742,444	233,929
Add :Units issued during the year	5,128,137	1,630,886
Less: Units redeemed during the year	(536,341)	(122,371)
<b>Outstanding Units at the end of the year</b>	<b>6,334,240</b>	<b>1,742,444</b>

Schedule 2: Reserves and surplus

(In ₹)

Particulars	Scheme G Tier II	
	March 31, 2017	March 31, 2016
<b>Unit premium reserve</b>		
Opening balance	4,979,476	410,709
Add: Premium on Units issued	25,127,368	4,938,370
Less: Premium on Units redeemed	(2,633,665)	(369,603)
<b>Closing balance</b>	<b>27,473,179</b>	<b>4,979,476</b>
<b>General Reserve</b>		
Opening balance	903,082	104,954
Add/(Less): Transfer from/(to) Revenue Account	3,950,641	798,128
<b>Closing balance</b>	<b>4,853,723</b>	<b>903,082</b>
<b>Unrealised Appreciation Reserve</b>		
Opening balance	243,128	104,727
Add/(Less): Transfer from/(to) Revenue Account	69,181	138,401
<b>Closing balance</b>	<b>312,309</b>	<b>243,128</b>
<b>Total</b>	<b>32,639,211</b>	<b>6,126,686</b>

Schedule 3: Current liabilities and provisions

(In ₹)

Particulars	Scheme G Tier II	
	March 31, 2017	March 31, 2016
<b>Current liabilities &amp; Provisions</b>		
Sundry creditors for expenses	6,564	1,526
Redemption Payable	154,110	55,472
TDS Payable	98	18
<b>Provisions*</b>	-	70
<b>Total</b>	<b>160,772</b>	<b>57,086</b>

\* The Provision referred above is towards TDS payable on Custodian fees.



NATIONAL PENSION SYSTEM TRUST

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

Schedules forming part of the financial statements

Schedule 4: Investments (Long Term and Short Term)

(In ₹)

Particulars	Scheme G Tier II	
	March 31, 2017	March 31, 2016
Central and state government securities (including treasury bills)	91,752,239	22,733,035
Others - Mutual Fund Units	2,565,000	292,000
<b>Total</b>	<b>94,317,239</b>	<b>23,025,035</b>

Schedule 5: Deposits

(In ₹)

Particulars	Scheme G Tier II	
	March 31, 2017	March 31, 2016
Deposits with scheduled banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 6: Other current assets

(In ₹)

Particulars	Scheme G Tier II	
	March 31, 2017	March 31, 2016
Balances with banks in current account	5,067	688
Outstanding and accrued income	1,820,078	429,487
Application money pending allotment	-	152,000
<b>Total</b>	<b>1,825,145</b>	<b>582,175</b>



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

### Schedule 7

#### Significant accounting policies & notes to accounts for the year ended March 31, 2017

##### 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 and Karvy Computershare Pvt.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), Karvy Computershare Pvt.Ltd and PFRDA have set up Central Recordkeeping Agency (CRA) for the NPS. Some of the key responsibilities of the CRA include the following:

- Record keeping, 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.

PFRDA has appointed the Karvy Computershare Pvt. Ltd as additional CRA in FY 2016-17 for the NPS, which got operational with effect from 15<sup>th</sup> February, 2017.



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 eight separate schemes under the two tiered structure (Tier I and II) prescribed under the NPS. The schemes are classified as Scheme E, C, G and A 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

Scheme A – Alternate Investment funds

## 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 includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.

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.

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, State Government securities are valued at the aggregated prices received from independent valuation agencies CRISIL & ICRA on the particular valuation day.

Treasury bills are valued at the aggregated prices received from independent valuation agencies CRISIL & ICRA on the particular valuation day.

Mutual fund units are valued based on the net asset value of the preceding day of the valuation date.

## 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.

### 1.8 Trustee fees

The Company has started charging Trustee fee of 0.01% per annum, with effect from November 01, 2015 in terms of the National Pension Scheme Trust circular no. 1/20/2015/NPS dated October 19, 2015.

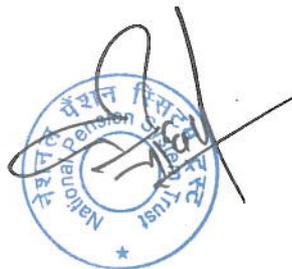


### 1.9 Other Expenses

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.

### 2 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

(In ₹)

2.1 Contingent liabilities

Particulars	Scheme G Tier II	
	March 31, 2017	March 31, 2016
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	HDFC Limited
Holding Company	Key Management Personnel
Mr. Amitabh Chaudhry	Key Management Personnel
Ms. Vibha Padalkar	Key Management Personnel
Mr. Sumit Shukla	Key Management Personnel
Mr. Fagun Pancholi	Key Management Personnel
Mr. Nagesh Pai	Key Management Personnel

The following represents significant transactions between the Company and its related parties for the year ended March 31, 2017

(In ₹)

Nature of Transaction	Scheme G Tier II	
	March 31, 2017	March 31, 2016
Investment management fees	6,103	1,155

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme G Tier II	
	March 31, 2017	March 31, 2016
Investment management fees payable	2,158	463

Aggregate investments made in the Associates and group companies as at March 31, 2017 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme G Tier II			
		March 31, 2017		March 31, 2016	
		Cost	Market Value	Cost	Market Value
HDFC Ltd		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 as at March 31, 2017 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme G Tier II			
		March 31, 2017		March 31, 2016	
		Cost	Market Value	Cost	Market Value
HDFC Bank Ltd		NIL	NIL	NIL	NIL

2.4 Provision

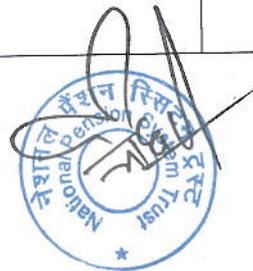
There are no provisions for doubtful deposits, debts and outstanding and accrued income.

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

Aggregate value of purchase and sale with percentage to average assets as at March 31, 2017 is as follows:

(In ₹)

Particular	Scheme G Tier II	
	March 31, 2017	March 31, 2016
Average Net Asset Value	53,089,410	10,118,015
Purchase of Investment	282,028,540	57,524,289
% to average Net Assets Value	531.23%	568.53%
Sale of Investment	209,814,121	37,196,026
% to average Net Assets Value	395.21%	367.62%



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

**Notes to accounts**

Aggregate value of purchase and sale (excluding liquid mutual fund)\* with percentage to average assets as at March 31, 2017 is as follows :

(In ₹)

Particular	Scheme G Tier II	
	March 31, 2017	March 31, 2016
Average Net Asset Value	53,089,410	10,118,015
Purchase of Investment	71,335,539	21,256,590
% to average Net Assets Value	134.37%	210.09%
Sale of investment	1,336,797	1,158,431
% to average Net Assets Value	2.52%	11.45%

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

**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:

(In ₹)

Industry Classification	Scheme G Tier II			
	March 31, 2017		March 31, 2016	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Central Government Securities	88,050,022	91.74%	22,122,567	93.94%
State Development Loans	3,702,217	3.86%	610,468	2.59%
Mutual Funds	2,565,000	2.67%	292,000	1.24%
Net Current Assets	1,664,373	1.73%	525,089	2.23%
<b>Net Asset Value</b>	<b>95,981,612</b>	<b>100.00%</b>	<b>23,550,124</b>	<b>100.00%</b>

**2.7 Age wise disclosure for Shares/debentures/ others application money pending allotment.**

(In ₹)

Security Name	Asset Type	Ageing	Scheme G Tier II	
			March 31, 2017	March 31, 2016
Birla Sun Life Cash Plus - Growth - Direct Plan	Liquid Mutual Funds	Less than 7 Days	NIL	152,000

**2.8 Prior Year Comparatives :**

The Figures of the previous period have been regrouped / rearranged, wherever applicable, to conform current year's presentation.

**2.9 Note on status of litigation matters with PFRDA**

In January 2014, a fresh Request for Proposal ('RFP') was floated by the PFRDA seeking bids from Sponsors for selection of pension fund managers afresh to manage the pension funds. In response to the RFP, HDFC Standard Life Insurance Company Limited ('HDFC Life' / 'the Sponsor') had submitted its technical and commercial bid. The technical bid made under RFP was opened in April 2014 and the bid submitted by the Sponsor was not accepted by the PFRDA on technical grounds of not having profitability for a period of 3 years. The Sponsor, therefore, filed a Writ Petition before the Hon'ble High Court of Delhi, challenging the said rejection. The Hon'ble High Court of Delhi by its Order dated May 15, 2014 quashed and set aside the PFRDA's rejection of the Sponsor's bid and directed the PFRDA to evaluate the bid in accordance with the steps set out in the RFP. While the PFRDA cleared the Sponsor's technical and commercial bid and the Sponsor even agreed to match the lowest commercial bid, the PFRDA declined to grant the Sponsor a 'Letter of Appointment'. The Sponsor therefore filed another Writ Petition before the Hon'ble High Court of Delhi against the rejection. Vide its Order dated December 18, 2014 the Hon'ble High Court of Delhi quashed and set aside the PFRDA's rejection of the Sponsor's bid and directed the PFRDA to grant HDFC Life a 'Letter of Appointment' to act as a Sponsor. Subsequently, the PFRDA has filed a Special Leave Petition before the Hon'ble Supreme Court of India challenging the above said Order dated December 18, 2014. The Hon'ble Supreme Court, by its Order dated March 9, 2015, refused to grant the PFRDA any ad-interim relief and the matter is presently pending hearing. On March 27, 2015, complying with the High Court order, the PFRDA had issued a 'Letter of Appointment' in favour of the Sponsor, stating inter alia that such appointment is subject to the outcome of the above proceedings filed before the Hon'ble Supreme Court. The Company has obtained an opinion from its lawyers, as per which the Company stands a fairly good chance of succeeding in the matter. It may be noted that the PFRDA (Pension Fund) Regulations, 2015 were notified in May 2015, pursuant to which re-registration of all pension funds was sought by the PFRDA. HDFC Pension has submitted its application for the same, and a response from the PFRDA is awaited. However, vide a letter dated June 24, 2016, the PFRDA, while acknowledging our submission of Annual Fees, had granted an extension to continue as a Pension Fund until the selection of Pension Funds in terms of process specified under PFRDA (Pension Fund) regulations, 2015. This extension was subject to the Order of the Supreme Court of India on the appeal filed against the Order of the High Court of Delhi. During the year under review, the PFRDA had issued a fresh Request For Proposal ('RFP') for selection of Pension Funds for private sector, pursuant to which the Sponsor had submitted a Technical and Commercial bid. On November 29, 2016 the PFRDA issued a notice that the Commercial Bid would be opened on November 30, 2016 wherein the name of HDFC Life was included which implies that the Technical Bid of HDFC Life has been accepted. HDFC Life is also given to understand that the Commercial Bid submitted by HDFC Pension has also been accepted by the PFRDA and formal issuance of letters of appointment is awaited.



