



HDFC PENSION MANAGEMENT COMPANY LIMITED

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 2019-20

CONTENTS

1. BRIEF BACKGROUND	
a) THE TRUST	1
b) SPONSOR	2
c) PENSION FUND MANAGEMENT COMPANY	2
2. BASIS AND POLICY OF INVESTMENTS	2
3. ECONOMIC SCENARIO	5
4. SCHEME PERFORMANCE AND OPERATIONS.....	9
5. INVESTMENT OBJECTIVE OF THE SCHEME	15
6. LIABILITIES AND RESPONSIBILITIES OF THE COMPANY	16
7. INTERNAL AUDITOR'S CERTIFICATE ON PROXY VOTING REPORT.....	17
8. FINANCIAL STATEMENTS OF THE SCHEMES	19
a) Scheme E Tier I - Equity market instruments	
b) Scheme E Tier II - Equity market instruments	
c) Scheme C Tier I - Credit risk bearing fixed income instruments	
d) Scheme C Tier II - Credit risk bearing fixed income instruments	
e) Scheme G Tier I - Government securities	
f) Scheme G Tier II - Government securities	
g) Scheme A Tier I - Alternate Investment funds	

HDFC Pension Management Company Limited ('HDFC Pension') presents its Seventh Annual Report along with the audited financial statements of the Schemes for the year ended March 31, 2020.

During the year ending March 31, 2020, 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, 2020 of all the schemes collectively was ₹ 8,26,536.40 Lakhs

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

a) THE TRUST

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

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

b) SPONSOR

HDFC 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 421 offices as at March 31, 2020. At March 31, 2020 the Sponsor has 20,000+ employees and 107,662 advisors and is thus well equipped to cater to the needs of customers.

As at March 31, 2020, 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 2019-20 was another eventful year for Indian debt and equity markets. Domestically, the year began with BJP getting re-elected in the general assembly elections in May 2019. Union Budget presented by the new government in July 2019 was found lacking in stimulating economy that showed signs of slowdown. This prompted government to announce slew of measures in September 2019 to stimulate the economy including, among others, steep cut in corporate tax rate cuts. RBI too cut rates in its June, August and October policy meet to stimulate growth. India's economic growth eased from 6.1% in FY19 to 5.4% in 1HFY20 and fell further to 4.7% in 3QFY20, implying 5.1% growth in the first three quarters of FY20. Notwithstanding weakening growth, the headline inflation – measured by consumer price index (CPI) flared up. The primary driver of higher inflation was the surge in food prices on account of floods and was partly supported by very low base as well. With fiscal and monetary measures taken by Government and RBI, it was expected that the growth would revive in coming quarters. However, since January 2020, the outbreak of the Covid-19 pandemic and subsequent imposition of lockdown has increased economic uncertainty.

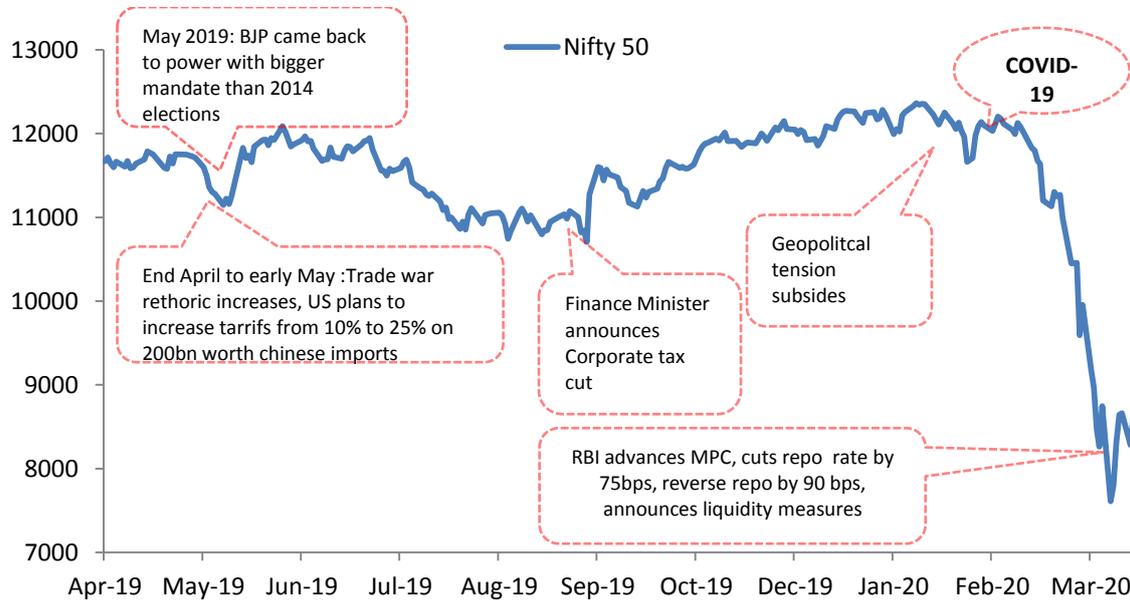
Globally, output growth estimates by the IMF were repeatedly lowered from 3.5% for 2019 and 3.6% for 2020 at the beginning of 2019 to 2.9% and 3.3% respectively in its January 2020 publication. After the large scale outbreak of Covid-19 and consequent lockdowns across major economies, the growth estimates may be further revised downwards in coming months. Although the IMF's next publication is due in mid-Apr'20, the UN's Department of Economic and Social Affairs in its initial assessment has estimated that in 2020, Global GDP may contract by 1% vis-a-vis its earlier forecast of a growth of 2.5%. The decline could be even higher if the pandemic prolongs.

The epicenter of Covid-19 has shifted from China or East Asian economies to Europe and North America. This has led to widespread lockdowns in Australia, Europe, North America and parts of Asia. These lockdowns have hurt many industrial and services activity, wherever physical interactions were high. Outbreak of the pandemic has made world's major central banks to aggressively ease monetary policy, along with massive fiscal stimulus announced by many governments. In India, too, RBI reduced policy repo rate by 75bps to all-time low of 4.4% on March 27, 2020.

Tourism, which accounts for ~10% of global GDP, was one of the first and worst hit sectors; however, mining & manufacturing are also badly hurt, along with several services such as construction, retail trade, recreation, entertainment and transport services. All these factors will affect the job market and household incomes severely across the world, due to which global growth forecasts have been lowered into contraction zone. Unfortunately, although the major central banks and governments are taking strong measures to support various economic

participants, any economic stimulus will only work after the virus subsides naturally or an effective cure or vaccination is found.

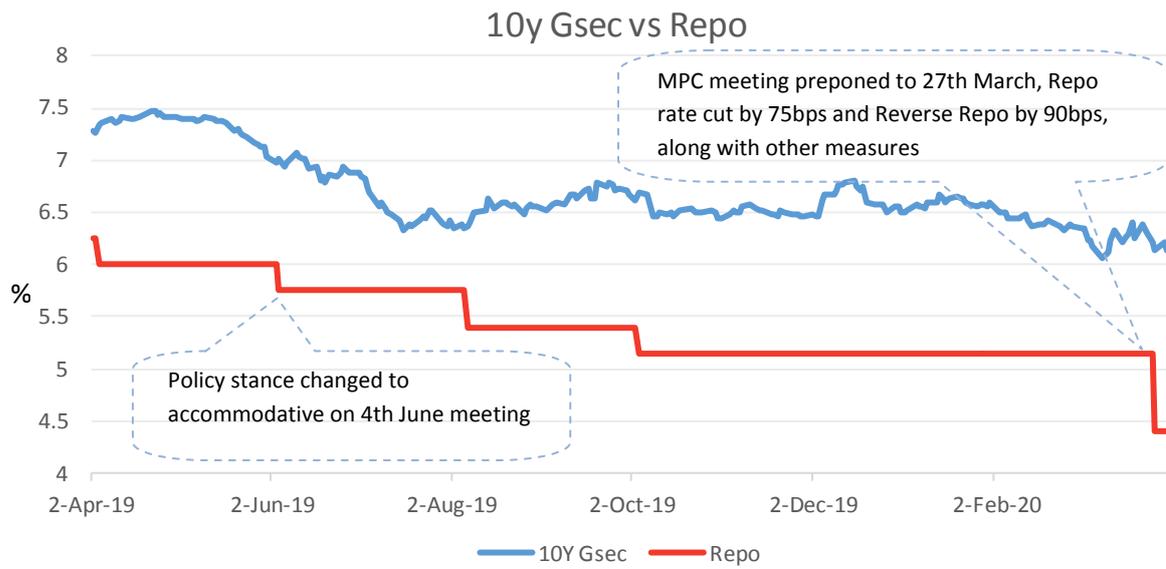
Equity: Time of capitulation



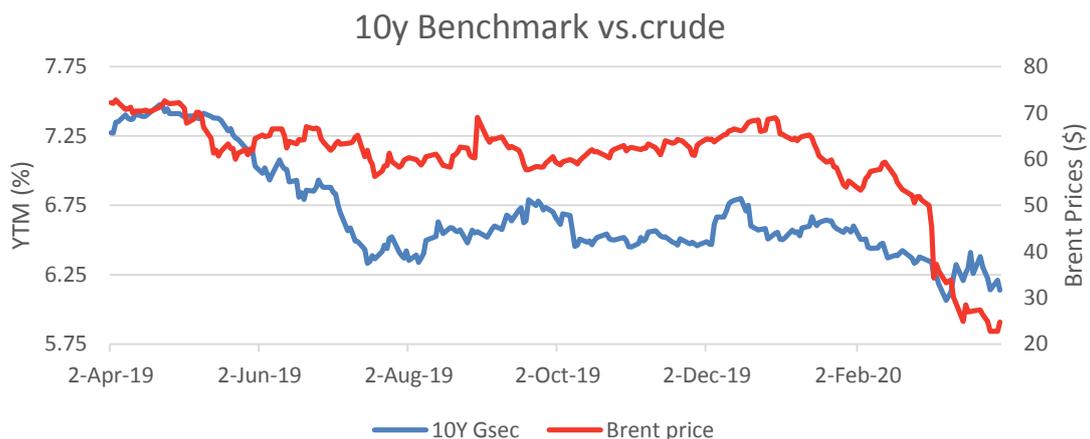
For large part of FY20, the equity markets continued to consolidate its late FY19 surge with India's benchmark equity index NIFTY rising to its all-time peak of 12,362 in January. This was followed by a steep capitulation over the next 2 months with the index falling to year low of 7,610 on 23rd March and then slightly recovering to end the year at 8,598. In the early part of the year the markets were negatively impacted by increasing US-China trade war rhetoric and continued weakness in the economy, though it was partly negated by results of the General Elections which gave the ruling party even higher majority than 2014 elections. Turning point for the market was the September-19 announcement of steep corporate tax cut by the Government. Market reacted positively to the expectations of higher corporate earnings and was further supported by reports of US-China heading towards a trade deal, Phase-1 of which was eventually signed in January-2020. Thereafter, the rising Covid-19 cases globally and its subsequent emergence as a pandemic led to market's capitulation towards the end of the year. With social distancing and lockdown emerging as the only viable option to curtail the spread of the pandemic, the uncertainty of corporate earnings increased, thereby unnerving the markets. While the large cap stocks fell by about 24-27% during the year, the fall in the midcap and smallcap indices by about 31-36% was far higher.

Debt: A year of Unconventional Policy action

Bond yields declined sharply during the first quarter of the year driven by the rate cuts and OMO purchases by RBI, while keeping the policy stance as Neutral. RBI made OMO Purchases of Rs525bn in May and June, with the total OMO purchase for the year adding up to Rs1,042bn. Market was supported by the large OMO purchases by RBI to increase the liquidity in the system.



RBI changed its stance to accommodative in June as core inflation remained benign and output gap continued to remain high. RBI also conducted operation twist to flatten the yield curve during the year.



Towards the end of the year, due to Covid-19 pandemic related stress, RBI advanced its MPC meeting and undertook various measures to provide liquidity to the system. RBI cut the repo rates down to 4.4% and provided moratorium to banks on NPA recognition to help mitigate the economic fall out of the lockdown. With all the measures it took, RBI injected Rs 3.74 Lakh Cr in the system with an aim to stabilise the markets and ease the cashflow and credit concerns.

Although India has steered clear from any large fiscal stimulus so far, the benchmark bond yield has fallen only slightly from 6.5% in Jan'20 to 6.2% by end Mar'20 and Indian Rupee depreciated 5-6% against USD in the same period. Corporate spreads were relatively stable in the first 9 months. However corporate bond spreads increased in the last quarter driven by increased supply and risk off sentiment due to Covid-19 pandemic. In mid March corporate bond spreads increased by 100 to 200bps (compared to early March) across the curve with higher impact on the short end. However the spreads narrowed post March RBI policy.

Outlook:

Equity

With Covid-19 related uncertainty continuing to negatively impact all asset classes and in particularly the equity markets, we remain cautious on short term returns from equity markets. An extended lockdown during the year could mean increasing pressure on the cashflows and earnings of corporates. Most economists have cuts their India GDP growth forecasts on the back of Covid-19 related lockdown impact and in view of the global recession expected in 2020. While the markets are going through a turbulent time due to Covid-19 pandemic which has triggered a risk off sentiment, interest rate cut by RBI and possible fiscal stimulus by the government is likely to support investor sentiment. On the positive side, softer commodity prices are good news for macro-economic stability (lower inflation, lower interest rates and lower trade deficit levels).

Markets are currently trading at roughly 14-15x FY21 P/E, with the FY21 earnings estimates itself being subject to a rising risk of cuts due to halt in economic activities on account of Covid-19 related lockdown, unless there is a meaningful pickup in economic activity after the lockdown is removed. This construct makes us cautious in the short term and accordingly we have been maintaining higher cash in the portfolio while investing in stocks that are looking attractive from a medium to long term point of view, based on their historical earnings and balance sheet strength. For investor interest to return, the data on Covid-19 trajectory will be important, particularly with respect to a possible cure/vaccine. However, from medium to long term point of view, as the lockdown gets over, we could see a revival in growth and that should augur well for markets. Current fall in equity markets is also an opportunity for NPS subscribers to rebalance their portfolios in favour of equities (if current allocation is on the lower side), as in long term, equity tends to outperform other assets classes, over business cycles.

Debt

Global macroeconomic backdrop could continue to remain challenging as world continues to fight the biggest health crisis in years. On the domestic front Indian debt market could face yet another volatile year. The uncertainty of the impact and subsequent pace of recovery after Covid-19 makes any forecasting a challenge. However, given the slowdown in economic

activity and fall in commodity prices Inflation is likely to remain benign through the year, as demand pick up is likely to be low in an uncertain world. The bigger challenge is going to be on the fiscal deficit target. Given the current market conditions the government is going to find it difficult to meet its disinvestment target. Other sources of revenues, both taxes and other receipts will be under pressure. However in order to revive growth government is unlikely to reduce its expenditure.

On the monetary front we expect RBI to continue to support the market with both conventional and unconventional measures. We expect RBI to take actions to minimise the impact on yields of any additional government borrowings that may come. RBI has with its various actions last year given the market an indication that it wants efficient rates transmission. RBI's tools to manage liquidity either through FX Swaps/OMO/LAF/TERM REPO will be key drivers for interest rates across the curve. We expect corporate bond spreads to narrow in the first half due to lower issuance and also because of the TLTRO announced by RBI to support the corporate bonds. We expect 3y to 5y AAA corporate bonds to outperform the other segments. Key risk remains higher crude prices and fiscal deficit targets for the year being breached.

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 BSE 100 TRI Index.

The performance of Scheme E Tier I at March 31, 2020 is presented below:

Period	Returns (%) [^]	Benchmark Returns (%) #
1 Year	-23.45%	-25.56%
2 Years	-6.86%	-7.89%
3 Years	-1.11%	-1.66%
Since inception @	8.26%	1.11%

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

Benchmark index: Total Return Index (TRI) for S&P BSE 100 has been used from April 01, 2019 as shared by the Crisil Ltd

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 BSE 100 TRI w.e.f 01st April 2019.

@ Date of Inception: August 01, 2013

AUM and Asset Mix

The net assets of the Scheme at March 31, 2020 stood at ₹ 2,73,399.70 lakhs

At March 31, 2020, 95.91% of the net assets were invested in Equity Shares and 4.09% 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 BSE 100 TRI Index.

The performance of Scheme E Tier II at March 31, 2020 is presented below:

Period	Returns (%) [^]	Benchmark Returns (%) # \$
1 Year	-23.47%	-25.56%
2 Years	-6.93%	-7.89%
3 Years	-1.07%	-1.66%
Since inception @	5.93%	1.11%

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

Benchmark index: Total Return Index (TRI) for S&P BSE 100 has been used from April 01, 2019 as shared by the Crisil Ltd

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 BSE 100 TRI w.e.f 01st April 2019.

@ 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, 2020 stood at ₹ 11,057.58 lakhs.

