



# **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

ANNUAL REPORT 2018-19

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HDFC Pension Management Company Limited ('HDFC Pension') presents its Sixth Annual Report along with the audited financial statements of the Schemes for the year ended March 31, 2019.

During the year ending March 31, 2019, 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

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

The Asset under Management as at March 31, 2019 of all the schemes collectively was ₹ 5,16,468.68 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.

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## **b) SPONSOR**

HDFC 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 412 offices as at March 31, 2019. At March 31, 2019 the Sponsor has 19,594 employees and 91,172 advisors and is thus well equipped to cater to the needs of customers.

As at March 31, 2019, the Share capital of the Sponsor stands at ₹ 28 Crores.

## **c) PENSION FUND MANAGEMENT COMPANY**

HDFC Pension Management Company Limited (‘the Company’/‘HDFC Pension’) is a wholly owned subsidiary of HDFC Life Insurance Company Limited (‘HDFC Life’). The Company is a public limited company domiciled in India and incorporated under the provisions of the erstwhile Companies Act, 1956. The Company was incorporated on June 20, 2011 with Registration Number U66020MH2011PLC218824 with the purpose of managing pension fund business under the National Pension System, to which HDFC Life acts as the Sponsor. The Company was granted a Certificate of Registration bearing No. PFRDA/007/2013/PFM to undertake pension management under the National Pension System by the Pension Fund Regulatory and Development Authority (‘PFRDA’) on April 23, 2013.

## **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**

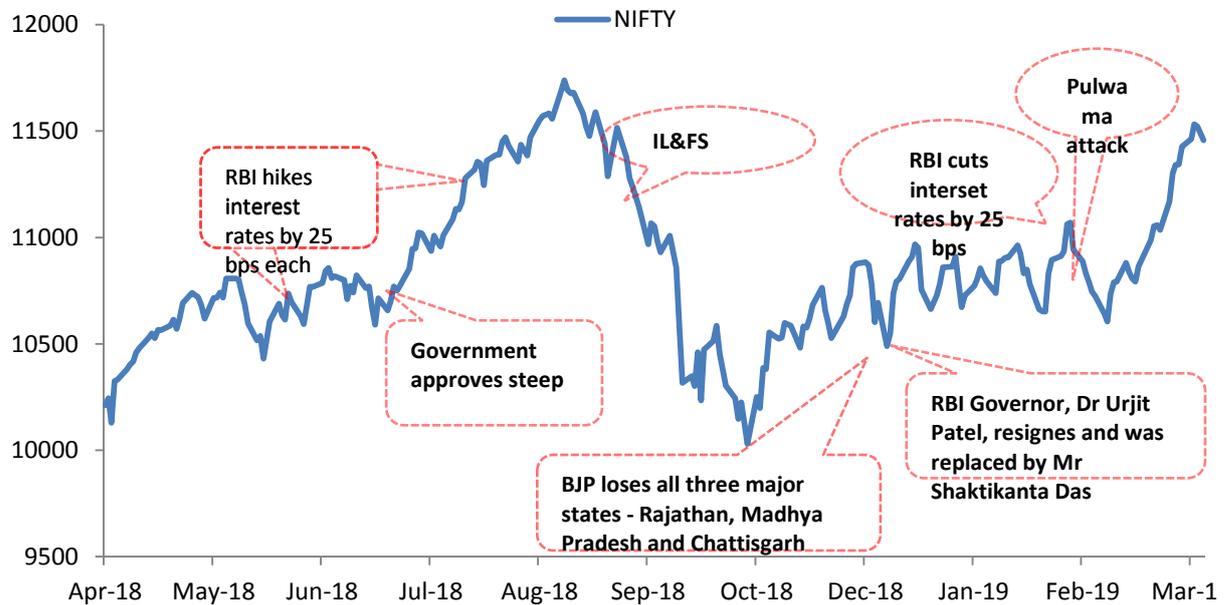
Financial year 2018-19 was another eventful year for Indian debt and equity markets. Domestically, FY19 was the first full year of GST implementation, a year which saw full reversal in RBI's monetary policy – from hiking rates in early part of FY19 to cutting rates later, political developments (with BJP losing three major state elections) and geographical tensions (after Pulwama attack). Globally, the uncertainty aggravated with major global economies staring at slowing growth rates. Global trade tensions increased with US imposing tariffs on Chinese imports with retaliation from China. While US Fed decided to go slow on its rate tightening, sharp movements in the oil prices kept markets on edge.

India's economic growth eased from 7.5% in 1HFY19 to 6.6% in 3QFY19, implying 7.2% growth in the first three quarters of FY19, similar to that in the full-year FY18. Notwithstanding reasonable growth, the headline inflation – measured by consumer price index (CPI) – remained low. The primary driver of lower inflation was the stagnant prices in food basket, which accounts for ~40% of the headline CPI. Further, the first full-year of GST implementation saw GST collections falling far short of the targets. Lower than expected inflation, thus, was offset by higher risks of fiscal slippages, which was reflected in the bond yield movements. Bond yields rose in 1HFY19 also due to the sharp rise in crude oil prices during the period. Trade deficit too worsened during the period rising to USD17-18bn per month before easing again towards USD10-13bn in the past few months.

Globally output growth estimates by the IMF were repeatedly lowered from 3.9% each for 2018 and 2019 at the beginning of 2018 to 3.7% and 3.5% respectively in its January 2019 publication. While the financial markets feared a slowdown in the US economy, it was the other economies except US that have contributed to the slowdown. While the US economy was expected to grow 2.7% in 2018 and 2.5% in 2019, the growth for 2018 has actually been revised upwards to 2.9%, while it is maintained at 2.5% for 2019. In contrast, the growth in Eurozone has been revised sharply down from 2.2% and 2% for 2018 and 2019 respectively to 1.8% and 1.6%. Moreover, the IMF has also revised down its growth projections for emerging markets and developing economies from 4.9% and 5% for 2018 and 2019 respectively to 4.6% and 4.5%.

Global trade tensions also increased during the year as Trump administration filed a WTO case against China for their discriminatory licensing practices and also imposed tariffs on Chinese imports. US also imposed a 25% tariff on most steel imports and 10% tariff on aluminium imports. In retaliation, China imposed tariffs on US imports. However further escalation of the trade war was prevented as the two nations started discussions to renegotiate the terms of trade.

### Equity: A tale of two peaks

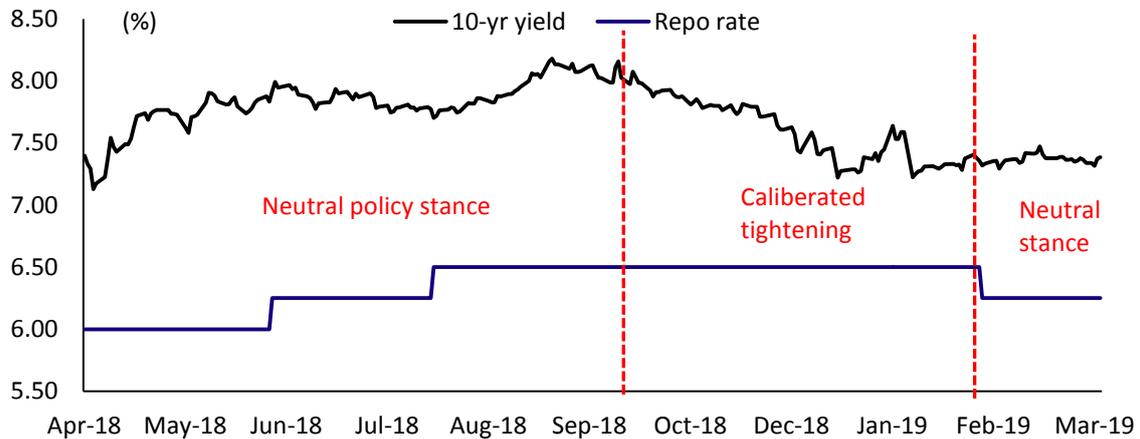


FY19 began on a strong note with India's benchmark equity index NIFTY rising to its all-time peak of 11,738 in August. Things, however, started reversing from then on and the benchmark touched 7-month low of 10,000 by end October primarily on the back of IL&FS default. Beginning November, however, the equity market started to regain its losses with the index remaining broadly range bound till February despite BJP losing three major states elections in mid-December, RBI Governor Dr Urjit Patel resigning, interest rate cut in February and Pulwama attack. Markets gained in the last 2 months on global inflows into risk assets and expectations that incumbent NDA could come back to power in 2019 general elections. While the large cap stocks gave positive returns during the year, the midcap and small cap stocks ended the year in negative as markets became more risk averse and the equity flows moved into large cap stocks.

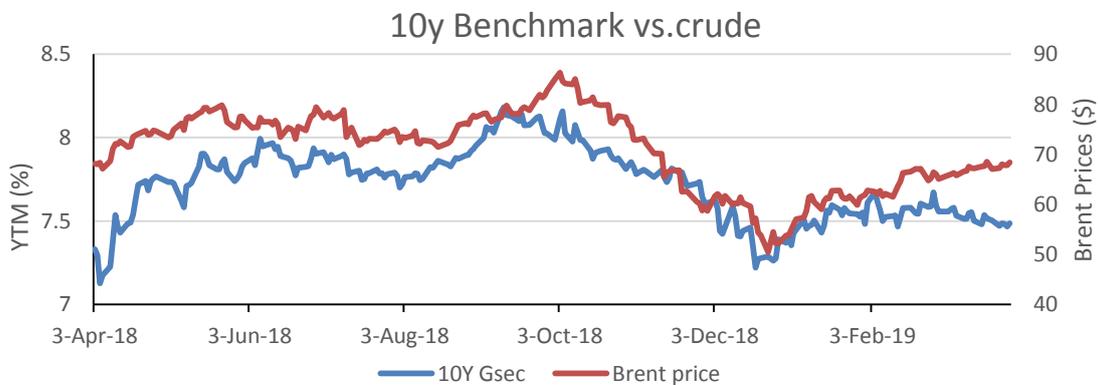
Indices	FY19 returns
S&P BSE Sensex Index	17.3%
Nifty 50 Index	14.9%
NSE 100 Index	12.5%
S&P BSE MidCap Index	-3.0%
S&P BSE SmallCap Index	-11.6%

## Debt: A year of policy reversal

Bond yields rose in the 1H FY19 as crude price moved higher and trade deficit widened. The strong growth also led RBI to raise rates twice in the first half despite maintaining a neutral policy stance.

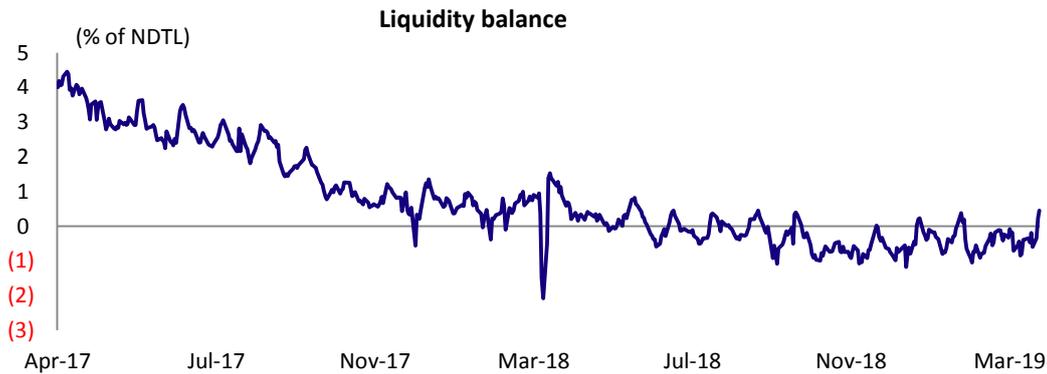


RBI changed stance to calibrated tightening in October, however this also coincided with the peaking of crude prices which subsequently declined sharply. 10y bonds yields also moved lower discounting the fall in crude prices.

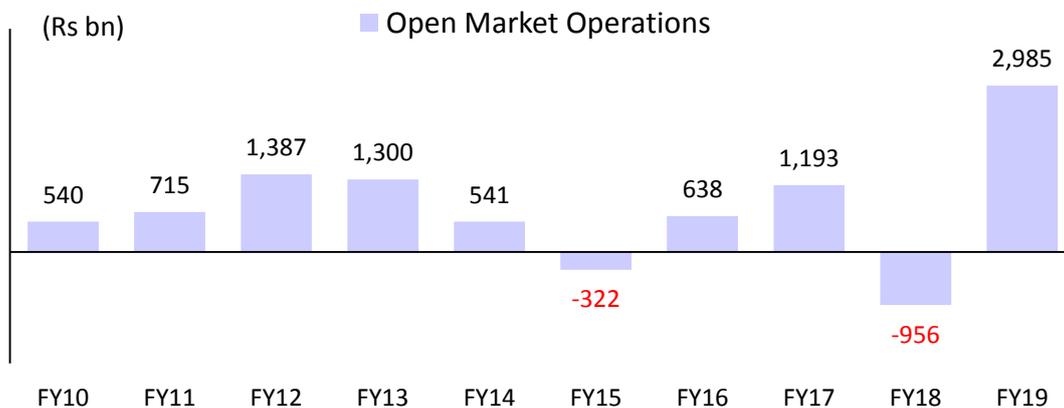


While continuous shortfall in GST collections raised the risk of fiscal slippages, it was broadly offset by lower-than-expected headline inflation. Market was further supported by the large

OMO programme done by RBI as a measure to increase the liquidity in the system. Overall, bond yield ended the year at similar level to that at the beginning of FY19.



RBI conducted huge OMO purchases in FY19 to reduce liquidity deficit in the system. OMO purchases in FY19 were at all time high.



Corporate bond markets had even more challenging year with IL&FS default leading to severe risk aversion in the corporate bonds. Spreads on 10y PSU AAA vs 10y Gsec rose from c.40bps at the start of the year to c.100 bps in March. NBFC credits were the most impacted as spreads increased from c.75bps on 3Y AAA NBFC vs. equivalent government bonds at the start of the year to c.175bps in early March 2019.

## **Outlook:**

### **Equity**

We expect volatile year for equity markets as on one hand macro and corporate indicators suggest things could improve in 2019, on the other investors have to deal with two major uncertainties – global growth outlook and domestic general election outcome. Global financial indicators and commodity prices in 2HFY19 have begun to reflect risks of a global growth slowdown in FY2020 (and contributed at least in part to oil prices decline). An uncertain global environment could feed through to EM / India through impact on exporters and FII flows. Opinion polls suggest that the 2019 elections could be a tougher battle than 2014 for the ruling

coalition. This could lead to uncertainty, increase in volatility and impact both global and domestic flows. Inflows in Mutual funds have slowed down in the March quarter. FII flows on the other hand have turned positive after the US Fed turned dovish triggering capital flows into the emerging markets.

Despite the macro related and election driven uncertainty in the short term, we believe that the medium term outlook of the Indian economy and consequently the equity markets is good. As the benefits of GST and cleanup of bank balance sheets start becoming clear, we should see improvement in growth indicators. Earnings are expected to grow at 20% CAGR over the next two years as per consensus estimates. Market valuations at 18x FY20 earnings are at historical mean levels. Given that we expect a cyclical recovery going ahead, these multiples should not be considered as expensive. We continue to remain optimistic from a medium to long term point of view, despite our near term concerns.

### **Debt**

Global macroeconomic backdrop has softened as central bankers across the world are now worried about growth and not inflation. US Fed raised rates by 25bps 4 times in 2018. However the markets are expecting next move to be a rate cut. Fed has also indicated that it will reduce the pace of balance sheet reduction.

On the domestic front it appears to be yet another challenging year for bonds market. The fiscal deficit target was revised upwards from 3.3% to 3.4% in FY 2018-19 and is pegged at 3.4% for FY 2019-20. Along with Government borrowing, corporate also stepped up their borrowings in the last quarter, which resulted in elevated spreads in corporate bonds.

The gross borrowing target for FY20 had been scaled up to Rs. 7.1 trillion, even as the net borrowing was kept unchanged at Rs. 4.2 trillion (net of buy-backs). 62% of the borrowing for the year is front loaded in H1 2019-20. As the first half of the year sees lower corporate bond issuance, it could result in corporate bonds spreads narrowing in the first half.

We expect that GST collections will pick up post elections with focus on stricter compliance. We expect RBI to cut rates during the year as Inflation is expected to remain below RBI's target of 4%. The key risk remains crude prices moving higher and populist government at the centre which would likely breach the fiscal deficit target for the year and as a result increased Gsec supply. RBI's tools to manage liquidity either through FX Swaps/OMO/LAF/TERM REPO will be one of the key drivers for interest rates at the short end of the curve.

## 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 TRI Index.

The performance of Scheme E Tier I at March 31, 2019 is presented below:

Period	Returns (%) <sup>^</sup>	Benchmark Returns (%) #
1 Year	13.32%	13.96%
2 Years	12.40%	13.02%
3 Years	15.81%	15.58%
Since inception @	15.10%	14.56%

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

# Benchmark index: NIFTY 100 TRI

# 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 TRI effective from October 01, 2015. hence since inception returns is not comparable with Benchmark returns. The benchmark return mentioned above represents the return of existing scheme benchmark, which is Nifty 100 TRI .

@ Date of Inception: August 01, 2013

#### AUM and Asset Mix

The net assets of the Scheme at March 31, 2019 stood at ₹ 2,08,186.32 lakhs

At March 31, 2019, 95.44% of the net assets were invested in Equity Shares and 4.56% 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 TRI Index.

The performance of Scheme E Tier II at March 31, 2019 is presented below:

Period	Returns (%) <sup>^</sup>	Benchmark Returns (%) # \$
1 Year	13.19%	13.96%
2 Years	12.48%	13.02%
3 Years	15.98%	15.58%
Since inception @	12.19%	14.56%

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

# Benchmark index: NIFTY 100 TRI

# 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 TRI effective from October 01, 2015, hence since inception returns is not comparable with Benchmark returns. The benchmark return mentioned above represents the return of existing scheme benchmark, which is Nifty 100 TRI.

@ 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 then 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, 2019 stood at ₹ 7,381.23 lakhs.

At March 31, 2019, 98.17% of the net assets were invested in Equity Shares and 1.83% 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, 2019 is presented below:

Period	Returns (%) <sup>^</sup>	Benchmark Returns (%) #
1 Year	8.15%	7.36%
2 Years	7.26%	6.35%
3 Years	8.88%	8.30%
Since inception @	10.24%	9.80%

<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

### AUM and Asset Mix

The net assets of the Scheme at March 31, 2019 stood at ₹ 1,20,566.71 lakhs.

At March 31, 2019, 94.91% of the net assets were invested in bonds and non-convertible debentures and 5.09% 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, 2019 is presented below:

Period	Returns (%) <sup>^</sup>	Benchmark Returns (%) # \$
1 Year	7.92%	7.36%
2 Years	7.28%	6.35%
3 Years	8.94%	8.30%
Since inception @	9.09%	9.80%

^ 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, 2019 stood at ₹ 3,996.90 lakhs.

At March 31, 2019, 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, 2019 is presented below:

Period	Returns (%)^	Benchmark Returns (%) #
1 Year	9.35%	8.11%
2 Years	6.94%	5.78%
3 Years	8.68%	7.78%
Since inception @	9.78%	9.08%

^ 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

### **AUM and Asset Mix**

The net assets of the Scheme at March 31, 2019 stood at ₹ 1,70,895.41 lakhs.

At March 31, 2019, 94.33% of the net assets were invested in government securities and 5.67% 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, 2019 is presented below:

Period	Returns (%) <sup>^</sup>	Benchmark Returns (%) <sup>#</sup>
1 Year	9.42%	8.11%
2 Years	7.03%	5.78%
3 Years	8.70%	7.78%
Since inception @	10.22%	9.08%

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

<sup>#</sup> Benchmark index: NPS – Government Securities Index

<sup>@</sup> Date of Inception: August 01, 2013

### **AUM and Asset Mix**

The net assets of the Scheme at March 31, 2019 stood at ₹ 4,668.95 lakhs.

At March 31, 2019, 96.72% of the net assets were invested in government securities and 3.28% in money market instruments and cash/cash equivalent & net current assets.

## **SCHEME A TIER I - Alternative Asset Class**

### **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, 2019 is presented below:

Period	Returns (%) <sup>^</sup>	Benchmark Returns (%) #
1 Year	8.74%	N.A.
2 Years	8.97%	N.A.
3 Years	N.A.	N.A.
Since inception @	8.43%	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. and for that there is no comparable market benchmark 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, 2019 stood at ₹ 773.16 lakhs.

At March 31, 2019, 70.67% of the assets were invested in Asset Backed, Trust Structured and Miscellaneous Investments and 29.33% in money market instruments and cash/cash equivalent & net current assets.

### **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.

## 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.

#### 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
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- g) SCHEME A TIER I - Alternate Investment funds

**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 15, 2019**

**MAJITHIA & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

Suite No. 301 to 304, Metro Avenue  
Pereira Lane, Opp. Cinemax &  
Gurunank Petrol Pump, Near Magic  
Bricks WEH Metro Station,  
Andheri (E), Mumbai – 400 099  
Tel : 022 2839 2805 / 5585  
Mob. : +91 93226 71692

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**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

We have reviewed the report on proxy voting for the quarter ending June 2018, September 2018, December 2018 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, 2019 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 2018, September 2018, December 2018, March 2019, as required under the Circular, to the NPS Trust for the Financial Year 2018-19.

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 15, 2019**

**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, 2019**

***Contents***

Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts

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**

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 Limited (PFM)** which comprise of the Balance Sheet as at March 31, 2019 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**

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 principles generally accepted in India including the applicable 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 also includes maintenance of adequate accounting records for safeguarding of the assets of the PFM and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and assuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFM.