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

(In ₹)

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2017

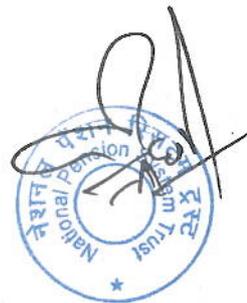
Asset Head	Script Name	Quantity	Market Value	% of Portfolio
Government Securities	7.61% GOI Mat 09-May-2030	99,000	10,254,418	10.68%
	8.17% GOI MAT 01-Dec-2044	89,700	9,660,690	10.07%
	8.13% GOI MAT 22-Jun-2045	72,500	7,826,375	8.15%
	7.88%GOI 19March2030	67,400	7,043,300	7.34%
	8.30% GOI Mat 31-Dec-2042	55,000	5,992,465	6.24%
	8.40% GOI Mat 28-JUL-2024	44,600	4,815,012	5.02%
	6.79% GOI Maturity 26-Dec-2029	45,000	4,409,100	4.59%
	8.15% GOI Mat 24-Nov-2026	40,700	4,340,655	4.52%
	8.28% GOI Mat 15-Feb-2032	37,600	4,045,843	4.22%
	8.30% GOI MAT 02-July-2040	36,900	4,003,421	4.17%
	9.23% GOI MAT 23-Dec-2043	30,800	3,671,360	3.83%
	8.24% GOI MAT 10 Nov 2033	33,800	3,632,148	3.78%
	8.83% GOI Mat 12-Dec-2041	30,500	3,484,625	3.63%
	8.60% GOI MAT 2JUN2028	31,300	3,429,541	3.57%
	7.73% GOI Mat 19-Dec-2034	31,500	3,254,029	3.39%
	8.32% GOI Mat 02-Aug-2032	27,900	3,019,963	3.15%
	8.33% GOI Mat-07-Jun-2036	20,000	2,180,000	2.27%
	9.20% GOI Mat 30-Sep-2030	17,700	2,048,235	2.13%
	8.24% GOI MAT 15 Feb 2027	3,600	385,303	0.40%
	8.28% GOI Mat 21-Sep-2027	2,000	214,900	0.22%
8.26% GOI Mat 02-Aug-2027	1,100	117,789	0.12%	
8.12% GOI Mat 10-Dec-2020	1,100	115,126	0.12%	
8.20% GOI Mat 24-Sep-2025	600	63,804	0.07%	
7.95% GOI Maturity 28-Aug-2032	400	41,920	0.04%	
<b>Government Securities Total</b>		<b>820,700</b>	<b>88,050,022</b>	<b>91.74%</b>
State Development Loans	7.96% Maharashtra SDL 29-June-2026	30,000.00	3,073,764.00	3.20%
	8.44% Tamil Nadu SDL Mat 26-Nov-2024	6,000.00	628,453.00	0.65%
<b>State Development Loans Total</b>		<b>36,000</b>	<b>3,702,217</b>	<b>3.86%</b>
Mutual Fund Units	Birla Sun Life Cash Plus - Growth - Direct Plan	9,818.73	2,565,000	2.67%
<b>Mutual Fund Units Total</b>		<b>9,819</b>	<b>2,565,000</b>	<b>2.67%</b>
<b>Net Current Assets</b>			<b>1,664,373</b>	<b>1.73%</b>
<b>Grand Total</b>		<b>866,519</b>	<b>95,981,812</b>	<b>100.00%</b>



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

3.1 KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2017

Sr No	Particulars	Scheme G Tier II	
		March 31, 2017	March 31, 2016
1	NAV per unit (₹) I		
	Open	13.5155	12.6520
	High	15.9730	13.5155
	Low	13.5516	12.4358
	End	15.1528	13.5155
2	Closing Assets Under Management (₹ in Lakhs)		
	End	959.82	235.50
	Average daily net assets (AAuM) II	530.89	101.18
3	Gross income as % of AAuM III	7.60%	9.36%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.03%	0.03%
b	Management fee as % of AAuM (scheme wise) V	0.01%	0.01%
5	Net income as % of AAuM VI	7.57%	9.26%
6	Portfolio turnover ratio VII	2.52%	11.45%
7	Total dividend per unit distributed during the period	N.A.	N.A.
8	Returns: (%)		
a	Last one year	12.11%	6.83%
	Benchmark	11.90%	7.63%
b	Since inception	51.53%	35.16%
	Benchmark	47.45%	31.10%
c	Compound annualised yield (%) VIII		
	Last 1 year	12.11%	6.83%
	Last 2 year	9.44%	12.96%
	Last 3 year	12.68%	N.A.
	Since launch of the scheme	12.01%	11.96%
	Launch Date	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 = Total Income as per Revenue Account		
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 = Surplus / Deficit as per Revenue Account		
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+ cumulative return) <sup>n</sup> - 1 (where n=365/no. of days)		



**NPS TRUST A/C HDFC PENSION MANAGEMENT  
COMPANY LIMITED - SCHEME A TIER I**

**Financial Statements together  
with Auditors' Report**

**For the Financial year ended March 31, 2017**

**Contents**

Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts



# T R Chadha & Co LLP

## Chartered Accountants

502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai – 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com



## INDEPENDENT AUDITORS' REPORT

To,

The Board of Trustees  
National Pension System (NPS) Trust  
1st Floor, ICADR Building,  
6, Vasant Kunj Institutional Area- Phase II,  
New Delhi 110 070

### Report on Financial Statements

1. We have audited the accompanying financial statements of NPS Trust A/c HDFC Pension Fund Scheme A – Tier I under the National Pension System Trust (NPS trust) managed by HDFC Pension Management Company Ltd. (PFM) which comprise of the Balance Sheet as at March 31, 2017 and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. Management of the PFM, in accordance with the Pension Fund Regulatory and Development Authority (PFRDA) Guidelines and the Investment Management Agreement (IMA) with the NPS Trust, is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Scheme in accordance with the accounting standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent made applicable by PFRDA to Scheme. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFM.

### Auditor's Responsibility

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

T R Chadha & Co., a partnership firm converted into T R Chadha & Co LLP  
(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015

Corporate Office : B-30, Connaught Place, Kuthiala Building, New Delhi – 110001

Phone : 43259900, Fax : 43259930, E-mail : delhi@trchadha.com

Regd. Office : Suite No. 11A, 2<sup>nd</sup> Floor, Gobind Mansion, H-Block, Connaught Circus, New Delhi – 110001

Phone : 011 41513059 / 41513169

Branches at: ❖ AHMEDABAD ❖ BENGALURU ❖ CHENNAI ❖ GURGAON ❖ HYDERABAD ❖ PUNE



# T R Chadha & Co LLP

## Chartered Accountants

502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
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Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com



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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012 and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Scheme as of March 31, 2017;
- in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date:

### Emphasis of Matter

7. Without modifying our opinion, we invite attention to Note 2.8 of Schedule 7 in connection with litigation relating to granting of license to PFM to undertake pension management under the National Pension System by PFRDA.

### Report on Other Legal and Regulatory Requirements

8. As required by the PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended, we report that:

- We have obtained all information and explanations which to the best our knowledge and belief were necessary for the purpose of the audit.
- The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme.
- In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by the PFM so far as appears from our examination of those books.

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(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2016

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Phone : 43259900, Fax : 43259930, E-mail : delhi@trchadha.com  
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# T R Chadha & Co LLP

## Chartered Accountants

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Email:mumbai@trchadha.com



- d) All transactions expenses in excess of the limits contractually agreed to / approved by the Authority are borne by the Pension Fund (if any) and are not charged to the NAV of the Scheme.
- e) In our opinion the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent made applicable by PFRDA.
9. We further certify that
- a) Investments have been valued in accordance with the guidelines issued by the Authority.
- b) Transaction and claims/fee raised by different entities are in accordance with the prescribed fee. The CRA charges have been charged based on communication received from CRA.

**For T R Chadha & Co LLP**

**Chartered Accountants**

**Firm Registration No 006711N/N500028**

*Vikas Kumar*

**Vikas Kumar**

**Partner**

**Membership No 75363**

**Place: Mumbai**

**Date: 13.7.17**



T R Chadha & Co., a partnership firm converted into T R Chadha & Co LLP  
(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015)

Corporate Office : B-30, Connaught Place, Kuthiala Building, New Delhi – 110001  
Phone : 43259900, Fax : 43259930, E-mail : [delhi@trchadha.com](mailto:delhi@trchadha.com)

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Branches at: ❖ AHMEDABAD ❖ BENGALURU ❖ CHENNAI ❖ GURGAON ❖ HYDERABAD ❖ PUNE

NATIONAL PENSION SYSTEM TRUST

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

BALANCE SHEET AS AT MARCH 31, 2017

(In ₹)

Particulars	Schedule	Scheme A Tier I	
		March 31, 2017	March 31, 2016 *
<b>Liabilities</b>			
Unit Capital	1	2,325,120	-
Reserves & Surplus	2	66,347	-
Current Liabilities and Provisions	3	2,555	-
<b>Total</b>		<b>2,394,022</b>	<b>-</b>
<b>Assets</b>			
Investments	4	2,390,837	-
Deposits	5	-	-
Other Current Assets	6	3,185	-
<b>Total</b>		<b>2,394,022</b>	<b>-</b>
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		2,391,467	-
(b) Number of units outstanding		232,512	-
(c) NAV per unit (a)/(b) (₹)		10.2853	-
<b>Significant accounting policies and notes to accounts</b>	7		

\* The Scheme launched on October 10, 2016, hence previous year figures are not available.

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

This is the Balance Sheet referred to in our report of even date.

For T R Chadha & Co LLP (FRN 006711N/N500028)

Chartered Accountants

Vikas Kumar  
Partner  
Membership No.75363



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)

Fagun Pancholi  
(Chief Financial Officer)

Nagesh Pai  
(Company Secretary)

Place : Mumbai

Date : 13.7.17

Place : Mumbai

Date : April 24, 2017

For and on Behalf of NPS Trust

Shailesh V. Haribhakti  
(Chairman, NPS Trust Board)

Place :

Date : 13 JUL 2017



Kamal Chaudhry  
(Chief Executive Officer)

NATIONAL PENSION SYSTEM TRUST

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

REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

(In ₹)

Particulars	Schedule	Scheme A Tier I	
		March 31, 2017	March 31, 2016
<b>Income</b>			
Unrealised gain on appreciation in investments		15,437	-
<b>Total Income (A)</b>		<b>15,437</b>	<b>-</b>
<b>Expenses &amp; Losses</b>			
Management fees (including service tax)		28	-
NPS Trust fees		24	-
CRA fees		5,256	-
Less : Amount recoverable on sale of units on account of CRA Charges		(5,256)	-
<b>Total Expenditure (B)</b>		<b>52</b>	<b>-</b>
<b>Surplus/(Deficit) for the year (A-B = C)</b>		<b>15,385</b>	<b>-</b>
Less: Amount transferred to Unrealised appreciation account		(15,437)	-
Less: Amount transferred to General Reserve		52	-
<b>Amount carried forward to Balance Sheet</b>		<b>-</b>	<b>-</b>
<b>Significant accounting policies and notes to accounts</b>	7		

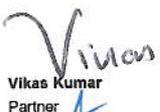
The notes referred to above form an integral part of the financial statements.

This is the Revenue Account referred to in our report of even date.

For T R Chadha & Co LLP (FRN 006711N/N500028)

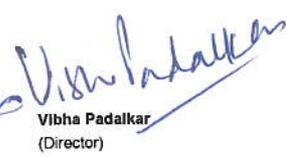
For and on behalf of Board of Directors of HDFC Pension Management Company Limited

Chartered Accountants

  
**Vikas Kumar**  
 Partner  
 Membership No. 75363



  
**Amitabh Chaudhry**  
 (Director)

  
**Vibha Padalkar**  
 (Director)

  
**Sumit Shukla**  
 (Chief Executive Officer)

  
**Fagun Pancholi**  
 (Chief Financial Officer)

  
**Nagesh Pai**  
 (Company Secretary)



Place : Mumbai

Date : 13.7.17

Place : Mumbai

Date : April 24, 2017

For and on Behalf of NPS Trust

  
**Shallesh V. Haribhakti**  
 (Chairman, NPS Trust Board)

  
**Kamal Chaudhry**  
 (Chief Executive Officer)

Place :

Date : 13 JUL 2017



**NATIONAL PENSION SYSTEM TRUST**

**NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME A TIER I**

Schedules forming part of the financial statements

**Schedule 1: Unit capital**

(In ₹)

Particulars	Scheme A Tier I	
	March 31, 2017	March 31, 2016
<b>Initial capital</b>		
<u>Unit capital</u>		
Outstanding at the beginning of the year	-	-
Add :Units issued during the year	2,344,385	-
Less: Units redeemed during the year	(19,265)	-
<b>Outstanding at the end of the year</b>	<b>2,325,120</b>	<b>-</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>		
Outstanding units at the beginning of the year	-	-
Add :Units issued during the year	234,439	-
Less: Units redeemed during the year	(1,927)	-
<b>Outstanding Units at the end of the year</b>	<b>232,512</b>	<b>-</b>

**Schedule 2: Reserves and surplus**

(In ₹)

Particulars	Scheme A Tier I	
	March 31, 2017	March 31, 2016
<b>Unit premium reserve</b>		
Opening balance	-	-
Add: Premium on Units issued	51,427	-
Less: Premium on Units redeemed	(465)	-
<b>Closing balance</b>	<b>50,962</b>	<b>-</b>
<b>General Reserve</b>		
Opening balance	-	-
Add/(Less): Transfer from Revenue Account	(52)	-
<b>Closing balance</b>	<b>(52)</b>	<b>-</b>
<b>Unrealised Appreciation Reserve</b>		
Opening balance	-	-
Add/(Less): Transfer from Revenue Account	15,437	-
<b>Closing balance</b>	<b>15,437</b>	<b>-</b>
<b>Total</b>	<b>66,347</b>	<b>-</b>

**Schedule 3: Current liabilities and provisions**

(In ₹)

Particulars	Scheme A Tier I	
	March 31, 2017	March 31, 2016
<b>Current liabilities</b>		
Sundry creditors for expenses	46	-
Redemption Payable	2,507	-
TDS Payable	2	-
<b>Provisions</b>		
<b>Total</b>	<b>2,555</b>	<b>-</b>



**NATIONAL PENSION SYSTEM TRUST**

**NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME A TIER I**

Schedules forming part of the financial statements

**Schedule 4: Investments (Long Term and Short Term)**

(In ₹)

Particulars	Scheme A Tier I	
	March 31, 2017	March 31, 2016
Others - Mutual Fund Units	2,390,837	-
Total	2,390,837	-

**Schedule 5: Deposits**

(In ₹)

Particulars	Scheme A Tier I	
	March 31, 2017	March 31, 2016
Deposits with scheduled banks	-	-
Total	-	-

**Schedule 6: Other current assets**

(In ₹)

Particulars	Scheme A Tier I	
	March 31, 2017	March 31, 2016
Balances with banks in current account	3,185	-
Total	3,185	-



## NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME A TIER I

### Schedule 7

### Significant accounting policies & notes to accounts for the year ended March 31, 2017

#### 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 and Karvy Computershare Pvt.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), Karvy Computershare Pvt. Ltd and PFRDA have set up Central Recordkeeping Agency (CRA) for the NPS. Some of the key responsibilities of the CRA include the following:

- Record keeping, 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.