At March 31, 2020, 96.60% of the net assets were invested in Equity Shares and 3.40% 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, 2020 is presented below:

Period	Returns (%) [^]	Benchmark Returns (%) [#]
1 Year	11.47%	11.73%
2 Years	9.80%	9.51%
3 Years	8.64%	8.11%
Since inception @	10.42%	8.97%

[^] 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, 2020 stood at ₹ 2,02,514.64 lakhs.

At March 31, 2020, 95.84% of the net assets were invested in bonds and non-convertible debentures and 4.16% 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, 2020 is presented below:

Period	Returns (%) [^]	Benchmark Returns (%) # \$
1 Year	11.91%	11.73%
2 Years	9.90%	9.51%
3 Years	8.80%	8.11%
Since inception @	9.50%	8.97%

[^] 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, 2020 stood at ₹ 7,929.77 lakhs.

At March 31, 2020, 96.19% of the net assets were invested in bonds and non-convertible debentures and 3.81% 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, 2020 is presented below:

Period	Returns (%) [^]	Benchmark Returns (%) #
1 Year	15.47%	15.64%
2 Years	12.37%	11.79%
3 Years	9.71%	8.96%
Since inception @	10.61%	9.27%

[^] 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, 2020 stood at ₹ 3,18,448.32 lakhs.

At March 31, 2020, 96.24% of the net assets were invested in government securities and 3.76% 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, 2020 is presented below:

Period	Returns (%) [^]	Benchmark Returns (%) #
1 Year	14.90%	15.64%
2 Years	12.13%	11.79%
3 Years	9.59%	8.96%
Since inception @	10.91%	9.27%

^ 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, 2020 stood at ₹ 11,327.29 lakhs.

At March 31, 2020, 95.82% of the net assets were invested in government securities and 4.18% 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, 2020 is presented below:

Period	Returns (%) [^]	Benchmark Returns (%) #
1 Year	6.65%	N.A.
2 Years	7.69%	N.A.
3 Years	8.19%	N.A.
Since inception @	7.90%	N.A.

^ 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, 2020 stood at ₹ 1,859.11 lakhs.

At March 31, 2020, 83.03% of the assets were invested in Asset Backed, Trust Structured and Miscellaneous Investments and 16.97% 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
 - e) SCHEME G TIER I - Government securities
 - f) SCHEME G TIER II - Government securities
 - g) SCHEME A TIER I - Alternate Investment funds
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M. P. Chitale & Co.

Chartered Accountants

1/11, Prabhadevi Ind. Estate, 1st Flr., Opp. Siddhivinayak Temple, Veer Savarkar Marg, Prabhadevi, Mumbai - 25 • Tel.: 43474301-03 • Fax : 43474304

Internal Auditor's Certificate on Proxy Voting Report

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

Dear Sir,

1. We have been requested by **HDFC Pension Management Company Limited ('Company')** to provide 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 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 M.P.Chitale & Co
Chartered Accountants
Firm Registration No.101851W



Santosh More
Partner
M.No.114236
Mumbai, April 15, 2020
UDIN : 20114236AAAADA9737

M. P. Chitale & Co.

Chartered Accountants

1/11, Prabhadevi Ind. Estate, 1st Flr., Opp. Siddhivinayak Temple, Veer Savarkar Marg, Prabhadevi, Mumbai - 25 • Tel.: 43474301-03 • Fax : 43474304

To

The Board of Directors

HDFC Pension Management Company Limited

14th Floor, Lodha Excelus,

Apollo Mills Compound,

N.M. Joshi Marg,

Mahalaxmi, Mumbai – 400 011

We have reviewed the report on proxy voting for the quarter ending June 2019, September 2019, December 2019 and the proxy voting disclosure uploaded on the company's website along with following parameters:

- Proxy voting details uploaded on the NPS portal by proxy voting committee,
- Approval mails of the CIO & CEO of the company,
- Review of minutes of the Board meeting and

We have also reviewed the draft report for the quarter ending March 31, 2020 on proxy voting with the along with the proxy voting details uploaded on the NPS portal by proxy voting committee.

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 2019, September 2019, December 2019 and March 2020 as required under the circular, to the NPS trust for the financial year 2019-20.

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 M.P.Chitale & Co

Chartered Accountants

Firm Registration No.101851W



Santosh More

Partner

M.No.114236

Mumbai, April 15, 2020

UDIN : 20114236AAAADA9737

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, 2020

Contents

Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts

INDEPENDENT AUDITORS' REPORT

To,
The Trustees,
National Pension System Trust

Report on the audit of Financial Statements

Opinion

We have audited the accompanying financial statements of **NPS Trust – A/c HDFC Pension Fund Scheme E- Tier I (“the Scheme”)**, under the National Pension System Trust (NPS Trust) managed by HDFC Pension Management Company Limited (PFM) which comprise of Balance Sheet as at March 31, 2020 and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

- a) in the case of Balance Sheet, of the state of affairs of the Scheme as at March 31, 2020;
- b) in the case of Revenue Account, of the surplus of the Scheme for the year ended on that date;

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013 (“Act”) (“SAs”). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Other Matters

The transactions initiated by subscribers in the Scheme are maintained by the Central Recordkeeping Agency (“CRA”) and are not been subjected to audit by us.

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 standards referred to in 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 in accordance with the provisions of the Guidelines for safeguarding the assets of the scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Scheme’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to close the Scheme, or has no realistic alternative but to do so.

The management is responsible for overseeing the Scheme’s financial reporting process. 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether

due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, and amendment thereto, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our 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 PFRDA have been

maintained by the PFM, so far as it appears from our examination of those books.

- d) In our opinion, all transaction expenses in excess of the limits contractually agreed to/approved by the PFRDA are borne by the PFM 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 as per directive received from NPS Trust, which is through ICRA Management Consulting Services Limited (IMACS) effective April 01, 2019.*
- 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 KHANDELWAL JAIN & CO.
Chartered Accountants
Firm Registration No. 105049W**

**(ALPESH WAGHELA)
PARTNER
Membership No.142058**

Place: Mumbai
Date:
UDIN:

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NATIONAL PENSION SYSTEM TRUST

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

BALANCE SHEET AS AT MARCH 31, 2020

(In ₹)

Particulars	Schedule	Scheme E Tier I	
		March 31, 2020	March 31, 2019
Liabilities			
Unit Capital	1	16,09,97,73,141	9,38,46,57,605
Reserves & Surplus	2	11,24,01,96,933	11,43,39,74,473
Current Liabilities and Provisions	3	30,02,77,890	30,34,36,100
Total		27,64,02,47,964	21,12,20,68,178
Assets			
Investments	4	27,42,60,19,249	20,68,90,52,530
Deposits	5	-	-
Other Current Assets	6	21,42,28,715	43,30,15,648
Total		27,64,02,47,964	21,12,20,68,178
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		27,33,99,70,074	20,81,86,32,078
(b) Number of units outstanding		1,60,99,77,314	93,84,65,760
(c) NAV per unit (a)/(b) (₹)		16.9815	22.1836
Significant accounting policies and notes to accounts	7		

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

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

For Khandelwal Jain & Co.(FRN: 105049W)

Chartered Accountants

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

Alpesh Waghela

Partner

Membership No.142058

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 : May 20, 2020

For and on Behalf of NPS Trust

Sh.Atanu Sen

(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 E TIER I

REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

(In ₹)

Particulars	Schedule	Scheme E Tier I	
		March 31, 2020	March 31, 2019
Income			
Dividend		35,11,82,273	18,18,19,411
Profit on sale/redemption of investments		22,24,24,491	20,51,71,824
Unrealised gain on appreciation in investments		23,93,928	1,53,33,82,674
Other income			
- Miscellaneous Income		986	3,849
Total Income (A)		57,60,01,678	1,92,03,77,758
Expenses & Losses			
Unrealised losses in value of investments		8,44,40,11,641	-
Loss on sale/redemption of investments		26,31,64,551	5,15,10,241
Management fees (including Goods and Service tax)		31,47,943	16,59,906
NPS Trust fees		9,57,048	5,40,562
Custodian fees		8,76,976	4,61,947
CRA fees		2,63,55,787	1,57,79,357
Less : Amount recoverable on sale of units on account of CRA Charges		(2,63,55,787)	(1,57,79,357)
Depository and settlement charges		1,42,005	74,069
Total Expenditure (B)		8,71,23,00,164	5,42,46,725
Surplus/(Deficit) for the year (A-B = C)		(8,13,62,98,486)	1,86,61,31,033
Less: Amount transferred to Unrealised appreciation account		2,32,15,66,849	(1,53,33,82,674)
Less: Amount transferred to General Reserve		5,81,47,31,637	(33,27,48,359)
Amount carried forward to Balance Sheet		-	-
Significant accounting policies and notes to accounts	7		

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

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

For Khandelwal Jain & Co.(FRN: 105049W)

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

Chartered Accountants

Alpesh Waghela
Partner
Membership No.142058

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 : May 20, 2020

For and on Behalf of NPS Trust

Sh.Atanu Sen
(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, 2020	March 31, 2019
Initial capital		
Unit capital		
Outstanding at the beginning of the year	9,38,46,57,605	5,09,86,27,559
Add :Units issued during the year	7,50,05,50,668	4,66,80,42,752
Less: Units redeemed during the year	(78,54,35,132)	(38,20,12,706)
Outstanding at the end of the year	16,09,97,73,141	9,38,46,57,605
(Face Value of Rs.10/- each unit, fully paid up)		
Outstanding units at the beginning of the year	93,84,65,760	50,98,62,756
Add :Units issued during the year	75,00,55,067	46,68,04,275
Less: Units redeemed during the year	(7,85,43,513)	-3,82,01,271
Outstanding Units at the end of the year	1,60,99,77,314	93,84,65,761

Schedule 2: Reserves and surplus

(In ₹)

Particulars	Scheme E Tier I	
	March 31, 2020	March 31, 2019
Unit premium reserve		
Opening balance	8,47,62,48,254	3,79,10,64,241
Add: Premium on Units issued	8,87,56,06,283	5,10,71,72,627
Less: Premium on Units redeemed	(93,30,85,337)	(42,19,88,614)
Add: Transfer from General Reserve	-	-
Closing balance	16,41,87,69,200	8,47,62,48,254
General Reserve		
Opening balance	63,29,08,454	30,01,60,095
Add/(Less): Transfer from/(to) Revenue Account	(5,81,47,31,637)	33,27,48,359
Less: Transfer to Unit Premium Reserve	-	-
Closing balance	(5,18,18,23,183)	63,29,08,454
Unrealised Appreciation Reserve		
Opening balance	2,32,48,17,765	79,14,35,091
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from /(to) Revenue Account	(2,32,15,66,849)	1,53,33,82,674
Closing balance	32,50,916	2,32,48,17,765
Total	11,24,01,96,933	11,43,39,74,473

Schedule 3: Current liabilities and provisions

(In ₹)

Particulars	Scheme E Tier I	
	March 31, 2020	March 31, 2019
Current liabilities & Provisions		
Sundry creditors for expenses	15,62,182	7,18,778
Redemption Payable	1,82,76,058	89,57,267
TDS Payable	34,276	21,522
Contracts for purchase of investments	28,04,05,374	29,37,38,533
Total	30,02,77,890	30,34,36,100

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, 2020	March 31, 2019
Equity shares	26,22,04,02,198	19,86,90,96,543
Others - Mutual Fund Units	1,20,56,17,051	81,99,55,987
Total	27,42,60,19,249	20,68,90,52,530

Schedule 5: Deposits**(In ₹)**

Particulars	Scheme E Tier I	
	March 31, 2020	March 31, 2019
Deposits with scheduled banks	-	-
Total	-	-

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

Particulars	Scheme E Tier I	
	March 31, 2020	March 31, 2019
Balances with bank in current account	2,75,46,377	26,07,29,994
Contracts for sale of investments	-	3,10,34,842
Brokerage receivable from PFM	9,84,377	2,37,690
Dividend receivable	-	14,28,100
Sundry Debtors	18,56,97,961	13,95,85,022
Total	21,42,28,715	43,30,15,648

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, 2020

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 ICRA Management Consulting Services Limited (IMACS) effective April 01, 2019 which until previous financial year was carried out SHCIL. The Investment valuation methodology adopted by IMACS 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.

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.

Valuation of Right Shares

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.

Valuation of Money Market Instruments and Mutual funds.

Money market instruments like, commercial paper, and certificate of deposit are valued at last quoted price / applicable Matrix based valuation for investment grade securities.

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

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.

Basis the direction from NPS Trust the Trustee Fees charge of 0.005% has been re-initiated with effect from 01st August 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, 2020	March 31, 2019
Uncalled liability on partly paid shares	NIL	NIL
Other commitments	NIL	NIL

2.2 Investments

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

2.3 Details of transactions with sponsor and its related parties

Nature of relationship	Name of the related party
Pension fund manager	HDFC Pension Management Company Limited
Sponsor company	HDFC Life Insurance Company Limited
Associates and group companies	
Holding Company	HDFC Limited
Ms. Vibha Padalkar	Key Management Personnel
Mr. Parvez Mulla	Key Management Personnel
Mr. Sumit Shukla	Key Management Personnel
Mr. Fagun Pancholi	Key Management Personnel
Mr. Nagesh Pai	Key Management Personnel

The following represents significant transactions between the Company and its related parties for the year ended March 31, 2020

(In ₹)

Nature of Transaction	Scheme E Tier I	
	March 31, 2020	March 31, 2019
Investment management fees	31,47,943	16,59,906

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme E Tier I	
	March 31, 2020	March 31, 2019
Investment management fees payable	8,76,619	4,80,630

Aggregate investments made in the Associates and group companies as at March 31, 2020 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme E Tier I			
		March 31, 2020		March 31, 2019	
		Cost	Market Value	Cost	Market Value
HDFC Ltd	Equity	38,12,84,703	30,80,84,315	17,68,80,216	19,28,88,500

Investment with other Group Companies

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

Aggregate investments made in the other group companies as at March 31, 2020 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme E Tier I			
		March 31, 2020		March 31, 2019	
		Cost	Market Value	Cost	Market Value
HDFC Bank Ltd	Equity	1,16,66,46,308	1,01,51,02,725	61,59,13,483	81,72,96,305

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, 2020 is as follows :

(In ₹)

Particulars	Scheme E Tier I	
	March 31, 2020	March 31, 2019
Average Net Asset Value	26,67,74,81,716	14,06,70,03,495
Purchase of Investment	1,05,09,39,05,367	1,40,09,57,30,493
% to average Net Assets Value	393.94%	995.92%
Sale of Investment	89,86,92,12,682	1,31,21,50,55,047
% to average Net Assets Value	336.87%	932.79%

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, 2020 is as follows :

(In ₹)

Particulars	Scheme E Tier I	
	March 31, 2020	March 31, 2019
Average Net Asset Value	26,67,74,81,716	14,06,70,03,495
Purchase of Investment	16,58,76,28,366	9,55,73,78,496
% to average Net Assets Value	62.18%	67.94%
Sale of Investment	1,68,16,67,964	92,58,89,004
% to average Net Assets Value	6.30%	6.58%

*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, 2020		March 31, 2019	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Monetary intermediation of commercial / saving / postal banks	6,72,71,43,451	24.61%	5,57,03,30,150	26.76%
Computer consultancy and computer facilities management activities	3,42,21,72,430	12.52%	2,34,74,80,335	11.28%
Production of liquid and gaseous fuels, illuminating oils & lubricating oils	2,57,19,53,207	9.41%	2,01,47,30,117	9.68%
Manufacture Of Cigarettes, Cigarette Tobacco	94,45,38,870	3.45%	1,04,71,82,025	5.03%
Others	12,55,45,94,240	45.92%	8,88,93,73,916	42.70%
Mutual Funds	1,20,56,17,051	4.41%	81,99,55,987	3.94%
Net Current Assets	-8,60,49,175	-0.31%	12,95,79,548	0.62%
Net Asset Value	27,33,99,70,074	100.00%	20,81,86,32,078	100.00%

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, 2020	March 31, 2019
			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 I