## **Auditor’s Responsibility**

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 specified under Section 143 (10) of the Companies Act, 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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.

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

## Opinion

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, 2019;
- b. in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date

## Report on Other Legal and Regulatory Requirements

1. 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 as far as appears from our examination of those books.
  - 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.

# HARIBHAKTI & CO. LLP

Chartered Accountants

## **We further certify that**

- a. Investments are valued based on rates provided by Stock Holding Corporation of India, the custodian of NPS Trust.
- 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 Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

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**Sumant Sakhardande**

Partner

Membership No. 034828

Mumbai

April 19, 2019

**NATIONAL PENSION SYSTEM TRUST**

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

**BALANCE SHEET AS AT MARCH 31, 2019**

**(In ₹)**

Particulars	Schedule	Scheme E Tier I	
		March 31, 2019	March 31, 2018
<b>Liabilities</b>			
Unit Capital	1	9,38,46,57,605	5,09,86,27,559
Reserves & Surplus	2	11,43,39,74,473	4,88,26,59,427
Current Liabilities and Provisions	3	30,34,36,100	15,55,21,073
<b>Total</b>		<b>21,12,20,68,178</b>	<b>10,13,68,08,059</b>
<b>Assets</b>			
Investments	4	20,68,90,52,530	10,12,44,76,506
Deposits	5	-	-
Other Current Assets	6	43,30,15,648	1,23,31,553
<b>Total</b>		<b>21,12,20,68,178</b>	<b>10,13,68,08,059</b>
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		20,81,86,32,078	9,98,12,86,986
(b) Number of units outstanding		93,84,65,760	50,98,62,756
(c) NAV per unit (a)/(b) (₹)		22.1836	19.5764
<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 Haribhakti & Co. LLP (FRN 103523W/W100048)**

**Chartered Accountants**

**Sumant Sakhardande**

Partner  
Membership No.034828

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

**Vibha Padalkar**

(Director)

**Parvez Mulla**

(Director)

**Sumit Shukla**

(Chief Executive Officer)

**Fagun Pancholi**

(Chief Financial Officer)

**Nagesh Pai**

(Company Secretary)

**Place :** Mumbai

**Date :**

**Place :** Mumbai

**Date :** April 19, 2019

**For and on Behalf of NPS Trust**

**Ashvin Parekh**

(Chairman, NPS Trust Board)

**Munish Malik**

(Chief Executive Officer)

**Place :**

**Date :**

**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, 2019

(In ₹)

Particulars	Schedule	Scheme E Tier I	
		March 31, 2019	March 31, 2018
<b>Income</b>			
Dividend		18,18,19,411	9,20,49,820
Profit on sale/redemption of investments		20,51,71,824	13,98,40,738
Unrealised gain on appreciation in investments		1,53,33,82,674	30,91,90,267
Other income		-	-
- Miscellaneous Income		3,849	-
<b>Total Income (A)</b>		<b>1,92,03,77,758</b>	<b>54,10,80,825</b>
<b>Expenses &amp; Losses</b>			
Loss on sale/redemption of investments		5,15,10,241	1,32,96,125
Management fees (including Goods and Service tax/Service tax)		16,59,906	8,28,212
NPS Trust fees		5,40,562	7,05,204
Custodian fees		4,61,947	2,18,008
CRA fees		1,57,79,357	1,17,09,661
Less : Amount recoverable on sale of units on account of CRA Charges		(1,57,79,357)	(1,17,09,661)
Provision for Non-Performing Assets		-	-
Depository and settlement charges		74,069	37,952
<b>Total Expenditure (B)</b>		<b>5,42,46,725</b>	<b>1,50,85,501</b>
<b>Surplus/(Deficit) for the year (A-B = C)</b>		<b>1,86,61,31,033</b>	<b>52,59,95,324</b>
Less: Amount transferred to Unrealised appreciation account		(1,53,33,82,674)	(30,91,90,267)
Less: Amount transferred to General Reserve		(33,27,48,359)	(21,68,05,057)
<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 Haribhakti & Co. LLP (FRN 103523W/W100048)

Chartered Accountants

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

**Sumant Sakhardande**

Partner

Membership No.034828

**Vibha Padalkar**

(Director)

**Parvez Mulla**

(Director)

**Sumit Shukla**

(Chief Executive Officer)

**Fagun Pancholi**

(Chief Financial Officer)

**Nagesh Pai**

(Company Secretary)

Place : Mumbai

Date :

Place : Mumbai

Date : April 19, 2019

For and on Behalf of NPS Trust

**Ashvin Parekh**

(Chairman, NPS Trust Board)

**Munish Malik**

(Chief Executive Officer)

Place :

Date :

**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, 2019	March 31, 2018
<b>Initial capital</b>		
<b>Unit capital</b>		
Outstanding at the beginning of the year	5,09,86,27,559	2,65,75,39,445
Add :Units issued during the year	4,66,80,42,752	2,70,47,05,106
Less: Units redeemed during the year	(38,20,12,706)	(26,36,16,992)
<b>Outstanding at the end of the year</b>	<b>9,38,46,57,605</b>	<b>5,09,86,27,559</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>		
Outstanding units at the beginning of the year	50,98,62,756	26,57,53,944
Add :Units issued during the year	46,68,04,275	27,04,70,511
Less: Units redeemed during the year	(3,82,01,271)	(2,63,61,699)
<b>Outstanding Units at the end of the year</b>	<b>93,84,65,760</b>	<b>50,98,62,756</b>

**Schedule 2: Reserves and surplus**

(In ₹)

Particulars	Scheme E Tier I	
	March 31, 2019	March 31, 2018
<b>Unit premium reserve</b>		
Opening balance	3,79,10,64,241	1,44,35,74,386
Add: Premium on Units issued	5,10,71,72,627	2,59,90,76,957
Less: Premium on Units redeemed	(42,19,88,614)	(25,15,87,102)
Add: Transfer from General Reserve	-	-
Closing balance	<b>8,47,62,48,254</b>	<b>3,79,10,64,241</b>
<b>General Reserve</b>		
Opening balance	30,01,60,095	8,33,55,038
Add/(Less): Transfer from/(to) Revenue Account	33,27,48,359	21,68,05,057
Less: Transfer to Unit Premium Reserve	-	-
Closing balance	<b>63,29,08,454</b>	<b>30,01,60,095</b>
<b>Unrealised Appreciation Reserve</b>		
Opening balance	79,14,35,091	48,22,44,824
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from /(to) Revenue Account	1,53,33,82,674	30,91,90,267
Closing balance	<b>2,32,48,17,765</b>	<b>79,14,35,091</b>
<b>Total</b>	<b>11,43,39,74,473</b>	<b>4,88,26,59,427</b>

**Schedule 3: Current liabilities and provisions**

(In ₹)

Particulars	Scheme E Tier I	
	March 31, 2019	March 31, 2018
<b>Current liabilities &amp; Provisions</b>		
Sundry creditors for expenses	7,18,778	5,72,316
Redemption Payable	89,57,267	54,90,932
TDS Payable	21,522	10,907
<b>Total</b>	<b>30,34,36,100</b>	<b>15,55,21,073</b>

**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, 2019	March 31, 2018
Equity shares	19,86,90,96,543	9,59,31,23,329
Others - Mutual Fund Units	81,99,55,987	53,13,53,177
Certificate of Deposit	-	-
<b>Total</b>	<b>20,68,90,52,530</b>	<b>10,12,44,76,506</b>

**Schedule 5: Deposits****(In ₹)**

Particulars	Scheme E Tier I	
	March 31, 2019	March 31, 2018
Deposits with scheduled banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

Particulars	Scheme E Tier I	
	March 31, 2019	March 31, 2018
Balances with bank in current account	26,07,29,994	1,85,261
Contracts for sale of investments	3,10,34,842	-
Outstanding and accrued income	-	-
Brokerage receivable from PFM	2,37,690	44,816
Application money pending allotment	-	1,17,91,000
Dividend receivable	14,28,100	3,10,476
Sundry Debtors	13,95,85,022	-
<b>Total</b>	<b>43,30,15,648</b>	<b>1,23,31,553</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, 2019

#### 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.

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 year end 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 seven 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 and the fee has been revised to 0.005% per annum with effect from April 01, 2018.

The Company has stopped charging Trustee fee with effect from January 25, 2019, as directed by the Authority vide PFRDA circular no. PFRDA/17/03/31/0016/2018-SUP-PF/12 dated January 25, 2019.

## **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, 2019	March 31, 2018
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
<b>Pension fund manager</b>	HDFC Pension Management Company Limited
<b>Sponsor company</b>	HDFC Life Insurance Company Limited
<b>Associates and group companies</b>	
Holding Company	HDFC Limited
Ms. Vibha Padalkar	Key Management Personnel
Mr. Parvez Mulla	Key Management Personnel (W.E.F. 25th Sept 2018)
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, 2019

(In ₹)

Nature of Transaction	Scheme E Tier I	
	March 31, 2019	March 31, 2018
Investment management fees	16,59,906	8,28,212

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme E Tier I	
	March 31, 2019	March 31, 2018
Investment management fees payable	4,80,630	2,53,789

Aggregate investments made in the Associates and group companies as at March 31, 2019 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme E Tier I			
		March 31, 2019		March 31, 2018	
		Cost	Market Value	Cost	Market Value
HDFC Ltd	Equity	17,68,80,216	19,28,88,500	2,32,31,909	3,54,96,966

**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, 2019 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme E Tier I			
		March 31, 2019		March 31, 2018	
		Cost	Market Value	Cost	Market Value
HDFC Bank Ltd	Equity	61,59,13,483	81,72,96,305	34,90,35,618	45,12,15,475

**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, 2019 is as follows :

(In ₹)

Particulars	Scheme E Tier I	
	March 31, 2019	March 31, 2018
Average Net Asset Value	14,06,70,03,495	7,05,20,38,659
Purchase of Investment	1,40,09,57,30,493	73,80,17,50,922
% to average Net Assets Value	995.92%	1046.53%
Sale of Investment	1,31,21,50,55,047	68,82,22,15,898
% to average Net Assets Value	932.79%	975.92%

**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, 2019 is as follows :

(In ₹)

Particulars	Scheme E Tier I	
	March 31, 2019	March 31, 2018
Average Net Asset Value	14,06,70,03,495	7,05,20,38,659
Purchase of Investment	9,55,73,78,496	5,47,95,41,681
% to average Net Assets Value	67.94%	77.70%
Sale of Investment	92,58,89,004	81,48,69,565
% to average Net Assets Value	6.58%	11.56%

\*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, 2019		March 31, 2018	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Monetary intermediation of commercial / saving / postal banks	5,57,03,30,150	26.76%	2,41,39,60,187	24.18%
Computer consultancy and computer facilities management activities	2,34,74,80,335	11.28%	86,48,61,775	8.66%
Production of liquid and gaseous fuels, illuminating oils & lubricating oils	2,01,47,30,117	9.68%	90,99,36,140	9.12%
Manufacture Of Cigarettes, Cigarette Tobacco	1,04,71,82,025	5.03%	48,11,74,208	4.82%
Manufacture Of Passenger Cars	71,92,15,398	3.45%	64,99,12,907	6.51%
Others	8,17,01,58,518	39.24%	4,27,32,78,112	42.81%
Mutual Funds	81,99,55,987	3.94%	53,13,53,177	5.32%
Net Current Assets	12,95,79,548	0.62%	-14,31,89,520	-1.43%
<b>Net Asset Value</b>	<b>20,81,86,32,078</b>	<b>100.00%</b>	<b>9,98,12,86,986</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 I	
			March 31, 2019	March 31, 2018
ICICI Prudential Liquid - Direct Plan - Growth.	Liquid Mutual Fund	Less than 7 Days	-	1,17,91,000

**2.8 Prior Year Comparatives :**

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

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

3. PORTFOLIO STATEMENT AS ON YEAR ENDED MARCH 31, 2019

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
Equity Shares	Reliance Industries Ltd.	11,81,100	1,61,01,34,565	7.73%
	ICICI Bank Ltd	30,04,100	1,20,31,42,050	5.78%
	Infosys Ltd	15,60,100	1,16,04,80,385	5.57%
	Kotak Mahindra Bank Ltd	7,89,550	1,05,36,54,475	5.06%
	ITC Ltd	35,22,900	1,04,71,82,025	5.03%
	Larsen & Toubro Ltd	6,59,450	91,35,36,085	4.39%
	HDFC Bank Ltd	3,52,450	81,72,96,305	3.93%
	Axis Bank Ltd	10,46,650	81,35,08,713	3.91%
	Tata Consultancy Services Ltd	3,57,200	71,49,89,380	3.43%
	IndusInd Bank Ltd	3,73,600	66,50,08,000	3.19%
	State Bank of India	18,75,900	60,16,94,925	2.89%
	Hindustan Unilever Ltd	3,41,750	58,32,98,900	2.80%
	Maruti Suzuki India Ltd	63,450	42,33,73,298	2.03%
	Bajaj Finance Ltd.	1,26,650	38,31,16,250	1.84%
	UltraTech Cement Ltd	91,550	36,60,48,943	1.76%
	Mahindra & Mahindra Ltd	4,39,000	29,58,42,100	1.42%
	HCL Technologies Ltd	2,47,400	26,90,35,130	1.29%
	Yes Bank Ltd	9,52,500	26,20,32,750	1.26%
	Asian Paints (India) Ltd	1,72,400	25,73,41,480	1.24%
	National Thermal Power Corporation Ltd	18,95,550	25,53,30,585	1.23%
	Tata Steel Ltd	4,62,450	24,09,36,450	1.16%
	Cipla Ltd	4,18,500	22,13,44,650	1.06%
	Hero Motocorp Ltd	85,350	21,79,11,353	1.05%
	Bharati Airtel Ltd.	6,47,700	21,57,48,870	1.04%
	Tech Mahindra Ltd.	2,61,600	20,29,75,440	0.97%
	Bajaj Finserv Ltd	28,800	20,26,67,040	0.97%
	Housing Development Finance Corporation Ltd	98,000	19,28,88,500	0.93%
	Bharat Petroleum Corporation Ltd	4,67,450	18,58,34,748	0.89%
	Power Grid Corporation of India Ltd	9,04,350	17,89,70,865	0.86%
	Shree Cement Ltd	9,400	17,54,75,910	0.84%
	Hindustan Petroleum Corporation Ltd	5,68,800	16,14,53,880	0.78%
	Dr Reddys Laboratories Ltd	56,500	15,70,84,125	0.75%
	Gas Authority of India Ltd	4,42,950	15,39,91,568	0.74%
	Sun Pharmaceuticals Industries Ltd	3,18,550	15,25,37,668	0.73%
	Coal India Ltd	6,37,500	15,12,15,000	0.73%
	Havells India Ltd	1,90,017	14,67,88,133	0.71%
	Oil & Natural Gas Corporation Ltd	9,09,150	14,52,36,713	0.70%
	Vedanta Ltd	7,47,950	13,79,59,378	0.66%
	Hindalco Industries Ltd	6,40,900	13,17,04,950	0.63%
	Nestle India Limited	11,600	12,71,47,020	0.61%
	Petronet LNG Ltd	4,94,200	12,43,16,010	0.60%
	Eicher Motors Ltd	5,850	12,02,04,045	0.58%
	Pidliite Industries Limited	95,750	11,93,28,438	0.57%
	Britannia Industries Ltd	36,100	11,13,86,550	0.54%
	Lupin Ltd	1,46,250	10,81,66,500	0.52%
	Tata Motors Ltd	5,84,200	10,17,96,850	0.49%
	Dabur India Ltd	2,48,800	10,17,09,440	0.49%
	Motherson Sumi Systems Ltd	6,73,100	10,07,63,070	0.48%
	Adani Ports And Special Economic Zone Ltd	2,52,058	9,53,15,733	0.46%
	Zee Entertainment Enterprises Ltd	1,83,200	8,16,15,600	0.39%
ICICI Prudential Life Insurance Company Limited	2,28,050	7,98,74,513	0.38%	
LIC Housing Finance Ltd	1,47,750	7,86,32,550	0.38%	
MRF Ltd	1,300	7,53,83,295	0.36%	
Exide Industries Ltd	3,42,500	7,49,04,750	0.36%	
Cadila Healthcare Ltd.	2,14,850	7,45,63,693	0.36%	
Shriram Transport Finance Co. Ltd	57,600	7,35,78,240	0.35%	
Grasim Industries Ltd	75,250	6,45,60,738	0.31%	
Cummins India Ltd	86,100	6,42,30,600	0.31%	
Godrej Consumer Products Ltd	92,250	6,32,83,500	0.30%	
Bajaj Auto Ltd	21,250	6,18,60,875	0.30%	
Cholamandalam Investment & Finance Company Ltd	40,950	5,94,75,780	0.29%	
Bharti Infratel Ltd	1,86,450	5,84,33,430	0.28%	
Indian Oil Corporation Ltd	3,51,900	5,73,06,915	0.28%	
Ambuja Cements Ltd	2,40,850	5,66,72,005	0.27%	
Wipro Ltd	2,06,850	5,27,05,380	0.25%	

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

3. PORTFOLIO STATEMENT AS ON YEAR ENDED MARCH 31, 2019

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
	Mahindra & Mahindra Financial Services Ltd	1,24,150	5,22,91,980	0.25%
	TVS Motor Company Ltd.	1,10,850	5,21,99,265	0.25%
	Bosch Ltd.	2,800	5,09,17,580	0.24%
	Indraprastha Gas Ltd	1,63,150	4,98,34,168	0.24%
	Punjab National Bank	5,06,000	4,83,23,000	0.23%
	RBL Bank Ltd	67,100	4,56,51,485	0.22%
	Siemens Ltd	39,750	4,48,69,800	0.22%
	Ashok Leyland Ltd	4,28,650	3,91,35,745	0.19%
	Federal Bank Ltd	3,58,350	3,45,62,858	0.17%
	Oil India Ltd	1,59,320	2,95,45,894	0.14%
	Voltas Ltd	46,600	2,93,32,370	0.14%
	Oracle Financial Services Software Ltd	8,250	2,79,49,350	0.13%
	Bank of Baroda	1,97,867	2,54,55,590	0.12%
	L&T Finance Holdings Limited	1,42,700	2,17,68,885	0.10%
	Bharat Electronics Ltd.	2,25,250	2,10,04,563	0.10%
	Hindustan Zinc Ltd	75,450	2,08,88,333	0.10%
	United Spirits Ltd	20,965	1,16,12,514	0.06%
	Tata Motors Limited DVR	90,778	77,66,058	0.04%
<b>Equity Shares Total</b>		<b>3,47,42,155</b>	<b>19,86,90,96,543</b>	<b>95.44%</b>
Mutual Fund Units	ICICI Prudential Liquid - Direct Plan - Growth	29,66,380	81,99,55,987	3.94%
<b>Mutual Fund Units Total</b>		<b>29,66,379.66</b>	<b>81,99,55,987.00</b>	<b>3.94%</b>
<b>Net Current Assets</b>		<b>-</b>	<b>12,95,79,548</b>	<b>0.62%</b>
<b>Grand Total</b>		<b>3,77,08,535</b>	<b>20,81,86,32,078</b>	<b>100%</b>

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

**3.1 KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2019**

Sr No	Particulars	Scheme E Tier I	
		March 31, 2019	March 31, 2018
1	NAV per unit (₹) I		
	Open	19,5764	17,5602
	High	22,7239	21,3979
	Low	19,2840	17,5105
	End	22,1836	19,5764
2	Closing Assets Under Management (₹ in Lakhs)		
	End	2,08,186.32	99,812.87
	Average daily net assets (AAuM) II	1,40,670.03	70,520.39
3	Gross income as % of AAuM III	13.65%	7.67%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.02%	0.03%
b	Management fee as % of AAuM (scheme wise) V	0.01%	0.01%
5	Net income as % of AAuM VI	13.27%	7.46%
6	Portfolio turnover ratio VII	6.58%	11.56%
7	Total dividend per unit distributed during the period	N.A.	N.A.
8	Returns: (%)		
a	Last one year	13.32%	11.48%
	Benchmark IX	13.96%	12.09%
b	Since inception	121.84%	95.76%
	Benchmark IX	116.01%	89.55%
c	Compound annualised yield (%) VIII		
	Last 1 year	13.32%	11.48%
	Last 2 year	12.40%	17.08%
	Last 3 year	15.81%	8.25%
	Since launch of the scheme	15.10%	15.49%
	<b>Launch Date</b>	<b>August 01, 2013</b>	
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 TRI effective from October 01, 2015. hence since inception returns is not comparable with Benchmark returns. The benchmark return mentioned above represents the return of existing scheme benchmark, which is Nifty 100 TRI .		

# **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, 2019**

### ***Contents***

Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts

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**

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 Limited (PFM)** which comprise of the Balance Sheet as at March 31, 2019 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**

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 principles generally accepted in India including the applicable 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 also includes maintenance of adequate accounting records for safeguarding of the assets of the PFM and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and assuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFM.

## **Auditor’s Responsibility**

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 specified under Section 143 (10) of the Companies Act, 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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.

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

## Opinion

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, 2019;
- b. in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date

## Report on Other Legal and Regulatory Requirements

1. 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 as far as appears from our examination of those books.
  - 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.