PFRDA has appointed the Karvy Computershare Pvt. Ltd as additional CRA in FY 2016-17 for the NPS, which got operational with effect from 15<sup>th</sup> February, 2017.



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 A TIER I being managed by the Company.

The Company manages eight separate schemes under the two tiered structure (Tier I and II) prescribed under the NPS. The schemes are classified as Scheme E, C, G and A 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

Scheme A – Alternate Investment funds

## 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 includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.

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.

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.

Mutual fund units are valued based on the net asset value of the preceding day of the valuation date.

## 1.4 Income Recognition

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) is 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.

## 1.8 Trustee fees

The Company has started charging Trustee fee of 0.01% per annum, with effect from November 01, 2015 in terms of the National Pension Scheme Trust circular no. 1/20/2015/NPS dated October 19, 2015.

## 1.9 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.

## 2 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 A TIER I**

**Notes to accounts**

(In ₹)

**2.1 Contingent liabilities**

Particulars	Scheme A Tier I	
	March 31, 2017	March 31, 2016
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
Mr. Fagun Pancholl	Key Management Personnel
Mr. Nagesh Pai	Key Management Personnel

The following represents significant transactions between the Company and its related parties for the year ended March 31, 2017

(In ₹)

Nature of Transaction	Scheme A Tier I	
	March 31, 2017	March 31, 2016
Investment management fees	28	-

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme A Tier I	
	March 31, 2017	March 31, 2016
Investment management fees payable	26	-

Aggregate investments made in the Associates and group companies as at March 31, 2017 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme A Tier I			
		March 31, 2017		March 31, 2016	
		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 as at March 31, 2017 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme A Tier I			
		March 31, 2017		March 31, 2016	
		Cost	Market Value	Cost	Market Value
		NIL	NIL	NIL	NIL

**2.4 Provision**

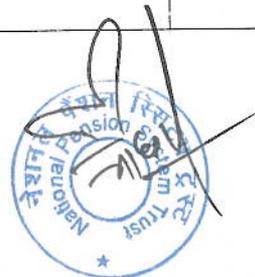
There are no provisions for doubtful deposits, debts and outstanding and accrued income.

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

Aggregate value of purchase and sale with percentage to average assets as at March 31, 2017 is as follows:

(In ₹)

Particular	Scheme A Tier I	
	March 31, 2017	March 31, 2016
Average Net Asset Value	513,456	-
Purchase of Investment	2,375,400	-
% to average Net Assets Value	462.63%	-
Sale of Investment	-	-
% to average Net Assets Value	-	-



**NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME A TIER I**

**Notes to accounts**

Aggregate value of purchase and sale (excluding liquid mutual fund)\* with percentage to average assets as at March 31, 2017 is as follows :

(In ₹)

Particular	Scheme A Tier I	
	March 31, 2017	March 31, 2016
Average Net Asset Value	513,456	NIL
Purchase of Investment	NIL	NIL
% to average Net Assets Value	NIL	NIL
Sale of Investment	NIL	NIL
% to average Net Assets Value	NIL	NIL

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

**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:

(In ₹)

Industry Classification	Scheme A Tier I			
	March 31, 2017		March 31, 2016	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Mutual Funds	2,390,837	99.97%	-	-
Net Current Assets	630	0.03%	-	-
<b>Net Asset Value</b>	<b>2,391,467</b>	<b>100.00%</b>	<b>-</b>	<b>-</b>

**2.7 Age wise disclosure for Shares/debentures/ others application money pending allotment.**

(In ₹)

Security Name	Asset Type	Ageing	Scheme A Tier I	
			March 31, 2017	March 31, 2016
	NIL	NIL	NIL	NIL

**2.8 Prior Year Comparatives :**

The Figures of the previous period have been regrouped / rearranged, wherever applicable, to conform current year's presentation.

**2.9 Note on status of litigation matters with PFRDA**

In January 2014, a fresh Request for Proposal (RFP) was floated by the PFRDA seeking bids from Sponsors for selection of pension fund managers afresh to manage the pension funds. In response to the RFP, HDFC Standard Life Insurance Company Limited ('HDFC Life' / 'the Sponsor') had submitted its technical and commercial bid. The technical bid made under RFP was opened in April 2014 and the bid submitted by the Sponsor was not accepted by the PFRDA on technical grounds of not having profitability for a period of 3 years. The Sponsor, therefore, filed a Writ Petition before the Hon'ble High Court of Delhi, challenging the said rejection. The Hon'ble High Court of Delhi by its Order dated May 15, 2014 quashed and set aside the PFRDA's rejection of the Sponsor's bid and directed the PFRDA to evaluate the bid in accordance with the steps set out in the RFP. While the PFRDA cleared the Sponsor's technical and commercial bid and the Sponsor even agreed to match the lowest commercial bid, the PFRDA declined to grant the Sponsor a 'Letter of Appointment'. The Sponsor therefore filed another Writ Petition before the Hon'ble High Court of Delhi against the rejection. Vide its Order dated December 18, 2014 the Hon'ble High Court of Delhi quashed and set aside the PFRDA's rejection of the Sponsor's bid and directed the PFRDA to grant HDFC Life a 'Letter of Appointment' to act as a Sponsor. Subsequently, the PFRDA has filed a Special Leave Petition before the Hon'ble Supreme Court of India challenging the above said Order dated December 18, 2014. The Hon'ble Supreme Court, by its Order dated March 9, 2015, refused to grant the PFRDA any ad-interim relief and the matter is presently pending hearing. On March 27, 2015, complying with the High Court order, the PFRDA had issued a 'Letter of Appointment' in favour of the Sponsor, stating inter alia that such appointment is subject to the outcome of the above proceedings filed before the Hon'ble Supreme Court. The Company has obtained an opinion from its lawyers, as per which the Company stands a fairly good chance of succeeding in the matter.

It may be noted that the PFRDA (Pension Fund) Regulations, 2015 were notified in May 2015, pursuant to which re-registration of all pension funds was sought by the PFRDA. HDFC Pension has submitted its application for the same, and a response from the PFRDA is awaited. However, vide a letter dated June 24, 2016, the PFRDA, while acknowledging our submission of Annual Fees, had granted an extension to continue as a Pension Fund until the selection of Pension Funds in terms of process specified under PFRDA (Pension Fund) regulations, 2015. This extension was subject to the Order of the Supreme Court of India on the appeal filed against the Order of the High Court of Delhi.

During the year under review, the PFRDA had issued a fresh Request For Proposal (RFP) for selection of Pension Funds for private sector, pursuant to which the Sponsor had submitted a Technical and Commercial bid. On November 29, 2016 the PFRDA issued a notice that the Commercial Bid would be opened on November 30, 2016 wherein the name of HDFC Life was included which implies that the Technical Bid of HDFC Life has been accepted. HDFC Life is also given to understand that the Commercial Bid submitted by HDFC Pension has also been accepted by the PFRDA and formal issuance of letters of appointment is awaited.

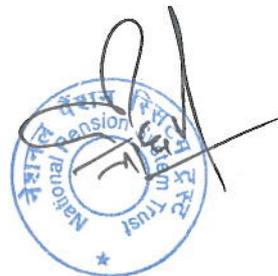


NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME A TIER I

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2017

(In ₹)

Asset Head	Scrp Name	Quantity	Market Value	% of Portfolio
Alternative Investment Funds (AIF)		NIL	NIL	NIL
<b>Alternative Investment Funds (AIF) Total</b>		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
Mutual Fund Units	Birla Sun Life Cash Plus - Growth - Direct Plan	9,152	2,390,837	99.97%
<b>Mutual Fund Units Total</b>		<b>9,152</b>	<b>2,390,837</b>	<b>99.97%</b>
<b>Net Current Assets</b>		<b>-</b>	<b>630</b>	<b>0.03%</b>
<b>Grand Total</b>		<b>9,152</b>	<b>2,391,467</b>	<b>100.00%</b>



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

3.1 KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2017

Sr No	Particulars	Scheme A Tier I	
		March 31, 2017	March 31, 2016
1	NAV per unit (₹) I		
	Open	10.0000	N.A
	High	10.2853	N.A
	Low	10.0000	N.A
	End	10.2853	N.A
2	Closing Assets Under Management (₹ in Lakhs)		
	End	23.91	N.A
	Average daily net assets (AAuM) II	5.13	N.A
3	Gross income as % of AAuM III	3.01%	N.A
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.01%	N.A
b	Management fee as % of AAuM (scheme wise) V	0.01%	N.A
5	Net income as % of AAuM VI	3.00%	N.A
6	Portfolio turnover ratio VII		N.A
7	Total dividend per unit distributed during the period	N.A.	N.A
8	Returns: (%)		
a	Last one year	N.A.	N.A
	Benchmark VIII	N.A.	N.A
b	Since inception	2.85%	N.A
	Benchmark VIII	N.A.	N.A
c	Compound annualised yield (%) IX		
	Last 1 year	N.A.	N.A
	Last 2 year	N.A.	N.A
	Last 3 year	N.A.	N.A
	Since launch of the scheme	6.15%	N.A
	Launch Date	October 10, 2016	
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 = Total Income as per Revenue Account		
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 = Surplus / Deficit as per Revenue Account		
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	As per fund objective of Scheme A, the fund is mandated to invest in Commercial/Residential mortgage based securities, Units issued by REITs, Alternative Investment Funds, Units issued by InvITs, Asset backed securities, etc. for that there is no comparable market benchmarks is available and hence benchmark returns are not disclosed for this fund.		
IX	Compounded annualised yield is to be calculated based on following formula: = (1+ cumulative return) <sup>n</sup> - 1 (where n=365/no. of days)		



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

**Financial Statements together  
with Auditors' Report**

**For the Financial year ended March 31, 2017**

**Contents**

Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts



# T R Chadha & Co LLP

## Chartered Accountants

502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai – 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com



## INDEPENDENT AUDITORS' REPORT

To,

The Board of Trustees  
National Pension System (NPS) Trust  
1st Floor, ICADR Building,  
6, Vasant Kunj Institutional Area- Phase II,  
New Delhi 110 070

### Report on Financial Statements

1. We have audited the accompanying financial statements of **NPS Trust A/c HDFC Pension Fund Scheme A – Tier II under the National Pension System Trust (NPS trust)** managed by **HDFC Pension Management Company Ltd. (PFM)** which comprise of the Balance Sheet as at March 31, 2017 and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. Management of the PFM, in accordance with the Pension Fund Regulatory and Development Authority (PFRDA) Guidelines and the Investment Management Agreement (IMA) with the NPS Trust, is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Scheme in accordance with the accounting standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent made applicable by PFRDA to Scheme. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFM.

### Auditor's Responsibility

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

T R Chadha & Co., a partnership firm converted into T R Chadha & Co LLP  
(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015)

Corporate Office : B-30, Connaught Place, Kuthiala Building, New Delhi – 110001  
Phone : 43259900, Fax : 43259930, E-mail : delhi@trchadha.com

Regd. Office : Suite No. 11A, 2<sup>nd</sup> Floor, Gobind Mansion, H-Block, Connaught Circus, New Delhi – 110001  
Phone : 011 41513059 / 41513169



Branches at: ❖ AHMEDABAD ❖ BENGALURU ❖ CHENNAI ❖ GURGAON ❖ HYDERABAD ❖ PUNE

# T R Chadha & Co LLP

## Chartered Accountants

502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai – 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com



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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012 and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Scheme as of March 31, 2017;
- in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date:

### Emphasis of Matter

7. Without modifying our opinion, we invite attention to Note 2.8 of Schedule 7 in connection with litigation relating to granting of license to PFM to undertake pension management under the National Pension System by PFRDA.