3. PORTFOLIO STATEMENT AS ON YEAR ENDED MARCH 31, 2020

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
Equity Shares	Reliance Industries Ltd.	18,80,300	2,09,41,84,125	7.66%
	Kotak Mahindra Bank Ltd	14,52,800	1,88,29,01,440	6.89%
	ICICI Bank Ltd	56,40,350	1,82,60,63,313	6.68%
	Infosys Ltd	25,53,400	1,63,80,06,100	5.99%
	Tata Consultancy Services Ltd	6,84,250	1,24,95,08,925	4.57%
	Hindustan Unilever Ltd	5,43,050	1,24,82,00,425	4.57%
	Bharati Airtel Ltd.	24,68,050	1,08,81,63,245	3.98%
	Larsen & Toubro Ltd	13,39,850	1,08,32,68,725	3.96%
	HDFC Bank Ltd	11,77,750	1,01,51,02,725	3.71%
	ITC Ltd	55,01,100	94,45,38,870	3.45%
	Axis Bank Ltd	22,46,250	85,13,28,750	3.11%
	State Bank of India	41,89,550	82,47,12,918	3.02%
	Bajaj Finance Ltd.	2,18,450	48,40,41,510	1.77%
	UltraTech Cement Ltd	1,48,600	48,21,84,710	1.76%
	Maruti Suzuki India Ltd	1,10,200	47,25,70,660	1.73%
	Asian Paints (India) Ltd	2,53,650	42,27,07,725	1.55%
	Nestle India Limited	25,350	41,32,20,210	1.51%
	Dr Reddys Laboratories Ltd	1,19,900	37,41,77,925	1.37%
	ICICI Prudential Life Insurance Company Limited	9,86,100	35,07,55,770	1.28%
	National Thermal Power Corporation Ltd	38,68,800	32,57,52,960	1.19%
	Mahindra & Mahindra Ltd	11,39,350	32,46,57,783	1.19%
	Petronet LNG Ltd	15,99,850	31,94,90,045	1.17%
	Housing Development Finance Corporation Ltd	1,88,650	30,80,84,315	1.13%
	Cipla Ltd	7,24,200	30,62,27,970	1.12%
	HCL Technologies Ltd	6,87,450	30,00,03,180	1.10%
	Shree Cement Ltd	16,450	28,86,37,458	1.06%
	Divis Laboratories Ltd	1,31,000	26,05,65,550	0.95%
	Power Grid Corporation of India Ltd	16,26,400	25,87,60,240	0.95%
	Bharat Petroleum Corporation Ltd	7,71,600	24,45,20,040	0.89%
	Tech Mahindra Ltd.	4,14,950	23,46,54,225	0.86%
	Hero Motocorp Ltd	1,30,100	20,76,98,145	0.76%
	Bajaj Finserv Ltd	43,000	19,74,21,600	0.72%
	Pidilite Industries Limited	1,44,850	19,64,74,540	0.72%
	IndusInd Bank Ltd	5,03,300	17,68,09,290	0.65%
	Lupin Ltd	2,95,050	17,39,76,232	0.64%
	LIC Housing Finance Ltd	7,38,000	17,36,51,400	0.64%
	Hindustan Petroleum Corporation Ltd	8,83,050	16,78,67,805	0.61%
	Gas Authority of India Ltd	20,13,900	15,41,64,045	0.56%
	Tata Steel Ltd	5,02,400	13,54,47,040	0.50%
	Dabur India Ltd	3,00,250	13,51,27,513	0.49%
	Ambuja Cements Ltd	8,58,150	13,36,13,955	0.49%
	Exide Industries Ltd	10,03,150	13,20,14,540	0.48%
	Titan Company Limited	1,40,650	13,13,24,905	0.48%
	Eicher Motors Ltd	9,400	12,31,01,460	0.45%
	Havells India Ltd	2,39,250	11,49,47,662	0.42%
	Sun Pharmaceuticals Industries Ltd	3,18,550	11,22,25,165	0.41%
	Coal India Ltd	7,69,400	10,77,54,470	0.39%
	Hindalco Industries Ltd	10,69,050	10,23,08,085	0.37%
	Cadila Healthcare Ltd.	3,44,150	9,19,74,087	0.34%
	Wipro Ltd	4,65,900	9,16,42,530	0.34%
Oil & Natural Gas Corporation Ltd	13,37,650	9,13,61,495	0.33%	
Siemens Ltd	76,850	8,55,64,790	0.31%	
Voltas Ltd	1,75,500	8,36,95,950	0.31%	
MRF Ltd	1,300	7,56,13,785	0.28%	
Indraprastha Gas Ltd	1,91,700	7,43,70,015	0.27%	
Adani Ports And Special Economic Zone Ltd	2,87,000	7,21,23,100	0.26%	
Britannia Industries Ltd	25,250	6,78,95,987	0.25%	
Vedanta Ltd	10,36,550	6,70,64,785	0.25%	
Indian Oil Corporation Ltd	8,00,750	6,53,81,237	0.24%	
Cummins India Ltd	1,98,700	6,49,15,290	0.24%	
Cholamandalam Investment & Finance Company Ltd	4,21,450	6,44,18,632	0.24%	
TVS Motor Company Ltd.	2,07,300	6,16,82,115	0.23%	
Punjab National Bank	18,57,500	6,00,90,125	0.22%	
Shriram Transport Finance Co. Ltd	88,350	5,83,68,428	0.21%	
Bharti Infratel Ltd	3,21,200	5,13,92,000	0.19%	

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

3. PORTFOLIO STATEMENT AS ON YEAR ENDED MARCH 31, 2020

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
	Godrej Consumer Products Ltd	92,250	4,80,48,412	0.18%
	Federal Bank Ltd	10,68,550	4,38,63,977	0.16%
	Mahindra & Mahindra Financial Services Ltd	2,93,950	4,32,69,440	0.16%
	Tata Motors Ltd	5,84,200	4,15,07,410	0.15%
	Grasim Industries Ltd	75,250	3,58,26,525	0.13%
	Bajaj Auto Ltd	16,200	3,27,62,070	0.12%
	RBL Bank Ltd	2,24,641	3,04,38,856	0.11%
	Ashok Leyland Ltd	6,22,300	2,67,90,015	0.10%
	Bosch Ltd.	2,800	2,63,07,540	0.10%
	Bharat Electronics Ltd.	3,18,700	2,37,27,215	0.09%
	Zee Entertainment Enterprises Ltd	1,83,200	2,27,07,640	0.08%
	Bank of Baroda	2,95,650	1,58,32,058	0.06%
	L&T Finance Holdings Limited	1,42,700	73,20,510	0.03%
	United Spirits Ltd	3,150	15,26,490	0.01%
Equity Shares Total		6,44,29,791	26,22,04,02,198	95.91%
Mutual Fund Units	ICICI Prudential Liquid - Direct Plan - Growth	41,06,118	1,20,56,17,051	4.41%
Mutual Fund Units Total		41,06,118.00	1,20,56,17,051.00	4.41%
Net Current Assets		-	(8,60,49,175)	-0.31%
Grand Total		6,85,35,909	27,33,99,70,074	100.00%

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

3.1 KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2020

Sr No	Particulars	Scheme E Tier I	
		March 31, 2020	March 31, 2019
1	NAV per unit (₹) I Open High Low End	22.1836 23.8673 15.1222 16.9815	19.5764 22.7239 19.2840 22.1836
2	Closing Assets Under Management (₹ in Lakhs) End Average daily net assets (AAuM) II	2,73,399.70 2,66,774.82	2,08,186.32 1,40,670.03
3	Gross income as % of AAuM III	2.16%	13.65%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.02%	0.02%
b	Management fee as % of AAuM (scheme wise) V	0.01%	0.01%
5	Net income as % of AAuM VI	-30.50%	13.27%
6	Portfolio turnover ratio VII	6.30%	6.58%
7	Total dividend per unit distributed during the period	N.A.	N.A.
8	Returns: (%)		
a	Last one year Benchmark IX	-23.45% -25.56%	13.32% 13.96%
b	Since inception Benchmark IX	69.82% 60.80%	121.84% 116.01%
c	Compound annualised yield (%) VIII Last 1 year Last 2 year Last 3 year Since launch of the scheme	-23.45% -6.86% -1.11% 8.26%	13.32% 12.40% 15.81% 15.10%
	Launch Date	August 01, 2013	
I	NAV = (Market value of investment held by scheme + value of current assets - value of current liability and provisions, if any) / (no. of units at the valuation date (before creation/ redemption of units))		
II	AAuM = Average daily net assets		
III	Gross income = Total Income as per Revenue Account		
IV	Total expenses = Expenses include management fees, custody fees, trustee bank charges but excludes Unrealised /Realised loss		
V	Management fee as % of AAuM is annualised		
VI	Net income = Surplus / Deficit as per Revenue Account		
VII	Portfolio turnover = Lower of sales or purchase divided by the average AUM for the period. Investments in liquid mutual fund is excluded from the turnover as the same is primarily for liquidity management		
VIII	Compounded annualised yield is to be calculated based on following formula: = (1+ cumulative return) ⁿ -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, 2020

Contents

Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts

INDEPENDENT AUDITORS' REPORT

To,
The Trustees,
National Pension System Trust

Report on the audit of Financial Statements

Opinion

We have audited the accompanying financial statements of **NPS Trust – A/c HDFC Pension Fund Scheme E- Tier II (“the Scheme”)**, under the National Pension System Trust (NPS Trust) managed by HDFC Pension Management Company Limited (PFM) which comprise of Balance Sheet as at March 31, 2020 and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

- a) in the case of Balance Sheet, of the state of affairs of the Scheme as at March 31, 2020;
- b) in the case of Revenue Account, of the surplus of the Scheme for the year ended on that date;

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013 (“Act”) (“SAs”). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Other Matters

The transactions initiated by subscribers in the Scheme are maintained by the Central Recordkeeping Agency (“CRA”) and are not been subjected to audit by us.

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 standards referred to in 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 in accordance with the provisions of the Guidelines for safeguarding the assets of the scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Scheme’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to close the Scheme, or has no realistic alternative but to do so.

The management is responsible for overseeing the Scheme’s financial reporting process. 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and

obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, and amendment thereto, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our 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 PFRDA have been

NATIONAL PENSION SYSTEM TRUST

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

BALANCE SHEET AS AT MARCH 31, 2020

(In ₹)

Particulars	Schedule	Scheme E Tier II	
		March 31, 2020	March 31, 2019
Liabilities			
Unit Capital	1	75,30,15,840	38,46,90,523
Reserves & Surplus	2	35,27,41,703	35,34,32,836
Current Liabilities and Provisions	3	1,77,93,222	60,63,110
Total		1,12,35,50,765	74,41,86,469
Assets			
Investments	4	1,11,58,19,853	73,71,78,904
Deposits	5	-	-
Other Current Assets	6	77,30,912	70,07,565
Total		1,12,35,50,765	74,41,86,469
(a) Net asset as per Balance Sheet (Schedule 4+5+6-3)		1,10,57,57,543	73,81,23,359
(b) Number of units outstanding		7,53,01,584	3,84,69,052
(c) NAV per unit (a)/(b) (₹)		14.6843	19.1874
Significant accounting policies and notes to accounts	7		

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

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

For Khandelwal Jain & Co.(FRN: 105049W)

Chartered Accountants

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

Alpesh Waghela

Partner

Membership No.142058

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 : May 20, 2020

For and on Behalf of NPS Trust

Sh.Atanu Sen

(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 E TIER II

REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

(In ₹)

Particulars	Schedule	Scheme E Tier II	
		March 31, 2020	March 31, 2019
Income			
Dividend		1,34,78,273	66,38,046
Profit on sale/redemption of investments		80,50,245	73,97,694
Unrealised gain on appreciation in investments		91,557	4,97,71,651
Other income			
- Miscellaneous Income		47	288
Total Income (A)		2,16,20,122	6,38,07,679
Expenses & Losses			
Unrealised losses in value of investments		33,97,85,831	-
Loss on sale/redemption of investments		1,11,03,281	19,39,832
Management fees (including Goods and Service tax)		1,20,656	61,319
NPS Trust fees		37,517	19,895
Custodian fees		34,240	17,653
CRA fees		2,52,512	1,39,313
Less : Amount recoverable on sale of units on account of CRA Charges		-2,52,512	(1,39,313)
Depository and settlement charges		6,101	3,241
Total Expenditure (B)		35,10,87,626	20,41,940
Surplus/(Deficit) for the year (A-B = C)		(32,94,67,504)	6,17,65,739
Less: Amount transferred to Unrealised appreciation account		7,09,05,103	(4,97,71,651)
Less: Amount transferred to General Reserve		25,85,62,401	(1,19,94,088)
Amount carried forward to Balance Sheet		-	-
Significant accounting policies and notes to accounts	7		

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

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

For Khandelwal Jain & Co.(FRN: 105049W)

Chartered Accountants

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

Alpesh Waghela
Partner
Membership No.142058

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 : May 20, 2020

For and on Behalf of NPS Trust

Sh.Atanu Sen
(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, 2020	March 31, 2019
Initial capital		
Unit capital		
Outstanding units at the beginning of the year	38,46,90,523	19,53,34,803
Add :Units issued during the year	59,40,45,601	29,08,26,954
Less: Units redeemed during the year	(22,57,20,284)	(10,14,71,234)
Outstanding at the end of the year	75,30,15,840	38,46,90,523
(Face Value of Rs.10/- each unit, fully paid up)		
Outstanding units at the beginning of the year	3,84,69,052	1,95,33,480
Add :Units issued during the year	5,94,04,560	2,90,82,695
Less: Units redeemed during the year	(2,25,72,028)	(1,01,47,123)
Outstanding Units at the end of the year	7,53,01,584	3,84,69,052

Schedule 2: Reserves and surplus

(In ₹)

Particulars	Scheme E Tier II	
	March 31, 2020	March 31, 2019
Unit premium reserve		
Opening balance	26,19,30,022	10,60,54,232
Add: Premium on Units issued	52,82,67,875	23,88,15,366
Less: Premium on Units redeemed	(19,94,91,504)	(8,29,39,576)
Add: Transfer from General Reserve	-	-
Closing balance	59,07,06,393	26,19,30,022
General Reserve		
Opening balance	2,04,93,022	84,98,934
Add/(Less): Transfer from/(to) Revenue Account	(25,85,62,401)	1,19,94,088
Less: Transfer to Unit Premium Reserve	-	-
Closing balance	(23,80,69,379)	2,04,93,022
Unrealised Appreciation Reserve		
Opening balance	7,10,09,792	2,12,38,141
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from/(to) Revenue Account	(7,09,05,103)	4,97,71,651
Closing balance	1,04,689	7,10,09,792
Total	35,27,41,703	35,34,32,836

Schedule 3: Current liabilities and provisions

(In ₹)

Particulars	Scheme E Tier II	
	March 31, 2020	March 31, 2019
Current liabilities & Provision		
Sundry creditors for expenses	62,731	27,621
Redemption Payable	76,13,905	22,58,024
TDS Payable	1,402	806
Contracts for purchase of investments	1,01,15,184	37,76,659
Total	1,77,93,222	60,63,110

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, 2020	March 31, 2019
Equity shares	1,06,81,31,390	72,46,15,773
Others - Mutual Fund Units	4,76,88,463	1,25,63,131
Total	1,11,58,19,853	73,71,78,904

Schedule 5: Deposits**(In ₹)**

Particulars	Scheme E Tier II	
	March 31, 2020	March 31, 2019
Deposits with scheduled banks	-	-
Total	-	-

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

Particulars	Scheme E Tier II	
	March 31, 2020	March 31, 2019
Balances with bank in current account	11,54,880	55,91,797
Contracts for sale of investments	-	10,60,645
Brokerage receivable from PFM	40,830	4,982
Dividend receivable	-	54,019
Sundry debtors	65,35,202	2,96,122
Total	77,30,912	70,07,565

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, 2020

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 ICRA Management Consulting Services Limited (IMACS) effective April 01, 2019 which until previous financial year was carried out SHCIL. The Investment valuation methodology adopted by IMACS 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.

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.

Valuation of Right Shares

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.

Valuation of Money Market Instruments and Mutual Fund

Money market instruments like, commercial paper, and certificate of deposit are valued at last quoted price / applicable Matrix based valuation for investment grade securities.

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

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.