# HARIBHAKTI & CO. LLP

Chartered Accountants

## We further certify that

- a. Investments are valued based on rates provided by Stock Holding Corporation of India, the custodian of NPS Trust.
- 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 Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

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**Sumant Sakhardande**

Partner

Membership No. 034828

Mumbai

April 19, 2019

**NATIONAL PENSION SYSTEM TRUST**

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

**BALANCE SHEET AS AT MARCH 31, 2019**

**(In ₹)**

Particulars	Schedule	Scheme E Tier II	
		March 31, 2019	March 31, 2018
<b>Liabilities</b>			
Unit Capital	1	38,46,90,523	19,53,34,803
Reserves & Surplus	2	35,34,32,836	13,57,91,307
Current Liabilities and Provisions	3	60,63,110	42,04,712
<b>Total</b>		<b>74,41,86,469</b>	<b>33,53,30,822</b>
<b>Assets</b>			
Investments	4	73,71,78,904	31,87,67,196
Deposits	5	-	-
Other Current Assets	6	70,07,565	1,65,63,626
<b>Total</b>		<b>74,41,86,469</b>	<b>33,53,30,822</b>
(a) Net asset as per Balance Sheet (Schedule 4+5+6-3)		73,81,23,359	33,11,26,110
(b) Number of units outstanding		3,84,69,052	1,95,33,480
(c) NAV per unit (a)/(b) (₹)		19.1874	16.9517
<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 Haribhakti & Co. LLP (FRN 103523W/W100048)**

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

**Chartered Accountants**

**Sumant Sakhardande**  
Partner  
Membership No.034828

**Vibha Padalkar**  
(Director)

**Parvez Mulla**  
(Director)

**Sumit Shukla**  
(Chief Executive Officer)

**Fagun Pancholi**  
(Chief Financial Officer)

**Nagesh Pai**  
(Company Secretary)

**Place :** Mumbai  
**Date :**

**Place :** Mumbai  
**Date :** April 19, 2019

**For and on Behalf of NPS Trust**

**Ashvin Parekh**  
(Chairman, NPS Trust Board)

**Munish Malik**  
(Chief Executive Officer)

**Place :**  
**Date :**

**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, 2019

(In ₹)

Particulars	Schedule	Scheme E Tier II	
		March 31, 2019	March 31, 2018
<b>Income</b>			
Dividend		66,38,046	29,40,506
Profit on sale/redemption of investments		73,97,694	40,57,039
Unrealised gain on appreciation in investments		4,97,71,651	93,70,043
Other income			
- Miscellaneous Income		288	
<b>Total Income (A)</b>		<b>6,38,07,679</b>	<b>1,63,67,588</b>
<b>Expenses &amp; Losses</b>			
Loss on sale/redemption of investments		19,39,832	3,73,046
Management fees (including Goods and Service tax/Service tax)		61,319	26,975
NPS Trust fees		19,895	22,952
Custodian fees		17,653	7,355
CRA fees		1,39,313	1,00,102
Less : Amount recoverable on sale of units on account of CRA Charges		(1,39,313)	(1,00,102)
Depository and settlement charges		3,241	1,449
<b>Total Expenditure (B)</b>		<b>20,41,940</b>	<b>4,31,777</b>
<b>Surplus/(Deficit) for the year (A-B = C)</b>		<b>6,17,65,739</b>	<b>1,59,35,811</b>
Less: Amount transferred to Unrealised appreciation account		(4,97,71,651)	(93,70,043)
Less: Amount transferred to General Reserve		(1,19,94,088)	(65,65,768)
<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 Haribhakti & Co. LLP (FRN 103523W/W100048)

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

Chartered Accountants

**Sumant Sakhardande**  
Partner  
Membership No.034828

**Vibha Padalkar**  
(Director)

**Parvez Mulla**  
(Director)

**Sumit Shukla**  
(Chief Executive Officer)

**Fagun Pancholi**  
(Chief Financial Officer)

**Nagesh Pai**  
(Company Secretary)

Place : Mumbai

Place : Mumbai

Date :

Date : April 19, 2019

For and on Behalf of NPS Trust

**Ashvin Parekh**  
(Chairman, NPS Trust Board)

**Munish Malik**  
(Chief Executive Officer)

Place :

Date :

**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, 2019	March 31, 2018
<b>Initial capital</b>		
<b>Unit capital</b>		
Outstanding units at the beginning of the year	19,53,34,803	8,02,51,831
Add :Units issued during the year	29,08,26,954	15,48,12,367
Less: Units redeemed during the year	(10,14,71,234)	(3,97,29,395)
<b>Outstanding at the end of the year</b>	<b>38,46,90,523</b>	<b>19,53,34,803</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>		
Outstanding units at the beginning of the year	1,95,33,480	80,25,183
Add :Units issued during the year	2,90,82,695	1,54,81,237
Less: Units redeemed during the year	(1,01,47,123)	(39,72,940)
<b>Outstanding Units at the end of the year</b>	<b>3,84,69,052</b>	<b>1,95,33,480</b>

**Schedule 2: Reserves and surplus**

(In ₹)

Particulars	Scheme E Tier II	
	March 31, 2019	March 31, 2018
<b>Unit premium reserve</b>		
Opening balance	10,60,54,232	2,76,65,667
Add: Premium on Units issued	23,88,15,366	10,63,17,601
Less: Premium on Units redeemed	(8,29,39,576)	(2,79,29,036)
Add: Transfer from General Reserve	-	-
Closing balance	<b>26,19,30,022</b>	<b>10,60,54,232</b>
<b>General Reserve</b>		
Opening balance	84,98,934	19,33,166
Add/(Less): Transfer from/(to) Revenue Account	1,19,94,088	65,65,768
Less: Transfer to Unit Premium Reserve	-	-
Closing balance	<b>2,04,93,022</b>	<b>84,98,934</b>
<b>Unrealised Appreciation Reserve</b>		
Opening balance	2,12,38,141	1,18,68,098
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from/(to) Revenue Account	4,97,71,651	93,70,043
Closing balance	<b>7,10,09,792</b>	<b>2,12,38,141</b>
<b>Total</b>	<b>35,34,32,836</b>	<b>13,57,91,307</b>

**Schedule 3: Current liabilities and provisions**

(In ₹)

Particulars	Scheme E Tier II	
	March 31, 2019	March 31, 2018
<b>Current liabilities &amp; Provision</b>		
Sundry creditors for expenses	27,621	19,683
Redemption Payable	22,58,024	15,90,571
TDS Payable	806	372
Contracts for purchase of investments	37,76,659	25,94,086
<b>Total</b>	<b>60,63,110</b>	<b>42,04,712</b>

**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, 2019	March 31, 2018
Equity shares	72,46,15,773	31,87,67,196
Others - Mutual Fund Units	1,25,63,131	-
<b>Total</b>	<b>73,71,78,904</b>	<b>31,87,67,196</b>

**Schedule 5: Deposits****(In ₹)**

Particulars	Scheme E Tier II	
	March 31, 2019	March 31, 2018
Deposits with scheduled banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

Particulars	Scheme E Tier II	
	March 31, 2019	March 31, 2018
Balances with bank in current account	55,91,797	1,65,51,712
Contracts for sale of investments	10,60,645	-
Brokerage receivable from PFM	4,982	778
Dividend receivable	54,019	11,136
Sundry debtors	2,96,122	-
<b>Total</b>	<b>70,07,565</b>	<b>1,65,63,626</b>

## **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, 2019**

##### **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.

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 year end 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 seven 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 earnings 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 and the fee has been revised to 0.005% per annum with effect from April 01, 2018.

The Company has stopped charging Trustee fee with effect from January 25, 2019, as directed by the Authority vide PFRDA circular no. PFRDA/17/03/31/0016/2018-SUP-PF/12 dated January 25, 2019.

## **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**

**2.1 Contingent liabilities**

(In ₹)

Particulars	Scheme E Tier II	
	March 31, 2019	March 31, 2018
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
<b>Pension fund manager</b>	HDFC Pension Management Company Limited
<b>Sponsor company</b>	HDFC Life Insurance Company Limited
<b>Associates and group companies</b>	
Holding Company	HDFC Limited
Ms. Vibha Padalkar	Key Management Personnel
Mr. Parvez Mulla	Key Management Personnel (W.E.F. 25th Sept 2018)
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, 2019

(In ₹)

Nature of Transaction	Scheme E Tier II	
	March 31, 2019	March 31, 2018
Investment management fees	61,319	26,975

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme E Tier II	
	March 31, 2019	March 31, 2018
Investment management fees payable	18,132	8,666

Aggregate investments made in the Associates and group companies as at March 31, 2019 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme E Tier II			
		March 31, 2019		March 31, 2018	
		Cost	Market Value	Cost	Market Value
HDFC Ltd	Equity	63,49,384	68,88,875	8,58,402	12,96,176

**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, 2019 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme E Tier II			
		March 31, 2019		March 31, 2018	
		Cost	Market Value	Cost	Market Value
HDFC Bank Ltd	Equity	2,26,22,476	2,92,18,140	1,22,47,727	1,50,24,673

**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, 2019 is as follows :

(In ₹)

Particulars	Scheme E Tier II	
	March 31, 2019	March 31, 2018
Average Net Asset Value	51,96,49,953	22,95,21,477
Purchase of Investment	5,10,60,88,837	2,42,99,57,188
% to average Net Assets Value	982.60%	1058.71%
Sale of Investment	4,74,27,75,560	2,24,71,85,493
% to average Net Assets Value	912.69%	979.07%

**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, 2019 is as follows :

(In ₹)

Particulars	Scheme E Tier II	
	March 31, 2019	March 31, 2018
Average Net Asset Value	51,96,49,953	22,95,21,477
Purchase of Investment	39,43,52,837	21,39,41,888
% to average Net Assets Value	75.89%	93.21%
Sale of Investment	4,21,90,540	2,48,18,713
% to average Net Assets Value	8.12%	10.81%

\*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, 2019		March 31, 2018	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Monetary intermediation of commercial / saving / postal banks	19,98,90,580	27.08%	8,04,48,636	24.30%
Computer consultancy and computer facilities management activitie	8,51,45,705	11.54%	2,86,42,420	8.65%
Production of liquid and gaseous fuels, illuminating oils & lubricating oils	7,22,39,760	9.79%	2,97,75,337	8.99%
Manufacture Of Cigarettes, Cigarette Tobacco	3,73,94,050	5.07%	1,64,11,276	4.96%
Manufacture Of Passenger Cars	2,67,66,147	3.63%	2,15,45,289	6.51%
Others	30,31,79,531	41.07%	14,19,44,238	42.87%
Mutual Funds	1,25,63,131	1.70%	-	0.00%
Net Current Assets	9,44,455	0.13%	1,23,58,914	3.73%
<b>Net Asset Value</b>	<b>73,81,23,359</b>	<b>100.00%</b>	<b>33,11,26,110</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, 2019	March 31, 2018
	NIL	NIL	NIL	NIL

**2.8 Prior Year Comparatives :**

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

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

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2019

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
Equity Shares	Reliance Industries Ltd.	42,200	5,75,29,141	7.79%
	ICICI Bank Ltd	1,07,300	4,29,73,650	5.82%
	Infosys Ltd	56,850	4,22,87,873	5.73%
	Kotak Mahindra Bank Ltd	28,200	3,76,32,900	5.10%
	ITC Ltd	1,25,800	3,73,94,050	5.07%
	Larsen & Toubro Ltd	23,550	3,26,23,815	4.42%
	HDFC Bank Ltd	12,600	2,92,18,140	3.96%
	Axis Bank Ltd	37,400	2,90,69,150	3.94%
	Tata Consultancy Services Ltd	12,750	2,55,21,038	3.46%
	IndusInd Bank Ltd	13,400	2,38,52,000	3.23%
	State Bank of India	68,450	2,19,55,338	2.97%
	Hindustan Unilever Ltd	12,200	2,08,22,960	2.82%
	Maruti Suzuki India Ltd	2,350	1,56,80,493	2.12%
	Bajaj Finance Ltd.	4,600	1,39,15,000	1.89%
	UltraTech Cement Ltd	3,300	1,31,94,555	1.79%
	Mahindra & Mahindra Ltd	16,450	1,10,85,655	1.50%
	HCL Technologies Ltd	9,200	1,00,04,540	1.36%
	Yes Bank Ltd	34,950	96,14,745	1.30%
	Asian Paints (India) Ltd	6,300	94,04,010	1.27%
	National Thermal Power Corporation Ltd	69,150	93,14,505	1.26%
	Tata Steel Ltd	16,350	85,18,350	1.15%
	Bharati Airtel Ltd.	24,050	80,11,055	1.09%
	Cipla Ltd	15,100	79,86,390	1.08%
	Hero Motocorp Ltd	3,100	79,14,765	1.07%
	Bajaj Finserv Ltd	1,050	73,88,903	1.00%
	Tech Mahindra Ltd.	9,450	73,32,255	0.99%
	Housing Development Finance Corporation Ltd	3,500	68,88,875	0.93%
	Bharat Petroleum Corporation Ltd	17,000	67,58,350	0.92%
	Power Grid Corporation of India Ltd	33,800	66,89,020	0.91%
	Shree Cement Ltd	350	65,33,678	0.89%
	Havells India Ltd	7,750	59,86,875	0.81%
	Sun Pharmaceuticals Industries Ltd	12,450	59,61,683	0.81%
	Coal India Ltd	25,050	59,41,860	0.80%
	Gas Authority of India Ltd	16,750	58,23,138	0.79%
	Hindustan Petroleum Corporation Ltd	20,500	58,18,925	0.79%
	Dr Reddys Laboratories Ltd	2,000	55,60,500	0.75%
	Vedanta Ltd	29,900	55,15,055	0.75%
	Oil & Natural Gas Corporation Ltd	33,800	53,99,550	0.73%
	Nestle India Limited	450	49,32,428	0.67%
	Hindalco Industries Ltd	23,500	48,29,250	0.65%
	Petronet LNG Ltd	18,400	46,28,520	0.63%
	Eicher Motors Ltd	225	46,23,233	0.63%
	Pidilite Industries Limited	3,550	44,24,188	0.60%
	Tata Motors Ltd	23,250	40,51,313	0.55%
	Dabur India Ltd	9,900	40,47,120	0.55%
	Lupin Ltd	5,450	40,30,820	0.55%
	Britannia Industries Ltd	1,300	40,11,150	0.54%
	Motherson Sumi Systems Ltd	25,950	38,84,715	0.53%
	Adani Ports And Special Economic Zone Ltd	9,912	37,48,223	0.51%
	Zee Entertainment Enterprises Ltd	7,100	31,63,050	0.43%
	ICICI Prudential Life Insurance Company Limited	9,000	31,52,250	0.43%
	LIC Housing Finance Ltd	5,650	30,06,930	0.41%
	Cadila Healthcare Ltd.	8,450	29,32,573	0.40%
	MRF Ltd	50	28,99,358	0.39%
	Exide Industries Ltd	13,150	28,75,905	0.39%
	Shriram Transport Finance Co. Ltd	2,050	26,18,670	0.35%
	Cummins India Ltd	3,400	25,36,400	0.34%
	Grasim Industries Ltd	2,950	25,30,953	0.34%
	Godrej Consumer Products Ltd	3,650	25,03,900	0.34%
	Bajaj Auto Ltd	850	24,74,435	0.34%
	Bharti Infratel Ltd	7,350	23,03,490	0.31%
Ambuja Cements Ltd	9,350	22,00,055	0.30%	
Cholamandalam Investment & Finance Company Ltd	1,500	21,78,600	0.30%	
Indian Oil Corporation Ltd	13,100	21,33,335	0.29%	
Mahindra & Mahindra Financial Services Ltd	4,950	20,84,940	0.28%	
TVS Motor Company Ltd.	4,200	19,77,780	0.27%	
Wipro Ltd	7,550	19,23,740	0.26%	
Bosch Ltd.	100	18,18,485	0.25%	

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

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2019

(In ₹)

Asset Head	Script Name	Quantity	Market Value	% of Portfolio
	Indraprastha Gas Ltd	5,900	18,02,155	0.24%
	Punjab National Bank	18,050	17,23,775	0.23%
	RBL Bank Ltd	2,500	17,00,875	0.23%
	Siemens Ltd	1,500	16,93,200	0.23%
	Ashok Leyland Ltd	16,650	15,20,145	0.21%
	Federal Bank Ltd	13,500	13,02,075	0.18%
	Oil India Ltd	6,323	11,72,600	0.16%
	Voltas Ltd	1,800	11,33,010	0.15%
	Oracle Financial Services Software Ltd	300	10,16,340	0.14%
	Bank of Baroda	6,591	8,47,932	0.11%
	L&T Finance Holdings Limited	5,450	8,31,398	0.11%
	Hindustan Zinc Ltd	3,000	8,30,550	0.11%
	Bharat Electronics Ltd.	8,850	8,25,263	0.11%
	United Spirits Ltd	560	3,10,184	0.04%
	Tata Motors Limited DVR	3,012	2,57,677	0.03%
<b>Equity Shares Total</b>		<b>12,79,223</b>	<b>72,46,15,773</b>	<b>98.17%</b>
Mutual Fund Units	ICICI Prudential Liquid - Direct Plan - Growth	45,450	1,25,63,131	1.70%
<b>Mutual Fund Units Total</b>		<b>45,450.02</b>	<b>1,25,63,131.00</b>	<b>1.70%</b>
<b>Net Current Assets</b>		<b>-</b>	<b>9,44,455</b>	<b>0.13%</b>
<b>Grand Total</b>		<b>13,24,673</b>	<b>73,81,23,359</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, 2019**

Sr No	Particulars	Scheme E Tier II	
		March 31, 2019	March 31, 2018
1	NAV per unit (₹) I Open High Low End	16.9517 19.6703 16.6633 19.1874	15.1671 18.5383 15.1126 16.9517
2	Closing Assets Under Management (₹ in Lakhs) End Average daily net assets (AAuM) II	7,381.23 5,196.50	3,311.26 2,295.21
3	Gross income as % of AAuM III	12.28%	7.13%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.02%	0.03%
b	Management fee as % of AAuM (scheme wise) V	0.01%	0.01%
5	Net income as % of AAuM VI	11.89%	6.94%
6	Portfolio turnover ratio VII	8.12%	10.81%
7	Total dividend per unit distributed during the period	N.A.	N.A.
8	Returns: (%) VIII		
a	Last one year Benchmark X	13.19% 13.96%	11.77% 12.09%
b	Since inception Benchmark X	91.87% 116.01%	69.52% 89.55%
c	Compound annualised yield (%) IX Last 1 year Last 2 year Last 3 year Since launch of the scheme	13.19% 12.48% 15.98% 12.19%	11.77% 17.39% 8.56% 11.98%
	<b>Launch Date</b>	<b>August 01, 2013</b>	
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: $= (1 + \text{cumulative return})^n - 1$ (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 TRI effective from October 01, 2015. hence since inception returns is not comparable with Benchmark returns. The benchmark return mentioned above represents the return of existing scheme benchmark, which is Nifty 100 TRI .		

# **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, 2019**

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Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts

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**

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 Limited (PFM)** which comprise of the Balance Sheet as at March 31, 2019 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**

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 principles generally accepted in India including the applicable 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 also includes maintenance of adequate accounting records for safeguarding of the assets of the PFM and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and assuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFM.

## **Auditor’s Responsibility**

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 specified under Section 143 (10) of the Companies Act, 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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.

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

## Opinion

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, 2019;
- b. in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date

## Emphasis of Matter

As explained in note no. 2.2 in regards to the NCD exposure in IL&FS. Pursuant to classification of the said NCD as NPA as per the PFRDA guidelines, the pension fund has made provision towards interest amounting to Rs. 48,83,013 as on March 31, 2019. Further there has been no accrual interest post February 14, 2019.

## Report on Other Legal and Regulatory Requirements

1. 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 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 as far as appears from our examination of those books.

# HARIBHAKTI & CO. LLP

Chartered Accountants

- 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.