### Report on Other Legal and Regulatory Requirements

8. As required by the PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, as amended, we report that:

- We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.
- The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme.
- In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by the PFM so far as appears from our examination of those books.

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(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015)

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# T R Chadha & Co LLP

## Chartered Accountants

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Opp. Peninsula Corporate Park  
Lower Parel, Mumbai - 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com



- d) All transactions expenses in excess of the limits contractually agreed to / approved by the Authority are borne by the Pension Fund (if any) and are not charged to the NAV of the Scheme.
- e) In our opinion the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent made applicable by PFRDA.
9. We further certify that
- a) Investments have been valued in accordance with the guidelines issued by the Authority.
- b) Transaction and claims/fee raised by different entities are in accordance with the prescribed fee. The CRA charges have been charged based on communication received from CRA.

For T R Chadha & Co LLP  
Chartered Accountants  
Firm Registration No 006711N/N500028

*Vikas Kumar*  
Vikas Kumar  
Partner *AK*  
Membership No 75363  
Place: Mumbai  
Date: 13.7.17



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Corporate Office : B-30, Connaught Place, Kuthiala Building, New Delhi - 110001  
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Phone : 011 41513059 / 41513169

Branches at: ❖ AHMEDABAD ❖ BENGALURU ❖ CHENNAI ❖ GURGAON ❖ HYDERABAD ❖ PUNE

**NATIONAL PENSION SYSTEM TRUST**

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

**BALANCE SHEET AS AT MARCH 31, 2017**

(In ₹)

Particulars	Schedule	Scheme A Tier II	
		March 31, 2017	March 31, 2016 *
<b>Liabilities</b>			
Unit Capital	1	143,533	-
Reserves & Surplus	2	2,910	-
Current Liabilities and Provisions	3	4,170	-
<b>Total</b>		<b>160,613</b>	<b>-</b>
<b>Assets</b>			
Investments	4	145,181	-
Deposits	5	-	-
Other Current Assets	6	5,432	-
<b>Total</b>		<b>160,613</b>	<b>-</b>
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		146,443	-
(b) Number of units outstanding		14,353	-
(c) NAV per unit (a)/(b) (₹)		10.2027	-
<b>Significant accounting policies and notes to accounts</b>	7		

\* The Scheme launched on October 10, 2016, hence previous year figures are not available.

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

This is the Balance Sheet referred to in our report of even date.

For T R Chadha & Co LLP (FRN 006711N/N500028)

Chartered Accountants

Vikas Kumar  
Partner  
Membership No.75363



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)

Fagun Pancholi  
(Chief Financial Officer)

Nagesh Pai  
(Company Secretary)

Place : Mumbai

Date : 13.7.17

Place : Mumbai

Date : April 24, 2017

For and on Behalf of NPS Trust

Shallesh V.Haribhakti  
(Chairman, NPS Trust Board)

Place :

Date : 13 JUL 2017



Kamal Chaudhry  
(Chief Executive Officer)

NATIONAL PENSION SYSTEM TRUST

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

REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

(In ₹)

Particulars	Schedule	Scheme A Tier II	
		March 31, 2017	March 31, 2016
<b>Income</b>			
Unrealised gain on appreciation in investments		1,181	-
<b>Total Income (A)</b>		1,181	-
<b>Expenses &amp; Losses</b>			
Management fees (including service tax)		2	-
NPS Trust fees		2	-
CRA fees		103	-
Less : Amount recoverable on sale of units on account of CRA Charges		(103)	-
<b>Total Expenditure (B)</b>		4	-
<b>Surplus/(Deficit) for the year (A-B = C)</b>		1,177	-
Less: Amount transferred to Unrealised appreciation account		(1,181)	-
Less: Amount transferred to General Reserve		4	-
<b>Amount carried forward to Balance Sheet</b>		-	-
<b>Significant accounting policies and notes to accounts</b>	7		

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

This is the Revenue Account referred to in our report of even date.

For T R Ch:dha & Co LLP (FRN 006711N/N500028)

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

Chartered Accountants

*Vikas Kumar*  
**Vikas Kumar**  
 Partner  
 Membership No. 75363



*Amitabh Chaudhry*  
**Amitabh Chaudhry**  
 (Director)

*Vibha Padalkar*  
**Vibha Padalkar**  
 (Director)

*Sumit Shukla*  
**Sumit Shukla**  
 (Chief Executive Officer)

*Fagun Pancholl*  
**Fagun Pancholl**  
 (Chief Financial Officer)

*Nagesh Pal*  
**Nagesh Pal**  
 (Company Secretary)

Place : Mumbai

Date : 13.7.17

Place : Mumbai

Date : April 24, 2017

For and on Behalf of NPS Trust

*Shalleesh V. Haribhakti*  
**Shalleesh V. Haribhakti**  
 (Chairman, NPS Trust Board)

*Kamal Chaudhry*  
**Kamal Chaudhry**  
 (Chief Executive Officer)

Place :

Date : 13 JUL 2017



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

Schedules forming part of the financial statements

Schedule 1: Unit capital

(In ₹)

Particulars	Scheme A Tier II	
	March 31, 2017	March 31, 2016
<b>Initial capital</b>		
<b>Unit capital</b>		
Outstanding at the beginning of the year	-	-
Add :Units issued during the year	149,404	-
Less: Units redeemed during the year	(5,871)	-
<b>Outstanding at the end of the year</b>	<b>143,533</b>	<b>-</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>		
Outstanding units at the beginning of the year	-	-
Add :Units issued during the year	14,940	-
Less: Units redeemed during the year	(587)	-
<b>Outstanding Units at the end of the year</b>	<b>14,353</b>	<b>-</b>

Schedule 2: Reserves and surplus

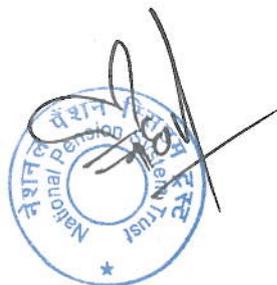
(In ₹)

Particulars	Scheme A Tier II	
	March 31, 2017	March 31, 2016
<b>Unit premium reserve</b>		
Opening balance	-	-
Add: Premium on Units issued	1,841	-
Less: Premium on Units redeemed	(108)	-
<b>Closing balance</b>	<b>1,733</b>	<b>-</b>
<b>General Reserve</b>		
Opening balance	-	-
Add/(Less): Transfer from/(to) Revenue Account	(4)	-
<b>Closing balance</b>	<b>(4)</b>	<b>-</b>
<b>Unrealised Appreciation Reserve</b>		
Opening balance	-	-
Add/(Less): Transfer from/(to) Revenue Account	1,181	-
<b>Closing balance</b>	<b>1,181</b>	<b>-</b>
<b>Total</b>	<b>2,910</b>	<b>-</b>

Schedule 3: Current liabilities and provisions

(In ₹)

Particulars	Scheme A Tier II	
	March 31, 2017	March 31, 2016
<b>Current liabilities</b>		
Sundry creditors for expenses	4	-
Redemption Payable	4,166	-
<b>Provisions</b>		
<b>Total</b>	<b>4,170</b>	<b>-</b>



**NATIONAL PENSION SYSTEM TRUST**

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

Schedules forming part of the financial statements

**Schedule 4: Investments (Long Term and Short Term)**

(In ₹)

Particulars	Scheme A Tier II	
	March 31, 2017	March 31, 2016
Others - Mutual Fund Units	145,181	-
<b>Total</b>	<b>145,181</b>	<b>-</b>

**Schedule 5: Deposits**

(In ₹)

Particulars	Scheme A Tier II	
	March 31, 2017	March 31, 2016
Deposits with scheduled banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Schedule 6: Other current assets**

(In ₹)

Particulars	Scheme A Tier II	
	March 31, 2017	March 31, 2016
Balances with banks in current account	5,432	-
<b>Total</b>	<b>5,432</b>	<b>-</b>



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

### Schedule 7

#### Significant accounting policies & notes to accounts for the year ended March 31, 2017

##### 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 and Karvy Computershare Pvt. 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), Karvy Computershare Pvt. Ltd and PFRDA have set up Central Recordkeeping Agency (CRA) for the NPS. Some of the key responsibilities of the CRA include the following:

- Record keeping, 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.

PFRDA has appointed the Karvy Computershare Pvt. Ltd as additional CRA in FY 2016-17 for the NPS, which got operational with effect from 15<sup>th</sup> February, 2017.



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 A TIER II being managed by the Company.

The Company manages eight separate schemes under the two tiered structure (Tier I and II) prescribed under the NPS. The schemes are classified as Scheme E, C, G and A 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

Scheme A – Alternate Investment funds

## 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 includes applicable taxes and stamp charges but exclude brokerage and other transactional charges.

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.

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.

Mutual fund units are valued based on the net asset value of the preceding day of the valuation date.

## 1.4 Income Recognition

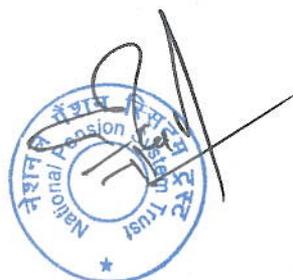
Profit or loss on sale of mutual fund units is the difference between the sale consideration net of expenses and the weighted average book cost.

## 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.

### 1.8 Trustee fees

The Company has started charging Trustee fee of 0.01% per annum, with effect from November 01, 2015 in terms of the National Pension Scheme Trust circular no. 1/20/2015/NPS dated October 19, 2015.

### 1.9 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.

## 2 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 A TIER II**

**Notes to accounts**

**2.1 Contingent liabilities**

(In ₹)

Particulars	Scheme A Tier II	
	March 31, 2017	March 31, 2016
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
Mr. Fagun Pancholi	Key Management Personnel
Mr. Nagesh Pai	Key Management Personnel

The following represents significant transactions between the Company and its related parties for the year ended March 31, 2017

(In ₹)

Nature of Transaction	Scheme A Tier II	
	March 31, 2017	March 31, 2016
Investment management fees	2	-

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme A Tier II	
	March 31, 2017	March 31, 2016
Investment management fees payable	2	-

Aggregate investments made in the Associates and group companies as at March 31, 2017 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme A Tier II			
		March 31, 2017		March 31, 2016	
		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 as at March 31, 2017 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme A Tier II			
		March 31, 2017		March 31, 2016	
		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.

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

Aggregate value of purchase and sale with percentage to average assets as at March 31, 2017 is as follows :

(In ₹)

Particular	Scheme A Tier II	
	March 31, 2017	March 31, 2016
Average Net Asset Value	40,710	-
Purchase of Investment	143,999	-
% to average Net Assets Value	353.72%	-
Sale of Investment	-	-
% to average Net Assets Value	-	-



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

**Notes to accounts**

Aggregate value of purchase and sale (excluding liquid mutual fund)\* with percentage to average assets as at March 31, 2017 is as follows :

(In ₹)

Particular	Scheme A Tier II	
	March 31, 2017	March 31, 2016
Average Net Asset Value	40,710	-
Purchase of Investment	-	-
% to average Net Assets Value	-	-
Sale of Investment	-	-
% to average Net Assets Value	-	-

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

**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:

(In ₹)

Industry Classification	Scheme A Tier II			
	March 31, 2017		March 31, 2016	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Mutual Funds	145,181	99.14%	-	-
Net Current Assets	1,262	0.86%	-	-
<b>Net Asset Value</b>	<b>146,443</b>	<b>100.00%</b>	<b>-</b>	<b>-</b>

**2.7 Age wise disclosure for Shares/debentures/ others application money pending allotment.**

(In ₹)

Security Name	Asset Type	Ageing	Scheme A Tier II	
			March 31, 2017	March 31, 2016
	NIL	NIL	NIL	NIL

**2.8 Prior Year Comparatives :**

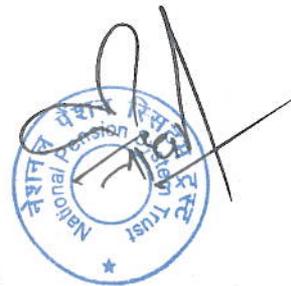
The Figures of the previous period have been regrouped / rearranged, wherever applicable, to conform current year's presentation.