Basis the direction from NPS Trust the Trustee Fees charge of 0.005% has been re-initiated with effect from 01st August 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, 2020	March 31, 2019
Uncalled liability on partly paid shares	NIL	NIL
Other commitments	NIL	NIL

2.2 Investments

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

2.3 Details of transactions with sponsor and its related parties

Nature of relationship	Name of the related party
Pension fund manager	HDFC Pension Management Company Limited
Sponsor company	HDFC Life Insurance Company Limited
Associates and group companies	
Holding Company	HDFC Limited
Ms. Vibha Padalkar	Key Management Personnel
Mr. Parvez Mulla	Key Management Personnel
Mr. Sumit Shukla	Key Management Personnel
Mr. Fagun Pancholi	Key Management Personnel
Mr. Nagesh Pai	Key Management Personnel

The following represents significant transactions between the Company and its related parties for the year ended March 31, 2020

(In ₹)

Nature of Transaction	Scheme E Tier II	
	March 31, 2020	March 31, 2019
Investment management fees	1,20,656	61,319

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme E Tier II	
	March 31, 2020	March 31, 2019
Investment management fees payable	35,100	18,132

Aggregate investments made in the Associates and group companies as at March 31, 2020 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme E Tier II			
		March 31, 2020		March 31, 2019	
		Cost	Market Value	Cost	Market Value
HDFC Ltd	Equity	1,54,87,669	1,24,11,560	63,49,384	68,88,875

Investment with other Group Companies

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

Aggregate investments made in the other group companies as at March 31, 2020 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme E Tier II			
		March 31, 2020		March 31, 2019	
		Cost	Market Value	Cost	Market Value
HDFC Bank Ltd	Equity	4,85,40,942	4,11,55,725	2,26,22,476	2,92,18,140

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, 2020 is as follows :

(In ₹)

Particulars	Scheme E Tier II	
	March 31, 2020	March 31, 2019
Average Net Asset Value	1,02,25,10,120	51,96,49,953
Purchase of Investment	6,72,79,44,970	5,10,60,88,837
% to average Net Assets Value	657.98%	982.60%
Sale of Investment	6,00,63,15,946	4,74,27,75,560
% to average Net Assets Value	587.41%	912.69%

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, 2020 is as follows :

(In ₹)

Particulars	Scheme E Tier II	
	March 31, 2020	March 31, 2019
Average Net Asset Value	1,02,25,10,120	51,96,49,953
Purchase of Investment	75,24,94,968	39,43,52,837
% to average Net Assets Value	73.59%	75.89%
Sale of Investment	6,34,34,428	4,21,90,540
% to average Net Assets Value	6.20%	8.12%

*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, 2020		March 31, 2019	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Monetary intermediation of commercial / saving / postal banks	27,35,66,097	24.74%	19,98,90,580	27.08%
Computer consultancy and computer facilities management activities	13,91,21,915	12.58%	8,51,45,705	11.54%
Production of liquid and gaseous fuels, illuminating oils & lubricating oils	10,47,08,138	9.47%	7,22,39,760	9.79%
Manufacture Of Cigarettes, Cigarette Tobacco	3,85,38,065	3.49%	3,73,94,050	5.07%
Others	51,21,97,175	46.32%	32,99,45,679	44.70%
Mutual Funds	4,76,88,463	4.31%	1,25,63,131	1.70%
Net Current Assets	(1,00,62,310)	-0.91%	9,44,455	0.13%
Net Asset Value	1,10,57,57,543	100.00%	73,81,23,360	100.00%

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, 2020	March 31, 2019
			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, 2020

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
Equity Shares	Reliance Industries Ltd.	76,450	8,51,46,188	7.70%
	Kotak Mahindra Bank Ltd	59,100	7,65,96,555	6.93%
	ICICI Bank Ltd	2,29,400	7,42,68,250	6.72%
	Infosys Ltd	1,03,850	6,66,19,775	6.02%
	Hindustan Unilever Ltd	23,300	5,35,55,050	4.84%
	Tata Consultancy Services Ltd	27,900	5,09,48,190	4.61%
	Bharati Airtel Ltd.	1,00,050	4,41,12,045	3.99%
	Larsen & Toubro Ltd	54,300	4,39,01,550	3.97%
	HDFC Bank Ltd	47,750	4,11,55,725	3.72%
	ITC Ltd	2,24,450	3,85,38,065	3.49%
	Axis Bank Ltd	91,650	3,47,35,350	3.14%
	State Bank of India	1,70,950	3,36,51,507	3.04%
	Bajaj Finance Ltd.	8,900	1,97,20,620	1.78%
	UltraTech Cement Ltd	6,050	1,96,31,342	1.78%
	Maruti Suzuki India Ltd	4,450	1,90,82,935	1.73%
	Asian Paints (India) Ltd	10,300	1,71,64,950	1.55%
	Nestle India Limited	1,050	1,71,15,630	1.55%
	Dr Reddys Laboratories Ltd	4,850	1,51,35,637	1.37%
	ICICI Prudential Life Insurance Company Limited	40,000	1,42,28,000	1.29%
	National Thermal Power Corporation Ltd	1,56,800	1,32,02,560	1.19%
	Mahindra & Mahindra Ltd	46,250	1,31,78,937	1.19%
	Petronet LNG Ltd	64,900	1,29,60,530	1.17%
	Housing Development Finance Corporation Ltd	7,600	1,24,11,560	1.12%
	Cipla Ltd	29,250	1,23,68,362	1.12%
	HCL Technologies Ltd	27,750	1,21,10,100	1.10%
	Shree Cement Ltd	650	1,14,05,127	1.03%
	Power Grid Corporation of India Ltd	66,350	1,05,56,285	0.95%
	Divis Laboratories Ltd	5,300	1,05,41,965	0.95%
	Bharat Petroleum Corporation Ltd	31,300	99,18,970	0.90%
	Tech Mahindra Ltd.	16,700	94,43,850	0.85%
	Hero Motocorp Ltd	5,250	83,81,362	0.76%
	Bajaj Finserv Ltd	1,750	80,34,600	0.73%
	Pidilite Industries Limited	5,800	78,67,120	0.71%
	IndusInd Bank Ltd	20,450	71,84,085	0.65%
	Lupin Ltd	11,950	70,46,317	0.64%
	LIC Housing Finance Ltd	29,800	70,11,940	0.63%
	Hindustan Petroleum Corporation Ltd	35,650	67,77,065	0.61%
	Gas Authority of India Ltd	81,300	62,23,515	0.56%
	Tata Steel Ltd	20,750	55,94,200	0.51%
	Dabur India Ltd	12,250	55,13,112	0.50%
	Ambuja Cements Ltd	34,650	53,95,005	0.49%
	Exide Industries Ltd	40,700	53,56,120	0.48%
	Titan Company Limited	5,700	53,22,090	0.48%
	Eicher Motors Ltd	400	52,38,360	0.47%
	Havells India Ltd	9,750	46,84,387	0.42%
	Sun Pharmaceuticals Industries Ltd	12,450	43,86,135	0.40%
	Coal India Ltd	31,000	43,41,550	0.39%
	Hindalco Industries Ltd	43,450	41,58,165	0.38%
	Cadila Healthcare Ltd.	14,550	38,88,488	0.35%
	Oil & Natural Gas Corporation Ltd	54,400	37,15,520	0.34%
	Wipro Ltd	18,800	36,97,960	0.33%
	Voltas Ltd	7,550	36,00,595	0.33%
	Siemens Ltd	3,150	35,07,210	0.32%
	Indraprastha Gas Ltd	7,800	30,26,010	0.27%
	Adani Ports And Special Economic Zone Ltd	11,700	29,40,210	0.27%
	MRF Ltd	50	29,08,223	0.26%
	Indian Oil Corporation Ltd	35,100	28,65,915	0.26%
	Britannia Industries Ltd	1,000	26,88,950	0.24%
	TVS Motor Company Ltd.	9,000	26,77,950	0.24%
	Vedanta Ltd	40,950	26,49,465	0.24%
	Cummins India Ltd	8,100	26,46,270	0.24%
Cholamandalam Investment & Finance Company Ltd	17,150	26,21,378	0.24%	
Punjab National Bank	75,600	24,45,660	0.22%	
Shriram Transport Finance Co. Ltd	3,550	23,45,308	0.21%	
Bharti Infratel Ltd	13,000	20,80,000	0.19%	
Godrej Consumer Products Ltd	3,650	19,01,103	0.17%	
Federal Bank Ltd	42,800	17,56,940	0.16%	
Mahindra & Mahindra Financial Services Ltd	11,900	17,51,680	0.16%	

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

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2020

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
	Tata Motors Ltd	23,250	16,51,913	0.15%
	Bajaj Auto Ltd	750	15,16,763	0.14%
	Grasim Industries Ltd	2,950	14,04,495	0.13%
	RBL Bank Ltd	8,849	11,99,040	0.11%
	Ashok Leyland Ltd	24,650	10,61,183	0.10%
	Bharat Electronics Ltd.	12,650	9,41,793	0.09%
	Bosch Ltd.	100	9,39,555	0.08%
	Zee Entertainment Enterprises Ltd	7,100	8,80,045	0.08%
	Bank of Baroda	10,700	5,72,985	0.05%
	L&T Finance Holdings Limited	5,450	2,79,585	0.03%
	United Spirits Ltd	100	48,460	0.00%
Equity Shares Total		26,16,999	1,06,81,31,390	96.60%
Mutual Fund Units	ICICI Prudential Liquid - Direct Plan - Growth	1,62,418	4,76,88,463	4.31%
Mutual Fund Units Total		1,62,418.46	4,76,88,463.00	4.31%
Net Current Assets		-	(1,00,62,310)	-0.91%
Grand Total		27,79,417	1,10,57,57,543	100.00%

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

3.1 KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2020

Sr No	Particulars	Scheme E Tier II	
		March 31, 2020	March 31, 2019
1	NAV per unit (₹) I Open High Low End	19.1874 20.6491 13.0646 14.6843	16.9517 19.6703 16.6633 19.1874
2	Closing Assets Under Management (₹ in Lakhs) End Average daily net assets (AAuM) II	11,057.58 10,225.10	7,381.23 5,196.50
3	Gross income as % of AAuM III	2.11%	12.28%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.02%	0.02%
b	Management fee as % of AAuM (scheme wise) V	0.01%	0.01%
5	Net income as % of AAuM VI	-32.22%	11.89%
6	Portfolio turnover ratio VII	6.20%	8.12%
7	Total dividend per unit distributed during the period	N.A.	N.A.
8	Returns: (%) VIII		
a	Last one year Benchmark X	-23.47% -25.56%	13.19% 13.96%
b	Since inception Benchmark X	46.84% 60.80%	91.87% 116.01%
c	Compound annualised yield (%) IX		
	Last 1 year	-23.47%	13.19%
	Last 2 year	-6.93%	12.48%
	Last 3 year	-1.07%	15.98%
	Since launch of the scheme	5.93%	12.19%
	Launch Date	August 01, 2013	
I	NAV = (Market value of investment held by scheme + value of current assets - value of current liability and provisions, if any) / (no. of units at the valuation date (before creation/ redemption of units))		
II	AAuM = Average daily net assets		
III	Gross income = Total Income as per Revenue Account		
IV	Total expenses = Expenses include management fees, custody fees, trustee bank charges but excludes Unrealised /Realised loss		
V	Management fee as % of AAuM is annualised		
VI	Net income = Surplus / Deficit as per Revenue Account		
VII	Portfolio turnover = Lower of sales or purchase divided by the average AUM for the period. Investments in liquid mutual fund is excluded from the turnover as the same is primarily for liquidity management		
VIII	The investments into the mandated assets of the fund started in March 2014. From the date of inception of the fund till March 2014 the inflows were invested in liquid schemes of mutual funds. As per prevailing fund objective of Tier II Scheme E, the fund could only invest in equity securities through Nifty 50 Index basket. There was a minimum threshold amount for investment in Nifty 50 basket and till the time investable amount reaches the threshold, it was invested temporarily in liquid and money market schemes of mutual funds. Due to small size of the fund this has affected the fund performance. Hence, Fund performance since inception of the scheme is not comparable with the benchmark.		
IX	Compounded annualised yield is to be calculated based on following formula: = (1+ cumulative return) 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, 2020

Contents

Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts

INDEPENDENT AUDITORS' REPORT

To,
The Trustees,
National Pension System Trust

Report on the audit of Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **NPS Trust – A/c HDFC Pension Fund Scheme C- Tier I (“the Scheme”)**, under the National Pension System Trust (NPS Trust) managed by HDFC Pension Management Company Limited (PFM) which comprise of Balance Sheet as at March 31, 2020 and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

- a) in the case of Balance Sheet, of the state of affairs of the Scheme as at March 31, 2020;
- b) in the case of Revenue Account, of the surplus of the Scheme for the year ended on that date;

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013 (“Act”) (“SAs”). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of Matter

Without modifying our opinion, we invite attention to the following:

1. We draw attention to note 2.4 in respect of investment in IL&FS group, as per the NPS Trust communication no. 1/16/2018-NPST/11514 dated August 6, 2019, 100% NPA provision required to be made on 7.80% IL&FS Ltd. NCD Mat 30-Nov-2020. Further the NPA provision on all other IL&FS Ltd. NCD's/Bonds is to be at 100% (75% valuation discount and 25% NPA Provision). The above provision has been made in the books during the year.

Other Matters

The transactions initiated by subscribers in the Scheme are maintained by the Central Recordkeeping Agency ("CRA") and are not been subjected to audit by us.

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 standards referred to in 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 in accordance with the provisions of the Guidelines for safeguarding the assets of the scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to close the Scheme, or has no realistic alternative but to do so.

The management is responsible for overseeing the Scheme's financial reporting process. 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, and amendment thereto, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our

knowledge and belief were necessary for the purpose of our 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 PFRDA have been maintained by the PFM, so far as it appears from our examination of those books.
- d) In our opinion, all transaction expenses in excess of the limits contractually agreed to/approved by the PFRDA are borne by the PFM 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 as per directive received from NPS Trust, which is through ICRA Management Consulting Services Limited (IMACS) effective April 01, 2019.*
- 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 KHANDELWAL JAIN & CO.
Chartered Accountants
Firm Registration No. 105049W

ALPESH WAGHELA
PARTNER
Membership No.142058

Place: Mumbai
Date:

UDIN:

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NATIONAL PENSION SYSTEM TRUST

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

BALANCE SHEET AS AT MARCH 31, 2020

(In ₹)

Particulars	Schedule	Scheme C Tier I	
		March 31, 2020	March 31, 2019
Liabilities			
Unit Capital	1	10,45,54,02,248	6,93,86,81,322
Reserves & Surplus	2	9,79,60,61,957	5,11,79,89,505
Current Liabilities and Provisions	3	19,41,89,416	66,72,484
Total		20,44,56,53,621	12,06,33,43,311
Assets			
Investments	4	19,58,23,40,300	11,57,74,00,656
Deposits	5	-	-
Other Current Assets	6	86,33,13,321	48,59,42,655
Total		20,44,56,53,621	12,06,33,43,311
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		20,25,14,64,205	12,05,66,70,827
(b) Number of units outstanding		1,04,55,40,225	69,38,68,132
(c) NAV per unit (a)/(b) (₹)		19.3693	17.3760
Significant accounting policies and notes to accounts	7		

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

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

For Khandelwal Jain & Co.(FRN: 105049W)

Chartered Accountants

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

Alpesh Waghela
Partner
Membership No.142058

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 : May 20, 2020

For and on Behalf of NPS Trust

Sh.Atanu Sen
(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, 2020

(In ₹)

Particulars	Schedule	Scheme C Tier I	
		March 31, 2020	March 31, 2019
Income			
Interest		1,22,20,07,713	69,64,44,238
Profit on sale/redemption of investments		17,66,82,135	4,68,72,317
Unrealised gain on appreciation in investments		34,54,92,020	14,86,24,698
Other income			
- Miscellaneous Income		-	2,166
Total Income (A)		1,74,41,81,868	89,19,43,419
Expenses & Losses			
Unrealised losses in value of investments		59,212	-
Loss on sale/redemption of investments		1,04,25,604	9,23,73,839
Management fees (including Goods and Service tax)		18,27,428	10,09,176
NPS Trust fees		5,57,543	3,29,224
Custodian fees		5,44,534	3,08,617
CRA fees		1,51,31,909	88,98,758
Less : Amount recoverable on sale of units on account of CRA Charges		(1,51,31,909)	(88,98,758)
Provision for Non-Performing Assets *		5,23,56,903	48,83,014
Depository and settlement charges		1,05,214	62,327
Total Expenditure (B)		6,58,76,438	9,89,66,197
Surplus/(Deficit) for the year (A-B = C)		1,67,83,05,430	79,29,77,222
Less: Amount transferred to Unrealised appreciation account		(34,54,32,808)	(10,57,37,269)
Less: Amount transferred to General Reserve		(1,33,28,72,622)	(68,72,39,953)
Amount carried forward to Balance Sheet		-	-
Significant accounting policies and notes to accounts	7		

* As per the NPS Trust communication ref: 1/16/2018-NPST/11514, Provision for Non-Performing Assets includes the 100% provision made for Interest due and accrued till the date of NPA classified securities and 100% NPA provision made on 7.80% IL&FS Ltd. NCD Mat 30-Nov-2020. Further the NPA provision on all other IL&FS Ltd. NCD's/Bonds is at 100% (75% valuation discount and 25% NPA Provision). Refer Note no 4 in Notes to Accounts

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 Khandelwal Jain & Co.(FRN: 105049W)

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

Chartered Accountants

Alpesh Waghela
Partner
Membership No.142058

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 : May 20, 2020

For and on Behalf of NPS Trust

Sh.Atanu Sen
(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, 2020	March 31, 2019
Initial capital		
<u>Unit capital</u>		
Outstanding at the beginning of the year	6,93,86,81,322	3,96,47,03,627
Add :Units issued during the year	4,27,12,22,046	3,31,83,88,143
Less: Units redeemed during the year	(75,45,01,120)	(34,44,10,448)
Outstanding at the end of the year	10,45,54,02,248	6,93,86,81,322
(Face Value of Rs.10/- each unit, fully paid up)		
Outstanding units at the beginning of the year	69,38,68,132	39,64,70,363
Add :Units issued during the year	42,71,22,205	33,18,38,814
Less: Units redeemed during the year	(7,54,50,112)	(3,44,41,045)
Outstanding Units at the end of the year	1,04,55,40,225	69,38,68,132

Schedule 2: Reserves and surplus

(In ₹)