## **We further certify that**

- a. Investments are valued based on rates provided by Stock Holding Corporation of India, the custodian of NPS Trust.
- 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 Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

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**Sumant Sakhardande**

Partner

Membership No. 034828

Mumbai

April 19, 2019

**NATIONAL PENSION SYSTEM TRUST**

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

**BALANCE SHEET AS AT MARCH 31, 2019**

**(In ₹)**

Particulars	Schedule	Scheme C Tier I	
		March 31, 2019	March 31, 2018
<b>Liabilities</b>			
Unit Capital	1	6,93,86,81,322	3,96,47,03,627
Reserves & Surplus	2	5,11,79,89,505	2,40,52,04,472
Current Liabilities and Provisions	3	66,72,484	14,98,65,924
<b>Total</b>		<b>12,06,33,43,311</b>	<b>6,51,97,74,023</b>
<b>Assets</b>			
Investments	4	11,57,74,00,656	6,08,00,42,585
Deposits	5	-	-
Other Current Assets	6	48,59,42,655	43,97,31,438
<b>Total</b>		<b>12,06,33,43,311</b>	<b>6,51,97,74,023</b>
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		12,05,66,70,827	6,36,99,08,099
(b) Number of units outstanding		69,38,68,132	39,64,70,363
(c) NAV per unit (a)/(b) (₹)		17.3760	16.0665
<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 Haribhakti & Co. LLP (FRN 103523W/W100048)**

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

**Chartered Accountants**

**Sumant Sakhardande**  
Partner  
Membership No.034828

**Vibha Padalkar**  
(Director)

**Parvez Mulla**  
(Director)

**Sumit Shukla**  
(Chief Executive Officer)

**Fagun Pancholi**  
(Chief Financial Officer)

**Nagesh Pai**  
(Company Secretary)

**Place :** Mumbai

**Date :**

**Place :** Mumbai

**Date :** April 19, 2019

**For and on Behalf of NPS Trust**

**Ashvin Parekh**  
(Chairman, NPS Trust Board)

**Munish Malik**  
(Chief Executive Officer)

**Place :**

**Date :**

**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, 2019

(In ₹)

Particulars	Schedule	Scheme C Tier I	
		March 31, 2019	March 31, 2018
<b>Income</b>			
Interest		69,64,44,238	33,42,06,504
Profit on sale/redemption of investments		4,68,72,317	1,02,33,990
Unrealised gain on appreciation in investments		14,86,24,698	1,871
Other income			
- Miscellaneous Income		2,166	-
<b>Total Income (A)</b>		<b>89,19,43,419</b>	<b>34,44,42,365</b>
<b>Expenses &amp; Losses</b>			
Unrealised losses in value of investments		-	8,70,56,483
Loss on sale/redemption of investments		9,23,73,839	61,12,975
Management fees (including Goods and Service tax/Service tax)		10,09,176	5,02,545
NPS Trust fees		3,29,224	4,27,919
Custodian fees		3,08,617	1,43,921
CRA fees		88,98,758	66,60,630
Less : Amount recoverable on sale of units on account of CRA Charges		(88,98,758)	(66,60,630)
Provision for Non-Performing Assets		48,83,014	-
Depository and settlement charges		62,327	27,084
<b>Total Expenditure (B)</b>		<b>9,89,66,197</b>	<b>9,42,70,927</b>
<b>Surplus/(Deficit) for the year (A-B = C)</b>		<b>79,29,77,222</b>	<b>25,01,71,438</b>
Less: Amount transferred to Unrealised appreciation account		(10,57,37,269)	4,41,67,183
Less: Amount transferred to General Reserve		(68,72,39,953.00)	(29,43,38,621)
<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 Haribhakti & Co. LLP (FRN 103523W/W100048)

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

Chartered Accountants

Sumant Sakhardande  
Partner  
Membership No.034828

Vibha Padalkar  
(Director)

Parvez Mulla  
(Director)

Sumit Shukla  
(Chief Executive Officer)

Fagun Pancholi  
(Chief Financial Officer)

Nagesh Pai  
(Company Secretary)

Place :

Place : Mumbai

Date :

Date : April 19, 2019

For and on Behalf of NPS Trust

Ashvin Parekh  
(Chairman, NPS Trust Board)

Munish Malik  
(Chief Executive Officer)

Place :

Date :

**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, 2019	March 31, 2018
<b>Initial capital</b>		
<u>Unit capital</u>		
Outstanding at the beginning of the year	3,96,47,03,627	1,90,99,45,530
Add :Units issued during the year	3,31,83,88,143	2,18,47,63,659
Less: Units redeemed during the year	(34,44,10,448)	(13,00,05,562)
<b>Outstanding at the end of the year</b>	<b>6,93,86,81,322</b>	<b>3,96,47,03,627</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>		
Outstanding units at the beginning of the year	39,64,70,363	19,09,94,553
Add :Units issued during the year	33,18,38,814	21,84,76,366
Less: Units redeemed during the year	(3,44,41,045)	(1,30,00,556)
<b>Outstanding Units at the end of the year</b>	<b>69,38,68,132</b>	<b>39,64,70,363</b>

**Schedule 2: Reserves and surplus**

(In ₹)

Particulars	Scheme C Tier I	
	March 31, 2019	March 31, 2018
<b>Unit premium reserve</b>		
Opening balance	1,93,38,41,632	75,36,32,602
Add: Premium on Units issued	2,14,01,83,421	1,25,42,67,162
Less: Premium on Units redeemed	(22,03,75,610)	(7,40,58,132)
Add: Transfer from General Reserve	-	-
Closing balance	<b>3,85,36,49,443</b>	<b>1,93,38,41,632</b>
<b>General Reserve</b>		
Opening balance	47,13,60,969	17,70,22,348
Add/(Less): Transfer from/(to) Revenue Account	68,72,39,953	29,43,38,621
Less: Transfer to Unit Premium Reserve	-	-
Closing balance	<b>1,15,86,00,922</b>	<b>47,13,60,969</b>
<b>Unrealised Appreciation Reserve</b>		
Opening balance	1,871	4,41,69,054
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from/(to) Revenue Account	10,57,37,269	(4,41,67,183)
Closing balance	<b>10,57,39,140</b>	<b>1,871</b>
<b>Total</b>	<b>5,11,79,89,505</b>	<b>2,40,52,04,472</b>

**Schedule 3: Current liabilities and provisions**

(In ₹)

Particulars	Scheme C Tier I	
	March 31, 2019	March 31, 2018
<b>Current liabilities</b>		
Sundry creditors for expenses	5,35,721	3,66,821
Redemption Payable	61,23,514	33,91,201
TDS Payable	13,249	6,961
Contract for Purchase of Investments	-	14,60,58,263
Interest received in advance	-	42,678
<b>Total</b>	<b>66,72,484</b>	<b>14,98,65,924</b>

**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, 2019	March 31, 2018
Debentures and Bonds Listed/Awaiting Listing	11,44,27,08,441	6,07,86,15,714
Others - Mutual Fund Units	13,46,92,215	14,26,871
<b>Total</b>	<b>11,57,74,00,656</b>	<b>6,08,00,42,585</b>

**Schedule 5: Deposits****(In ₹)**

Particulars	Scheme C Tier I	
	March 31, 2019	March 31, 2018
Deposits with scheduled banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

Particulars	Scheme C Tier I	
	March 31, 2019	March 31, 2018
Balances with bank in current account	12,74,17,239	14,84,87,861
Outstanding and accrued income	35,84,42,416	23,08,08,563
Brokerage receivable from PFM	83,000	14,000
Application money pending allotment	-	6,04,21,000
Sundry Debtors	-	14
<b>Total</b>	<b>48,59,42,655</b>	<b>43,97,31,438</b>

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

## Schedule 7

### Significant accounting policies & notes to accounts for the year ended March 31, 2019

#### 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.

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 year end 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 seven 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 and the fee has been revised to 0.005% per annum with effect from April 01, 2018.

The Company has stopped charging Trustee fee with effect from January 25, 2019, as directed by the Authority vide PFRDA circular no. PFRDA/17/03/31/0016/2018-SUP-PF/12 dated January 25, 2019.

### **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, 2019	March 31, 2018
Uncalled liability on partly paid shares	NIL	NIL
Other commitments	NIL	NIL

**2.2 Investments**

All investments are performing investments except investment in one of the IL&FS Ltd. NCD (7.80% IL&FS Ltd. NCD Mat 30-Nov-2020) where our holding is Face Value INR 5 crores. The stated security has been classified as Non-Performing Asset, in lines with the PFRDA NPA Guidelines 2012 as the Interest receipt has remained outstanding for one quarter from the due date. 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
<b>Pension fund manager</b>	HDFC Pension Management Company Limited
<b>Sponsor company</b>	HDFC Life Insurance Company Limited
<b>Associates and group companies</b>	
Holding Company	HDFC Limited
Ms. Vibha Padalkar	Key Management Personnel
Mr. Parvez Mulla	Key Management Personnel (W.E.F. 25th Sept 2018)
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, 2019

(In ₹)

Nature of Transaction	Scheme C Tier I	
	March 31, 2019	March 31, 2018
Investment management fees	10,09,176	5,02,545

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme C Tier I	
	March 31, 2019	March 31, 2018
Investment management fees payable	2,92,006	1,54,383

Aggregate investments made in the Associates and group companies as at March 31, 2019 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme C Tier I			
		March 31, 2019		March 31, 2018	
		Cost	Market Value	Cost	Market Value
HDFC Ltd	NCD	56,25,15,070	57,75,95,288	26,16,86,870	25,96,92,529

**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, 2019 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme C Tier I			
		March 31, 2019		March 31, 2018	
		Cost	Market Value	Cost	Market Value
HDFC Bank Ltd		NIL	NIL	NIL	NIL

**2.4 Provision**

Interest accrual of INR 48.83 lacs on the Investment in IL&FS Ltd. NCD (7.80% IL&FS Ltd. NCD Mat 30-Nov-2020) has been provided for, having classified the said security as Non-Performing Asset in lines with the PFRDA's NPA Guidelines. Apart from the stated security, 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, 2019 is as follows :

(In ₹)

Particular	Scheme C Tier I	
	March 31, 2019	March 31, 2018
Average Net Asset Value	8,55,23,38,710	4,27,91,91,305
Purchase of Investment	61,35,08,38,230	33,07,97,76,252
% to average Net Assets Value	717.36%	773.04%
Sale of Investment	55,94,64,62,662	29,64,11,39,381
% to average Net Assets Value	654.17%	692.68%

**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, 2019 is as follows :

(In ₹)

Particular	Scheme C Tier I	
	March 31, 2019	March 31, 2018
Average Net Asset Value	8,55,23,38,710	4,27,91,91,305
Purchase of Investment	13,52,79,12,831	3,89,04,80,646
% to average Net Assets Value	158.18%	90.92%
Sale of Investment	8,24,25,59,752	34,09,08,783
% to average Net Assets Value	96.38%	7.97%

\*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, 2019		March 31, 2018	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Other Credit Granting	2,57,16,51,359	21.33%	1,80,08,86,251	28.27%
Activities of specialized institutions granting credit for house purchases	1,69,35,73,508	14.05%	78,23,70,125	12.28%
Other Financial Service Activities, Except Insurance And Pension	1,17,60,01,831	9.75%	86,25,134	0.14%
Monetary intermediation of commercial / saving / postal banks	1,14,26,73,830	9.48%	63,99,37,824	10.05%
Other monetary intermediation services n.e.c.	1,12,29,46,055	9.31%	54,97,04,015	8.63%
Electric Power Generation By Hydroelectric Power Plants	79,41,55,637	6.59%	18,13,29,625	2.85%
Transmission Of Electric Energy	73,69,43,619	6.11%	55,65,58,599	8.74%
Service Activities Incidental To Water Transportation	73,08,30,033	6.06%	38,30,47,777	6.01%
Electric power generation and transmission by nuclear power plant	56,83,28,933	4.71%	41,53,29,277	6.52%
Activity of commission agents dealing in wholesale trade in agriculture	17,19,45,270	1.43%	40,83,45,099	6.41%
Others	73,36,58,366	6.09%	35,24,81,988	5.53%
Mutual Funds	13,46,92,215	1.12%	14,26,871	0.02%
Net Current Assets	47,92,70,171	3.98%	28,98,65,514	4.55%
<b>Net Asset Value</b>	<b>12,05,66,70,827</b>	<b>100.00%</b>	<b>6,36,99,08,099</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 C Tier I	
			March 31, 2019	March 31, 2018
Reliance Liquidity Fund - Direct Growth Plan - Growth Option	Liquid Mutual Fund	Less than 7 Days	NIL	6,04,21,000

**2.8 Prior Year Comparatives :**

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

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

3. PORTFOLIO STATEMENT AS ON YEAR ENDED MARCH 31, 2019

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
Non-convertible Debenture	8.65% NHPC NCD Mat 08-February-2029	500	51,02,39,720	4.23%
	8.45% Sikka Ports & Terminals Limited NCD Mat 12-Jun-2023	461	47,23,50,527	3.92%
	9.10% L&T Finance Ltd Series I – Option II Mat 13-April-2022	4,00,000	40,65,71,200	3.37%
	9.30% Shriram Transport Fin NCD Mat 12-July-2023	4,00,000	40,10,49,920	3.33%
	9.30% Mahindra and Mahindra Financial Services Ltd Mat 18-Jan-2027	3,50,000	35,37,17,735	2.93%
	9.05% Reliance Industries Limited Mat 17-Oct-2028	292	30,69,64,429	2.55%
	8.51% NABARD NCD Mat 19-December-2033	300	30,57,98,319	2.54%
	8.18% NABARD NCD Mat 26-December-2028	303	30,50,24,044	2.53%
	8.52% IDFC First Bank Ltd NCD Mat 27-Feb-2025	300	29,60,99,297	2.46%
	9.10% IDFC First Bank Ltd Mat 30-June-2021	280	28,55,61,421	2.37%
	9.4857% M&M Financial Services Ltd Mat 22-Feb-2022	250	25,62,43,962	2.13%
	8.30% Rural Electrification Corp Ltd Mat 25-Mar-2029	200	20,29,91,188	1.68%
	7.95% LIC Housing Finance Ltd. Mat 29-Jan-2028 Tranch 359	200	20,16,47,254	1.67%
	8.36% Power Grid NCD Mat 07-Jan-2029	200	20,12,67,646	1.67%
	8.80% LIC Housing Finance Ltd. Mat 25-Jan-2029	190	19,68,87,330	1.63%
	8.49% NTPC NCD Mat 25-Mar-2025	1,43,35,353	18,15,90,217	1.51%
	9.05% HDFC Ltd Mat 20-Nov-2023	150	15,73,84,640	1.31%
	9.00% HDFC Ltd Mat 29-Nov-2028	150	15,72,78,998	1.30%
	9.50% Mahindra and Mahindra Financial Services Ltd Mat 18-Jan-2029	1,50,000	15,35,42,340	1.27%
	8.55% HDFC Ltd Mat 27-Mar-2029	150	15,30,77,171	1.27%
	7.74% Power Finance Corporation Ltd. Mat 30-Jan-2028	150	15,05,62,710	1.25%
	9.08% LIC Housing Finance Co. Ltd. Mat 10-Oct-2028	140	14,74,33,710	1.22%
	7.25% Nuclear Power Corp. Mat 15-Dec-2031 (SR-XXXIII TRCH-E)	148	13,83,03,031	1.15%
	9.02% Rural Electrification Corp Ltd Mat 19-Nov-2022	117	12,19,90,067	1.01%
	8.70% Power Grid NCD Mat 15-Jul-2028	115	11,82,84,650	0.98%
	8.14% Nuclear Power Corp. Mat 25-Mar-2026(Tranche A)	114	11,44,03,374	0.95%
	7.90% Sikka Ports & Terminals Limited NCD Mat 18-Nov-2026	112	10,98,54,284	0.91%
	9.18% Nuclear Power Corp. Mat 23-Jan-2028(Tranche D)	102	10,89,98,221	0.90%
	9.30% Power Grid NCD Mat 28-Jun-2024	80	10,65,13,983	0.88%
	8.95% Food Corporation of India Ltd Mat 01-Mar-2029	100	10,46,59,578	0.87%
	8.54% Rural Electrification Corp Ltd Mat 15-Nov-2028	100	10,30,50,791	0.85%
	8.65% Reliance Industries Limited Mat 11-Dec-2028	100	10,25,94,571	0.85%
	8.54% NABARD NCD Mat 30-Jan-2034	100	10,22,13,383	0.85%
	9.10% IDFC First Bank Ltd Mat 31-May-2021	100	10,19,34,365	0.85%
	8.20% NABARD NCD Mat 28-Mar-2034	100	10,08,09,166	0.84%
	8.75% Kotak Mahindra Prime Ltd NCD Mat 28-Sep-2021 (Series VI)	100	10,06,39,431	0.83%
	10.40% Sikka Ports & Terminals Limited NCD Mat 18-Jul-2021	94	9,94,43,195	0.82%
	8.15% EXIM Bank NCD Mat 21-Jan-2030.	100	9,93,22,109	0.82%
	7.52% NHPC NCD Mat 06-June-2026	100	9,61,97,278	0.80%
	10% Shriram Transport Fin NCD Mat 13-Nov-2024	91	9,33,80,077	0.77%
	7.27% IRFC NCD Mat 15-June-2027	97	9,15,80,850	0.76%
	7.55% Power Grid NCD Mat 21-Sep-2031	95	8,99,37,700	0.75%
	8.22% NABARD NCD Mat 13-December-2028	77	7,77,17,997	0.64%
	9.20% IDFC First Bank Ltd Mat 22-Jan-2021	73	7,43,07,738	0.62%
	8.65% Power Finance Corporation Ltd. Mat-28-Dec-2024	65	6,61,69,226	0.55%
	8.89% LIC Housing Finance Ltd. Mat 25-Apr-2023	60	6,23,66,728	0.52%
	10.15% Shriram Transport Fin NCD Mat 15-Jul-2021	60,000	6,17,78,886	0.51%
	9.17% IDFC First Bank Ltd NCD Mat 14-Oct-2024	58	5,89,11,141	0.49%
	8.50% LIC Housing Finance Co. Ltd. Mat 29-Aug-2025	57	5,76,97,711	0.48%
	8.85% NHPC NCD Mat 11-Feb-2024	500	5,21,89,167	0.43%
	8.79% LIC Housing Finance Co. Ltd. Mat 05-Mar-2024	50	5,21,01,344	0.43%
	9.17% LIC Housing Finance Ltd. Mat 24-Mar-2022	50	5,20,49,062	0.43%
	8.70% NHPC NCD Mat 11-Feb-2024.	500	5,18,95,298	0.43%
	8.84% Power Finance Corporation Ltd. Mat-04-Mar-2023	50	5,18,13,260	0.43%
	8.40% Nuclear Power Corp. Mat 28-Nov-2029 (SR-XXIX TRCH-E)	50	5,11,31,157	0.42%
	9.20% IDFC First Bank Ltd Mat 29-Jan-2021	50	5,09,07,005	0.42%
	8.20% HDFC Ltd Mat 29-Jul-2021	5	5,06,50,209	0.42%
	7.95% LIC Housing Finance Ltd. Mat 24-Mar-2022	50	5,04,80,693	0.42%
	7.99% Power Finance Corporation Ltd. Mat 20-Dec-2022	50	5,04,31,889	0.42%
	8.27% Rural Electrification Corp Ltd Mat 06-Feb-2025	50	5,00,92,838	0.42%
	8.09% Rural Electrification Corp Ltd Mat 21-march-2028	50	5,00,31,567	0.41%
	8.06% Rural Electrification Corp Ltd Mat 27-Mar-2028`	50	4,99,38,294	0.41%
	7.50% Power Finance Corporation Ltd. Mat 16-Aug-2021	50	4,99,12,183	0.41%
	8.01% Rural Electrification Corp Ltd Mat 24-Mar-2028	50	4,97,75,511	0.41%
	7.45% LIC Housing Finance Ltd. Mat 17-Oct-2022	50	4,97,59,842	0.41%
	7.42% LIC Housing Finance Ltd. Mat 15-Jul-2022	50	4,97,54,595	0.41%
	7.60 Axis Bank Ltd NCD Mat 20-Oct-23	50	4,97,29,770	0.41%
	7.24% Rural Electrification Corp Ltd NCD Mat 21-Oct-2021	50	4,95,94,418	0.41%
	7.35% Power Finance Corporation Ltd. Mat 22-Nov-2022	50	4,94,92,978	0.41%
	8.62% Food Corporation of India Ltd Mat 22-Mar-2023	48	4,94,16,762	0.41%
	7.98% IDFC First Bank Ltd NCD Mat 23-May-2023	50	4,93,79,224	0.41%
	7.10% Power Finance Corporation Ltd. Mat-08-Aug-2022	50	4,92,89,333	0.41%
8.72% Shriram Transport Fin NCD Mat 27-Mar-2023	50	4,92,27,517	0.41%	
8.55% Bajaj Finance Ltd NCD Mat 26-Apr-2021	49	4,92,00,068	0.41%	
7.95% Sikka Ports & Terminals Limited NCD Mat 28-Oct-2026	50	4,91,82,028	0.41%	
8.95% HDFC Ltd Mat 21-Mar-2023	47	4,88,99,390	0.41%	
9.60% EXIM Bank NCD Mat 07-FEB-2024	45	4,82,89,063	0.40%	
8.40% Power Grid NCD Mat 27-May-2024	47	4,82,85,974	0.40%	
7.25% Nuclear Power Corp. Mat 15-Dec-2029 (SR-XXXIII TRCH-C)	50	4,70,64,198	0.39%	