**2.9 Note on status of litigation matters with PFRDA**

In January 2014, a fresh Request for Proposal ('RFP') was floated by the PFRDA seeking bids from Sponsors for selection of pension fund managers afresh to manage the pension funds. In response to the RFP, HDFC Standard Life Insurance Company Limited ('HDFC Life' / 'the Sponsor') had submitted its technical and commercial bid. The technical bid made under RFP was opened in April 2014 and the bid submitted by the Sponsor was not accepted by the PFRDA on technical grounds of not having profitability for a period of 3 years. The Sponsor, therefore, filed a Writ Petition before the Hon'ble High Court of Delhi, challenging the said rejection. The Hon'ble High Court of Delhi by its Order dated May 15, 2014 quashed and set aside the PFRDA's rejection of the Sponsor's bid and directed the PFRDA to evaluate the bid in accordance with the steps set out in the RFP. While the PFRDA cleared the Sponsor's technical and commercial bid and the Sponsor even agreed to match the lowest commercial bid, the PFRDA declined to grant the Sponsor a 'Letter of Appointment'. The Sponsor therefore filed another Writ Petition before the Hon'ble High Court of Delhi against the rejection. Vide its Order dated December 18, 2014 the Hon'ble High Court of Delhi quashed and set aside the PFRDA's rejection of the Sponsor's bid and directed the PFRDA to grant HDFC Life a 'Letter of Appointment' to act as a Sponsor. Subsequently, the PFRDA has filed a Special Leave Petition before the Hon'ble Supreme Court of India challenging the above said Order dated December 18, 2014. The Hon'ble Supreme Court, by its Order dated March 9, 2015, refused to grant the PFRDA any ad-interim relief and the matter is presently pending hearing. On March 27, 2015, complying with the High Court order, the PFRDA had issued a 'Letter of Appointment' in favour of the Sponsor, stating inter alia that such appointment is subject to the outcome of the above proceedings filed before the Hon'ble Supreme Court. The Company has obtained an opinion from its lawyers, as per which the Company stands a fairly good chance of succeeding in the matter.

It may be noted that the PFRDA (Pension Fund) Regulations, 2015 were notified in May 2015, pursuant to which re-registration of all pension funds was sought by the PFRDA. HDFC Pension has submitted its application for the same, and a response from the PFRDA is awaited. However, vide a letter dated June 24, 2016, the PFRDA, while acknowledging our submission of Annual Fees, had granted an extension to continue as a Pension Fund until the selection of Pension Funds in terms of process specified under PFRDA (Pension Fund) regulations, 2015. This extension was subject to the Order of the Supreme Court of India on the appeal filed against the Order of the High Court of Delhi.

During the year under review, the PFRDA had issued a fresh Request For Proposal ('RFP') for selection of Pension Funds for private sector, pursuant to which the Sponsor had submitted a Technical and Commercial bid. On November 29, 2016 the PFRDA issued a notice that the Commercial Bid would be opened on November 30, 2016 wherein the name of HDFC Life was included which implies that the Technical Bid of HDFC Life has been accepted. HDFC Life is also given to understand that the Commercial Bid submitted by HDFC Pension has also been accepted by the PFRDA and formal issuance of letters of appointment is awaited.



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

3. PORTFOLIO STATEMENT AS ON YEAR ENDED MARCH 31, 2017

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
Alternative Investment Funds (AIF)				
<b>Alternative Investment Funds (AIF) Total</b>		-	-	<b>0.00%</b>
Mutual Fund Units	Birla Sun Life Cash Plus - Growth - Direct Plan	556	145,181	99.14%
<b>Mutual Fund Units Total</b>		<b>556</b>	<b>145,181</b>	<b>99.14%</b>
<b>Net Current Assets</b>		-	<b>1,262</b>	<b>0.86%</b>
<b>Grand Total</b>		<b>556</b>	<b>148,443</b>	<b>100.00%</b>



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

3.1 KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2017

Sr No	Particulars	Scheme A Tier II	
		March 31, 2017	March 31, 2016
1	NAV per unit (₹) I		
	Open	10.0000	N.A
	High	10.2027	N.A
	Low	10.0000	N.A
	End	10.2027	N.A
2	Closing Assets Under Management (₹ in Lakhs)		
	End	1.46	N.A
	Average daily net assets (AAuM) II	0.41	N.A
3	Gross income as % of AAuM III	2.90%	N.A
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.01%	N.A
b	Management fee as % of AAuM (scheme wise) V	0.01%	N.A
5	Net income as % of AAuM VI	2.89%	N.A
6	Portfolio turnover ratio VII	-	N.A
7	Total dividend per unit distributed during the period	N.A.	N.A
8	Returns: (%)		
a	Last one year	N.A.	N.A
	Benchmark VIII	N.A.	N.A
b	Since inception	2.03%	N.A
	Benchmark VIII	N.A.	N.A
c	Compound annualised yield (%) IX		
	Last 1 year	N.A.	N.A
	Last 2 year	N.A.	N.A
	Last 3 year	N.A.	N.A
	Since launch of the scheme	4.35%	N.A
	Launch Date	October 10, 2016	
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 = Total Income as per Revenue Account		
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 = Surplus / Deficit as per Revenue Account		
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	As per fund objective of Scheme A, the fund is mandated to invest in Commercial/Residential mortgage based securities, Units issued by REITs, Alternative Investment Funds, Units issued by InvITs, Asset backed securities, etc. for that there is no comparable market benchmarks is available and hence benchmark returns are not disclosed for this fund.		
IX	Compounded annualised yield is to be calculated based on following formula: = (1+ cumulative return) <sup>n</sup> -1 (where n=365/no. of days)		



**HDFC PENSION MANAGEMENT COMPANY LIMITED**  
**NATIONAL PENSION SYSTEM TRUST**  
**COMBINED BALANCE SHEET OF ALL PENSION SCHEMES AS AT MARCH 31, 2017**

Particulars	Schedule	(In ₹)	
		March 31, 2017	March 31, 2016
<b>Liabilities</b>			
Unit Capital	1	7,316,602,333	2,751,624,264
Reserves and Surplus	2	4,313,273,550	1,010,645,833
Current Liabilities and Provisions	3	174,170,044	70,841,588
<b>Total</b>		<b>11,804,045,927</b>	<b>3,833,111,685</b>
<b>Assets</b>			
Investments	4	11,561,111,640	3,703,009,551
Deposits	5	-	-
Other Current Assets	6	242,934,287	130,102,134
<b>Total</b>		<b>11,804,045,927</b>	<b>3,833,111,685</b>
(a) Net assets as per Balance Sheets		11,629,875,883	3,762,270,097
(b) Number of units outstanding		731,660,233	275,162,426

For T R Chadha & Co LLP (FRN 006711N/N500028)  
Chartered Accountants

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

Vikas Kumar  
Partner  
Membership No. 75363



Amitabh Chaudhry  
(Director)

Vibha Padalkar  
(Director)

Place: Mumbai  
Date: 13-7-17



Sumit Shukla  
(Chief Executive Officer)

Fagun Pancholi  
(Chief Financial Officer)

Nagesh Pal  
(Company Secretary)

Place: Mumbai  
Date: April 24, 2017

For and on Behalf of NPS Trust

Shallesh V. Haribhakti  
(Chairman, NPS Trust Board)

Kamal Chaudhry  
(Chief Executive Officer)

Place:  
Date: 13 JUL 2017



**HDFC PENSION MANAGEMENT COMPANY LIMITED**  
**NATIONAL PENSION SYSTEM TRUST**  
**COMBINED REVENUE ACCOUNT OF ALL PENSION SCHEMES FOR THE YEAR ENDED MARCH 31, 2017**

Particulars	Schedule	(In ₹)	
		March 31, 2017	March 31, 2016
<b>Income</b>			
Dividend		36,646,595	7,933,643
Interest		299,659,770	66,669,457
Profit on sale/redemption of investments		107,860,708	3,903,666
Unrealised gain on appreciation in investments		531,083,784	13,839,576
<b>Total Income (A)</b>		<b>975,250,857</b>	<b>92,346,342</b>
<b>Expenses and losses</b>			
Unrealised losses in value of investments		10,853,293	11,005,913
Loss on sale/redemption of investments		22,835,146	1,983,995
Management fees (including service tax)		755,228	154,358
NPS Trust Fees		657,023	85,576
Custodian fees		237,775	109,231
Depository and settlement charges		66,378	-
CRA fees		23,918,054	9,691,093
Less: Amount recoverable by sale of units on account of CRA Charges		(23,918,054)	(9,691,093)
<b>Total Expenditure (B)</b>		<b>35,404,843</b>	<b>13,339,073</b>
<b>Surplus/(Deficit) for the year (A-B)</b>		<b>939,846,014</b>	<b>79,007,269</b>
Less: Amount transferred to Unrealised appreciation account		519,663,795	3,400,359
Less: Amount transferred to General Reserve		420,182,219	75,606,910
<b>Amount carried forward to Balance Sheet</b>		<b>-</b>	<b>-</b>

For T R Chadha & Co LLP (FRN 006711N/N500028)  
 Chartered Accountants

Vikas Kumar  
 Partner  
 Membership No.75363



Place: Mumbai  
 Date: 13-7-17

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)

Fagun Pancholl  
 (Chief Financial Officer)

Nagesh Pai  
 (Company Secretary)

Place: Mumbai  
 Date: April 24, 2017

For and on Behalf of NPS Trust

Shalish V. Haribhakti  
 (Chairman, NPS Trust Board)



Place:  
 Date: 13 JUL 2017

Kamal Chaudhry  
 (Chief Executive Officer)

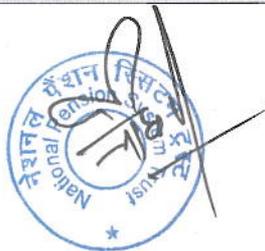
HDFC PENSION MANAGEMENT COMPANY LIMITED

NATIONAL PENSION SYSTEM TRUST

NOTES ANNEXED TO AND FORMING PART OF THE COMBINED BALANCE SHEET OF ALL PENSION SCHEMES AS AT MARCH 31, 2017

(In ₹)

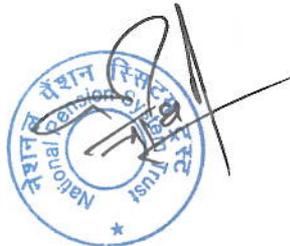
Particulars	March 31, 2017	March 31, 2016
<b>Schedule 1 - Unit Capital</b>		
Outstanding at the beginning of the year	2,751,624,264	398,049,412
Add: Units issued during the year	4,771,033,913	2,397,072,690
Less: Units redeemed during the year	(206,055,844)	(43,497,838)
<b>Outstanding at the end of the year (₹)</b>	<b>7,316,602,333</b>	<b>2,751,624,264</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>		
Outstanding units at the beginning of the year	275,162,426	39,804,941
Add: Units issued during the year	477,103,391	239,707,269
Less: Units redeemed during the year	(20,605,584)	(4,349,784)
<b>Outstanding Units at the end of the year</b>	<b>731,660,233</b>	<b>275,162,426</b>
<b>Schedule 2 - Reserves and Surplus</b>		
<b>Reserves and Surplus</b>		
<b>Unit Premium Reserve</b>		
Opening Balance	894,168,185	95,256,967
Add: Premium on Units issued	2,468,396,882	812,552,135
Less: Premium on Units redeemed	105,615,179	13,640,917
Add: Transfer from General Reserve	-	-
<b>Closing Balance</b>	<b>3,256,949,888</b>	<b>894,168,185</b>
<b>General Reserve</b>		
Opening Balance	91,092,390	15,485,480
Add: Transfer from Revenue Account	420,182,219	75,606,910
Less: Transfer to Unit Premium Reserve	-	-
<b>Closing Balance</b>	<b>511,274,609</b>	<b>91,092,390</b>
<b>Unrealised Appreciation Account</b>		
Opening Balance	25,385,258	21,984,899
Add/(Less): Transfer from/(to) Revenue Account	519,663,795	3,400,359
<b>Closing Balance</b>	<b>545,049,053</b>	<b>25,385,258</b>
<b>Total</b>	<b>4,313,273,550</b>	<b>1,010,645,833</b>
<b>Schedule 3 - Current Liabilities and Provisions</b>		
<b>Current Liabilities</b>		
Sundry Creditors for expenses	789,654	214,047
Redemption Payable	8,146,970	652,299
TDS Payable	11,741	12,127
Contract for Purchase of Investments	164,969,001	69,710,437
Interest received in Advance	252,678	252,678
<b>Total</b>	<b>174,170,044</b>	<b>70,841,588</b>