Particulars	Scheme C Tier I	
	March 31, 2020	March 31, 2019
Unit premium reserve		
Opening balance	3,85,36,49,443	1,93,38,41,632
Add: Premium on Units issued	3,63,73,16,663	2,14,01,83,421
Less: Premium on Units redeemed	(63,75,49,641)	(22,03,75,610)
Add: Transfer from General Reserve	-	-
Closing balance	6,85,34,16,465	3,85,36,49,443
General Reserve		
Opening balance	1,15,86,00,922	47,13,60,969
Add/(Less): Transfer from/(to) Revenue Account	1,33,28,72,622	68,72,39,953
Less: Transfer to Unit Premium Reserve	-	-
Closing balance	2,49,14,73,544	1,15,86,00,922
Unrealised Appreciation Reserve		
Opening balance	10,57,39,140	1,871
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from/(to) Revenue Account	34,54,32,808	10,57,37,269
Closing balance	45,11,71,948	10,57,39,140
Total	9,79,60,61,957	5,11,79,89,505

Schedule 3: Current liabilities and provisions

(In ₹)

Particulars	Scheme C Tier I	
	March 31, 2020	March 31, 2019
Current liabilities		
Sundry creditors for expenses	10,13,946	5,35,721
Redemption Payable	3,82,08,183	61,23,514
TDS Payable	22,492	13,249
Contract for Purchase of Investments	15,49,44,795	-
Total	19,41,89,416	66,72,484

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, 2020	March 31, 2019
Debentures and Bonds Listed/Awaiting Listing	19,46,05,82,300	11,44,27,08,441
Provision for Sub Standard Assets *	(5,17,25,000)	-
Others - Mutual Fund Units	17,34,83,000	13,46,92,215
Total	19,58,23,40,300	11,57,74,00,656

* As per the NPS Trust communication ref: 1/16/2018-NPST/11514, Provision for Sub Standard Assets includes the 100% provision made for Interest due and accrued till the date of NPA classified securities and 100% NPA provision made on 7.80% IL&FS Ltd. NCD Mat 30-Nov-2020. Further the NPA provision on all other IL&FS Ltd. NCD's/Bonds is at 100% (75% valuation discount and 25% NPA Provision). Refer Note no 2.4 in Notes to Accounts

Schedule 5: Deposits**(In ₹)**

Particulars	Scheme C Tier I	
	March 31, 2020	March 31, 2019
Deposits with scheduled banks	-	-
Total	-	-

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

Particulars	Scheme C Tier I	
	March 31, 2020	March 31, 2019
Balances with bank in current account	27,25,76,066	12,74,17,239
Interest Receivable on Non-Performing Investments	6,31,903	48,83,014
Less: Provision for interest on Non-Performing Investment	(6,31,903)	(48,83,014)
Outstanding and accrued income	59,06,79,755	35,84,42,416
Brokerage receivable from PFM	57,500	83,000
Total	86,33,13,321	48,59,42,655

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, 2020

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 ICRA Management Consulting Services Limited (IMACS) effective April 01, 2019 which until previous financial year was carried out SHCIL. The Investment valuation methodology adopted by IMACS 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:

Traded debt securities (other than government securities) are valued at weighted average traded price on that day reported on National Stock Exchange (NSE) /Bombay Stock Exchange (BSE). Preference is given to NSE trade over BSE trade.

Securities not traded at a stock exchange:

Non-traded debt securities (i.e. securities not reported on exchanges) are valued at a yield to maturity basis by using matrix of spread over risk free asset constructed by IMaCS. Matrix is classified into two categories TRAD & NPR. TRAD Matrix (Comprises of sectors like MFTG, BANK, HFC) & NPR Matrix (Comprises of sectors like NBFC, Real Estate). Matrix is constructed basis each rating category and for all tenor. Any security falling into respective matrix type (TRAD or NPR) are valued as per that matrix basis conservative rating of that security and modified duration.

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.

e) For perpetual bank bond, the first Call date of the bond shall be considered as deemed date of maturity for the valuation purpose

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)

On Friday or on last working day before the market holiday, the valuation convention shall be T+1 for corporate bonds.

Valuation of Money Market Investment and Mutual Fund

Money market instruments like, commercial paper, and certificate of deposit are valued at last quoted price / applicable Matrix based valuation for investment grade securities.

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.

Basis the direction from NPS Trust the Trustee Fees charge of 0.005% has been re-initiated with effect from 01st August 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, 2020	March 31, 2019
Uncalled liability on partly paid shares	NIL	NIL
Other commitments	NIL	NIL

2.2 Investments

All investments are performing investments except investment in IL&FS Ltd Bonds and Debentures. All investments of the scheme are in the name of the NPS Trust. All investments are traded investments.

2.3 Details of transactions with sponsor and its related parties

Nature of relationship	Name of the related party
Pension fund manager	HDFC Pension Management Company Limited
Sponsor company	HDFC Life Insurance Company Limited
Associates and group companies	
Holding Company	HDFC Limited
Ms. Vibha Padaikar	Key Management Personnel
Mr. Parvez Mulla	Key Management Personnel
Mr. Sumit Shukla	Key Management Personnel
Mr. Fagun Pancholi	Key Management Personnel
Mr. Nagesh Pai	Key Management Personnel

The following represents significant transactions between the Company and its related parties for the year ended March 31, 2020

(In ₹)

Nature of Transaction	Scheme C Tier I	
	March 31, 2020	March 31, 2019
Investment management fees	18,27,428	10,09,176

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme C Tier I	
	March 31, 2020	March 31, 2019
Investment management fees payable	5,17,634	2,92,006

Aggregate investments made in the Associates and group companies as at March 31, 2020 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme C Tier I			
		March 31, 2020		March 31, 2019	
		Cost	Market Value	Cost	Market Value
HDFC Ltd	NCD	5,49,18,020	5,49,84,318	56,25,15,070	57,75,95,288
HDFC Credila Financial Services Pvt Ltd	NCD	87,49,61,552	88,72,89,087	NIL	NIL

Investment with other Group Companies

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

Aggregate investments made in the other group companies as at March 31, 2020 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme C Tier I			
		March 31, 2020		March 31, 2019	
		Cost	Market Value	Cost	Market Value
HDFC Bank Ltd		NIL	NIL	NIL	NIL

2.4 Provision

Provision for Interest on Non-Performing Investments has been provided basis the NPS Trust communication ref: 1/16/2018-NPST/11514 dated 06th August 2019. Apart from the stated security, there are no provisions for doubtful deposits, debts and outstanding and accrued income.

Name of the Company	Asset type	As at March 31, 2020		As at March 31, 2019	
		Principal	Interest	Principal	Interest
7.80% IL&FS Ltd. NCD Mat 30-Nov-2020		5,00,00,000	-	NIL	48,83,014
8.69% IL & FS Ltd NCD Mat 25-Aug-2025.	Non - Convertible Debenture	5,00,000	1,63,801	NIL	NIL
9.50% IL & FS Ltd NCD Mat 28-Jul-2024.		7,25,000	2,80,765	NIL	NIL
9.55% IL & FS Ltd NCD Mat 13-Aug-2024.		5,00,000	1,87,337	NIL	NIL
Total Provision on Non-Performing Investment		5,17,25,000	6,31,903	NIL	48,83,014

As per the NPS Trust communication ref: 1/16/2018-NPST/11514. Provision for Sub Standard Assets includes the 100% provision made for Interest due and accrued till the date of NPA classified securities and 100% NPA provision made on 7.80% IL&FS Ltd. NCD Mat 30-Nov-2020. Further the NPA provision on all other IL&FS Ltd. NCD's/Bonds is at 100% (75% valuation discount and 25% NPA Provision)

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, 2020 is as follows :

(In ₹)

Particular	Scheme C Tier I	
	March 31, 2020	March 31, 2019
Average Net Asset Value	15,48,66,74,501	8,55,23,38,710
Purchase of Investment	76,12,85,29,205	61,35,08,38,230
% to average Net Assets Value	491.57%	717.36%
Sale of Investment	68,52,70,63,935	55,94,64,62,662
% to average Net Assets Value	442.49%	654.17%

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, 2020 is as follows :

(In ₹)

Particular	Scheme C Tier I	
	March 31, 2020	March 31, 2019
Average Net Asset Value	15,48,66,74,501	8,55,23,38,710
Purchase of Investment	19,39,03,97,693	13,52,79,12,831
% to average Net Assets Value	125.21%	158.18%
Sale of Investment	11,81,19,59,950	8,24,25,59,752
% to average Net Assets Value	76.27%	96.38%

*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	4,80,92,64,802	23.75%	2,57,16,51,359	21.33%
Activities of specialized institutions granting credit for house purchases	2,72,70,38,464	13.47%	1,69,35,73,508	14.05%
Monetary intermediation of commercial / saving / postal banks	2,17,97,00,889	10.76%	1,14,26,73,830	9.48%
Other Financial Service Activities, Except Insurance And Pension	2,09,56,59,124	10.35%	1,17,60,01,831	9.75%
Production of liquid and gaseous fuels, illuminating oils & lubricating oils	1,74,91,96,860	8.64%	40,95,59,000	3.40%
Activity of commission agents dealing in wholesale trade in agriculture	1,03,17,07,915	5.09%	17,19,45,270	1.43%
Other monetary intermediation services n.e.c.	62,86,48,578	3.10%	1,12,29,46,055	9.31%
Electric Power Generation By Hydroelectric Power Plants	77,80,62,051	3.84%	79,41,55,637	6.59%
Transmission Of Electric Energy	62,99,91,838	3.11%	73,69,43,619	6.11%
Service Activities Incidental To Water Transportation	96,99,34,000	4.79%	73,08,30,033	6.06%
Others	1,80,96,52,779	8.94%	89,24,28,299	7.40%
Mutual Funds	17,34,83,000	0.86%	13,46,92,215	1.12%
Net Current Assets	66,91,23,905	3.30%	47,92,70,171	3.98%
Net Asset Value	20,25,14,64,205	100.00%	12,05,66,70,827	100.00%

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, 2020	March 31, 2019
			NIL	NIL

2.8 Prior Year Comparatives :

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

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

3. PORTFOLIO STATEMENT AS ON YEAR ENDED MARCH 31, 2020

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
Non-convertible Debenture	7.75% Mangalor Refinery & Petrochemicals Ltd.Mat 29-Jan-2030	1,250	1,29,06,42,664	6.37%
	8.00% ICICI Home Finance Co. Ltd. Mat 05-Dec-2024	1,880	93,40,51,087	4.61%
	7.65% Axis Bank Ltd NCD Mat 30-Jan-27	850	86,97,68,612	4.29%
	7.48% NHAI Series-X Mat 06-March-2050	730	73,22,95,866	3.62%
	7.64% Food Corporation of India Ltd Mat 12-Dec-2029	600	62,25,16,033	3.07%
	8.45% Sikka Ports & Terminals Limited NCD Mat 12-Jun-2023	601	61,22,21,719	3.02%
	8.00% HDFC Credila Fin Ser Pvt Ltd 31-Jan-2025	542	54,60,06,501	2.70%
	8.65% NHPC NCD Mat 08-February-2029	500	53,59,78,986	2.65%
	9.10% L&T Finance Ltd Series I – Opt II Mat 13-April-2022	5,00,000	50,55,14,650	2.50%
	7.14% Rural Electrification Corp Ltd Mat 02-Mar-2030	499	49,61,73,733	2.45%
	8.80% LIC Housing Finance Ltd. Mat 25-Jan-2029	390	41,32,79,672	2.04%
	9.30% Shriram Transport Fin NCD Mat 12-July-2023	4,00,000	38,34,40,160	1.89%
	9.30% M&M Finanical Services Ltd Mat 18-Jan-2027	3,50,000	37,27,36,595	1.84%
	7.75% LIC Housing Finance Ltd. Mat 23-Jul-2024	350	35,30,14,743	1.74%
	8.62% HDFC Credila Fin Ser Pvt Ltd 17-June-2024	332	34,12,82,586	1.69%
	8.51% NABARD NCD Mat 19-December-2033	300	32,92,65,275	1.63%
	9.05% Reliance Industries Limited Mat 17-Oct-2028	292	31,80,55,021	1.57%
	7.65% Bajaj Finance Ltd NCD Mat 07-Feb-2025	300	30,16,34,841	1.49%
	9.10% IDFC First Bank Ltd Mat 30-June-2021	280	28,07,84,978	1.39%
	8.75% Bajaj Finance Ltd NCD Mat 27-July-2023	250	25,90,86,277	1.28%
	9.4857% M&M Finanical Services Ltd Mat 22-Feb-2022	250	25,74,55,333	1.27%
	7.10% ICICI Bank Ltd NCD Mat 17-Feb-2030	250	25,04,38,074	1.24%
	7.60% Food Corporation of India Ltd Mat 09-Jan-2030	220	22,77,78,242	1.12%
	8.36% Power Grid NCD Mat 07-Jan-2029	200	21,36,25,920	1.05%
	7.90% Sikka Ports & Terminals Limited NCD Mat 18-Nov-2026	212	21,07,91,024	1.04%
	8.90% Sundaram Finance Ltd Mat 13-June-2029	200	20,77,86,836	1.03%
	7.87% NHAI Mat 09-Dec-2034	200	20,74,10,081	1.02%
	7.48% IRFC NCD Mat 29-Aug-2034	200	20,31,84,830	1.00%
	7.52% Rural Electrification Corp Ltd Mat 07-Nov-2026	200	20,13,23,558	0.99%
	7.95% LIC Housing Finance Ltd. Mat 29-Jan-2028 Tranch 359	200	20,10,23,283	0.99%
	8.49% NTPC NCD Mat 25-Mar-2025	1,43,35,353	19,16,34,999	0.95%
	8.79% M&M Finanical Services Ltd Mat 23-Jan-2025	158	16,49,52,570	0.81%
	9.50% M&M Finanical Services Ltd Mat 18-Jan-2029	1,50,000	16,22,29,470	0.80%
	8.60 Axis Bank Ltd NCD Mat 28-Dec-28	150	16,14,01,057	0.80%
	9.00% L&T Finance Ltd Series III – Opt II Mat 15-April-2024	1,53,800	15,73,50,319	0.78%
	10.15% Bajaj Finance Ltd NCD Mat 19-Sep-2024.	143	15,34,94,122	0.76%
	7.74% Power Finance Corporation Ltd.Mat 30-Jan-2028	150	15,24,54,356	0.75%
	7.50% SBI Cards & Payment Service Ltd Mat 09-Mar-2023	150	15,02,44,690	0.74%
	9.08% LIC Housing Finance Co. Ltd. Mat 10-Oct-2028	140	15,02,09,408	0.74%
	7.25% Nuclear Power Corp. Mat 15-Dec-2031 (SR-XXXIII TRCH-E)	148	14,95,64,638	0.74%
	8.65%Tata Capital Fin Services Ltd NCD Mat 26-Aug-27	1,40,000	14,09,25,694	0.70%
	8.70% Power Grid NCD Mat 15-Jul-2028	115	12,63,90,562	0.62%
	9.02% Rural Electrification Corp Ltd Mat 19-Nov-2022	117	12,24,56,797	0.60%
	8.14% Nuclear Power Corp. Mat 25-Mar-2026(Tranche A).	114	12,11,10,590	0.60%
	8.95% Food Corporation of India Ltd Mat 01-Mar-2029	100	11,20,35,416	0.55%
	8.95% Reliance Industries Limited Mat 09-Nov-2028	100	10,84,89,140	0.54%
	8.54% Rural Electrification Corp Ltd Mat 15-Nov-2028	100	10,77,75,216	0.53%
	10.30% Sundaram Finance Ltd Mat 28-Sept-2022	100	10,53,73,932	0.52%
	7.54% IRFC NCD Mat 29-July-2034	100	10,21,04,839	0.50%
	8.75% Kotak Mahindra Prime Ltd Mat 28-Sep-2021 (Series VI)	100	10,20,08,260	0.50%
	9.10% IDFC First Bank Ltd Mat 31-May-2021	100	10,02,76,387	0.50%
	7.27% IRFC NCD Mat 15-June-2027	97	9,75,42,839	0.48%
	10.40% Sikka Ports & Terminals Limited NCD Mat 18-Jul-2021	94	9,70,82,725	0.48%
	10% Shriram Transport Fin NCD Mat 13-Nov-2024	91	8,85,04,103	0.44%
	8.22% NABARD NCD Mat 13-December-2028	77	8,27,93,023	0.41%
	9.20% IDFC First Bank Ltd Mat 22-Jan-2021	73	7,31,08,263	0.36%
	9.36% IDFC First Bank Ltd NCD Mat 21-Aug-2024	70	7,00,27,631	0.35%
	8.65% Power Finance Corporation Ltd.Mat-28-Dec-2024	65	6,86,13,187	0.34%
	8.89% LIC Housing Finance Ltd. Mat 25-Apr-2023	60	6,23,62,856	0.31%
	10.15% Shriram Transport Fin NCD Mat 15-Jul-2021	60,000	5,99,04,528	0.30%
	8.50% LIC Housing Finance Co. Ltd. Mat 29-Aug-2025	57	5,92,66,898	0.29%
	9.17% IDFC First Bank Ltd NCD Mat 14-Oct-2024	58	5,76,30,785	0.28%
	8.18% NABARD NCD Mat 26-December-2028	53	5,68,62,429	0.28%
	9.30% Power Grid NCD Mat 28-Jun-2024	40	5,54,27,447	0.27%
	8.40% Nuclear Power Corp. Mat 28-Nov-2029 (SR-XXIX TRCH-E)	50	5,47,49,794	0.27%
	7.98% NHAI Mat 23-Dec-2049	50	5,31,08,570	0.26%
	8.84% Power Finance Corporation Ltd.Mat-04-Mar-2023	50	5,24,54,249	0.26%
	8.09% Rural Electrification Corp Ltd Mat 21-march-2028	50	5,23,33,179	0.26%
	8.06% Rural Electrification Corp Ltd Mat 27-Mar-2028	50	5,22,48,264	0.26%
	9.25% LIC Housing Finance Ltd. Mat 12-Nov-2022	50	5,22,08,785	0.26%
	9.25% LIC Housing Finance Co. Ltd. Mat 01-Jan-2023	50	5,21,36,208	0.26%
	8.79% LIC Housing Finance Co. Ltd. Mat 05-Mar-2024	50	5,21,14,998	0.26%
	8.01% Rural Electrification Corp Ltd Mat 24-Mar-2028	50	5,20,97,445	0.26%
	7.75% Power Finance Corporation Ltd.Mat 22-Mar-2027	50	5,20,19,146	0.26%
	9.05% LIC Housing Finance Ltd. Mat 25-Oct-2022	50	5,19,43,068	0.26%
	8.27% Rural Electrification Corp Ltd Mat 06-Feb-2025	50	5,18,87,884	0.26%
	9.17% LIC Housing Finance Ltd. Mat 24-Mar-2022	50	5,15,95,458	0.25%
	7.60 Axis Bank Ltd NCD Mat 20-Oct-23	50	5,11,17,611	0.25%
	8.62% Food Corporation of India Ltd Mat 22-Mar-2023	48	5,10,64,432	0.25%