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

3. PORTFOLIO STATEMENT AS ON YEAR ENDED MARCH 31, 2019

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
	7.40% Power Finance Corporation Ltd.Mat 30-Sep-2021	47	4,67,87,519	0.39%
	8.49% NHPC NCD Mat 26-November-2024	450	4,54,78,636	0.38%
	10.15% Bajaj Finance Ltd NCD Mat 19-Sep-2024.	43	4,51,36,298	0.37%
	7.25% Nuclear Power Corp. Mat 15-Dec-2028 (SR-XXXIII TRCH-B)	47	4,44,10,135	0.37%
	7.09% Rural Electrification Corp Ltd Mat 17-Oct-2022	45	4,42,83,849	0.37%
	8.94% Bajaj Finance Ltd NCD Mat 07-Nov-2025	38	3,77,00,325	0.31%
	7.80% IL&FS Ltd. NCD Mat 30-Nov-2020.	50,000	3,75,00,000	0.31%
	8.85% Power Grid NCD Mat 19-Oct-2024	29	3,71,88,975	0.31%
	8.75% IDFC First Bank Ltd NCD Mat 28-Jul-2023	35	3,54,82,875	0.29%
	8.54% NHPC NCD Mat 26-November-2026.	330	3,35,30,187	0.28%
	9.64% Power Grid NCD Mat 31-May-2026	24	3,22,07,394	0.27%
	9.17% NTPC NCD Mat 22-Sep-2024	30	3,12,96,073	0.26%
	9.00% NTPC NCD Mat 25-Jan-2026	150	3,11,51,902	0.26%
	8.80% Rural Electrification Corp Ltd Mat 25-Oct-2020	30	3,05,23,489	0.25%
	9.30% LIC Housing Finance Ltd. Mat 14-Sep-2022	29	3,04,47,975	0.25%
	10.25% Shriram Transport Fin NCD Mat 10-Oct-2024	29	3,01,60,735	0.25%
	8.82% Rural Electrification Corp. Ltd. Mat 12-Apr-2023	29	3,00,92,600	0.25%
	8.40% Nuclear Power Corp. Mat 28-Nov-2025 (SR-XXIX TRCH-A)	29	2,94,84,540	0.24%
	9.22% LIC Housing Finance Co. Ltd. Mat 16-Oct-2024	28	2,91,70,027	0.24%
	7.59% LIC Housing Finance Ltd. Mat 14-Oct-2021	28	2,79,90,104	0.23%
	8.49% IDFC First Bank Ltd NCD Mat 11-Dec-2024	26	2,56,25,415	0.21%
	8.95% LIC Housing Finance Co. Ltd. Mat 15-Sep-2020	25	2,54,54,912	0.21%
	8.32% Power Grid NCD Mat 23-Dec-2030	22	2,21,15,184	0.18%
	9.25% Power Grid NCD Mat 09-March-2027	20	2,11,45,459	0.18%
	9.30% Power Grid NCD Mat 28-Jun-2026	16	2,11,19,512	0.18%
	9.60% LIC Housing Finance Ltd. Mat 07-Mar-2021	20	2,07,16,818	0.17%
	9.00% LIC Housing Finance Ltd. Mat-23-Nov-2020	20	2,04,26,572	0.17%
	9.05% Shriram Transport Fin NCD Mat 30-Jun-2021	20	2,01,53,628	0.17%
	9.45% LIC Housing Finance Co. Ltd. Mat 30-Jan-2022	18	1,88,24,829	0.16%
	10.25% Shriram Transport Fin NCD Mat 18-Sep-2024	18	1,87,52,537	0.16%
	8.40% Power Grid NCD Mat 27-May-2029	18	1,81,85,332	0.15%
	8.10% EXIM Bank NCD Mat 19-Nov-2025.	18	1,78,70,569	0.15%
	8.50% EXIM Bank Mat 08-Jul-2023	17	1,74,52,573	0.14%
	8.38% Power Finance Corporation Ltd.Mat-27-April-2020	17	1,71,64,065	0.14%
	10.70%IRFC NCD Mat 11-Sep-2023	15	1,67,39,792	0.14%
	8.50% NABARD NCD Mat 31-Jan-2023	16	1,63,90,883	0.14%
	10.35% United Phosphorus Ltd. NCD Mat 08-Jun-2019	16	1,60,84,431	0.13%
	8.73% IDFC First Bank Ltd NCD Mat 06-Jan-2023	15	1,52,55,804	0.13%
	8.70% Power Finance Corporation Ltd.Mat 14-May-2025	14	1,43,01,632	0.12%
	8.90% IDFC First Bank Ltd NCD Mat 19-Nov-2025	14	1,40,52,637	0.12%
	8.70% IDFC First Bank Ltd NCD Mat 23-Jun-2025	14	1,39,22,642	0.12%
	9.22% Shriram Transport Fin NCD Mat 13-Apr-2026	14	1,38,87,254	0.12%
	9.39% Power Finance Corporation Ltd.Mat 27-Aug-2024	13	1,37,90,987	0.11%
	8.83% IRFC NCD Mat 14-May-2031	13	1,37,48,507	0.11%
	8.95%IRFC NCD Mat 10-Mar-2025	13	1,35,33,718	0.11%
	9.43% LIC Housing Finance Co. Ltd. Mat 10-Feb-2022	12	1,25,49,519	0.10%
	9.15% EXIM Bank NCD Mat 05-Sep-2022	12	1,25,42,959	0.10%
	9.36% IDFC First Bank Ltd NCD Mat 21-Aug-2024	12	1,24,59,457	0.10%
	9.95% Food Corporation of India Ltd Mat 07-Mar-2022	11	1,16,62,095	0.10%
	8.70% IDFC First Bank Ltd NCD Mat 20-May-2025	11	1,09,42,283	0.09%
	9.35% Rural Electrification Corp Ltd Mat 15-Jun-2022	10	1,04,83,383	0.09%
	8.77% NABARD NCD Mat 05-Oct-2028	10	1,04,54,095	0.09%
	8.90 State Bank of India NCD Mat 02-Nov-2028	10	1,04,17,601	0.09%
	9.40% IDFC First Bank Ltd Mat 29-Sep-2025	10	1,02,75,248	0.09%
	8.80% Power Finance Corporation Ltd. Mat 15-Jan-2025	10	1,02,48,828	0.09%
	8.89% IDFC First Bank Ltd NCD Mat 02-Dec-2020	10	1,01,16,791	0.08%
	8.40 % L&T NCD Mat 24 Sep 2020	10	1,01,10,944	0.08%
	9.25% Shriram Transport Fin NCD Mat 18-Mar-2021	10	1,01,07,389	0.08%
	8.52% Power Finance Corporation Ltd.Mat-09-Dec-2019	10	1,00,64,132	0.08%
	8.14% Nuclear Power Corp. Mat 25-Mar-2028 (Tranche C)	10	1,00,39,423	0.08%
	8.23% Rural Electrification Corp Ltd Mat 23-Jan-2025	10	1,00,00,902	0.08%
	8.20% Power Finance Corporation Ltd.Mat 10-Mar-2025	10	99,84,681	0.08%
	9.30% Shriram Transport Fin NCD Mat 18-Mar-2026	10	99,59,490	0.08%
	8.85% Bajaj Finance Ltd NCD Mat 21-Jul-2026	10	98,67,483	0.08%
	9.34% Rural Electrification Corp Ltd Mat 25-Aug-2024	9	95,31,448	0.08%
	8.56% Nuclear Power Corp. Mat 15-Mar-2023 (Tranche C)	9	92,94,608	0.08%
	9.15% Shriram Transport Fin NCD Mat 13-Apr-2021	9	90,83,910	0.08%
	8.14% Nuclear Power Corp. Mat 25-Mar-2027 (Tranche B)	9	90,35,159	0.07%
	8.68%IRFC NCD Mat 29-Nov-2021	8	82,36,903	0.07%
	8.85% Power Finance Corporation Ltd.Mat 15-Jun-2030	7	73,00,781	0.06%
	8.83% IRFC NCD Mat 14-May-2034	6	63,75,073	0.05%
	8.80% Food Corporation of India Ltd Mat 22-Mar-2028	6	62,06,835	0.05%
	8.55% Power Finance Corporation Ltd.Mat 09-Dec-2021	6	61,33,825	0.05%
	8.90% HDFC Ltd Mat 18-Aug-2020	6	60,99,932	0.05%
	8.83% IRFC NCD Mat 14-May-2035	5	53,22,806	0.04%

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

3. PORTFOLIO STATEMENT AS ON YEAR ENDED MARCH 31, 2019

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
	9.75% Rural Electrification Corp Ltd Mat 11-Nov-2021	5	52,45,223	0.04%
	9.38% IDFC First Bank Ltd NCD Mat 12-Sep-2024	5	51,69,540	0.04%
	8.44% Rural Electrification Corp Ltd Mat 04-Dec-2021	5	51,02,848	0.04%
	8.40% Nuclear Power Corp. Mat 28-Nov-2026 (SR-XXIX TRCH-B)	5	50,91,423	0.04%
	8.73% IDFC First Bank Ltd NCD Mat 14-Jun-2022	5	50,74,857	0.04%
	9.25% Tata Sons Private Ltd NCD Mat 19-Jun-2019	5	50,25,924	0.04%
	8.75% Mahindra and Mahindra Financial Services Ltd Mat 09-Oct-2025	5	49,15,431	0.04%
	8.79% IRFC NCD Mat 04-May-2030	4	42,06,587	0.03%
	9.05% HDFC Ltd Mat 16-Oct-2028	4	42,04,948	0.03%
	8.93% Power Grid NCD Mat 20-Oct-2027	4	41,62,529	0.03%
	8.93% Power Grid NCD Mat 20-Oct-2020	4	40,76,403	0.03%
	8.70% Power Finance Corp Ltd Mat 14-May-2020	4	40,52,338	0.03%
	8.64% IDFC First Bank Ltd NCD Mat 15-Apr-2020	4	40,32,225	0.03%
	8.25% EXIM Bank NCD Mat 23-Jun-2031	4	40,00,723	0.03%
	9.46% Power Finance Corporation Ltd. Mat 01-Aug-2026	3	31,94,437	0.03%
	9.48% Rural Electrification Corp Ltd Mat 10-Aug-2021	3	31,19,276	0.03%
	8.50% NHPC NCD Mat 14-July-2024	30	30,85,321	0.03%
	8.27% Rural Electrification Corp Ltd Mat 09-Mar-2022	3	30,53,262	0.03%
	8.68% LIC Housing Finance Ltd. Mat 30-Mar-2020	3	30,36,294	0.03%
	7.74%IRFC NCD Mat 22-Dec-2020	3	30,17,088	0.03%
	8.84% Power Grid NCD Mat 21-Oct-2023	2	26,01,586	0.02%
	8.64% Power Grid NCD Mat 08-Jul-2024	2	25,91,937	0.02%
	9.50% IL & FS Ltd NCD Mat 28-Jul-2024.	2,900	21,75,000	0.02%
	9.47% LIC Housing Finance Ltd Mat 23-Aug-2024	2	21,31,360	0.02%
	8.93% Power Grid NCD Mat 20-Oct-2028	2	20,87,127	0.02%
	9.55% Hindalco Ind. Ltd. NCD Mat 27-Jun-2022	2	20,62,655	0.02%
	9.75% EXIM Bank NCD Mat 04-Oct-2020	2	20,59,581	0.02%
	8.93% Power Grid NCD Mat 20-Oct-2021	2	20,59,243	0.02%
	8.93% Power Grid NCD Mat 20-Oct-2024	2	20,58,711	0.02%
	9.44% LIC Housing Finance Co. Ltd. Mat 30-Aug-2019	2	20,15,722	0.02%
	10% Shriram Transport Fin NCD Mat 15-Jul-2019	2,000	20,08,887	0.02%
	9.43% Tata Sons Private Ltd NCD Mat 02-Jun-2019	2	20,08,224	0.02%
	8.18% EXIM Bank NCD Mat 07-Dec-2025	2	19,93,623	0.02%
	8.11% Rural Electrification Corp Ltd Mat 07-Oct-2025	2	19,86,936	0.02%
	8.50% NHPC NCD Mat 14-July-2023	15	15,40,031	0.01%
	8.69% IL & FS Ltd NCD Mat 25-Aug-2025.	2,000	15,00,000	0.01%
	9.55% IL & FS Ltd NCD Mat 13-Aug-2024.	2,000	15,00,000	0.01%
	9.47% IRFC NCD Mat 10-May-2031	1	11,06,402	0.01%
	9.74% Tata Sons Private Ltd NCD Mat 13-Jan-2024	1	10,77,536	0.01%
	9.18% Nuclear Power Corp. Mat 23-Jan-2029(Tranche E)	1	10,73,665	0.01%
	9.30% Power Grid NCD Mat 04-Sep-2024	1	10,54,273	0.01%
	8.83% IRFC NCD Mat 25-Mar-2023	1	10,38,527	0.01%
	9.20% Power Finance Corp Ltd Mat 07-Jul-2021	1	10,33,086	0.01%
	8.64% IRFC NCD Mat 17-May-2021	1	10,24,359	0.01%
	8.37% LIC Housing Finance Co. Ltd. Mat-21-May-2023	1	10,21,700	0.01%
	8.97% Tata Sons Private Ltd NCD Mat 15-Jul-2020	1	10,16,457	0.01%
	10.24% L&T Finance Ltd Mat 17-Sep-2019	1,000	10,11,163	0.01%
	8.36% Rural Electrification Corp Ltd Mat 22-SEP-2020	1	10,11,134	0.01%
	9.45% LIC Housing Finance Co. Ltd. Mat 10-Sep-2019	1	10,08,289	0.01%
	8.72% IDFC First Bank Ltd NCD Mat 29-Sep-2020	1	10,08,052	0.01%
	7.94% EXIM Bank Mat 22-May-2023	1	10,06,969	0.01%
	9.51% LIC Housing Finance Co. Ltd. Mat 24-Jul-2019	1	10,05,831	0.01%
	8.90% IDFC First Bank Ltd NCD Mat 29-Sep-2019	1	10,05,042	0.01%
	9.18% IDFC First Bank Ltd NCD Mat 11-Jun-2024	1	10,03,397	0.01%
<b>Non-convertible Debenture Total</b>		<b>1,57,66,608</b>	<b>11,44,27,08,441</b>	<b>94.91%</b>
Mutual Fund Units	Kotak Liquid - Growth - Direct	35,606	13,46,92,215	1.12%
<b>Mutual Fund Units Total</b>		<b>35,606</b>	<b>13,46,92,215</b>	<b>1.12%</b>
<b>Net Current Assets</b>		-	<b>47,92,70,171</b>	<b>3.98%</b>
<b>Grand Total</b>		<b>1,58,02,214</b>	<b>12,05,66,70,827</b>	<b>100%</b>

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

**3.1 KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2019**

Sr No	Particulars	Scheme C Tier I	
		March 31, 2019	March 31, 2018
1	NAV per unit (₹) I		
	Open	16.0665	15.1039
	High	17.3760	16.0680
	Low	15.7260	15.0322
	End	17.3760	16.0665
2	Closing Assets Under Management (₹ in Lakhs)		
	End	1,20,566.71	63,699.08
	Average daily net assets (AAuM) II	85,523.39	42,791.91
3	Gross income as % of AAuM III	10.43%	8.05%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.02%	0.03%
b	Management fee as % of AAuM (scheme wise) V	0.01%	0.01%
5	Net income as % of AAuM VI	9.27%	5.85%
6	Portfolio turnover ratio VII	96.38%	7.97%
7	Total dividend per unit distributed during the period	N.A.	N.A.
8	Returns: (%)		
a	Last one year	8.15%	6.37%
	Benchmark	7.36%	5.35%
b	Since inception	73.76%	60.67%
	Benchmark	69.84%	50.12%
c	Compound annualised yield (%) VIII		
	Last 1 year	8.15%	6.37%
	Last 2 year	7.26%	9.25%
	Last 3 year	8.88%	9.23%
	Since launch of the scheme	10.24%	10.70%
	<b>Launch Date</b>	<b>August 01, 2013</b>	
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, 2019**

### ***Contents***

Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts

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**

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 Limited (PFM)** which comprise of the Balance Sheet as at March 31, 2019 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**

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 principles generally accepted in India including the applicable 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 also includes maintenance of adequate accounting records for safeguarding of the assets of the PFM and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and assuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFM.

## **Auditor’s Responsibility**

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 specified under Section 143 (10) of the Companies Act, 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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.

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

## Opinion

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, 2019;
- b. in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date

## Report on Other Legal and Regulatory Requirements

1. 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 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 as far as appears from our examination of those books.
  - 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.

# HARIBHAKTI & CO. LLP

Chartered Accountants

## We further certify that

- a. Investments are valued based on rates provided by Stock Holding Corporation of India, the custodian of NPS Trust.
- 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 Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

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**Sumant Sakhardande**

Partner

Membership No. 034828

Mumbai

April 19, 2019

**NATIONAL PENSION SYSTEM TRUST**

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

**BALANCE SHEET AS AT MARCH 31, 2019**

**(In ₹)**

Particulars	Schedule	Scheme C Tier II	
		March 31, 2019	March 31, 2018
<b>Liabilities</b>			
Unit Capital	1	24,42,01,243	16,87,06,548
Reserves & Surplus	2	15,54,88,788	8,71,62,816
Current Liabilities and Provisions	3	23,16,789	35,67,525
<b>Total</b>		<b>40,20,06,820</b>	<b>25,94,36,889</b>
<b>Assets</b>			
Investments	4	38,51,97,937	24,11,37,113
Deposits	5	-	-
Other Current Assets	6	1,68,08,883	1,82,99,776
<b>Total</b>		<b>40,20,06,820</b>	<b>25,94,36,889</b>
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		39,96,90,031	25,58,69,364
(b) Number of units outstanding		2,44,20,124	1,68,70,655
(c) NAV per unit (a)/(b) (₹)		16.3672	15.1665
<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 Haribhakti & Co. LLP (FRN 103523W/W100048)**

**Chartered Accountants**

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

**Sumant Sakhardande**

Partner

Membership No.034828

**Vibha Padalkar**

(Director)

**Parvez Mulla**

(Director)

**Sumit Shukla**

(Chief Executive Officer)

**Fagun Pancholi**

(Chief Financial Officer)

**Nagesh Pai**

(Company Secretary)

**Place :** Mumbai

**Date :**

**Place :** Mumbai

**Date :** April 19, 2019

**For and on Behalf of NPS Trust**

**Ashvin Parekh**

(Chairman, NPS Trust Board)

**Munish Malik**

(Chief Executive Officer)

**Place :**

**Date :**

**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, 2019**

**(In ₹)**

Particulars	Schedule	Scheme C Tier II	
		March 31, 2019	March 31, 2018
<b>Income</b>			
Interest		2,61,24,576	1,28,80,667
Profit on sale/redemption of investments		10,02,234	3,13,780
Unrealised gain on appreciation in investments		15,83,243	-
Other income		-	-
- Miscellaneous Income		169	-
<b>Total Income (A)</b>		<b>2,87,10,222</b>	<b>1,31,94,447</b>
<b>Expenses &amp; Losses</b>			
Unrealised losses in value of investments		-	33,47,202
Loss on sale/redemption of investments		13,60,265	1,94,493
Management fees (including Goods and Service tax/Service tax)		38,039	19,299
NPS Trust fees		12,686	16,422
Custodian fees		11,485	5,602
CRA fees		66,768	50,116
Less : Amount recoverable on sale of units on account of CRA Charges		(66,768)	(50,116)
Depository and settlement charges		2,829	2,444
<b>Total Expenditure (B)</b>		<b>14,25,304</b>	<b>35,85,462</b>
<b>Surplus/(Deficit) for the year (A-B = C)</b>		<b>2,72,84,918</b>	<b>96,08,985</b>
Less: Amount transferred to Unrealised appreciation account		(6,342)	12,24,361
Less: Amount transferred to General Reserve		(2,72,78,576)	(1,08,33,346)
<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 Haribhakti & Co. LLP (FRN 103523W/W100048)**

**Chartered Accountants**

**Sumant Sakhardande**  
Partner  
Membership No.034828

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

**Vibha Padalkar**  
(Director)

**Parvez Mulla**  
(Director)

**Sumit Shukla**  
(Chief Executive Officer)

**Fagun Pancholi**  
(Chief Financial Officer)

**Nagesh Pai**  
(Company Secretary)

**Place :** Mumbai  
**Date :**

**Place :** Mumbai  
**Date :** April 19, 2019

**For and on Behalf of NPS Trust**

**Ashvin Parekh**  
(Chairman, NPS Trust Board)

**Munish Malik**  
(Chief Executive Officer)

**Place :**  
**Date :**

**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, 2019	March 31, 2018
<b>Initial capital</b>		
<u>Unit capital</u>		
Outstanding at the beginning of the year	16,87,06,548	6,29,79,573
Add :Units issued during the year	21,21,53,052	14,88,01,422
Less: Units redeemed during the year	(13,66,58,357)	(4,30,74,447)
<b>Outstanding at the end of the year</b>	<b>24,42,01,243</b>	<b>16,87,06,548</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>		
Outstanding units at the beginning of the year	1,68,70,655	62,97,957
Add :Units issued during the year	2,12,15,305	1,48,80,142
Less: Units redeemed during the year	(1,36,65,836)	(43,07,445)
<b>Outstanding Units at the end of the year</b>	<b>2,44,20,124</b>	<b>1,68,70,655</b>

**Schedule 2: Reserves and surplus**

(In ₹)

Particulars	Scheme C Tier II	
	March 31, 2019	March 31, 2018
<b>Unit premium reserve</b>		
Opening balance	6,99,59,536	1,89,89,030
Add: Premium on Units issued	11,59,06,368	7,19,07,437
Less: Premium on Units redeemed	(7,48,65,314)	(2,09,36,931)
Add: Transfer from General Reserve	-	-
Closing balance	<b>11,10,00,590</b>	<b>6,99,59,536</b>
<b>General Reserve</b>		
Opening balance	1,72,03,280	63,69,934
Add/(Less): Transfer from/(to) Revenue Account	2,72,78,576	1,08,33,346
Less: Transfer to Unit Premium Reserve	-	-
Closing balance	<b>4,44,81,856</b>	<b>1,72,03,280</b>
<b>Unrealised Appreciation Reserve</b>		
Opening balance	-	12,24,361
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from/(to) Revenue Account	6,342	(12,24,361)
Closing balance	<b>6,342</b>	<b>-</b>
<b>Total</b>	<b>15,54,88,788</b>	<b>8,71,62,816</b>

**Schedule 3: Current liabilities and provisions**

(In ₹)

Particulars	Scheme C Tier II	
	March 31, 2019	March 31, 2018
<b>Current liabilities &amp; Provisions</b>		
Sundry creditors for expenses	16,051	14,504
Redemption Payable	23,00,287	35,52,721
TDS Payable	451	300
<b>Total</b>	<b>23,16,789</b>	<b>35,67,525</b>

**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, 2019	March 31, 2018
Debentures and Bonds Listed/Awaiting Listing	37,07,71,596	24,11,37,113
Others - Mutual Fund Units	1,44,26,341	-
<b>Total</b>	<b>38,51,97,937</b>	<b>24,11,37,113</b>

**Schedule 5: Deposits****(In ₹)**

Particulars	Scheme C Tier II	
	March 31, 2019	March 31, 2018
Deposits with scheduled banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

Particulars	Scheme C Tier II	
	March 31, 2019	March 31, 2018
Balances with banks in current account	30,94,375	2,96,659
Outstanding and accrued income	1,37,14,508	84,74,117
Application money pending allotment	-	95,29,000
<b>Total</b>	<b>1,68,08,883</b>	<b>1,82,99,776</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, 2019**

##### **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.

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 year end 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 seven 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 and the fee has been revised to 0.005% per annum with effect from April 01, 2018.

The Company has stopped charging Trustee fee with effect from January 25, 2019, as directed by the Authority vide PFRDA circular no. PFRDA/17/03/31/0016/2018-SUP-PF/12 dated January 25, 2019.