**HDFC PENSION MANAGEMENT COMPANY LIMITED**  
**NATIONAL PENSION SYSTEM TRUST**  
**NOTES ANNEXED TO AND FORMING PART OF THE COMBINED BALANCE SHEET OF ALL PENSION SCHEMES AS AT MARCH 31, 2017**

(In ₹)

Particulars	March 31, 2017	March 31, 2016
<b>Schedule 4 - Investments</b>		
<b>Investments (Long Term and Short Term)</b>		
Equity Shares	4,630,939,366	1,457,147,211
Debentures and Bonds Listed/Awaiting Listing	2,816,510,930	999,714,412
Central and State Government Securities (including treasury bills)	3,653,628,325	1,172,748,729
Others - Mutual Fund Units	460,033,019	73,399,199
<b>Total</b>	<b>11,561,111,640</b>	<b>3,703,009,551</b>
<b>Schedule 5 - Deposits</b>		
Deposits with Scheduled Banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Schedule 6 - Other Current Assets</b>		
Balances with bank in current account	105,316	2,942
Contracts for sale of investments	4,611,810	-
Outstanding and accrued income	173,055,105	59,912,756
Brokerage receivable from PFM	15,631	-
Application money pending allotment	162,000	476,000
Sundry Debtors	64,984,425	69,710,436
<b>Total</b>	<b>242,934,287</b>	<b>130,102,134</b>



HDFC PENSION MANAGEMENT COMPANY LIMITED  
 NATIONAL PENSION SYSTEM TRUST  
 COMBINED BALANCE SHEET OF ALL PENSION SCHEMES AS AT MARCH 31, 2017

Particulars	SCHEME E TIER I		SCHEME E TIER II		SCHEME C TIER I		SCHEME C TIER II		SCHEME G TIER I		SCHEME G TIER II		SCHEME A TIER I		SCHEME A TIER II	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>Liabilities</b>																
Unit Capital	2,657,539,445	1,034,914,608	80,351,131	26,065,973	1,909,855,550	757,163,392	62,979,574	75,161,091	2,540,034,600	863,378,852	17,434,438	13,325,120	3,335,120	143,533	143,533	143,533
Reserves and Surplus	2,099,174,748	433,069,684	4,166,931	6,000,577	974,478,642	260,172,642	28,124,816	30,343,253	3,161,351,748	304,351,748	61,525,886	46,437	46,437	2,910	2,910	2,910
Current Liabilities and Provisions	113,742,016	40,766,324	3,747,618	931,648	24,188,616	8,515,346	135,253	30,343	2,044,306	20,797,840	107,771	2,555	2,555	4,170	4,170	4,170
<b>Total</b>	<b>4,789,686,199</b>	<b>1,518,690,616</b>	<b>84,245,679</b>	<b>32,998,198</b>	<b>2,908,522,812</b>	<b>1,025,851,380</b>	<b>93,229,646</b>	<b>105,847,697</b>	<b>5,705,429,654</b>	<b>1,214,934,440</b>	<b>23,667,210</b>	<b>2,994,022</b>	<b>2,994,022</b>	<b>150,613</b>	<b>150,613</b>	<b>150,613</b>
<b>Assets</b>																
Deposits	4,711,089,458	1,428,079,467	123,012,908	32,138,444	2,837,310,870	975,488,875	86,561,061	30,832,716	3,705,684,086	1,163,447,134	23,026,035	2,390,817	2,390,817	165,181	165,181	165,181
Other Current Assets	69,376,751	40,360,779	1,984,170	993,750	101,647,280	37,430,940	3,177,130	1,197,294	64,555,654	49,507,746	580,175	3,163	3,163	6,497	6,497	6,497
<b>Total</b>	<b>4,780,466,209</b>	<b>1,518,440,246</b>	<b>124,997,078</b>	<b>33,132,194</b>	<b>2,938,958,150</b>	<b>1,012,919,815</b>	<b>89,738,191</b>	<b>32,030,010</b>	<b>3,770,239,740</b>	<b>1,214,934,440</b>	<b>23,607,210</b>	<b>2,994,022</b>	<b>2,994,022</b>	<b>161,678</b>	<b>161,678</b>	<b>161,678</b>
(A) Net assets as per Balance Sheet	4,666,713,693	1,477,983,972	121,718,762	32,886,545	2,884,769,534	1,012,513,466	89,562,898	31,976,690	3,768,591,474	1,214,156,000	23,550,124	2,991,467	2,991,467	146,443	146,443	146,443
(B) Number of units outstanding	265,753,945	103,891,441	4,025,183	2,608,537	190,994,553	75,216,330	6,207,957	2,574,109	254,007,490	89,577,485	6,334,240	1,742,444	1,742,444	14,353	14,353	14,353

NATIONAL PENSION SYSTEM TRUST  
 COMBINED REVENUE ACCOUNT OF ALL PENSION SCHEMES FOR THE YEAR ENDED MARCH 31, 2017

Particulars	SCHEME E TIER I		SCHEME E TIER II		SCHEME C TIER I		SCHEME C TIER II		SCHEME G TIER I		SCHEME G TIER II		SCHEME A TIER I		SCHEME A TIER II	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>Income</b>																
Dividend	35,746,148	7,717,659	220,984	220,984	-	-	-	-	-	-	-	-	-	-	-	-
Profit on sale/redemption of investments	59,571,685	2,123,102	1,235,664	5,120	138,401,625	31,654,196	4,474,874	1,584,072	154,917,298	32,638,517	792,014	16,861	98,107	16,861	98,107	16,861
Unrealised gain on appreciation in investments	480,830,318	-	12,434,794	-	36,587,261	4,474,179	1,145,612	52,672	-	3,173,325	89,181	138,451	15,487	138,451	15,487	138,451
Other Income	593,47,983	9,289,795	14,520,865	273,128	379,620,659	89,884,639	5,792,744	1,726,976	199,969,559	43,677,818	947,216	15,487	15,487	15,487	15,487	15,487
<b>Expenditure &amp; Losses</b>																
Loss on sale/redemption of investments	21,779,381	1,968,080	696,240	7,258	-	-	-	-	10,853,293	559,625	8,157	-	-	-	-	-
Loss on inter-scheme transfer/sale of investments	296,451	58,343	7,574	1,759	194,520	43,194	6,447	2,236	240,083	17,474	6,103	38	38	38	38	38
Management fees (including service tax)	257,800	32,638	6,588	1,889	169,229	24,013	1,066	3,506	25,115	1,447	632	24	24	24	24	24
Trustee Fees	95,811	47,493	2,492	1,086	8,696	29,979	632	2,199	42,811	850	850	103	103	103	103	103
Administrative and settlement charges	8,981,477	4,129,214	46,723	15,540	6,145,519	2,234,609	27,189	10,380	2,699,709	2,790,077	32,069	5,256	5,256	5,256	5,256	5,256
Less: Amount recoverable by sale of units on account of CBA Charges	(9,961,477)	(4,129,214)	(46,723)	(15,540)	(6,145,519)	(2,234,609)	(27,189)	(10,380)	(2,699,709)	(2,790,077)	(32,069)	(5,256)	(5,256)	(5,256)	(5,256)	(5,256)
<b>Other Expenses</b>																
Surplus/(Deficit) for the year (A-B)	22,42,039	12,22,073	513,289	298,216	433,330	97,106	14,788	4,722	31,957,270	107,209	10,747	52	52	52	52	52
Less: Amount transferred to Unrealised appreciation account	553,205,228	12,865,964	14,057,864	14,057,864	175,387,219	36,787,333	5,715,958	1,772,254	186,943,889	45,520,699	4,039,821	956,579	15,385	15,385	15,385	15,385
Less: Amount transferred to General Reserve	480,830,318	(10,221,369)	31,669,098	(17,840)	36,587,261	4,474,179	1,145,612	52,672	(10,853,293)	3,173,325	89,181	138,451	15,487	138,451	15,487	138,451
<b>Total</b>	<b>72,875,310</b>	<b>7,775,001</b>	<b>2,189,538</b>	<b>(955,240)</b>	<b>1,38,799,958</b>	<b>47,431,135</b>	<b>4,370,346</b>	<b>1,669,387</b>	<b>197,796,282</b>	<b>33,921,084</b>	<b>378,178</b>	<b>(52)</b>	<b>(52)</b>	<b>1,117</b>	<b>1,117</b>	<b>1,117</b>

Amount certified forward to Balance Sheet





**Schedule 7****A. Notes to Financial Statements****1. Compliance of Investment Guidelines.**

The Pension Funds have invested the contributions received from subscribers in the NPS Schemes in compliance of the Authority's investment guidelines.

**2. Details of Non-Performing Assets in Schemes as on 31<sup>st</sup> March 2017.****(Amount in ₹)**

SI	Scheme Name	Name of Security	Date of Purchase	Total Face Value	NPA Since
NIL					

**3. Residual Units**

The term "residual units" means units lying with the Central Recordkeeping Agency which have not been allotted to any subscriber due to the differences that arise due to rounding off units to four decimal places while allocating units to the individual subscriber accounts. The balance of residual units and their value as on 31<sup>st</sup> March 2017 in respect of all the 8 Schemes managed by the HDFC Pension Management Co.Ltd was 147 units valued ₹ 2,323/-.

**4. Details of balances lying with Trustee Bank as on 31<sup>st</sup> March 2017.****(Amount in ₹)**

SI	Scheme	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
1.	Scheme NPS Lite	-	-
2.	Scheme E Tier I	78,014,213	29,954,940
3.	Scheme E Tier I'	817,216	257,484
4.	Scheme C Tier I	49,615,587	20,340,056
5.	Scheme C Tier II	432,964	168,754
6.	Scheme G Tier I	77,442,772	36,686,426
7.	Scheme G Tier II	3,021,684	272,185
8.	Scheme A Tier I	111,935	-
9.	Scheme A Tier II	5,438	-
<b>Total</b>		<b>209,461,808</b>	<b>87,679,845</b>



5. Scheme wise redemptions due to collection of charges by Central Recordkeeping Agency from non-government subscribers.

(Amount in ₹)

Sl	Scheme	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
1	Scheme NPS Lite	-	-
2	Scheme E Tier I	9,961,477	4,129,274
3	Scheme E Tier II	46,723	15,540
4	Scheme C Tier I	6,145,519	2,734,609
5	Scheme C Tier II	27,199	10,380
6	Scheme G Tier I	7,699,709	2,790,077
7	Scheme G Tier II	32,069	11,213
8	Scheme A Tier I	5,256	-
9	Scheme A Tier II	103	-
<b>Total</b>		<b>23,918,055</b>	<b>9,691,093</b>

6. NAV as per Audited Scheme Financial Statements and NAV declared by Pension Funds to Central Record Keeping Agency (CRA) as on 31<sup>st</sup> March 2017.

On comparison of the NAV of Schemes declared by the Pension Funds to CRA on 31st March 2017 with the NAV derived from the audited Scheme Financials, the following differences were observed which is within the limit of 1% as prescribed under clause 2(i) I(iii) of Valuation Policies of Schedule (A) of the PFRDA (Preparation of Financial Statements and Auditor's Report of schemes under National Pension System) Guidelines - 2012:

(Amount in ₹)

PF Name	Scheme Name	Audited Scheme Financials	Declared by CRA	Difference
<b>HDFC PENSION MANAGEMENT COMPANY LIMITED</b>	Scheme NPS Lite	-	-	-
	Scheme E Tier I	17.5602	17.5602	-
	Scheme E Tier II	15.1671	15.1671	-
	Scheme C Tier I	15.1039	15.1039	-
	Scheme C Tier II	14.2209	14.2209	-
	Scheme G Tier I	14.8365	14.8365	-
	Scheme G Tier II	15.1528	15.1528	-
	Scheme A Tier I	10.2853	10.2853	-
	Scheme A Tier II	10.2027	10.2027	-