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

3. PORTFOLIO STATEMENT AS ON YEAR ENDED MARCH 31, 2020

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
	7.38% NHPC NCD Mat 03-January-2026	250	5,10,16,495	0.25%
	7.38% NHPC NCD Mat 02-January-2027	250	5,08,93,360	0.25%
	7.38% NHPC NCD Mat 03-January-2028	250	5,08,49,275	0.25%
	7.32% NTPC Series 69 Mat 17-Jul-2029	50	5,08,38,553	0.25%
	7.25% Nuclear Power Corp. Mat 15-Dec-2029 (SR-XXXIII TRCH-C)	50	5,07,69,083	0.25%
	7.95% LIC Housing Finance Ltd. Mat 24-Mar-2022	50	5,05,76,227	0.25%
	8.40% Power Grid NCD Mat 27-May-2024	47	5,05,12,691	0.25%
	9.20% IDFC First Bank Ltd Mat 29-Jan-2021	50	5,00,81,793	0.25%
	7.80% IL&FS Ltd. NCD Mat 30-Nov-2020. *	50,000	-	0.00%
	9.60% EXIM Bank NCD Mat 07-FEB-2024	45	4,99,10,795	0.25%
	7.95% Sikka Ports & Terminals Limited NCD Mat 28-Oct-2026	50	4,98,38,533	0.25%
	8.55% Bajaj Finance Ltd NCD Mat 26-Apr-2021	49	4,95,49,550	0.24%
	8.95% HDFC Ltd Mat 21-Mar-2023	47	4,89,38,926	0.24%
	8.49% NHPC NCD Mat 26-November-2024	450	4,87,50,900	0.24%
	7.98% IDFC First Bank Ltd NCD Mat 23-May-2023	50	4,84,40,852	0.24%
	7.25% Nuclear Power Corp. Mat 15-Dec-2028 (SR-XXXIII TRCH-B)	47	4,75,79,972	0.23%
	8.72% Shriram Transport Fin NCD Mat 27-Mar-2023	50	4,74,09,587	0.23%
	7.09% Rural Electrification Corp Ltd Mat 17-Oct-2022	45	4,51,26,084	0.22%
	8.85% Power Grid NCD Mat 19-Oct-2024	29	3,98,01,005	0.20%
	8.94% Bajaj Finance Ltd NCD Mat 07-Nov-2025	38	3,93,36,481	0.19%
	8.54% NHPC NCD Mat 26-November-2026.	330	3,57,36,178	0.18%
	8.75% IDFC First Bank Ltd NCD Mat 28-Jul-2023	35	3,45,84,613	0.17%
	9.64% Power Grid NCD Mat 31-May-2026	24	3,40,03,741	0.17%
	9.17% NTPC NCD Mat 22-Sep-2024	30	3,30,40,146	0.16%
	9.00% NTPC NCD Mat 25-Jan-2026.	150	3,28,79,016	0.16%
	8.65% Reliance Industries Limited Mat 11-Dec-2028	30	3,20,10,033	0.16%
	8.40% Nuclear Power Corp. Mat 28-Nov-2025 (SR-XXIX TRCH-A)	29	3,17,86,312	0.16%
	8.80% Rural Electrification Corp Ltd Mat 25-Oct-2020	30	3,03,92,519	0.15%
	8.82% Rural Electrification Corp. Ltd. Mat 12-Apr-2023	29	3,03,79,194	0.15%
	9.30% LIC Housing Finance Ltd. Mat 14-Sep-2022	29	3,02,37,777	0.15%
	9.22% LIC Housing Finance Co. Ltd. Mat 16-Oct-2024	28	2,97,19,799	0.15%
	10.25% Shriram Transport Fin NCD Mat 10-Oct-2024	29	2,84,63,167	0.14%
	7.59% LIC Housing Finance Ltd. Mat 14-Oct-2021	28	2,80,95,456	0.14%
	8.95% LIC Housing Finance Co. Ltd. Mat 15-Sep-2020	25	2,52,36,382	0.12%
	8.32% Power Grid NCD Mat 23-Dec-2030	22	2,40,59,557	0.12%
	8.49% IDFC First Bank Ltd NCD Mat 11-Dec-2024	24	2,32,50,230	0.11%
	9.25% Power Grid NCD Mat 09-March-2027	20	2,25,20,222	0.11%
	9.30% Power Grid NCD Mat 28-Jun-2026	16	2,24,64,579	0.11%
	8.20% NABARD NCD Mat 28-Mar-2034.	20	2,19,23,389	0.11%
	9.60% LIC Housing Finance Ltd. Mat 07-Mar-2021	20	2,04,91,769	0.10%
	9.00% LIC Housing Finance Ltd. Mat-23-Nov-2020	20	2,02,64,312	0.10%
	9.05% Shriram Transport Fin NCD Mat 30-Jun-2021	20	1,97,26,566	0.10%
	8.40% Power Grid NCD Mat 27-May-2029	18	1,96,04,750	0.10%
	8.10% EXIM Bank NCD Mat 19-Nov-2025.	18	1,94,26,023	0.10%
	9.45% LIC Housing Finance Co. Ltd. Mat 30-Jan-2022	18	1,86,33,151	0.09%
	8.50% EXIM Bank Mat 08-Jul-2023	17	1,81,63,086	0.09%
	10.25% Shriram Transport Fin NCD Mat 18-Sep-2024	18	1,76,70,054	0.09%
	10.70%IRFC NCD Mat 11-Sep-2023	15	1,71,38,569	0.08%
	8.50% NABARD NCD Mat 31-Jan-2023	16	1,68,99,187	0.08%
	8.37% Sundaram Finance Ltd Mat 29-Jan-2030	16	1,60,97,347	0.08%
	8.70% Power Finance Corporation Ltd. Mat 14-May-2025	14	1,48,56,659	0.07%
	8.73% IDFC First Bank Ltd NCD Mat 06-Jan-2023	15	1,48,51,754	0.07%
	8.83% IRFC NCD Mat 14-May-2031	13	1,46,33,745	0.07%
	8.95%IRFC NCD Mat 10-Mar-2025	13	1,44,54,139	0.07%
	9.39% Power Finance Corporation Ltd. Mat 27-Aug-2024	13	1,40,27,732	0.07%
	8.90% IDFC First Bank Ltd NCD Mat 19-Nov-2025	14	1,38,20,683	0.07%
	8.70% IDFC First Bank Ltd NCD Mat 23-Jun-2025	14	1,37,21,131	0.07%
	9.15% EXIM Bank NCD Mat 05-Sep-2022	12	1,27,98,559	0.06%
	9.22% Shriram Transport Fin NCD Mat 13-Apr-2026	14	1,25,63,311	0.06%
	9.43% LIC Housing Finance Co. Ltd. Mat 10-Feb-2022	12	1,24,25,470	0.06%
	9.95% Food Corporation of India Ltd Mat 07-Mar-2022	11	1,17,31,822	0.06%
	8.77% NABARD NCD Mat 05-Oct-2028	10	1,10,11,815	0.05%
	8.70% IDFC First Bank Ltd NCD Mat 20-May-2025	11	1,07,86,323	0.05%
	8.14% Nuclear Power Corp. Mat 25-Mar-2028 (Tranche C).	10	1,06,53,282	0.05%
	8.80% Power Finance Corporation Ltd. Mat 15-Jan-2025	10	1,06,16,155	0.05%
	8.90 State Bank of India NCD Mat 02-Nov-2028	10	1,06,09,844	0.05%
	9.35% Rural Electrification Corp Ltd Mat 15-Jun-2022	10	1,04,72,416	0.05%
	8.20% Power Finance Corporation Ltd. Mat 10-Mar-2025	10	1,03,93,823	0.05%
	8.23% Rural Electrification Corp Ltd Mat 23-Jan-2025	10	1,03,59,667	0.05%
	8.85% Bajaj Finance Ltd NCD Mat 21-Jul-2026	10	1,03,07,868	0.05%
	8.40 % L&T NCD Mat 24 Sep 2020	10	1,01,12,270	0.05%
	8.89% IDFC First Bank Ltd NCD Mat 02-Dec-2020	10	1,00,26,527	0.05%
	9.25% Shriram Transport Fin NCD Mat 18-Mar-2021	10	99,22,356	0.05%
	9.34% Rural Electrification Corp Ltd Mat 25-Aug-2024	9	96,42,240	0.05%
	8.56% Nuclear Power Corp. Mat 15-Mar-2023 (Tranche C)	9	96,05,551	0.05%

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

3. PORTFOLIO STATEMENT AS ON YEAR ENDED MARCH 31, 2020

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
	8.14% Nuclear Power Corp. Mat 25-Mar-2027 (Tranche B).	9	95,80,532	0.05%
	9.40% IDFC First Bank Ltd Mat 29-Sep-2025	10	91,64,949	0.05%
	9.30% Shriram Transport Fin NCD Mat 18-Mar-2026	10	90,15,149	0.04%
	9.15% Shriram Transport Fin NCD Mat 13-Apr-2021	9	89,10,286	0.04%
	8.68%IRFC NCD Mat 29-Nov-2021	8	83,56,025	0.04%
	8.85% Power Finance Corporation Ltd.Mat 15-Jun-2030	7	77,26,978	0.04%
	8.82% IDFC First Bank Ltd NCD Mat 29-Sept-2025	7	68,88,139	0.03%
	8.83% IRFC NCD Mat 14-May-2034	6	68,74,745	0.03%
	8.80% Food Corporation of India Ltd Mat 22-Mar-2028	6	65,81,970	0.03%
	8.55% Power Finance Corporation Ltd.Mat 09-Dec-2021	6	61,68,282	0.03%
	8.90% HDFC Ltd Mat 18-Aug-2020	6	60,45,392	0.03%
	8.83% IRFC NCD Mat 14-May-2035	5	57,58,031	0.03%
	8.40% Nuclear Power Corp. Mat 28-Nov-2026 (SR-XXIX TRCH-B)	5	54,07,389	0.03%
	8.75% M&M Financial Services Ltd Mat 09-Oct-2025	5	52,36,378	0.03%
	9.75% Rural Electrification Corp Ltd Mat 11-Nov-2021	5	52,10,605	0.03%
	8.44% Rural Electrification Corp Ltd Mat 04-Dec-2021	5	51,23,606	0.03%
	9.38% IDFC First Bank Ltd NCD Mat 12-Sep-2024	5	50,05,354	0.02%
	8.73% IDFC First Bank Ltd NCD Mat 14-Jun-2022	5	49,58,704	0.02%
	8.79% IRFC NCD Mat 04-May-2030	4	44,86,145	0.02%
	8.93% Power Grid NCD Mat 20-Oct-2027	4	44,62,901	0.02%
	8.25% EXIM Bank NCD Mat 23-Jun-2031	4	43,39,532	0.02%
	8.93% Power Grid NCD Mat 20-Oct-2020	4	40,56,386	0.02%
	8.70% Power Finance Corp Ltd Mat 14-May-2020	4	40,17,008	0.02%
	8.64% IDFC First Bank Ltd NCD Mat 15-Apr-2020	4	40,00,448	0.02%
	8.90% IDFC First Bank Ltd NCD Mat 28-Apr-2025	4	39,55,049	0.02%
	9.46% Power Finance Corporation Ltd.Mat 01-Aug-2026	3	33,03,081	0.02%
	8.50% NHPC NCD Mat 14-July-2024	30	32,33,783	0.02%
	9.48% Rural Electrification Corp Ltd Mat 10-Aug-2021	3	30,96,933	0.02%
	8.27% Rural Electrification Corp Ltd Mat 09-Mar-2022	3	30,75,106	0.02%
	7.74%IRFC NCD Mat 22-Dec-2020	3	30,42,707	0.02%
	8.84% Power Grid NCD Mat 21-Oct-2023	2	27,15,654	0.01%
	8.64% Power Grid NCD Mat 08-Jul-2024	2	27,12,788	0.01%
	9.18% Nuclear Power Corp. Mat 23-Jan-2028(Tranche D)	2	22,51,623	0.01%
	8.93% Power Grid NCD Mat 20-Oct-2028	2	22,31,313	0.01%
	8.93% Power Grid NCD Mat 20-Oct-2024	2	22,02,099	0.01%
	8.18% EXIM Bank NCD Mat 07-Dec-2025	2	21,67,113	0.01%
	9.47% LIC Housing Finance Ltd Mat 23-Aug-2024	2	21,41,395	0.01%
	8.93% Power Grid NCD Mat 20-Oct-2021	2	20,87,686	0.01%
	9.55% Hindalco Ind. Ltd. NCD Mat 27-Jun-2022	2	20,87,446	0.01%
	8.11% Rural Electrification Corp Ltd Mat 07-Oct-2025	2	20,68,510	0.01%
	9.75% EXIM Bank NCD Mat 04-Oct-2020	2	20,37,758	0.01%
	8.50% NHPC NCD Mat 14-July-2023	15	16,03,073	0.01%
	9.47% IRFC NCD Mat 10-May-2031	1	11,74,025	0.01%
	9.18% Nuclear Power Corp. Mat 23-Jan-2029(Tranche E)	1	11,39,595	0.01%
	9.30% Power Grid NCD Mat 04-Sep-2024	1	11,12,538	0.01%
	8.83% IRFC NCD Mat 25-Mar-2023	1	10,71,042	0.01%
	7.94% EXIM Bank Mat 22-May-2023	1	10,50,596	0.01%
	9.74% Tata Sons Private Ltd NCD Mat 13-Jan-2024	1	10,44,600	0.01%
	8.64% IRFC NCD Mat 17-May-2021	1	10,30,262	0.01%
	9.20% Power Finance Corp Ltd Mat 07-Jul-2021	1	10,28,810	0.01%
	8.37% LIC Housing Finance Co. Ltd. Mat-21-May-2023	1	10,25,942	0.01%
	8.36% Rural Electrification Corp Ltd Mat 22-SEP-2020	1	10,09,992	0.00%
	8.97% Tata Sons Private Ltd NCD Mat 15-Jul-2020	1	10,02,871	0.00%
	8.72% IDFC First Bank Ltd NCD Mat 29-Sep-2020	1	10,01,101	0.00%
	9.50% IL & FS Ltd NCD Mat 28-Jul-2024. *	2,900	-	0.00%
	8.69% IL & FS Ltd NCD Mat 25-Aug-2025. *	2,000	-	0.00%
	9.55% IL & FS Ltd NCD Mat 13-Aug-2024. *	2,000	-	0.00%
Non-convertible Debenture Total		1,61,65,342	19,40,88,57,300	95.84%
Mutual Fund Units	Kotak Overnight Fund -Direct Plan-Growth Option	1,62,767	17,34,83,000	0.86%
Mutual Fund Units Total		1,62,767	17,34,83,000	0.86%
Net Current Assets		-	66,91,23,905	3.30%
Grand Total		1,63,28,109	20,25,14,64,205	100%

* As per the NPS Trust communication ref: 1/16/2018-NPST/11514, provision held includes the 100% provision made for Interest due and accrued till the date of NPA classified securities and 100% NPA provision made on 7.80% IL&FS Ltd. NCD Mat 30-Nov-2020. Further the NPA provision on all other IL&FS Ltd. NCD's/Bonds is at 100% (75% valuation discount and 25% NPA Provision).