### **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**

**2.1 Contingent liabilities**

(In ₹)

Particulars	Scheme C Tier II	
	March 31, 2019	March 31, 2018
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
<b>Pension fund manager</b>	HDFC Pension Management Company Limited
<b>Sponsor company</b>	HDFC Life Insurance Company Limited
<b>Associates and group companies</b>	
Holding Company	HDFC Limited
Ms. Vibha Padalkar	Key Management Personnel
Mr. Parvez Mulla	Key Management Personnel (W.E.F. 25th Sept 2018)
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, 2019

(In ₹)

Nature of Transaction	Scheme C Tier II	
	March 31, 2019	March 31, 2018
Investment management fees	38,039	19,299

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme C Tier II	
	March 31, 2019	March 31, 2018
Investment management fees payable	10,291	6,263

Aggregate investments made in the Associates and group companies as at March 31, 2019 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme C Tier II			
		March 31, 2019		March 31, 2018	
		Cost	Market Value	Cost	Market Value
HDFC Ltd	NCD	1,43,22,530	1,45,46,519	72,55,280	72,47,472

**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, 2019 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme C Tier II			
		March 31, 2019		March 31, 2018	
		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, 2019 is as follows :

(In ₹)

Particulars	Scheme C Tier II	
	March 31, 2019	March 31, 2018
Average Net Asset Value	32,23,65,844	16,42,20,724
Purchase of Investment	3,22,40,24,209	1,35,15,65,832
% to average Net Assets Value	1000.11%	823.02%
Sale of Investment	3,07,91,05,104	1,18,92,21,427
% to average Net Assets Value	955.16%	724.16%

**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, 2019 is as follows :

(In ₹)

Particulars	Scheme C Tier II	
	March 31, 2019	March 31, 2018
Average Net Asset Value	32,23,65,844	16,42,20,724
Purchase of Investment	19,48,61,209	17,18,48,624
% to average Net Assets Value	60.45%	104.64%
Sale of Investment	6,34,73,291	57,11,447
% to average Net Assets Value	19.69%	3.48%

\*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, 2019		March 31, 2018	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Other Credit Granting	9,77,99,546	24.47%	6,01,07,734	23.49%
Activities of specialized institutions granting credit for house purchases	5,04,20,001	12.61%	2,38,22,034	9.31%
Other monetary intermediation services n.e.c.	4,21,00,483	10.53%	2,18,26,549	8.53%
Monetary intermediation of commercial / saving / postal banks	3,62,54,728	9.07%	2,48,69,254	9.72%
Electric Power Generation By Hydroelectric Power Plants	2,95,25,391	7.39%	2,26,14,820	8.84%
Electric Power Generation By Coal Based Thermal Power Plants	2,86,84,516	7.18%	1,33,48,010	5.22%
Service Activities Incidental To Water Transportation	2,13,64,723	5.35%	1,63,61,955	6.39%
Electric power generation and transmission by nuclear power plant	1,97,70,263	4.95%	2,00,04,234	7.82%
Activity of commission agents dealing in wholesale trade in agriculture	1,68,24,544	4.21%	1,81,08,553	7.08%
Transmission Of Electric Energy	1,58,21,483	3.96%	1,59,55,624	6.24%
Others	1,22,05,918	3.05%	41,18,346	1.61%
Mutual Funds	1,44,26,341	3.61%	-	0.00%
Net Current Assets	1,44,92,094	3.63%	1,47,32,251	5.76%
<b>Net Asset Value</b>	<b>39,96,90,031</b>	<b>100.00%</b>	<b>25,58,69,364</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 confirm current year's presentation.

(In ₹)

Security Name	Asset Type	Ageing	Scheme C Tier II	
			March 31, 2019	March 31, 2018
Reliance Liquidity Fund - Direct Growth Plan - Growth Option	Liquid Mutual Fund	Less than 7 Days	NIL	95,29,000

**2.8 Prior Year Comparatives :**

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

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

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2019

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
Non-convertible Debenture	9.30% Shriram Transport Fin NCD Mat 12-July-2023	20,000	2,00,52,501	5.02%
	8.54% NHPC NCD Mat 26-November-2026.	170	1,72,73,127	4.32%
	8.49% NTPC NCD Mat 25-Mar-2025	12,80,000	1,62,14,144	4.06%
	8.45% Sikka Ports & Terminals Limited NCD Mat 12-Jun-2023	14	1,43,44,701	3.59%
	8.14% Nuclear Power Corp. Mat 25-Mar-2026(Tranche A)	13	1,30,45,999	3.26%
	8.67% IDFC First Bank Ltd NCD Mat 03-Jan-2025	12	1,19,21,475	2.98%
	9.95% Food Corporation of India Ltd Mat 07-Mar-2022	11	1,16,62,095	2.92%
	9.00% NTPC NCD Mat 25-Jan-2026	50	1,03,83,967	2.60%
	8.80% LIC Housing Finance Ltd. Mat 25-Jan-2029	10	1,03,62,491	2.59%
	8.50% NABARD NCD Mat 31-Jan-2023	10	1,02,44,302	2.56%
	8.37% LIC Housing Finance Co. Ltd. Mat-21-May-2023	10	1,02,16,997	2.56%
	9.10% IDFC First Bank Ltd Mat 30-June-2021	10	1,01,98,622	2.55%
	8.40% IRFC NCD Mat 08-Jan-2029	10	1,01,07,263	2.53%
	8.20% NABARD NCD Mat 16-March-2028	10	1,00,75,272	2.52%
	9.34% Rural Electrification Corp Ltd Mat 25-Aug-2024	8	84,72,398	2.12%
	9.05% Reliance Industries Limited Mat 17-Oct-2028	8	84,09,984	2.10%
	9.05% HDFC Ltd Mat 16-Oct-2028	7	73,58,660	1.84%
	8.50% NHPC NCD Mat 14-July-2024	70	71,99,082	1.80%
	9.60% EXIM Bank NCD Mat 07-FEB-2024	5	53,65,451	1.34%
	9.25% EXIM Bank NCD Mat 18-April-2022	5	52,19,755	1.31%
	9.02% Rural Electrification Corp Ltd Mat 19-Nov-2022	5	52,13,251	1.30%
	8.65% NABARD NCD Mat 08-June-2028	5	51,82,486	1.30%
	8.49% NHPC NCD Mat 26-November-2024	50	50,53,182	1.26%
	7.09% Rural Electrification Corp Ltd Mat 17-Oct-2022	5	49,20,428	1.23%
	7.90% Sikka Ports & Terminals Limited NCD Mat 18-Nov-2026	5	49,04,209	1.23%
	7.55% Power Grid NCD Mat 21-Sep-2031	5	47,33,563	1.18%
	9.09% IRFC Ltd NCD Mat 29-Mar-2026 (74th Series)	4	42,14,903	1.05%
	9.20% Power Finance Corp Ltd Mat 07-Jul-2021	4	41,32,346	1.03%
	8.90% HDFC Ltd Mat 18-Aug-2020	4	40,66,621	1.02%
	8.50% LIC Housing Finance Co. Ltd. Mat 29-Aug-2025	4	40,48,962	1.01%
	8.70% IDFC First Bank Ltd NCD Mat 20-May-2025	4	39,79,012	1.00%
	8.95% HDFC Ltd Mat 21-Mar-2023	3	31,21,238	0.78%
	8.82% Rural Electrification Corp. Ltd. Mat 12-Apr-2023	3	31,13,028	0.78%
	8.80% Food Corporation of India Ltd Mat 22-Mar-2028	3	31,03,418	0.78%
	8.40% Power Grid NCD Mat 27-May-2024	3	30,82,083	0.77%
	8.95% LIC Housing Finance Co. Ltd. Mat 15-Sep-2020	3	30,54,589	0.76%
	8.18% EXIM Bank NCD Mat 07-Dec-2025	3	29,90,435	0.75%
	7.40% Power Finance Corporation Ltd. Mat 30-Sep-2021	3	29,86,437	0.75%
	8.11% Rural Electrification Corp Ltd Mat 07-Oct-2025	3	29,80,404	0.75%
	7.25% Nuclear Power Corp. Mat 15-Dec-2028 (SR-XXXIII TRCH-B)	3	28,34,689	0.71%
	7.27% IRFC NCD Mat 15-June-2027	3	28,32,397	0.71%
	8.68% Power Grid NCD Mat 07-Dec-2020	2	25,42,464	0.64%
	10.40% Sikka Ports & Terminals Limited NCD Mat 18-Jul-2021	2	21,15,813	0.53%
	9.30% Power Grid NCD Mat 04-Sep-2024	2	21,08,546	0.53%
	9.17% NTPC NCD Mat 22-Sep-2024	2	20,86,405	0.52%
	8.95% IRFC NCD Mat 10-Mar-2025	2	20,82,110	0.52%
	9.40% Rural Electrification Corp Ltd Mat 17-July-2021	2	20,74,961	0.52%
	8.62% Food Corporation of India Ltd Mat 22-Mar-2023	2	20,59,032	0.52%
	8.55% Power Finance Corporation Ltd. Mat 09-Dec-2021	2	20,44,608	0.51%
	8.70% Power Finance Corporation Ltd. Mat 14-May-2025	2	20,43,090	0.51%
	9.20% IDFC First Bank Ltd Mat 22-Jan-2021	2	20,35,828	0.51%
	9.17% IDFC First Bank Ltd NCD Mat 14-Oct-2024	2	20,31,419	0.51%
	8.75% IDFC First Bank Ltd NCD Mat 28-Jul-2023	2	20,27,593	0.51%
	8.39% Power Finance Corporation Ltd. Mat-19-Apr-2025	2	20,14,875	0.50%
	7.74% IRFC NCD Mat 22-Dec-2020	2	20,11,392	0.50%
	8.34% LIC Housing Finance Co. Ltd. Mat 08-Oct-2025	2	20,09,125	0.50%
	8.90% IDFC First Bank Ltd NCD Mat 19-Nov-2025	2	20,07,520	0.50%
	8.94% Bajaj Finance Ltd NCD Mat 07-Nov-2025	2	19,84,228	0.50%
	7.25% Nuclear Power Corp. Mat 15-Dec-2031 (SR-XXXIII TRCH-E)	2	18,68,960	0.47%
	9.30% Power Grid NCD Mat 28-Jun-2026	1	13,19,969	0.33%
	9.46% Power Finance Corporation Ltd. Mat 01-Aug-2026	1	10,64,812	0.27%
	8.83% IRFC NCD Mat 14-May-2034	1	10,62,512	0.27%
9.39% Power Finance Corporation Ltd. Mat 27-Aug-2024	1	10,60,845	0.27%	
8.83% IRFC NCD Mat 14-May-2031	1	10,57,577	0.26%	
9.69% Tata Sons Private Ltd NCD Mat 12-Jun-2022	1	10,57,569	0.26%	
9.30% LIC Housing Finance Ltd. Mat 14-Sep-2022	1	10,49,930	0.26%	
9.48% Power Finance Corporation Ltd. Mat 15-April-2022	1	10,49,909	0.26%	
10.15% Bajaj Finance Ltd NCD Mat 19-Sep-2024.	1	10,49,681	0.26%	
9.45% LIC Housing Finance Co. Ltd. Mat 30-Jan-2022	1	10,45,824	0.26%	
9.22% LIC Housing Finance Co. Ltd. Mat 16-Oct-2024	1	10,41,787	0.26%	
10.25% Shriram Transport Fin NCD Mat 10-Oct-2024	1	10,40,025	0.26%	
9.36% IDFC First Bank Ltd NCD Mat 21-Aug-2024	1	10,38,288	0.26%	
9.60% LIC Housing Finance Ltd. Mat 07-Mar-2021	1	10,35,841	0.26%	
9.75% EXIM Bank NCD Mat 04-Oct-2020	1	10,29,791	0.26%	
8.93% Power Grid NCD Mat 20-Oct-2021	1	10,29,621	0.26%	
10% Shriram Transport Fin NCD Mat 13-Nov-2024	1	10,26,155	0.26%	
8.85% Power Finance Corporation Ltd. Mat 31-May-2021	1	10,25,144	0.26%	
8.64% IRFC NCD Mat 17-May-2021	1	10,24,359	0.26%	
8.75% Power Finance Corporation Ltd. Mat 15-Jun-2025	1	10,23,934	0.26%	
8.44% Rural Electrification Corp Ltd Mat 04-Dec-2021	1	10,20,570	0.26%	
8.40% Nuclear Power Corp. Mat 28-Nov-2025 (SR-XXIX TRCH-A)	1	10,16,708	0.25%	

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

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2019

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
	8.73% IDFC First Bank Ltd NCD Mat 14-Jun-2022	1	10,14,971	0.25%
	9.15% Shriram Transport Fin NCD Mat 13-Apr-2021	1	10,09,323	0.25%
	9.45% LIC Housing Finance Co. Ltd. Mat 10-Sep-2019	1	10,08,289	0.25%
	10.35% United Phosphorus Ltd. NCD Mat 08-Jun-2019	1	10,05,277	0.25%
	8.32% Power Grid NCD Mat 23-Dec-2030	1	10,05,236	0.25%
	8.55% Bajaj Finance Ltd NCD Mat 26-Apr-2021	1	10,04,083	0.25%
	8.14% Nuclear Power Corp. Mat 25-Mar-2027 (Tranche B)	1	10,03,907	0.25%
	8.25% EXIM Bank NCD Mat 23-Jun-2031	1	10,00,181	0.25%
	7.59% LIC Housing Finance Ltd. Mat 14-Oct-2021	1	9,99,647	0.25%
	8.10% EXIM Bank NCD Mat 19-Nov-2025	1	9,92,809	0.25%
	8.75% Mahindra and Mahindra Financial Services Ltd Mat 09-Oct-2025	1	9,83,086	0.25%
	8.69% IL & FS Ltd NCD Mat 25-Aug-2025	1,000	7,50,000	0.19%
<b>Non-convertible Debenture Total</b>		<b>13,01,627</b>	<b>37,07,71,596</b>	<b>92.76%</b>
Mutual Fund Units	Kotak Liquid - Growth - Direct	3,813.60	1,44,26,341	3.61%
<b>Mutual Fund Units Total</b>		<b>3,814</b>	<b>1,44,26,341</b>	<b>3.61%</b>
<b>Net Current Assets</b>		<b>-</b>	<b>1,44,92,094</b>	<b>3.63%</b>
<b>Grand Total</b>		<b>13,05,440.60</b>	<b>39,96,90,031.00</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, 2019**

Sr No	Particulars	Scheme C Tier II	
		March 31, 2019	March 31, 2018
1	NAV per unit (₹) I		
	Open	15.1665	14.2209
	High	16.3672	15.1665
	Low	14.8533	14.1662
	End	16.3672	15.1665
2	Closing Assets Under Management (₹ in Lakhs)		
	End	3,996.90	2558.69
	Average daily net assets (AAuM) II	3,223.66	1642.21
3	Gross income as % of AAuM III	8.91%	8.03%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.02%	0.03%
b	Management fee as % of AAuM (scheme wise) V	0.01%	0.01%
5	Net income as % of AAuM VI	8.46%	5.85%
6	Portfolio turnover ratio VII	19.69%	3.48%
7	Total dividend per unit distributed during the period	N.A.	N.A.
8	Returns: (%) VIII		
a	Last one year	7.92%	6.65%
	Benchmark	7.36%	5.35%
b	Since inception	63.67%	51.67%
	Benchmark	69.84%	50.12%
c	Compound annualised yield (%) IX		
	Last 1 year	7.92%	6.65%
	Last 2 year	7.28%	9.45%
	Last 3 year	8.94%	9.28%
	Since launch of the scheme	9.09%	9.34%
	<b>Launch Date</b>	<b>August 01, 2013</b>	
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, 2019**

***Contents***

Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts

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**

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 Limited (PFM)** which comprise of the Balance Sheet as at March 31, 2019 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**

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 principles generally accepted in India including the applicable 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 also includes maintenance of adequate accounting records for safeguarding of the assets of the PFM and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and assuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFM.

## **Auditor’s Responsibility**

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 specified under Section 143 (10) of the Companies Act, 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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.

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

## Opinion

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, 2019;
- b. in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date

## Report on Other Legal and Regulatory Requirements

1. 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 as far as appears from our examination of those books.
  - 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.

# HARIBHAKTI & CO. LLP

Chartered Accountants

## **We further certify that**

- a. Investments are valued based on rates provided by Stock Holding Corporation of India, the custodian of NPS Trust.
- 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 Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

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**Sumant Sakhardande**

Partner

Membership No. 034828

Mumbai

April 19, 2019

**NATIONAL PENSION SYSTEM TRUST**

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

**BALANCE SHEET AS AT MARCH 31, 2019**

**(In ₹)**

Particulars	Schedule	Scheme G Tier I	
		March 31, 2019	March 31, 2018
<b>Liabilities</b>			
Unit Capital	1	10,07,14,79,616	5,42,10,81,092
Reserves & Surplus	2	7,01,80,61,105	2,99,09,70,142
Current Liabilities and Provisions	3	11,35,23,396	17,37,99,868
<b>Total</b>		<b>17,20,30,64,117</b>	<b>8,58,58,51,102</b>
<b>Assets</b>			
Investments	4	16,65,75,64,639	8,18,07,44,210
Deposits	5	-	-
Other Current Assets	6	54,54,99,478	40,51,06,892
<b>Total</b>		<b>17,20,30,64,117</b>	<b>8,58,58,51,102</b>
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		17,08,95,40,721	8,41,20,51,234
(b) Number of units outstanding		1,00,71,47,961	54,21,08,109
(c) NAV per unit (a)/(b) (₹)		16.9682	15.5172
<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 Haribhakti & Co. LLP (FRN 103523W/W100048)**

**Chartered Accountants**

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

**Sumant Sakhardande**

Partner

Membership No.034828

**Vibha Padalkar**

(Director)

**Parvez Mulla**

(Director)

**Sumit Shukla**

(Chief Executive Officer)

**Fagun Pancholi**

(Chief Financial Officer)

**Nagesh Pai**

(Company Secretary)

**Place :** Mumbai

**Date :**

**Place :** Mumbai

**Date :** April 19, 2019

**For and on Behalf of NPS Trust**

**Ashvin Parekh**

(Chairman, NPS Trust Board)

**Munish Malik**

(Chief Executive Officer)

**Place :**

**Date :**

**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, 2019

(In ₹)

Particulars	Schedule	Scheme G Tier I	
		March 31, 2019	March 31, 2018
<b>Income</b>			
Interest		88,24,25,774	40,89,03,076
Profit on sale/redemption of investments		21,36,24,556	1,75,31,864
Unrealised gain on appreciation in investments		35,23,57,489	1,05,614
Other income			
- Miscellaneous Income		5,995	
<b>Total Income (A)</b>		<b>1,44,84,13,814</b>	<b>42,65,40,554</b>
<b>Expenses &amp; Losses</b>			
Unrealised losses in value of investments		-	15,29,31,940
Loss on sale/redemption of investments		25,34,19,067	3,61,28,405
Management fees (including Goods and Service tax/Service tax)		13,80,932	6,57,873
NPS Trust fees		4,46,441	5,60,208
Custodian fees		4,29,657	1,88,026
CRA fees		1,18,96,381	86,29,553
Less : Amount recoverable on sale of units on account of CRA Charges		(1,18,96,381)	(86,29,553)
Depository and settlement charges		10,72,767	1,37,475
<b>Total Expenditure (B)</b>		<b>25,67,48,864</b>	<b>19,06,03,927</b>
<b>Surplus/(Deficit) for the year (A-B = C)</b>		<b>1,19,16,64,950</b>	<b>23,59,36,627</b>
Less: Amount transferred to Unrealised appreciation account		(20,46,39,338)	51,08,175
Less: Amount transferred to General Reserve		(98,70,25,612)	(24,10,44,802)
<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 Haribhakti & Co. LLP (FRN 103523W/W100048)

Chartered Accountants

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

**Sumant Sakhardande**

Partner

Membership No.034828

**Vibha Padalkar**

(Director)

**Parvez Mulla**

(Director)

**Sumit Shukla**

(Chief Executive Officer)

**Fagun Pancholi**

(Chief Financial Officer)

**Nagesh Pai**

(Company Secretary)

Place : Mumbai

Date :

Place : Mumbai

Date : April 19, 2019

For and on Behalf of NPS Trust

**Ashvin Parekh**

(Chairman, NPS Trust Board)

**Munish Malik**

(Chief Executive Officer)

Place :

Date :

**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, 2019	March 31, 2018
<b>Initial capital</b>		
<b>Unit capital</b>		
Outstanding units at the beginning of the year	5,42,10,81,092	2,54,00,74,900
Add :Units issued during the year	5,04,12,58,049	3,06,95,65,427
Less: Units redeemed during the year	(39,08,59,525)	(18,85,59,235)
<b>Closing balance</b>	<b>10,07,14,79,616</b>	<b>5,42,10,81,092</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>		
Outstanding units at the beginning of the year	54,21,08,109	25,40,07,490
Add :Units issued during the year	50,41,25,805	30,69,56,543
Less: Units redeemed during the year	(3,90,85,953)	(1,88,55,924)
<b>Outstanding Units at the end of the year</b>	<b>1,00,71,47,961</b>	<b>54,21,08,109</b>

**Schedule 2: Reserves and surplus**

(In ₹)

Particulars	Scheme G Tier I	
	March 31, 2019	March 31, 2018
<b>Unit premium reserve</b>		
Opening balance	2,51,20,79,270	98,55,62,329
Add: Premium on Units issued	3,06,90,94,865	1,62,62,19,475
Less: Premium on Units redeemed	(23,36,68,852)	(9,97,02,534)
Add: Transfer from General Reserve	-	-
Closing balance	<b>5,34,75,05,283</b>	<b>2,51,20,79,270</b>
<b>General Reserve</b>		
Opening balance	47,87,85,258	23,77,40,456
Add/(Less): Transfer from Revenue Account	98,70,25,611.95	24,10,44,802
Less: Transfer to Unit Premium Reserve	-	-
Closing balance	<b>1,46,58,10,870</b>	<b>47,87,85,258</b>
<b>Unrealised Appreciation Reserve</b>		
Opening balance	1,05,614	52,13,789
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from Revenue Account	20,46,39,338	(51,08,175)
Closing balance	<b>20,47,44,952</b>	<b>1,05,614</b>
<b>Total</b>	<b>7,01,80,61,105</b>	<b>2,99,09,70,142</b>

**Schedule 3: Current liabilities and provisions**

(In ₹)

Particulars	Scheme G Tier I	
	March 31, 2019	March 31, 2018
<b>Current liabilities &amp; Provisions</b>		
Sundry creditors for expenses	8,82,679	4,91,539
Redemption Payable	73,74,433	41,23,182
TDS Payable	27,895	10,703
Contracts for purchase of investments	10,52,38,389	16,91,74,444
<b>Total</b>	<b>11,35,23,396</b>	<b>17,37,99,868</b>

**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, 2019	March 31, 2018
Central and state government securities (including treasury bills )	16,12,11,63,167	8,09,90,47,596
Others - Mutual Fund Units	53,64,01,472	8,16,96,614
<b>Total</b>	<b>16,65,75,64,639</b>	<b>8,18,07,44,210</b>

**Schedule 5: Deposits****(In ₹)**

Particulars	Scheme G Tier I	
	March 31, 2019	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, 2019	March 31, 2018
Balances with banks in current account	20,23,18,692	4,16,66,204
Contracts for sale of investments	-	15,82,15,986
Outstanding and accrued income	33,79,12,867	14,24,98,180
Brokerage receivable from PFM	6,000	5,000
Application money pending allotment	-	4,63,52,000
Sundry debtors	52,61,919	1,63,69,522
<b>Total</b>	<b>54,54,99,478</b>	<b>40,51,06,892</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, 2019**

##### **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.

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 year end 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 seven 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 and the fee has been revised to 0.005% per annum with effect from April 01, 2018.