Particulars	SCHEME E TIER I		SCHEME E TIER II		SCHEME C TIER I		SCHEME C TIER II		SCHEME G TIER I		SCHEME G TIER II		SCHEME A TIER I*		SCHEME A TIER II*	
	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	
<b>LIABILITIES</b>																
1 Unit Capital	2,657,539,445	1,034,914,608	80,251,831	26,085,973	1,909,845,530	752,183,302	62,978,573	25,281,091	2,540,074,900	885,774,852	63,342,401	17,424,438	2,325,120	-	143,533	-
2 Reserves & Surplus																
2.1 Unit Premium Reserve	1,443,574,396	431,174,730	27,665,667	6,256,944	753,632,602	214,545,981	18,898,030	4,840,262	985,562,329	232,370,792	27,473,178	4,979,476	50,962	-	1,733	-
2.2 Unrealised Appreciation Reserve	482,244,824	1,414,506	11,968,098	-	44,169,054	7,581,793	1,224,361	78,749	5,213,789	16,067,082	312,309	243,128	15,437	-	1,181	-
2.3 Other - General Reserve	83,355,038	10,479,828	1,933,166	(256,372)	177,022,348	38,222,390	6,369,934	1,799,588	237,740,456	39,943,874	4,853,723	903,082	(52)	(4)	-	-
3 Current Liabilities & Provisions																
3.1 Provision for doubtful Income/Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.2 Other Current Liabilities & Provisions	113,752,016	40,476,324	3,278,316	955,649	54,788,615	516,349	135,293	38,340	2,046,306	28,797,840	160,772	57,086	2,555	-	4,170	-
<b>Total</b>	<b>4,780,465,709</b>	<b>1,518,459,996</b>	<b>124,997,078</b>	<b>33,042,194</b>	<b>2,939,558,150</b>	<b>1,013,029,615</b>	<b>89,698,191</b>	<b>32,018,030</b>	<b>3,770,639,780</b>	<b>1,212,954,440</b>	<b>96,142,384</b>	<b>23,607,210</b>	<b>2,394,022</b>	<b>-</b>	<b>150,613</b>	<b>-</b>
<b>ASSETS</b>																
1 Investments																
1.1 Equity	4,513,682,458	1,425,650,267	117,256,808	31,596,944	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Debenture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Bonds	-	-	-	-	2,733,428,669	989,726,876	83,092,061	29,987,536	-	-	-	-	-	-	-	-
1.4 Government Securities / State Development Loans	-	-	-	-	-	-	-	-	3,561,876,066	1,150,015,694	81,752,239	22,733,035	-	-	-	-
1.5 Money Market Securities	197,407,000	52,529,000	5,756,000	541,500	104,482,001	5,771,999	3,479,000	833,200	143,808,000	13,431,500	2,565,000	292,000	2,390,837	145,191	-	-
1.5 Others - Mutual Fund	4,711,989,468	1,478,079,267	123,012,908	32,138,444	2,837,910,870	975,488,875	86,561,061	30,820,736	3,705,684,686	1,163,447,194	94,317,239	23,025,035	2,390,837	145,191	-	-
2 Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Other Current Assets																
3.1 Cash & Bank Balance	25,728	520	9,619	688	25,133	270	5,797	301	25,355	475	5,067	688	3,185	-	5,432	-
3.2 Others	69,350,523	40,380,209	1,974,551	903,062	101,622,147	37,530,670	3,131,333	1,196,993	64,930,339	48,506,771	1,820,078	581,487	-	-	-	-
<b>Total</b>	<b>4,780,465,709</b>	<b>1,518,459,996</b>	<b>124,997,078</b>	<b>33,042,194</b>	<b>2,939,558,150</b>	<b>1,013,029,615</b>	<b>89,698,191</b>	<b>32,018,030</b>	<b>3,770,639,780</b>	<b>1,212,954,440</b>	<b>96,142,384</b>	<b>23,607,210</b>	<b>2,394,022</b>	<b>-</b>	<b>150,613</b>	<b>-</b>

\* Funds Launched on 10th October 2016, hence previous year numbers are not available.

The notes referred to above form an integral part of our Report dated in respect of complete Financial Statements

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

For and on Behalf of NPS Trust

Vinay Kumar  
 For T R Chudha & Co LLP  
 Chartered Accountants  
 Firm Registration No. 006711/N/500028

Amitabh Chaudhry  
 (Director)  
 Sumit Shukla  
 (Chief Executive Officer)

Vishwanath  
 Vibha Pedalkar  
 (Director)  
 Rajan Pancholi  
 (Chief Financial Officer)

Shailesh V. Haribhadi  
 (Chairman, NPS Trust Board)

Kamini Chaudhry  
 (Chief Executive Officer)



Vikas Kumar  
 (Partner)  
 Membership No. 75383  
 Place : Mumbai  
 Date : April 24, 2017

Place : Mumbai  
 Date : 13 JUL 2017

**HDFC PENSION MANAGEMENT COMPANY LIMITED**

Abridged Revenue Account for the year ended March 31 2017

Amount in ₹

Particulars	SCHEME E TIER I		SCHEME E TIER II		SCHEME C TIER I		SCHEME C TIER II		SCHEME G TIER I		SCHEME G TIER II		SCHEME A TIER I		SCHEME A TIER II	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
<b>1 INCOME</b>																
1.1 Dividend	35,746,148	7,712,659	900,447	220,984	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Interest	-	944	-	24	136,401,605	31,854,196	4,474,824	1,584,022	154,917,298	32,638,257	3,866,043	792,014	-	-	-	-
1.3 Realised Gain on Interscheme transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.4 Realised Gain on Sale/ Redemption of Investments	59,571,085	2,123,102	1,235,664	52,120	2,831,683	755,065	110,308	90,282	44,013,261	866,236	98,707	16,661	-	-	-	-
1.5 Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Income (A)</b>	<b>95,317,233</b>	<b>9,836,706</b>	<b>2,136,111</b>	<b>273,128</b>	<b>139,233,288</b>	<b>32,409,261</b>	<b>4,584,132</b>	<b>1,674,304</b>	<b>199,930,569</b>	<b>33,504,493</b>	<b>3,964,750</b>	<b>808,275</b>	-	-	-	-
<b>2 EXPENSES &amp; LOSSES</b>																
2.1 Realised Losses on Interscheme transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Realised Losses on Sale/ Redemption of Investments	21,779,281	1,968,090	496,240	7,758	-	-	-	-	559,625	-	-	8,157	-	-	-	-
2.3 Investment Management fees (Inclusive of Service Tax)	296,451	58,343	7,574	1,758	194,520	43,194	6,467	2,236	244,083	47,571	6,103	1,155	28	2	-	-
2.4 Custodian fees	95,351	42,643	2,475	1,266	60,896	29,899	2,061	1,440	75,115	33,180	1,847	803	-	-	-	-
2.5 Bank Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.6 Other operating expenses	270,900	32,638	6,900	839	177,924	24,013	6,259	1,046	255,154	26,358	6,159	532	24	2	-	-
<b>Total Expenditure (B)</b>	<b>22,442,023</b>	<b>2,101,704</b>	<b>513,269</b>	<b>11,672</b>	<b>433,330</b>	<b>97,106</b>	<b>14,786</b>	<b>4,722</b>	<b>1,133,977</b>	<b>107,209</b>	<b>14,109</b>	<b>10,747</b>	<b>52</b>	<b>4.00</b>	<b>4.00</b>	<b>-</b>
<b>3 NET REALISED GAINS / (LOSSES) FOR THE PERIOD (A - B = C)</b>	<b>72,875,210</b>	<b>7,735,001</b>	<b>1,622,842</b>	<b>261,456</b>	<b>138,799,958</b>	<b>32,312,155</b>	<b>4,570,346</b>	<b>1,669,582</b>	<b>197,796,592</b>	<b>33,397,284</b>	<b>3,950,641</b>	<b>798,128</b>	<b>(62)</b>	<b>(4.00)</b>	<b>(4.00)</b>	<b>-</b>
4 Net Change in Unrealised Appreciation / (Depreciation) in value of Investments (D)	480,830,318	(10,221,369)	12,434,794	(784,544)	36,587,261	4,475,178	1,145,512	52,672	(10,852,293)	9,173,325	69,181	138,401	15,437	-	1,181	-
<b>5 NET SURPLUS / (DEFICIT) FOR THE PERIOD (E = C + D)</b>	<b>583,705,528</b>	<b>(2,486,368)</b>	<b>14,957,636</b>	<b>(523,088)</b>	<b>175,387,219</b>	<b>36,787,333</b>	<b>5,715,858</b>	<b>1,722,254</b>	<b>186,944,299</b>	<b>42,570,609</b>	<b>4,019,822</b>	<b>936,529</b>	<b>15,385</b>	<b>-</b>	<b>1,177</b>	<b>-</b>

Notes :- Other operating expenses include Trustee Fee, Depository and Settlement Charges.

Notes to Accounts - ANNEXURE I

Refer to our Report dated in respect of complete Financial Statements

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

For and on Behalf of NPS Trust

For T R Chadha & Co LLP  
Chartered Accountants  
Firm Registration No. 008711N/NS00028

Amritabh Chaudhry  
(Director)

Vibha Padalkar  
(Director)

Shailesh V. Haribhakti  
(Chairman, NPS Trust Board)

Kamal Chaudhry  
(Chief Executive Officer)

Vikas Kumar  
(Partner)

Sumit Shukla  
(Chief Executive Officer)

Sumit Pancholi  
(Chief Financial Officer)

Nagesh Pai  
(Company Secretary)



Place : Mumbai  
Date : 13-7-17

Place : Mumbai  
Date : April 12, 2016

Place :  
Date : 13 JUL 2016

HDFC PENSION MANAGEMENT COMPANY LIMITED

Notes to Accounts – Annexure I to the Abridged Balance Sheet and Revenue Account for the year ended March 31 2017

1 Investments

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

1.2 Open Positions of derivatives: As of March 31 2017 and March 31 2016 is NIL

1.3 Investments made by schemes in Associates/Group Companies:

Amount in ₹

Scheme	Name of Associate/Group Company	Nature of Investment	As at March 31 2017	As at March 31 2016
			Market Value	Market Value
SCHEME E TIER I	HDFC Ltd	Equity Shares	29,206,832	22,835,062
SCHEME E TIER II	HDFC Ltd	Equity Shares	1,066,491	784,976

Investment with other Group Companies

Amount in ₹

Scheme	Name of Associate/Group Company	Nature of Investment	As at March 31 2017	As at March 31 2016
			Market Value	Market Value
SCHEME E TIER I	HDFC Bank Ltd	Equity Shares	191,761,252	44,705,516
SCHEME E TIER II	HDFC Bank Ltd	Equity Shares	4,670,977	935,114

Aggregate Market Value of Investment in Associates/Group Companies by all Schemes.

Amount in ₹

Name of Associate/Group Company	Nature of Investment	As at March 31 2017	As at March 31 2016
		Aggregate Market Value of Investment by all Schemes	Aggregate Market Value of Investment by all Schemes
HDFC Limited	Equity Shares	30,273,323	23,620,038
HDFC Bank Ltd	Equity Shares	196,452,229	45,640,630

1.4 Open position of Securities Borrowed and / or Lend by the Scheme : As of March 31 2017 and March 31 2016 is NIL

1.5 Details of NPA as of March 31 2017 and March 31 2016: Aggregate market value and provision there of

Aggregate market value : – NIL  
Provision thereof – NIL

1.6 Aggregate Unrealised Gain / (Loss) as at the end of the year and percentage to net assets:

Scheme	As at March 31 2017		As at March 31 2016	
	Unrealised Gain / (Loss)	% of Net Assets	Unrealised Gain / (Loss)	% of Net Assets
SCHEME E TIER I	482,244,824	10.33%	1,414,506	0.10%
SCHEME E TIER II	11,868,098	9.75%	566,697	1.77%
SCHEME C TIER I	44,169,054	1.53%	7,561,793	0.75%
SCHEME C TIER II	1,224,361	1.37%	78,749	0.25%
SCHEME G TIER I	5,213,789	0.14%	16,067,082	1.36%
SCHEME G TIER II	312,309	0.33%	243,128	1.03%
SCHEME A TIER I	15,437	0.65%	NA	NA
SCHEME A TIER II	1,181	0.81%	NA	NA

1.7 Aggregate Value of Purchase and Sale with Percentage to average assets.:

Aggregate value of purchase with percentage to average assets at March 31 2017 is as follows :

Amount in ₹

Scheme	For the year ended March 31 2017				
	Average Asset Under Management	Aggregate Value of Purchase	% to Average Net Assets	Aggregate Value of Sale	% to Average Net Assets
SCHEME E TIER I	2,579,013,475	27,912,726,734	1082.30%	25,196,508,695	976.98%
SCHEME E TIER II	65,882,909	713,827,377	1083.48%	636,094,719	965.49%
SCHEME C TIER I	1,692,285,445	9,866,059,197	583.00%	7,988,311,019	472.04%
SCHEME C TIER II	56,258,447	431,715,995	767.38%	375,760,251	667.92%
SCHEME G TIER I	2,123,428,725	12,122,123,991	570.88%	9,571,891,712	450.78%
SCHEME G TIER II	53,089,410	282,028,540	531.23%	209,814,121	395.21%
SCHEME A TIER I	513,456	2,375,400	462.63%	NA	NA
SCHEME A TIER II	40,710	143,999	353.72%	NA	NA