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

3.1 KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2020

Sr No	Particulars	Scheme C Tier I	
		March 31, 2020	March 31, 2019
1	NAV per unit (₹) I		
	Open	17.3760	16.0665
	High	19.4236	17.3760
	Low	17.2230	15.7260
	End	19.3693	17.3760
2	Closing Assets Under Management (₹ in Lakhs)		
	End	2,02,514.64	1,20,566.71
	Average daily net assets (AAuM) II	1,54,866.75	85,523.39
3	Gross income as % of AAuM III	11.26%	10.43%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.02%	0.02%
b	Management fee as % of AAuM (scheme wise) V	0.01%	0.01%
5	Net income as % of AAuM VI	10.84%	9.27%
6	Portfolio turnover ratio VII	76.27%	96.38%
7	Total dividend per unit distributed during the period	N.A.	N.A.
8	Returns: (%)		
a	Last one year	11.47%	8.15%
	Benchmark	11.73%	7.36%
b	Since inception	93.69%	73.76%
	Benchmark	89.72%	69.84%
c	Compound annualised yield (%) VIII		
	Last 1 year	11.47%	8.15%
	Last 2 year	9.80%	7.26%
	Last 3 year	8.64%	8.88%
	Since launch of the scheme	10.42%	10.24%
	Launch Date	August 01, 2013	
I	NAV = (Market value of investment held by scheme + value of current assets - value of current liability and provisions, if any) / (no. of units at the valuation date (before creation/ redemption of units))		
II	AAuM = Average daily net assets		
III	Gross income = Total Income as per Revenue Account		
IV	Total expenses = Expenses include management fees, custody fees, trustee bank charges but excludes Unrealised /Realised loss		
V	Management fee as % of AAuM is annualised		
VI	Net income = Surplus / Deficit as per Revenue Account		
VII	Portfolio turnover = Lower of sales or purchase divided by the average AUM for the period. Investments in liquid mutual fund is excluded from the turnover as the same is primarily for liquidity management		
VIII	Compounded annualised yield is to be calculated based on following formula: = (1+ cumulative return) ⁿ -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, 2020

Contents

Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts

INDEPENDENT AUDITORS' REPORT

To,
The Trustees,
National Pension System Trust

Report on the audit of Financial Statements

Opinion

We have audited the accompanying financial statements of **NPS Trust – A/c HDFC Pension Fund Scheme C- Tier II (“the Scheme”)**, under the National Pension System Trust (NPS Trust) managed by HDFC Pension Management Company Limited (PFM) which comprise of Balance Sheet as at March 31, 2020 and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

- a) in the case of Balance Sheet, of the state of affairs of the Scheme as at March 31, 2020;
- b) in the case of Revenue Account, of the surplus of the Scheme for the year ended on that date;

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013 (“Act”) (“SAs”). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of Matter

Without modifying our opinion, we invite attention to the following:

1. We draw attention to note 2.4 in respect of investment in IL&FS group, as per the NPS Trust communication no. 1/16/2018-NPST/11514 dated August 6, 2019, 100% NPA provision required to be made for Interest due and accrued till the date of NPA classified securities. Further 100% NPA provision is made on 8.69% IL & FS Ltd NCD Mat 25-Aug-2025. (75% valuation discount and 25% NPA Provision). The above provision has been made in the books during the year.

Other Matters

The transactions initiated by subscribers in the Scheme are maintained by the Central Recordkeeping Agency (“CRA”) and are not been subjected to audit by us.

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 standards referred to in 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 in accordance with the provisions of the Guidelines for safeguarding the assets of the scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Scheme’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to close the Scheme, or has no realistic alternative but to do so.

The management is responsible for overseeing the Scheme’s financial reporting process. 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, and amendment thereto, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our 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 PFRDA have been maintained by the PFM, so far as it appears from our examination of those books.
- d) In our opinion, all transaction expenses in excess of the limits contractually agreed to/approved by the PFRDA are borne by the PFM 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 as per directive received from NPS Trust, which is through ICRA Management Consulting Services Limited (IMACS) effective April 01, 2019.*
- 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 KHANDELWAL JAIN & CO.
Chartered Accountants
Firm Registration No. 105049W**

**(ALPESH WAGHELA)
PARTNER
Membership No.142058**

Place: Mumbai
Date:
UDIN:

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NATIONAL PENSION SYSTEM TRUST

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

BALANCE SHEET AS AT MARCH 31, 2020

(In ₹)

Particulars	Schedule	Scheme C Tier II	
		March 31, 2020	March 31, 2019
Liabilities			
Unit Capital	1	43,29,12,232	24,42,01,243
Reserves & Surplus	2	36,00,64,359	15,54,88,788
Current Liabilities and Provisions	3	1,35,66,157	23,16,789
Total		80,65,42,748	40,20,06,820
Assets			
Investments	4	78,21,18,128	38,51,97,937
Deposits	5	-	-
Other Current Assets	6	2,44,24,620	1,68,08,883
Total		80,65,42,748	40,20,06,820
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		79,29,76,591	39,96,90,031
(b) Number of units outstanding		4,32,91,223	2,44,20,124
(c) NAV per unit (a)/(b) (₹)		18.3172	16.3672
Significant accounting policies and notes to accounts	7		

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

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

For Khandelwal Jain & Co.(FRN: 105049W)

Chartered Accountants

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

Alpesh Waghela

Partner

Membership No.142058

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 : May 20, 2020

For and on Behalf of NPS Trust

Sh.Atanu Sen

(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 C TIER II

REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

(In ₹)

Particulars	Schedule	Scheme C Tier II	
		March 31, 2020	March 31, 2019
Income			
Interest		4,40,36,289	2,61,24,576
Profit on sale/redemption of investments		20,41,219	10,02,234
Unrealised gain on appreciation in investments		1,81,15,068	15,83,243
Other income			
- Miscellaneous Income		7	169
Total Income (A)		6,41,92,583	2,87,10,222
Expenses & Losses			
Unrealised losses in value of investments		6,342	-
Loss on sale/redemption of investments		76,384	13,60,265
Management fees (including Goods and Service tax)		67,443	38,039
NPS Trust fees		21,246	12,686
Custodian fees		19,547	11,485
CRA fees		1,23,507	66,768
Less : Amount recoverable on sale of units on account of CRA Charges		(1,23,507)	(66,768)
Provision for Non-Performing Assets *		3,31,900	-
Depository and settlement charges		4,157	2,829
Total Expenditure (B)		5,27,019	14,25,304
Surplus/(Deficit) for the year (A-B = C)		6,36,65,564	2,72,84,918
Less: Amount transferred to Unrealised appreciation account		(1,75,62,787)	(6,342)
Less: Amount transferred to General Reserve		(4,61,02,777)	(2,72,78,576)
Amount carried forward to Balance Sheet		-	-
Significant accounting policies and notes to accounts	7		

* As per the NPS Trust communication ref: 1/16/2018-NPST/11514, Provision for Non-Performing Assets includes the 100% provision made for Interest due and accrued till the date of NPA classified securities and 100% NPA provision made on 8.69% IL & FS Ltd NCD Mat 25-Aug-2025. (75% valuation discount and 25% NPA Provision). Refer Note no 2.4 in Notes to Accounts.

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 Khandelwal Jain & Co.(FRN: 105049W)

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

Chartered Accountants

Alpesh Waghela
Partner
Membership No.142058

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 : May 20, 2020

For and on Behalf of NPS Trust

Sh.Atanu Sen
(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, 2020	March 31, 2019
Initial capital		
Unit capital		
Outstanding at the beginning of the year	24,42,01,243	16,87,06,548
Add :Units issued during the year	40,70,95,101	21,21,53,052
Less: Units redeemed during the year	(21,83,84,112)	(13,66,58,357)
Outstanding at the end of the year	43,29,12,232	24,42,01,243
(Face Value of Rs.10/- each unit, fully paid up)		
Outstanding units at the beginning of the year	2,44,20,124	1,68,70,655
Add :Units issued during the year	4,07,09,510	2,12,15,305
Less: Units redeemed during the year	(2,18,38,411)	(1,36,65,836)
Outstanding Units at the end of the year	4,32,91,223	2,44,20,124

Schedule 2: Reserves and surplus

(In ₹)

Particulars	Scheme C Tier II	
	March 31, 2020	March 31, 2019
Unit premium reserve		
Opening balance	11,10,00,590	6,99,59,536
Add: Premium on Units issued	30,58,15,479	11,59,06,368
Less: Premium on Units redeemed	(16,49,05,472)	(7,48,65,314)
Add: Transfer from General Reserve	-	-
Closing balance	25,19,10,597	11,10,00,590
General Reserve		
Opening balance	4,44,81,856	1,72,03,280
Add/(Less): Transfer from/(to) Revenue Account	4,61,02,777	2,72,78,576
Less: Transfer to Unit Premium Reserve	-	-
Closing balance	9,05,84,633	4,44,81,856
Unrealised Appreciation Reserve		
Opening balance	6,342	-
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from/(to) Revenue Account	1,75,62,787	6,342
Closing balance	1,75,69,129	6,342
Total	36,00,64,359	15,54,88,788

Schedule 3: Current liabilities and provisions

(In ₹)

Particulars	Scheme C Tier II	
	March 31, 2020	March 31, 2019
Current liabilities & Provisions		
Sundry creditors for expenses	37,325	16,051
Redemption Payable	1,35,27,930	23,00,287
TDS Payable	902	451
Total	1,35,66,157	23,16,789

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, 2020	March 31, 2019
Debentures and Bonds Listed/Awaiting Listing	76,29,82,128	37,07,71,596
Provision for Sub Standard Assets *	(2,50,000)	-
Others - Mutual Fund Units	1,93,86,000	1,44,26,341
Total	78,21,18,128	38,51,97,937

* As per the NPS Trust communication ref: 1/16/2018-NPST/11514, provision for Sub Standard Assets includes the 100% provision made for Interest due and accrued till the date of NPA classified securities and 100% NPA provision made on 8.69% IL & FS Ltd NCD Mat 25-Aug-2025. (75% valuation discount and 25% NPA Provision). Refer Note 2.4 in Notes to Accounts

Schedule 5: Deposits**(In ₹)**

Particulars	Scheme C Tier II	
	March 31, 2020	March 31, 2019
Deposits with scheduled banks	-	-
Total	-	-

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

Particulars	Scheme C Tier II	
	March 31, 2020	March 31, 2019
Balances with banks in current account	5,484	30,94,375
Interest Receivable on Non-Performing Investments	81,900	-
Less: Provision for interest on Non-Performing Investment	(81,900)	-
Outstanding and accrued income	2,44,19,136	1,37,14,508
Total	2,44,24,620	1,68,08,883

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, 2020

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 ICRA Management Consulting Services Limited (IMACS) effective April 01, 2019 which until previous financial year was carried out SHCIL. The Investment valuation methodology adopted by IMACS 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:

Traded debt securities (other than government securities) are valued at weighted average traded price on that day reported on National Stock Exchange (NSE) /Bombay Stock Exchange (BSE). Preference is given to NSE trade over BSE trade.

Securities not traded at a stock exchange:

Non-traded debt securities (i.e. securities not reported on exchanges) are valued at a yield to maturity basis by using matrix of spread over risk free asset constructed by IMAcS. Matrix is classified into two categories TRAD & NPR. TRAD Matrix (Comprises of sectors like MFTG, BANK, HFC) & NPR Matrix (Comprises of sectors like NBFC, Real Estate). Matrix is constructed basis each rating category and for all tenor. Any security falling into respective matrix type (TRAD or NPR) are valued as per that matrix basis conservative rating of that security and modified duration.

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.

e) For perpetual bank bond, the first Call date of the bond shall be considered as deemed date of maturity for the valuation purpose

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)

On Friday or on last working day before the market holiday, the valuation convention shall be T+1 for corporate bonds.

Valuation of Money Market Investment and Mutual Fund:

Money market instruments like, commercial paper, and certificate of deposit are valued at last quoted price / applicable Matrix based valuation for investment grade securities.

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.

Basis the direction from NPS Trust the Trustee Fees charge of 0.005% has been re-initiated with effect from 01st August 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, 2020	March 31, 2019
Uncalled liability on partly paid shares	NIL	NIL
Other commitments	NIL	NIL

2.2 Investments

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

2.3 Details of transactions with sponsor and its related parties

Nature of relationship	Name of the related party
Pension fund manager	HDFC Pension Management Company Limited
Sponsor company	HDFC Life Insurance Company Limited
Associates and group companies	
Holding Company	HDFC Limited
Ms. Vibha Padalkar	Key Management Personnel
Mr. Parvez Mulla	Key Management Personnel
Mr. Sumit Shukla	Key Management Personnel
Mr. Fagun Pancholi	Key Management Personnel
Mr. Nagesh Pai	Key Management Personnel

The following represents significant transactions between the Company and its related parties for the half year ended March 31, 2020

(In ₹)

Nature of Transaction	Scheme C Tier II	
	March 31, 2020	March 31, 2019
Investment management fees	67,443	38,039

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme C Tier II	
	March 31, 2020	March 31, 2019
Investment management fees payable	20,590	10,291

Aggregate investments made in the Associates and group companies as at March 31, 2020 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme C Tier II			
		March 31, 2020		March 31, 2019	
		Cost	Market Value	Cost	Market Value
HDFC Ltd	NCD	72,55,280	71,54,023	1,43,22,530	1,45,46,519
HDFC Credila Financial Services Pvt Ltd	NCD	2,60,53,548	2,65,62,409	NIL	NIL

Investment with other Group Companies

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

Aggregate investments made in the other group companies as at March 31, 2020 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme C Tier II			
		March 31, 2020		March 31, 2019	
		Cost	Market Value	Cost	Market Value
		NIL	NIL	NIL	NIL

2.4 Provision

Provision for Interest on Non-Performing Investments has been provided basis the NPS Trust communication ref: 1/16/2018-NPST/11514 dated 06th August 2019. Apart from the stated security, there are no provisions for doubtful deposits, debts and outstanding and accrued income.

Name of the Company	Asset type	As at March 31, 2020		As at March 31, 2019	
		Principal	Interest	Principal	Interest
8.69% IL & FS Ltd NCD Mat 25-Aug-2025.	Non - Convertible Debenture	2,50,000	81,900	NIL	NIL
Total Provision on Non-Performing Investment		2,50,000	81,900	NIL	NIL

As per the NPS Trust communication ref: 1/16/2018-NPST/11514, provision for Sub Standard Assets includes the 100% provision made for Interest due and accrued till the date of NPA classified securities and 100% NPA provision made on 8.69% IL & FS Ltd NCD Mat 25-Aug-2025. (75% valuation discount and 25% NPA Provision).