The Company has stopped charging Trustee fee with effect from January 25, 2019, as directed by the Authority vide PFRDA circular no. PFRDA/17/03/31/0016/2018-SUP-PF/12 dated January 25, 2019.

## **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**

**2.1 Contingent liabilities**

(In ₹)

Particulars	Scheme G Tier I	
	March 31, 2019	March 31, 2018
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
<b>Pension fund manager</b>	HDFC Pension Management Company Limited
<b>Sponsor company</b>	HDFC Life Insurance Company Limited
<b>Associates and group companies</b>	
Holding Company	HDFC Limited
Ms. Vibha Padalkar	Key Management Personnel
Mr. Parvez Mulla	Key Management Personnel (W.E.F. 25th Sept 2018)
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, 2019

(In ₹)

Nature of Transaction	Scheme G Tier I	
	March 31, 2019	March 31, 2018
Investment management fees	13,80,932	6,57,873

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme G Tier I	
	March 31, 2019	March 31, 2018
Investment management fees payable	4,11,090	1,99,042

Aggregate investments made in the Associates and group companies as at March 31, 2019 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme G Tier I			
		March 31, 2019		March 31, 2018	
		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, 2019 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme G Tier I			
		March 31, 2019		March 31, 2018	
		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, 2019 is as follows :

(In ₹)

Particulars	Scheme G Tier I	
	March 31, 2019	March 31, 2018
Average Net Asset Value	11,70,28,02,125	5,60,20,76,481
Purchase of Investment	1,00,36,49,84,371	44,48,54,36,396
% to average Net Assets Value	857.61%	794.09%
Sale of Investment	92,16,26,17,490	39,75,75,32,064
% to average Net Assets Value	787.53%	709.69%

**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, 2019 is as follows :

(In ₹)

Particulars	Scheme G Tier I	
	March 31, 2019	March 31, 2018
Average Net Asset Value	11,70,28,02,125	5,60,20,76,481
Purchase of Investment	46,63,79,28,376	7,16,11,54,396
% to average Net Assets Value	398.52%	127.83%
Sale of Investment	38,87,36,98,158	2,36,05,98,869
% to average Net Assets Value	332.17%	42.14%

\*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, 2019		March 31, 2018	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Central Government Securities	12,36,38,96,886	72.35%	7,69,22,13,311	91.44%
State Development Loans	3,75,72,66,281	21.99%	40,68,34,285	4.84%
Mutual Funds	53,64,01,472	3.14%	8,16,96,614	0.97%
Net Current Assets	43,19,76,082	2.53%	23,13,07,024	2.75%
<b>Net Asset Value</b>	<b>17,08,95,40,721</b>	<b>100.00%</b>	<b>8,41,20,51,234</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, 2019	March 31, 2018
Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan	Liquid Mutual Fund	Less than 7 days	-	4,63,52,000

**2.8 Prior Year Comparatives :**

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

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

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2019

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio	
Government Securities	7.17% GOI Mat 08-Jan-2028	2,10,00,000	2,05,75,80,001	12.04%	
	7.40% GOI Mat 09-Sep-2035	1,30,48,300	1,27,48,18,910	7.46%	
	8.32% GOI Mat 02-Aug-2032	90,88,900	96,23,91,810	5.63%	
	6.57% GOI Mat 05-Dec-2033	1,00,21,700	91,00,70,577	5.33%	
	8.24% GOI Mat 10-Nov-2033	82,46,200	86,86,54,708	5.08%	
	9.23% GOI Mat 23-Dec-2043	66,00,100	77,56,65,532	4.54%	
	8.33% GOI Mat 07-June-2036	62,68,400	66,69,35,821	3.90%	
	8.17% GOI Mat 01-Dec-2044	59,78,000	63,41,46,240	3.71%	
	6.68% GOI Mat 17-Sep-2031	62,30,600	57,72,65,090	3.38%	
	7.73% GOI Mat 19-Dec-2034	54,79,700	55,28,32,138	3.23%	
	7.06% GOI Mat 10-Oct-2046	55,50,000	52,04,79,000	3.05%	
	7.72% GOI Mat 26-Oct-2055	49,47,400	50,03,37,488	2.93%	
	7.37% GOI Mat 16-Apr-2023	44,91,400	45,72,69,434	2.68%	
	8.28% GOI Mat 15-Feb-2032	21,48,800	22,62,72,293	1.32%	
	7.88%GOI Mat 19-Mar-2030	16,60,700	17,00,55,680	1.00%	
	8.83%GOI Mat 12-Dec-2041	13,76,600	15,51,82,466	0.91%	
	8.30% GOI Mat 02-Jul-2040	13,89,000	14,84,50,070	0.87%	
	8.15% GOI Mat 24-Nov-2026	10,89,100	11,37,56,495	0.67%	
	7.61% GOI Mat 09-May-2030	10,81,000	10,86,98,117	0.64%	
	7.32% GOI Mat 28-Jan-2024	10,00,000	10,15,50,000	0.59%	
	7.59% GOI Mat 20-Mar-2029	9,50,000	9,52,25,245	0.56%	
	8.13% GOI Mat 22-Jun-2045	7,64,600	8,08,30,759	0.47%	
	8.28% GOI Mat 21-Sep-2027	7,33,700	7,69,28,298	0.45%	
	7.50% GOI Mat 10-Aug-2034	6,80,000	6,72,55,672	0.39%	
	8.33% GOI Mat 09-Jul-2026	4,87,100	5,13,40,340	0.30%	
	8.30% GOI Mat 31-Dec-2042	4,76,100	5,09,66,505	0.30%	
	8.20% GOI Mat 24-Sep-2025	4,72,400	4,96,72,860	0.29%	
	9.20% GOI Mat 30-Sep-2030	4,09,400	4,59,06,882	0.27%	
	7.95% GOI Mat 28-Aug-2032	3,15,600	3,24,43,680	0.19%	
	8.60% GOI Mat 02-Jun-2028	1,63,800	1,75,21,850	0.10%	
	8.24% GOI Mat 15-Feb-2027	77,700	81,13,434	0.05%	
	8.26% GOI Mat 02-Aug-2027	24,900	26,06,793	0.02%	
	8.40% GOI Mat 28-Jul-2024	10,600	11,24,130	0.01%	
	7.72% GOI Mat 25-May-2025	10,000	10,26,800	0.01%	
	7.28% GOI Mat 03-Jun-2019	3,900	3,90,585	0.00%	
	7.16% GOI Mat 20-May-2023	1,300	1,31,183	0.00%	
	<b>Government Securities Total</b>		<b>12,22,77,000</b>	<b>12,36,38,96,886</b>	<b>72.35%</b>
	State Development Loans	8.53% Tamil Nadu SDL Mat 28-Nov-2028	77,44,200	79,94,97,268	4.68%
		8.68% Tamil Nadu SDL Mat 10-Oct-2028	57,00,000	59,39,32,590	3.48%
		8.56% Tamil Nadu SDL Mat 31-Oct-2028	40,00,000	41,37,01,600	2.42%
8.58% Gujrat SDL Mat 31-Oct-2028		30,00,000	31,10,05,800	1.82%	
8.17% Gujrat SDL Mat 19-Dec-2028		30,00,000	30,28,50,000	1.77%	
8.16% Gujrat SDL Mat 30-Jan-2029		25,00,000	25,21,84,000	1.48%	
8.08% Maharashtra SDL Mat 26-Dec-2028		17,82,300	17,88,53,805	1.05%	
8.36% Tamil Nadu SDL Mat 12-Dec-2028		17,48,300	17,85,28,878	1.04%	
8.79% Gujrat SDL Mat 12-Sep-2028		10,00,000	10,50,09,100	0.61%	
8.30% Gujrat SDL Mat 06-Feb-2029		10,00,000	10,18,15,700	0.60%	
8.38% Gujrat SDL Mat 27-Feb-2029		7,00,000	7,16,56,830	0.42%	
8.37% Tamil Nadu SDL Mat 05-Dec-2028		5,73,600	5,86,10,448	0.34%	
8.61% Tamil Nadu SDL Mat 03-Sep-2027		5,00,000	5,19,15,200	0.30%	
8.50% Gujrat SDL Mat 28-Nov-2028		4,69,600	4,84,39,757	0.28%	
7.96% Maharashtra SDL Mat 29-Jun-2026		4,70,000	4,70,16,497	0.28%	
8.36% Maharashtra SDL Mat 27-Jan-2026		4,60,000	4,69,45,484	0.27%	
8.47% Maharashtra SDL Mat 10-Feb-2026		4,50,000	4,61,87,190	0.27%	
8.67% Maharashtra SDL Mat 24-Feb-2026		3,00,000	3,11,09,460	0.18%	
8.60% Gujrat SDL Mat 17-Oct-2028		2,85,100	2,95,92,097	0.17%	
8.65% Gujrat SDL Mat 10-Oct-2028		2,50,000	2,60,30,425	0.15%	
8.18% Tamil Nadu SDL Mat 19-Dec-2028		2,00,000	2,01,78,000	0.12%	
8.72% Andhra Pradesh SDL Mat 24-Feb-2026		1,00,000	1,03,75,110	0.06%	
7.18% Tamil Nadu SDL Mat 26-July-2027		1,00,000	95,42,240	0.06%	
8.00% Tamil Nadu SDL Mat 28-Oct-2025		80,000	80,25,544	0.05%	
8.24% Andhra Pradesh SDL Mat 09-Sep-2025		43,300	43,89,767	0.03%	
8.44% Tamil Nadu SDL Mat 26-Nov-2024		40,500	41,70,597	0.02%	
8.17% Tamil Nadu SDL Mat 26-Nov-2025		24,600	24,89,045	0.01%	
9.77% Andhra Pradesh SDL Mat 28-Aug-2023		10,000	10,77,608	0.01%	
9.49% Tamil Nadu SDL Mat 18-Dec-2023		10,000	10,71,235	0.01%	
9.39% Maharashtra SDL Mat 20-Nov-2023		10,000	10,65,006	0.01%	
<b>State Development Loans Total</b>		<b>3,65,51,500</b>	<b>3,75,72,66,281</b>	<b>21.99%</b>	
Mutual Fund Units	Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan	17,85,409	53,64,01,472	3.14%	
<b>Mutual Fund Units Total</b>		<b>17,85,409</b>	<b>53,64,01,472</b>	<b>3.14%</b>	
<b>Net Current Assets</b>		<b>-</b>	<b>43,19,76,082</b>	<b>2.53%</b>	
<b>Grand Total</b>		<b>16,06,13,909</b>	<b>17,08,95,40,721</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, 2019**

Sr No	Particulars	Scheme G Tier I	
		March 31, 2019	March 31, 2018
1	NAV per unit (₹) I		
	Open	15.5172	14.8365
	High	16.9682	15.6564
	Low	15.137	14.6982
	End	16.9682	15.5172
2	Closing Assets Under Management (₹ in Lakhs)		
	End	1,70,895.41	84,120.51
	Average daily net assets (AAuM) II	1,17,028.02	56,020.76
3	Gross income as % of AAuM III	12.38%	7.61%
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	10.18%	4.21%
6	Portfolio turnover ratio VII	332.17%	42.14%
7	Total dividend per unit distributed during the period	N.A.	N.A.
8	Returns: (%)		
a	Last one year	9.35%	4.59%
	Benchmark	8.11%	3.50%
b	Since inception	69.68%	55.17%
	Benchmark	63.63%	46.22%
c	Compound annualised yield (%) VIII		
	Last 1 year	9.35%	4.59%
	Last 2 year	6.94%	8.34%
	Last 3 year	8.68%	7.82%
	Since launch of the scheme	9.78%	9.87%
	<b>Launch Date</b>	<b>August 01, 2013</b>	
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, 2019**

***Contents***

Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts

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**

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 Limited (PFM)** which comprise of the Balance Sheet as at March 31, 2019 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**

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 principles generally accepted in India including the applicable 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 also includes maintenance of adequate accounting records for safeguarding of the assets of the PFM and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and assuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFM.

## **Auditor’s Responsibility**

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 specified under Section 143 (10) of the Companies Act, 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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.

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

## Opinion

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, 2019;
- b. in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date

## Report on Other Legal and Regulatory Requirements

1. 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 as far as appears from our examination of those books.
  - 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.

# HARIBHAKTI & CO. LLP

Chartered Accountants

## We further certify that

- a. Investments are valued based on rates provided by Stock Holding Corporation of India, the custodian of NPS Trust.
- 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 Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

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**Sumant Sakhardande**

Partner

Membership No. 034828

Mumbai

April 19, 2019

**NATIONAL PENSION SYSTEM TRUST**

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

**BALANCE SHEET AS AT MARCH 31, 2019**

**(In ₹)**

Particulars	Schedule	Scheme G Tier II	
		March 31, 2019	March 31, 2018
<b>Liabilities</b>			
Unit Capital	1	26,89,56,194	14,67,20,932
Reserves & Surplus	2	19,79,38,700	8,60,55,805
Current Liabilities and Provisions	3	18,07,319	6,19,950
<b>Total</b>		<b>46,87,02,213</b>	<b>23,33,96,687</b>
<b>Assets</b>			
Investments	4	45,57,60,446	22,87,83,380
Deposits	5	-	-
Other Current Assets	6	1,29,41,767	46,13,307
<b>Total</b>		<b>46,87,02,213</b>	<b>23,33,96,687</b>
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		46,68,94,894	23,27,76,737
(b) Number of units outstanding		2,68,95,619	1,46,72,093
(c) NAV per unit (a)/(b) (₹)		17.3595	15.8652
<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 Haribhakti & Co. LLP (FRN 103523W/W100048)**

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

**Chartered Accountants**

**Sumant Sakhardande**  
Partner  
Membership No.034828

**Vibha Padalkar**  
(Director)

**Parvez Mulla**  
(Director)

**Sumit Shukla**  
(Chief Executive Officer)

**Fagun Pancholi**  
(Chief Financial Officer)

**Nagesh Pai**  
(Company Secretary)

**Place :** Mumbai

**Date :**

**Place :** Mumbai

**Date :** April 19, 2019

**For and on Behalf of NPS Trust**

**Ashvin Parekh**  
(Chairman, NPS Trust Board)

**Munish Malik**  
(Chief Executive Officer)

**Place :**

**Date :**

**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, 2019**

**(In ₹)**

Particulars	Schedule	Scheme G Tier II	
		March 31, 2019	March 31, 2018
<b>Income</b>			
Interest		2,48,54,853	1,20,35,174
Profit on sale/redemption of investments		8,68,292	3,10,114
Unrealised gain on appreciation in investments		86,85,765	8,520
Other income			
- Miscellaneous Income		307	-
<b>Total Income (A)</b>		<b>3,44,09,217</b>	<b>1,23,53,808</b>
<b>Expenses &amp; Losses</b>			
Unrealised losses in value of investments		3,951	63,87,594
Loss on sale/redemption of investments		9,91,114	77,000
Management fees (including Goods and Service tax/Service tax)		38,709	19,310
NPS Trust fees		12,459	16,434
Custodian fees		11,793	5,552
CRA fees		86,350	61,102
Less : Amount recoverable on sale of units on account of CRA Charges		(86,350)	(61,102)
Depository and settlement charges		4,917	2,702
<b>Total Expenditure (B)</b>		<b>10,62,943</b>	<b>65,08,592</b>
<b>Surplus/(Deficit) for the year (A-B = C)</b>		<b>3,33,46,274</b>	<b>58,45,216</b>
Less: Amount transferred to Unrealised appreciation account		(26,06,529)	3,03,788
Less: Amount transferred to General Reserve		(3,07,39,745)	(61,49,004)
<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 Haribhakti & Co. LLP (FRN 103523W/W100048)**

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

**Chartered Accountants**

**Sumant Sakhardande**

Partner  
Membership No.034828

**Vibha Padalkar**

(Director)

**Parvez Mulla**

(Director)

**Sumit Shukla**

(Chief Executive Officer)

**Fagun Pancholi**

(Chief Financial Officer)

**Nagesh Pai**

(Company Secretary)

**Place :** Mumbai

**Date :**

**Place :** Mumbai

**Date :** April 19, 2019

**For and on Behalf of NPS Trust**

**Ashvin Parekh**

(Chairman, NPS Trust Board)

**Munish Malik**

(Chief Executive Officer)

**Place :**

**Date :**

**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, 2019	March 31, 2018
<b>Initial capital</b>		
<u>Unit capital</u>		
Outstanding units at the beginning of the year	14,67,20,932	6,33,42,401
Add :Units issued during the year	20,62,42,557	12,35,14,625
Less: Units redeemed during the year	(8,40,07,295)	(4,01,36,094)
<b>Closing balance</b>	<b>26,89,56,194</b>	<b>14,67,20,932</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>		
Outstanding units at the beginning of the year	1,46,72,093	63,34,240
Add :Units issued during the year	2,06,24,256	1,23,51,462
Less: Units redeemed during the year	(84,00,730)	(40,13,609)
<b>Outstanding Units at the end of the year</b>	<b>2,68,95,619</b>	<b>1,46,72,093</b>

**Schedule 2: Reserves and surplus**

(In ₹)

Particulars	Scheme G Tier II	
	March 31, 2019	March 31, 2018
<b>Unit premium reserve</b>		
Opening balance	7,50,44,557	2,74,73,179
Add: Premium on Units issued	13,10,31,826	7,01,50,439
Less: Premium on Units redeemed	(5,24,95,205)	(2,25,79,061)
<b>Closing balance</b>	<b>15,35,81,178</b>	<b>7,50,44,557</b>
<b>General Reserve</b>		
Opening balance	1,10,02,727	48,53,723
Add/(Less): Transfer from/(to) Revenue Account	3,07,39,745	61,49,004
<b>Closing balance</b>	<b>4,17,42,472</b>	<b>1,10,02,727</b>
<b>Unrealised Appreciation Reserve</b>		
Opening balance	8,521	3,12,309
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from/(to) Revenue Account	26,06,529	(3,03,788)
<b>Closing balance</b>	<b>26,15,050</b>	<b>8,521</b>
<b>Total</b>	<b>19,79,38,700</b>	<b>8,60,55,805</b>

**Schedule 3: Current liabilities and provisions**

(In ₹)

Particulars	Scheme G Tier II	
	March 31, 2019	March 31, 2018
<b>Current liabilities &amp; Provisions</b>		
Sundry creditors for expenses	18,568	13,817
Redemption Payable	17,88,215	6,05,859
TDS Payable	536	274
<b>Total</b>	<b>18,07,319</b>	<b>6,19,950</b>

**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, 2019	March 31, 2018
Central and state government securities (including treasury bills )	45,15,59,877	22,21,92,860
Others - Mutual Fund Units	42,00,569	65,90,520
<b>Total</b>	<b>45,57,60,446</b>	<b>22,87,83,380</b>

**Schedule 5: Deposits****(In ₹)**

Particulars	Scheme G Tier II	
	March 31, 2019	March 31, 2018
Deposits with scheduled banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

Particulars	Scheme G Tier II	
	March 31, 2019	March 31, 2018
Balances with bank in current account	48,07,433	1,07,390
Outstanding and accrued income	81,34,334	43,49,917
Application money pending allotment	-	1,56,000
<b>Total</b>	<b>1,29,41,767</b>	<b>46,13,307</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, 2019**

##### **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.

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 year end 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 seven 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 and the fee has been revised to 0.005% per annum with effect from April 01, 2018.

The Company has stopped charging Trustee fee with effect from January 25, 2019, as directed by the Authority vide PFRDA circular no. PFRDA/17/03/31/0016/2018-SUP-PF/12 dated January 25, 2019.