Aggregate value of purchase with percentage to average assets at March 31 2016 is as follows :

Amount in ₹

Scheme	For the year ended March 31 2016				
	Average Asset Under Management	Aggregate Value of Purchase	% to Average Net Assets	Aggregate Value of Sale	% to Average Net Assets
SCHEME E TIER I	510,954,865	4,148,715,828	811.95%	2,867,708,380	561.25%
SCHEME E TIER II	15,409,095	64,258,296	417.02%	36,735,644	238.40%
SCHEME C TIER I	378,292,586	3,170,924,246	838.22%	2,315,151,367	612.00%
SCHEME C TIER II	19,600,236	156,945,252	800.73%	132,461,982	675.82%
SCHEME G TIER I	417,530,011	2,274,955,763	544.86%	1,274,412,399	305.23%
SCHEME G TIER II	10,118,015	57,524,289	568.53%	37,196,026	367.62%
SCHEME A TIER I	NA	NA	NA	NA	NA
SCHEME A TIER II	NA	NA	NA	NA	NA



HDFC PENSION MANAGEMENT COMPANY LIMITED

Notes to Accounts – Annexure I to the Abridged Balance Sheet and Revenue Account for the year ended March 31 2017

Aggregate value of purchase and sale (excluding liquid mutual fund)\* with percentage to average assets as at March 31 2017 is as follows :

Scheme	For the year ended March 31 2017				
	Average Asset Under Management	Aggregate Value of Purchase	% to Average Net Assets	Aggregate Value of Sale	% to Average Net Assets
SCHEME E TIER I	2,579,013,475	3,310,106,733	128.35%	731,761,843	28.37%
SCHEME E TIER II	65,882,909	89,412,176	135.71%	16,716,791	25.37%
SCHEME C TIER I	1,692,285,445	1,804,995,840	106.66%	23,753,461	1.40%
SCHEME C TIER II	56,258,447	53,420,266	94.98%	-	0.00%
SCHEME G TIER I	2,123,428,725	3,618,890,488	170.43%	1,196,664,588	56.36%
SCHEME G TIER II	53,089,410	71,335,539	134.37%	1,336,797	2.52%
SCHEME A TIER I	513,456	-	-	-	-
SCHEME A TIER II	40,710	-	-	-	-

Aggregate value of purchase and sale (excluding liquid mutual fund)\* with percentage to average assets as at March 31,2016 is as follows :

Scheme	For the year ended March 31, 2016				
	Average Asset Under Management	Aggregate Value of Purchase	% to Average Net Assets	Aggregate Value of Sale	% to Average Net Assets
SCHEME E TIER I	510,954,665	1,285,855,780	252.00%	40,933,112	8.00%
SCHEME E TIER II	15,408,095	27,364,096	178.00%	121,100	1.00%
SCHEME C TIER I	378,292,586	854,896,474	226.00%	-	-
SCHEME C TIER II	19,600,236	25,459,359	130.00%	-	-
SCHEME G TIER I	417,530,011	1,013,691,362	243.00%	26,156,835	6.00%
SCHEME G TIER II	10,118,015	21,256,590	210.00%	1,158,431	11.00%
SCHEME A TIER I	NA	NA	NA	NA	NA
SCHEME A TIER II	NA	NA	NA	NA	NA

1.8 Non-Traded securities in the portfolio: Aggregate Value of Equity, Debt & Money Market Instruments and percentage to net assets –

Scheme	Particulars	As at March 31 2017		As at March 31 2016	
		Amount in ₹	% to Average Net Assets	Amount in ₹	% to Average Net Assets
SCHEME C TIER I	Aggregate value of non traded Debt	1,194,496,093	70.58%	269,917,563	71.35%
SCHEME C TIER II	Aggregate value of non traded Debt	40,779,007	72.49%	13,464,353	68.69%

1.9 Details of Transaction with Associates/Group companies

Name of Associate/ group companies	Nature of Association/ Nature	Scheme	Nature of Payment	Amount in ₹	
				For the year ended March 31 2017	For the year ended March 31 2016
HDFC PENSION MANAGEMENT COMPANY LIMITED	Group Company	SCHEME E TIER I	Investment management fees	296,451	58,343
	Group Company	SCHEME E TIER II	Investment management fees	7,574	1,759
	Group Company	SCHEME C TIER I	Investment management fees	194,520	43,194
	Group Company	SCHEME C TIER II	Investment management fees	6,467	2,236
	Group Company	SCHEME G TIER I	Investment management fees	244,083	47,671
	Group Company	SCHEME G TIER II	Investment management fees	6,103	1,155
	Group Company	SCHEME A TIER I	Investment management fees	28	NA
	Group Company	SCHEME A TIER II	Investment management fees	2	NA

2 Unit Capital movement during the year ended.

Scheme	Opening	Subscription during the year	Redemption during the year	Closing	Face Value of Units at the close of the year
	Units	Units	Units	Units	Amount in ₹
SCHEME E TIER I	103,491,461	170,128,282	7,865,798	265,753,944	2,657,539,445
SCHEME E TIER II	2,608,597	6,263,315	846,729	8,025,183	80,251,831
SCHEME C TIER I	75,216,330	120,958,078	5,179,855	190,994,553	1,909,945,530
SCHEME C TIER II	2,526,109	4,620,726	848,878	6,297,957	62,979,573
SCHEME G TIER I	89,577,485	169,755,475	5,325,470	254,007,490	2,540,074,900
SCHEME G TIER II	1,742,444	5,128,138	536,341	6,334,240	63,342,401
SCHEME A TIER I	-	234,439	1,927	232,512	2,325,120
SCHEME A TIER II	-	14,940	587	14,353	143,533

3 Contingent Liability:

FY 2016-17 NIL  
FY 2015-16 NIL



NPS TRUST A/C HDFC PENSION MANAGEMENT COMPANY LIMITED  
5. KEY STATISTICS FOR THE YEAR ENDED MARCH 31 2017

Sr No	Particulars	SCHEME E TIER I		SCHEME E TIER II		SCHEME C TIER I		SCHEME C TIER B		SCHEME G TIER I		SCHEME G TIER II		SCHEME A TIER I		SCHEME A TIER II		
		31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2016
1	NAV per unit (₹)																	
	Open	14,2812	15,4345	12,3003	13,2506	13,4813	12,3269	12,6596	11,6208	13,2183	12,3905	13,5155	12,6520	10,0000	10,0000	10,0000	N.A.	N.A.
	High	17,5802	16,0622	15,1671	13,7615	15,1931	14,4613	14,2940	12,6596	15,6015	13,2183	15,9730	13,5155	10,2853	10,2027	10,2027	N.A.	N.A.
	Low	13,9545	12,7527	10,9922	10,9922	13,5316	12,3377	12,7169	11,6242	13,2556	12,1525	13,6516	12,4358	10,0000	10,0000	10,0000	N.A.	N.A.
	End	17,5802	14,2812	15,1671	12,3003	15,1039	13,4613	14,2209	12,6596	14,8365	13,2183	15,1528	13,5155	10,2853	10,2027	10,2027	N.A.	N.A.
2	Closing Assets Under Management (₹ in Lakhs)	46657.14	14779.84	1217.19	320.87	2847.70	10125.13	895.63	319.80	37685.91	11841.57	959.82	235.50	23.91	1.46	1.46	N.A.	N.A.
	Average daily net assets (AAUM) II	25790.13	5109.55	658.83	154.09	16922.85	3742.93	562.58	186.00	21234.29	4175.30	530.89	101.18	5.13	0.41	0.41	N.A.	N.A.
3	Gross income as % of AAUM III	22.34%	1.93%	22.12%	1.77%	10.39%	9.75%	10.19%	8.81%	9.37%	10.22%	7.60%	9.36%	3.01%	2.80%	2.80%	N.A.	N.A.
4	Expense ratio	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.02%	0.03%	0.03%	0.03%	0.03%	0.01%	0.01%	0.01%	N.A.	N.A.
a	Total expense as % of AAUM (scheme wise) IV	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	N.A.	N.A.
b	Management fee as % of AAUM (scheme wise) V	21.47%	-0.49%	21.34%	-3.39%	10.36%	8.72%	10.16%	8.79%	8.80%	10.20%	7.57%	9.25%	3.00%	2.89%	2.89%	N.A.	N.A.
5	Net income as % of AAUM VI	26.37%	8.01%	25.37%	0.79%	1.40%	N.A.	94.96%	-	56.36%	6.26%	2.52%	11.45%	-	-	-	N.A.	N.A.
6	Portfolio turnover ratio VII	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
7	Total dividend per unit distributed during the year	22.96%	-7.47%	23.31%	-7.17%	12.20%	9.20%	12.33%	6.94%	12.23%	6.77%	12.11%	6.83%	N.A.	N.A.	N.A.	N.A.	N.A.
8	Return: (%) VIII	20.87%	-8.07%	20.87%	-8.07%	12.31%	8.31%	12.31%	8.31%	11.90%	7.53%	11.80%	7.63%	N.A.	N.A.	N.A.	N.A.	N.A.
a	Last one year	75.60%	42.81%	51.67%	23.00%	51.04%	34.81%	42.21%	26.60%	48.37%	32.19%	51.53%	35.10%	2.85%	2.03%	2.03%	N.A.	N.A.
b	Benchmark X	89.10%	39.90%	69.10%	39.90%	44.21%	28.91%	44.21%	28.91%	47.45%	31.10%	47.45%	31.10%	N.A.	N.A.	N.A.	N.A.	N.A.
c	Compound annualised yield (%) IX	22.96%	-7.47%	23.31%	-7.17%	12.20%	9.20%	12.33%	6.94%	12.23%	6.77%	12.11%	6.83%	N.A.	N.A.	N.A.	N.A.	N.A.
	Last 2 years	8.65%	9.10%	6.99%	6.76%	10.69%	12.16%	10.25%	N.A.	9.47%	13.14%	9.44%	12.96%	N.A.	N.A.	N.A.	N.A.	N.A.
	Last 3 years	N.A.	N.A.	12.01%	8.08%	12.18%	N.A.	10.25%	N.A.	12.83%	12.68%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	Since inception	16.50%	14.30%	12.03%	8.08%	11.91%	11.80%	10.08%	9.25%	11.36%	11.04%	12.01%	11.96%	6.15%	4.35%	4.35%	N.A.	N.A.
	Launch Date	August 01, 2013	August 01, 2013	August 01, 2013	August 01, 2013	August 01, 2013	August 01, 2013	August 01, 2013	August 01, 2013	August 01, 2013	August 01, 2013	August 01, 2013	August 01, 2013	October 10, 2016				

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 = Total Income as per Revenue Account

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 = Surplus / Deficit as per Revenue Account

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 SCHEME E TIER II - The investments into the mandated assets of the fund started in March 2014. From the date of inception of the fund till March 2014 the inflows were invested in liquid schemes of mutual funds. As per prevailing fund objective of Tier II Scheme E, the fund could only invest in equity securities through Nifty 50 Index basket. There was a minimum threshold amount for investment in Nifty 50 basket and till the time investable amount reaches the threshold, it was invested temporarily in liquid and money market schemes of mutual funds. Due to small size of the fund this has affected the fund performance. Hence, Fund performance since inception of the scheme is not comparable with the benchmark.

IX SCHEME C TIER II - The investments into the mandated assets of the fund started in March 2015. From the date of inception of the fund till March 2015 the inflows were invested in liquid schemes of mutual funds. As per fund objective of Tier II Scheme C, the fund only invests in Corporate Bonds. There is a minimum threshold of ₹. 10 Lacs for investment Corporate Bonds and till the time investable amount reaches this threshold, it is invested temporarily in liquid and money market schemes of mutual funds. Due to small size of the fund this has affected the fund performance. Hence, Fund performance since inception of the scheme is not comparable with the benchmark.

X Compounded annualised yield is to be calculated based on following formula:  $(1 + \frac{r}{n})^{nt} - 1$  (where n=365/no. of days)

XI SCHEME E TIER I and II - Post changes in the PERDA in February 2015, the fund has changed the fund management strategy of the equity schemes. Due to this change, the benchmark of the scheme has been changed from Nifty 50 to Nifty 100 effective from October 01, 2015. The benchmark return mentioned above represents the return of existing scheme benchmark, which is Nifty 100.

XII SCHEME A TIER I and II - As per fund objective of Scheme A, the fund is mandated to invest in Commercial/Residential mortgage based securities issued by REITs, Alternative Investment Funds (AIFs) issued by InvITs, debt based securities, etc. for that there is no comparable market benchmarks is available and hence benchmark returns are not disclosed for this fund.