## **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**

**2.1 Contingent liabilities**

(In ₹)

Particulars	Scheme G Tier II	
	March 31, 2019	March 31, 2018
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
<b>Pension fund manager</b>	HDFC Pension Management Company Limited
<b>Sponsor company</b>	HDFC Life Insurance Company Limited
<b>Associates and group companies</b>	
Holding Company	HDFC Limited
Ms. Vibha Padalkar	Key Management Personnel
Mr. Parvez Mulla	Key Management Personnel (W.E.F. 25th Sept 2018)
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, 2019

(In ₹)

Nature of Transaction	Scheme G Tier II	
	March 31, 2019	March 31, 2018
Investment management fees	38,709	19,310

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme G Tier II	
	March 31, 2019	March 31, 2018
Investment management fees payable	11,711	5,863

Aggregate investments made in the Associates and group companies as at March 31, 2019 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme G Tier II			
		March 31, 2019		March 31, 2018	
		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, 2019 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme G Tier II			
		March 31, 2019		March 31, 2018	
		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, 2019 is as follows :

(In ₹)

Particulars	Scheme G Tier II	
	March 31, 2019	March 31, 2018
Average Net Asset Value	32,80,39,655	16,43,39,692
Purchase of Investment	3,22,21,78,725	1,29,93,39,974
% to average Net Assets Value	982.25%	790.64%
Sale of Investment	3,00,09,25,950	1,15,63,37,550
% to average Net Assets Value	914.81%	703.63%

**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, 2019 is as follows :

(In ₹)

Particulars	Scheme G Tier II	
	March 31, 2019	March 31, 2018
Average Net Asset Value	32,80,39,655	16,43,39,692
Purchase of Investment	24,17,12,071	14,76,34,971
% to average Net Assets Value	73.68%	89.84%
Sale of Investment	1,72,05,008	83,39,436
% to average Net Assets Value	5.24%	5.07%

\*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, 2019		March 31, 2018	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Central Government Securities	31,45,31,643	67.37%	20,43,70,853	87.80%
State Development Loans	13,70,28,234	29.35%	1,78,22,007	7.66%
Mutual Funds	42,00,569	0.90%	65,90,520	2.83%
Net Current Assets	1,11,34,448	2.38%	39,93,357	1.72%
<b>Net Asset Value</b>	<b>46,68,94,894</b>	<b>100.00%</b>	<b>23,27,76,737</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, 2019	March 31, 2018
Birla Sun Life Cash Plus - Growth - Direct Plan	Liquid Mutual Funds	Less than 7 Days	-	1,56,000

**2.8 Prior Year Comparatives :**

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

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

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2019

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio	
Government Securities	7.40% GOI Mat 09-Sep-2035	3,00,000	2,93,09,999	6.28%	
	8.32% GOI Mat 02-Aug-2032	2,47,900	2,62,49,263	5.62%	
	8.17% GOI Mat 01-Dec-2044	2,29,700	2,43,66,576	5.22%	
	6.68% GOI Mat 17-Sep-2031	2,00,000	1,85,30,000	3.97%	
	7.61% GOI Mat 09-May-2030	1,69,000	1,69,93,508	3.64%	
	7.73% GOI Mat 19-Dec-2034	1,61,500	1,62,93,299	3.49%	
	6.57% GOI Mat 05-Dec-2033	1,79,000	1,62,54,990	3.48%	
	8.60% GOI Mat 02-Jun-2028	1,51,300	1,61,84,712	3.47%	
	8.83% GOI Mat 12-Dec-2041	1,30,500	1,47,11,108	3.15%	
	7.06% GOI Mat 10-Oct-2046	1,43,100	1,34,19,918	2.87%	
	9.20% GOI Mat 30-Sep-2030	1,17,700	1,31,97,948	2.83%	
	8.24% GOI Mat 10-Nov-2033	1,18,400	1,24,72,256	2.67%	
	8.30% GOI Mat 02-Jul-2040	1,06,900	1,14,24,991	2.45%	
	8.40% GOI Mat 28-Jul-2024	94,600	1,00,32,330	2.15%	
	7.72% GOI Mat 25-May-2025	90,000	92,41,200	1.98%	
	8.13% GOI Mat 22-Jun-2045	72,500	76,64,439	1.64%	
	8.15% GOI Mat 24-Nov-2026	70,700	73,84,615	1.58%	
	7.88%GOI Mat 19-Mar-2030	67,400	69,01,760	1.48%	
	8.24% GOI Mat 15-Feb-2027	63,600	66,41,112	1.42%	
	8.28% GOI Mat 15-Feb-2032	60,600	63,81,283	1.37%	
	8.30% GOI Mat 31-Dec-2042	55,000	58,87,750	1.26%	
	8.20% GOI Mat 24-Sep-2025	50,600	53,20,590	1.14%	
	7.59% GOI Mat 20-Mar-2029	50,000	50,11,855	1.07%	
	9.23% GOI Mat 23-Dec-2043	30,800	36,19,718	0.78%	
	7.95% GOI Mat 28-Aug-2032	32,400	33,30,720	0.71%	
	8.33% GOI Mat 09-Jul-2026	30,000	31,62,000	0.68%	
	8.33% GOI Mat 07-June-2036	20,000	21,27,930	0.46%	
	7.50% GOI Mat 10-Aug-2034	20,000	19,78,108	0.42%	
	8.28% GOI Mat 21-Sep-2027	2,000	2,09,700	0.04%	
	8.26% GOI Mat 02-Aug-2027	1,100	1,15,160	0.02%	
	8.12% GOI Mat 10-Dec-2020	1,100	1,12,805	0.02%	
	<b>Government Securities Total</b>		<b>30,67,400</b>	<b>31,45,31,643</b>	<b>67.37%</b>
	State Development Loans	8.30% Gujrat SDL Mat 06-Feb-2029	2,73,600.00	2,78,56,776	5.97%
8.17% Gujrat SDL Mat 19-Dec-2028		2,00,000.00	2,01,90,000	4.32%	
8.18% Tamil Nadu SDL Mat 19-Dec-2028		1,62,400.00	1,63,84,536	3.51%	
8.38% Gujrat SDL Mat 27-Feb-2029		1,43,100.00	1,46,48,703	3.14%	
8.37% Tamil Nadu SDL Mat 05-Dec-2028		1,00,000.00	1,02,18,000	2.19%	
8.08% Maharashtra SDL Mat 26-Dec-2028		91,200.00	91,51,920	1.96%	
8.58% Gujrat SDL Mat 31-Oct-2028		77,300.00	80,13,583	1.72%	
8.68% Tamil Nadu SDL Mat 10-Oct-2028		71,700.00	74,71,047	1.60%	
8.79% Gujrat SDL Mat 12-Sep-2028		52,100.00	54,70,974	1.17%	
8.47% Maharashtra SDL Mat 10-Feb-2026		50,000.00	51,31,910	1.10%	
7.20% Maharashtra SDL Mat 09-Aug-2027		50,000.00	47,89,650	1.03%	
8.36% Maharashtra SDL Mat 27-Jan-2026		40,000.00	40,82,216	0.87%	
7.96% Maharashtra SDL Mat 29-Jun-2026		30,000.00	30,01,053	0.64%	
8.44% Tamil Nadu SDL Mat 26-Nov-2024		6,000.00	6,17,866	0.13%	
<b>State Development Loans Total</b>		<b>13,47,400</b>	<b>13,70,28,234</b>	<b>29.35%</b>	
Mutual Fund Units	Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan	13,981.57	42,00,569	0.90%	
<b>Mutual Fund Units Total</b>		<b>13,981.57</b>	<b>42,00,569</b>	<b>0.90%</b>	
<b>Net Current Assets</b>		<b>-</b>	<b>1,11,34,448</b>	<b>2.38%</b>	
<b>Grand Total</b>		<b>44,28,782</b>	<b>46,68,94,894</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, 2019**

Sr No	Particulars	Scheme G Tier II	
		March 31, 2019	March 31, 2018
1	NAV per unit (₹) I		
	Open	15.8652	15.1528
	High	17.3595	15.9913
	Low	15.4733	15.0039
	End	17.3595	15.8652
2	Closing Assets Under Management (₹ in Lakhs)		
	End	4,668.95	2327.77
	Average daily net assets (AAuM) II	3,280.40	1643.40
3	Gross income as % of AAuM III	10.49%	7.52%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.02%	0.03%
b	Management fee as % of AAuM (scheme wise) V	0.01%	0.01%
5	Net income as % of AAuM VI	10.17%	3.56%
6	Portfolio turnover ratio VII	5.24%	5.07%
7	Total dividend per unit distributed during the period	N.A.	N.A.
8	Returns: (%)		
a	Last one year	9.42%	4.70%
	Benchmark	8.11%	3.50%
b	Since inception	73.60%	58.65%
	Benchmark	63.63%	47.45%
c	Compound annualised yield (%) VIII		
	Last 1 year	9.42%	4.70%
	Last 2 year	7.03%	8.34%
	Last 3 year	8.70%	7.84%
	Since launch of the scheme	10.22%	10.40%
	<b>Launch Date</b>	<b>August 01, 2013</b>	
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, 2019**

***Contents***

Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts

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**

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 Limited (PFM)** which comprise of the Balance Sheet as at March 31, 2019 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**

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 principles generally accepted in India including the applicable 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 also includes maintenance of adequate accounting records for safeguarding of the assets of the PFM and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and assuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements are also approved by the NPS Trust on the recommendation of the Board of Directors of the PFM.

## **Auditor’s Responsibility**

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 specified under Section 143 (10) of the Companies Act, 2013. Those

Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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.

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

## Opinion

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, 2019;
- b. in the case of the Revenue Account, of the surplus of the Scheme for the year ended on that date

## Report on Other Legal and Regulatory Requirements

1. 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 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 as far as appears from our examination of those books.
  - 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.

# HARIBHAKTI & CO. LLP

Chartered Accountants

- 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.

## **We further certify that**

- a. Investments are valued based on rates provided by Stock Holding Corporation of India, the custodian of NPS Trust.
- 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 Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

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**Sumant Sakhardande**

Partner

Membership No. 034828

Mumbai

April 19, 2019

**NATIONAL PENSION SYSTEM TRUST**

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

**BALANCE SHEET AS AT MARCH 31, 2019**

**(In ₹)**

Particulars	Schedule	Scheme A Tier I	
		March 31, 2019	March 31, 2018
<b>Liabilities</b>			
Unitholders Funds			
Unit Capital	1	6,33,04,044	1,80,53,363
Reserves & Surplus	2	1,40,12,336	22,24,559
Current Liabilities and Provisions	3	90,849	18,868
<b>Total</b>		<b>7,74,07,229</b>	<b>2,02,96,790</b>
<b>Assets</b>			
Investments	4	7,26,42,391	1,97,89,342
Deposits	5	-	-
Other Current Assets	6	47,64,838	5,07,448
<b>Total</b>		<b>7,74,07,229</b>	<b>2,02,96,790</b>
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		7,73,16,380	2,02,77,922
(b) Number of units outstanding		63,30,404	18,05,336
(c) NAV per unit (a)/(b) (₹)		12.2134	11.2322
<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 Haribhakti & Co. LLP (FRN 103523W/W100048)**

**Chartered Accountants**

**Sumant Sakhardande**  
Partner  
Membership No.034828

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

**Vibha Padalkar**  
(Director)

**Parvez Mulla**  
(Director)

**Sumit Shukla**  
(Chief Executive Officer)

**Fagun Pancholi**  
(Chief Financial Officer)

**Nagesh Pai**  
(Company Secretary)

**Place :** Mumbai

**Date :**

**Place :** Mumbai

**Date :** April 19, 2019

**For and on Behalf of NPS Trust**

**Ashvin Parekh**  
(Chairman, NPS Trust Board)

**Place :**

**Date :**

**Munish Malik**  
(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, 2019**

**(In ₹)**

Particulars	Schedule	Scheme A Tier I	
		March 31, 2019	March 31, 2018
<b>Income</b>			
Dividend		-	-
Interest		28,30,948	3,08,918
Profit on sale/redemption of investments		5,57,892	2,16,849
Profit on inter-scheme transfer/sale of investments		-	-
Unrealised gain on appreciation in investments		11,12,564	1,42,645
Other income			
- Miscellaneous Income		10	-
<b>Total Income (A)</b>		<b>45,01,414</b>	<b>6,68,412</b>
<b>Expenses &amp; Losses</b>			
Unrealised losses in value of investments		-	-
Management fees (including Goods and Service Tax / Service Tax)		4,655	820
NPS Trust fees		1,410	697
Custodian fees		1,181	131
CRA fees		62,432	26,754
Less : Amount recoverable on sale of units on account of CRA Charges		(62,432)	(26,754)
Provision for Non-Performing Assets		-	-
Depository and settlement charges		314	143
<b>Total Expenditure (B)</b>		<b>7,560</b>	<b>1,791</b>
<b>Surplus/(Deficit) for the year (A-B = C)</b>		<b>44,93,854</b>	<b>6,66,621</b>
Less: Amount transferred to Unrealised appreciation account		(11,12,564)	(1,42,645)
Less: Amount transferred to General Reserve		(33,81,290)	(5,23,976)
<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 Haribhakti & Co. LLP (FRN 103523W/W100048)**

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

**Chartered Accountants**

**Sumant Sakhardande**  
Partner  
Membership No.034828

**Vibha Padalkar**  
(Director)

**Parvez Mulla**  
(Director)

**Sumit Shukla**  
(Chief Executive Officer)

**Fagun Pancholi**  
(Chief Financial Officer)

**Nagesh Pai**  
(Company Secretary)

**Place :** Mumbai

**Date :**

**Place :** Mumbai

**Date :** April 19, 2019

**For and on Behalf of NPS Trust**

**Ashvin Parekh**  
(Chairman, NPS Trust Board)

**Place :**

**Date :**

**Munish Malik**  
(Chief Executive Officer)

**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, 2019	March 31, 2018
<b>Initial capital</b>		
<b>Unit capital</b>		
Outstanding at the beginning of the year	1,80,53,363	23,25,120
Add :Units issued during the year	4,95,16,739	1,64,80,550
Less: Units redeemed during the year	(42,66,058)	(7,52,307)
<b>Outstanding at the end of the year</b>	<b>6,33,04,044</b>	<b>1,80,53,363</b>
<b>(Face Value of Rs.10/- each unit, fully paid up)</b>		
Outstanding units at the beginning of the year	18,05,336	2,32,512
Add :Units issued during the year	49,51,674	16,48,055
Less: Units redeemed during the year	(4,26,606)	(75,231)
<b>Outstanding Units at the end of the year</b>	<b>63,30,404</b>	<b>18,05,336</b>

**Schedule 2: Reserves and surplus**

(In `)

Particulars	Scheme A Tier I	
	March 31, 2019	March 31, 2018
<b>Unit premium reserve</b>		
Opening balance	15,42,552	50,962
Add: Premium on Units issued	79,49,813	15,59,621
Less: Premium on Units redeemed	(6,55,890)	(68,031)
Add: Transfer from General Reserve	-	-
Closing balance	<b>88,36,475</b>	<b>15,42,552</b>
<b>General Reserve</b>		
Opening balance	5,23,924	(52)
Add/(Less): Transfer from Revenue Account	33,81,290	5,23,976
Less: Transfer to Unit Premium Reserve	-	-
Closing balance	<b>39,05,214</b>	<b>5,23,924</b>
<b>Unrealised Appreciation Reserve</b>		
Opening balance	1,58,083	15,437
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from Revenue Account	11,12,564	1,42,646
Closing balance	<b>12,70,647</b>	<b>1,58,083</b>
<b>Total</b>	<b>1,40,12,336</b>	<b>22,24,559</b>

**Schedule 3: Current liabilities and provisions**

(In `)

Particulars	Scheme A Tier I	
	March 31, 2019	March 31, 2018
<b>Current liabilities</b>		
Sundry creditors for expenses	2,337	847
Redemption Payable	88,436	17,998
TDS Payable	76	23
<b>Total</b>	<b>90,849</b>	<b>18,868</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, 2019	March 31, 2018
Others - Mutual Fund Units	1,80,02,582	56,74,010
Basel III Tier I bonds	5,46,39,809	1,41,15,332
<b>Total</b>	<b>7,26,42,391</b>	<b>1,97,89,342</b>

**Schedule 5: Deposits****(In ₹)**

Particulars	Scheme A Tier I	
	March 31, 2019	March 31, 2018
Deposits with scheduled banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

Particulars	Scheme A Tier I	
	March 31, 2019	March 31, 2018
Balances with banks in current account	20,93,088	29,023
Outstanding and accrued income	26,71,750	3,48,425
Application money pending allotment	-	1,30,000
<b>Total</b>	<b>47,64,838</b>	<b>5,07,448</b>

## **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, 2019**

##### **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.

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 year end 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 seven 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.

**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)

**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.

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).

### **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 and the fee has been revised to 0.005% per annum with effect from April 01, 2018.

The Company has stopped charging Trustee fee with effect from January 25, 2019, as directed by the Authority vide PFRDA circular no. PFRDA/17/03/31/0016/2018-SUP-PF/12 dated January 25, 2019.

### **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**

**2.1 Contingent liabilities**

(In ₹)

Particulars	Scheme A Tier I	
	March 31, 2019	March 31, 2018
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
<b>Pension fund manager</b>	HDFC Pension Management Company Limited
<b>Sponsor company</b>	HDFC Life Insurance Company Limited
<b>Associates and group companies</b>	
Holding Company	HDFC Limited
Ms. Vibha Padalkar	Key Management Personnel
Mr. Parvez Mulla	Key Management Personnel (W.E.F. 25th Sept 2018)
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, 2019

(In ₹)

Nature of Transaction	Scheme A Tier I	
	March 31, 2019	March 31, 2018
Investment management fees	4,655	820

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme A Tier I	
	March 31, 2019	March 31, 2018
Investment management fees payable	1,631	376

Aggregate investments made in the Associates and group companies as at March 31, 2019 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme A Tier I			
		March 31, 2019		March 31, 2018	
		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, 2019 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme A Tier I			
		March 31, 2019		March 31, 2018	
		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, 2019 is as follows :

(In ₹)

Particulars	Scheme A Tier I	
	March 31, 2019	March 31, 2018
Average Net Asset Value	3,94,46,973	69,69,998
Purchase of Investment	1,24,94,13,863	4,26,00,765
% to average Net Assets Value	3167.33%	611.20%
Sale of Investment	1,19,70,74,893	2,47,03,248
% to average Net Assets Value	3034.64%	354.42%

**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, 2019 is as follows :

(In ₹)

Particulars	Scheme A Tier I	
	March 31, 2019	March 31, 2018
Average Net Asset Value	3,94,46,973	69,69,998
Purchase of Investment	4,05,70,862	1,48,32,765
% to average Net Assets Value	102.85%	212.81%
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 I			
	March 31, 2019		March 31, 2018	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Monetary intermediation of commercial / saving / postal banks	5,46,39,809	70.67%	1,41,15,332	69.61%
Mutual Funds	1,80,02,582	23.28%	56,74,010	27.98%
Net Current Assets	46,73,989	6.05%	4,88,580	2.41%
<b>Net Asset Value</b>	<b>7,73,16,380</b>	<b>100.00%</b>	<b>2,02,77,922</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 A Tier I	
			March 31, 2019	March 31, 2018
Birla Sun Life Cash Plus - Growth - Direct Plan	Liquid Mutual Fund	Less than 7 Days	NIL	1,30,000.00

**2.8 Prior Year Comparatives :**

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

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

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2019

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
Asset Backed, Trust Structured and Miscellaneous Investments	9.50 Indusind Bank Perpetual AT-1 (Call date18/04/2022)	20	2,03,60,750.00	26.33%
	9.90 ICICI Bank Perpetual AT-1 (Call date28/12/2023)	15	1,57,04,517.00	20.31%
	9.20 ICICI Bank Perpetual AT-1 (Call date17/03/2022)	7	71,23,050.00	9.21%
	8.75 Axis Bank Perpetual AT-1 Series26(Call date14/12/2021)	7	68,76,643.00	8.89%
	8.15 SBI Bank Perpetual AT-1 (Call date02/008/2022).	5	45,74,849.00	5.92%
<b>Asset Backed, Trust Structured and Miscellaneous Investments Total</b>		<b>54</b>	<b>5,46,39,809</b>	<b>70.67%</b>
Mutual Fund Units	Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan	59,921	1,80,02,582	23.28%
<b>Mutual Fund Units Total</b>		<b>59,921</b>	<b>1,80,02,582</b>	<b>23.28%</b>
<b>Net Current Assets</b>		<b>-</b>	<b>46,73,989</b>	<b>6.05%</b>
<b>Grand Total</b>		<b>59,975</b>	<b>7,73,16,380</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, 2019**

Sr No	Particulars	Scheme A Tier I	
		March 31, 2019	March 31, 2018
1	NAV per unit (₹) I		
	Open	11.2322	10.2853
	High	12.2134	11.2322
	Low	11.0059	10.2933
	End	12.2134	11.2322
2	Closing Assets Under Management (₹ in Lakhs)		
	End	773.16	202.78
	Average daily net assets (AAuM) II	394.47	69.70
3	Gross income as % of AAuM III	11.41%	9.59%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.02%	0.03%
b	Management fee as % of AAuM (scheme wise) V	0.01%	0.01%
5	Net income as % of AAuM VI	11.39%	9.56%
6	Portfolio turnover ratio VII	NIL	NIL
7	Total dividend per unit distributed during the period	N.A.	N.A.
8	Returns: (%)		
a	Last one year	8.74%	9.21%
	Benchmark VIII	N.A.	N.A.
b	Since inception	22.13%	12.32%
	Benchmark VIII	N.A.	N.A.
c	Compound annualised yield (%) IX		
	Last 1 year	8.74%	9.21%
	Last 2 year	8.97%	N.A.
	Last 3 year	N.A.	N.A.
	Since launch of the scheme	8.43%	8.22%
	<b>Launch Date</b>	<b>October 10, 2016</b>	
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)		