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, 2020 is as follows :

(In ₹)

Particulars	Scheme C Tier II	
	March 31, 2020	March 31, 2019
Average Net Asset Value	57,15,47,448	32,23,65,844
Purchase of Investment	5,98,34,01,810	3,22,40,24,209
% to average Net Assets Value	1046.88%	1000.11%
Sale of Investment	5,59,82,40,760	3,07,91,05,104
% to average Net Assets Value	979.49%	955.16%

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, 2020 is as follows :

(In ₹)

Particulars	Scheme C Tier II	
	March 31, 2020	March 31, 2019
Average Net Asset Value	57,15,47,448	32,23,65,844
Purchase of Investment	39,23,02,811	19,48,61,209
% to average Net Assets Value	68.64%	60.45%
Sale of Investment	1,05,58,971	6,34,73,291
% to average Net Assets Value	1.85%	19.69%

*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, 2020		March 31, 2019	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Other Credit Granting	15,79,89,785	19.92%	9,77,99,546	24.47%
Activities Of Specialized Institutions Granting Credit For House purchases	10,54,59,740	13.30%	5,04,20,001	12.61%
Production of liquid and gaseous fuels, illuminating oils & lubricating oils	8,16,79,565	10.30%	84,09,984	2.10%
Construction and maintenance of motorways, streets, roads	7,16,67,866	9.04%	-	0.00%
Other Financial Service Activities, Except Insurance And Pension	5,26,04,167	6.63%	9,83,086	0.25%
Other monetary intermediation services n.e.c.	4,94,87,392	6.24%	4,21,00,483	10.53%
Activity of commission agents dealing in wholesale trade in agriculture	4,82,11,162	6.08%	1,68,24,544	4.21%
Electric Power Generation By Coal Based Thermal Power Plants	4,38,55,276	5.53%	2,86,84,516	7.18%
Monetary intermediation of commercial / saving / postal banks	3,76,15,356	4.74%	3,62,54,728	9.07%
Electric Power Generation By Hydroelectric Power Plants	3,13,71,807	3.96%	2,95,25,391	7.39%
Service Activities Incidental To Water Transportation	2,12,98,481	2.69%	2,13,64,723	5.35%
Others	6,14,91,531	7.75%	3,84,04,594	9.61%
Mutual Funds	1,93,86,000	2.44%	1,44,26,341	3.61%
Net Current Assets	1,08,58,463	1.37%	1,44,92,094	3.63%
Net Asset Value	79,29,76,591	100.00%	39,96,90,031	100.00%

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, 2020	March 31, 2019
			NIL	NIL

2.8 Prior Year Comparatives :

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

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

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2020

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
Non-convertible Debenture	7.75% Mangalor Refinery & Petrochemicals Ltd.Mat 29-Jan-2030	50	5,16,25,707	6.51%
	7.70% NHAI Mat 13-Sep-2029	50	5,16,04,966	6.51%
	8.00% ICICI Home Finance Co. Ltd. Mat 05-Dec-2024	100	4,96,83,569	6.27%
	8.79% M&M Financial Services Ltd Mat 23-Jan-2025	32	3,34,08,116	4.21%
	7.60% Food Corporation of India Ltd Mat 09-Jan-2030	30	3,10,60,669	3.92%
	8.49% NTPC NCD Mat 25-Mar-2025	22,96,000	3,06,92,928	3.87%
	8.65% Reliance Industries Limited Mat 11-Dec-2028	20	2,13,40,022	2.69%
	7.48% NHAI Series-X Mat 06-March-2050	20	2,00,62,900	2.53%
	9.30% Shriram Transport Fin NCD Mat 12-July-2023	20,000	1,91,72,008	2.42%
	8.62% HDFC Credila Fin Ser Pvt Ltd 17-June-2024	18	1,85,03,273	2.33%
	8.54% NHPC NCD Mat 26-November-2026.	170	1,84,09,546	2.32%
	8.80% L&T Finance Ltd Category I & II Mat 15-April-2024.	17,855	1,81,48,776	2.29%
	8.45% IRFC NCD Mat 04-Dec-2028	14	1,50,56,239	1.90%
	8.45% Sikka Ports & Terminals Limited NCD Mat 12-Jun-2023	14	1,42,61,405	1.80%
	8.14% Nuclear Power Corp. Mat 25-Mar-2026(Tranche A).	13	1,38,10,857	1.74%
	9.25% Power Grid NCD Mat 26-Dec-2026	9	1,26,94,222	1.60%
	8.67% IDFC First Bank Ltd NCD Mat 03-Jan-2025	12	1,17,64,473	1.48%
	9.95% Food Corporation of India Ltd Mat 07-Mar-2022	11	1,17,31,822	1.48%
	9.00% NTPC NCD Mat 25-Jan-2026.	50	1,09,59,672	1.38%
	8.40% IRFC NCD Mat 08-Jan-2029	10	1,07,49,825	1.36%
	8.20% NABARD NCD Mat 16-March-2028	10	1,06,93,269	1.35%
	8.80% LIC Housing Finance Ltd. Mat 25-Jan-2029	10	1,05,96,915	1.34%
	8.50% NABARD NCD Mat 31-Jan-2023	10	1,05,61,992	1.33%
	8.37% LIC Housing Finance Co. Ltd. Mat-21-May-2023	10	1,02,59,425	1.29%
	7.60% LIC Housing Finance Co. Ltd. Mat 22-Nov-2022	10	1,00,63,672	1.27%
	9.10% IDFC First Bank Ltd Mat 30-June-2021	10	1,00,28,035	1.26%
	9.05% Reliance Industries Limited Mat 17-Oct-2028	8	87,13,836	1.10%
	9.34% Rural Electrification Corp Ltd Mat 25-Aug-2024	8	85,70,880	1.08%
	8.00% HDFC Credila Fin Ser Pvt Ltd 31-Jan-2025	8	80,59,137	1.02%
	9.09% IRFC Ltd NCD Mat 29-Mar-2026 (74th Series)	7	77,24,192	0.97%
	8.50% NHPC NCD Mat 14-July-2024	70	75,45,495	0.95%
	8.98% Power Finance Corporation Ltd. OPT-A Mat-08-Oct-2024	7	74,58,403	0.94%
	9.64% Power Grid NCD Mat 31-May-2026	4	56,67,290	0.71%
	9.60% EXIM Bank NCD Mat 07-FEB-2024	5	55,45,644	0.70%
	8.65% NABARD NCD Mat 08-June-2028	5	54,91,847	0.69%
	8.40% Nuclear Power Corp. Mat 28-Nov-2025 (SR-XXIX TRCH-A)	5	54,80,399	0.69%
	8.49% NHPC NCD Mat 26-November-2024	50	54,16,767	0.68%
	9.25% EXIM Bank NCD Mat 18-April-2022	5	52,95,021	0.67%
	9.02% Rural Electrification Corp Ltd Mat 19-Nov-2022	5	52,33,196	0.66%
	7.55% Power Grid NCD Mat 21-Sep-2031	5	51,57,627	0.65%
	7.09% Rural Electrification Corp Ltd Mat 17-Oct-2022	5	50,14,009	0.63%
	7.90% Sikka Ports & Terminals Limited NCD Mat 18-Nov-2026	5	49,71,486	0.63%
	8.94% Power Finance Corporation Ltd Series 103 Mat-25-Mar-2028	4	43,48,906	0.55%
	8.50% LIC Housing Finance Co. Ltd. Mat 29-Aug-2025	4	41,59,081	0.52%
	9.20% Power Finance Corp Ltd Mat 07-Jul-2021	4	41,15,238	0.52%
	8.90% HDFC Ltd Mat 18-Aug-2020	4	40,30,261	0.51%
	8.70% IDFC First Bank Ltd NCD Mat 20-May-2025	4	39,22,299	0.49%
	8.95%IRFC NCD Mat 10-Mar-2025	3	33,35,571	0.42%
	8.80% Food Corporation of India Ltd Mat 22-Mar-2028	3	32,90,985	0.42%
	8.52% HUDCO GOI fully serviced Bond Series-II 2018 Mat 28-Nov-2028	3	32,80,596	0.41%
	8.18% EXIM Bank NCD Mat 07-Dec-2025	3	32,50,669	0.41%
	8.40% Power Grid NCD Mat 27-May-2024	3	32,24,214	0.41%
	8.82% Rural Electrification Corp. Ltd. Mat 12-Apr-2023	3	31,42,675	0.40%
	8.95% HDFC Ltd Mat 21-Mar-2023	3	31,23,761	0.39%
	8.11% Rural Electrification Corp Ltd Mat 07-Oct-2025	3	31,02,765	0.39%
	7.25% Nuclear Power Corp. Mat 15-Dec-2028 (SR-XXXIII TRCH-B)	3	30,37,020	0.38%
	8.95% LIC Housing Finance Co. Ltd. Mat 15-Sep-2020	3	30,28,366	0.38%
	7.27% IRFC NCD Mat 15-June-2027	3	30,16,789	0.38%
	8.68% Power Grid NCD Mat 07-Dec-2020	2	25,40,400	0.32%
	9.30% Power Grid NCD Mat 04-Sep-2024	2	22,25,077	0.28%
	9.17% NTPC NCD Mat 22-Sep-2024	2	22,02,676	0.28%
	9.95%IRFC NCD Mat 07-June-2022	2	21,59,354	0.27%
	8.62% Food Corporation of India Ltd Mat 22-Mar-2023	2	21,27,685	0.27%
	8.80% Power Finance Corporation Ltd. Mat 15-Jan-2025	2	21,23,231	0.27%
	8.70% Power Finance Corporation Ltd.Mat 14-May-2025	2	21,22,380	0.27%
	8.39% Power Finance Corporation Ltd.Mat-19-Apr-2025	2	20,96,284	0.26%
	8.94% Bajaj Finance Ltd NCD Mat 07-Nov-2025	2	20,70,341	0.26%
8.34% LIC Housing Finance Co. Ltd. Mat 08-Oct-2025	2	20,66,819	0.26%	
10.40% Sikka Ports & Terminals Limited NCD Mat 18-Jul-2021	2	20,65,590	0.26%	
9.40% Rural Electrification Corp Ltd Mat 17-July-2021	2	20,59,803	0.26%	
8.55% Power Finance Corporation Ltd.Mat 09-Dec-2021	2	20,56,094	0.26%	
7.74%IRFC NCD Mat 22-Dec-2020	2	20,28,471	0.26%	
7.25% Nuclear Power Corp. Mat 15-Dec-2031 (SR-XXXIII TRCH-E)	2	20,21,144	0.25%	
9.20% IDFC First Bank Ltd Mat 22-Jan-2021	2	20,02,966	0.25%	
9.17% IDFC First Bank Ltd NCD Mat 14-Oct-2024	2	19,87,268	0.25%	
8.75% IDFC First Bank Ltd NCD Mat 28-Jul-2023	2	19,76,264	0.25%	
8.90% IDFC First Bank Ltd NCD Mat 19-Nov-2025	2	19,74,383	0.25%	
8.80% IDFC First Bank Ltd NCD Mat 21-July-2025	2	19,67,531	0.25%	
9.30% Power Grid NCD Mat 28-Jun-2026	1	14,04,036	0.18%	
8.83% IRFC NCD Mat 14-May-2034	1	11,45,791	0.14%	
8.83% IRFC NCD Mat 14-May-2031	1	11,25,673	0.14%	

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

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2020

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
	8.62% NABARD NCD Mat 14-Mar-2034	1	11,08,407	0.14%
	8.32% NABARD NCD Mat 10-March-2034	1	11,06,421	0.14%
	9.46% Power Finance Corporation Ltd.Mat 01-Aug-2026	1	11,01,027	0.14%
	8.20% NABARD NCD Mat 28-March-2034	1	10,96,169	0.14%
	8.32% Power Grid NCD Mat 23-Dec-2030	1	10,93,616	0.14%
	8.25% EXIM Bank NCD Mat 23-Jun-2031	1	10,84,883	0.14%
	8.24% NABARD NCD Mat 22-March-2029	1	10,80,382	0.14%
	8.10% EXIM Bank NCD Mat 19-Nov-2025.	1	10,79,223	0.14%
	9.39% Power Finance Corporation Ltd.Mat 27-Aug-2024	1	10,79,056	0.14%
	8.15% NABARD NCD Mat 28-March-2029	1	10,74,585	0.14%
	10.15% Bajaj Finance Ltd NCD Mat 19-Sep-2024.	1	10,73,385	0.14%
	8.14% Nuclear Power Corp. Mat 25-Mar-2027 (Tranche B).	1	10,64,504	0.13%
	8.75% Power Finance Corporation Ltd. Mat 15-Jun-2025	1	10,63,986	0.13%
	9.22% LIC Housing Finance Co. Ltd. Mat 16-Oct-2024	1	10,61,421	0.13%
	9.48% Power Finance Corporation Ltd.Mat 15-April-2022	1	10,48,576	0.13%
	8.75% M&M Finanical Services Ltd Mat 09-Oct-2025	1	10,47,276	0.13%
	8.93% Power Grid NCD Mat 20-Oct-2021	1	10,43,843	0.13%
	9.30% LIC Housing Finance Ltd. Mat 14-Sep-2022	1	10,42,682	0.13%
	9.45% LIC Housing Finance Co. Ltd. Mat 30-Jan-2022	1	10,35,175	0.13%
	8.64% IRFC NCD Mat 17-May-2021	1	10,30,262	0.13%
	9.69% Tata Sons Private Ltd NCD Mat 12-Jun-2022	1	10,27,284	0.13%
	8.44% Rural Electrification Corp Ltd Mat 04-Dec-2021	1	10,24,721	0.13%
	9.60% LIC Housing Finance Ltd. Mat 07-Mar-2021	1	10,24,588	0.13%
	8.85% Power Finance Corporation Ltd.Mat 31-May-2021	1	10,22,934	0.13%
	9.75% EXIM Bank NCD Mat 04-Oct-2020	1	10,18,879	0.13%
	8.55% Bajaj Finance Ltd NCD Mat 26-Apr-2021	1	10,11,215	0.13%
	7.59% LIC Housing Finance Ltd. Mat 14-Oct-2021	1	10,03,409	0.13%
	9.36% IDFC First Bank Ltd NCD Mat 21-Aug-2024	1	10,00,395	0.13%
	8.73% IDFC First Bank Ltd NCD Mat 14-Jun-2022	1	9,91,741	0.13%
	9.15% Shriram Transport Fin NCD Mat 13-Apr-2021	1	9,90,032	0.12%
	10.25% Shriram Transport Fin NCD Mat 10-Oct-2024	1	9,81,489	0.12%
	10% Shriram Transport Fin NCD Mat 13-Nov-2024	1	9,72,573	0.12%
	8.69% IL & FS Ltd NCD Mat 25-Aug-2025. *	1,000	-	0.00%
Non-convertible Debenture Total		23,35,868	76,27,32,128	96.19%
Mutual Fund Units	Kotak Overnight Fund -Direct Plan-Growth Option	18,188.51	1,93,86,000	2.44%
Mutual Fund Units Total		18,189	1,93,86,000	2.44%
Net Current Assets		-	1,08,58,463	1.37%
Grand Total		23,54,056.51	79,29,76,591.00	100.00%

* As per the NPS Trust communication ref: 1/16/2018-NPST/11514, Provision for Non-Performing Assets includes the 100% provision made for Interest due and accrued till the date of NPA classified securities and 100% NPA provision made on 8.69% IL & FS Ltd NCD Mat 25-Aug-2025. (75% valuation discount and 25% NPA Provision).

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

3.1 KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2020

Sr No	Particulars	Scheme C Tier II	
		March 31, 2020	March 31, 2019
1	NAV per unit (₹) I Open High Low End	16.3672 18.3367 16.2419 18.3172	15.1665 16.3672 14.8533 16.3672
2	Closing Assets Under Management (₹ in Lakhs) End Average daily net assets (AAuM) II	7,929.77 5,715.47	3996.90 3223.66
3	Gross income as % of AAuM III	11.23%	8.91%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.02%	0.02%
b	Management fee as % of AAuM (scheme wise) V	0.01%	0.01%
5	Net income as % of AAuM VI	11.14%	8.46%
6	Portfolio turnover ratio VII	1.85%	19.69%
7	Total dividend per unit distributed during the period	N.A.	N.A.
8	Returns: (%) VIII		
a	Last one year Benchmark	11.91% 11.73%	7.92% 7.36%
b	Since inception Benchmark	83.17% 89.72%	63.67% 69.84%
c	Compound annualised yield (%) IX Last 1 year Last 2 year Last 3 year Since launch of the scheme	11.91% 9.90% 8.80% 9.50%	7.92% 7.28% 8.94% 9.09%
	Launch Date	August 01, 2013	
I	NAV = (Market value of investment held by scheme + value of current assets - value of current liability and provisions, if any) / (no. of units at the valuation date (before creation/ redemption of units))		
II	AAuM = Average daily net assets		
III	Gross income = Total Income as per Revenue Account		
IV	Total expenses = Expenses include management fees, custody fees, trustee bank charges but excludes Unrealised /Realised loss		
V	Management fee as % of AAuM is annualised		
VI	Net income = Surplus / Deficit as per Revenue Account		
VII	Portfolio turnover = Lower of sales or purchase divided by the average AUM for the period. Investments in liquid mutual fund is excluded from the turnover as the same is primarily for liquidity management		
VIII	The investments into the mandated assets of the fund started in March 2015. From the date of inception of the fund till March 2015 the inflows were invested in liquid schemes of mutual funds. As per fund objective of Tier II Scheme C, the fund only invests in Corporate Bonds. There is a minimum threshold of Rs.10 Lacs for investment Corporate Bonds and till the time investable amount reaches this threshold, it is invested temporarily in liquid and money market schemes of mutual funds. Due to small size of the fund this has affected the fund performance. Hence, Fund performance since inception of the scheme is not comparable with the benchmark.		
IX	Compounded annualised yield is to be calculated based on following formula: = (1+ cumulative return) ⁿ -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, 2020

Contents

Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts

INDEPENDENT AUDITORS' REPORT

To,
The Trustees,
National Pension System Trust

Report on the audit of Financial Statements

Opinion

We have audited the accompanying financial statements of **NPS Trust – A/c HDFC Pension Fund Scheme G- Tier I (“the Scheme”)**, under the National Pension System Trust (NPS Trust) managed by HDFC Pension Management Company Limited (PFM) which comprise of Balance Sheet as at March 31, 2020 and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

- a) in the case of Balance Sheet, of the state of affairs of the Scheme as at March 31, 2020;
- b) in the case of Revenue Account, of the surplus of the Scheme for the year ended on that date;

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013 (“Act”) (“SAs”). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Other Matters

The transactions initiated by subscribers in the Scheme are maintained by the Central Recordkeeping Agency (“CRA”) and are not been subjected to audit by us.

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 standards referred to in 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 in accordance with the provisions of the Guidelines for safeguarding the assets of the scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Scheme’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to close the Scheme, or has no realistic alternative but to do so.

The management is responsible for overseeing the Scheme’s financial reporting process. 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether

due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, and amendment thereto, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our 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 PFRDA have been maintained by the PFM, so far as it appears from our examination of those books.
- d) In our opinion, all transaction expenses in excess of the limits contractually agreed to/approved by the PFRDA are borne by the PFM 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 as per directive received from NPS Trust, which is through ICRA Management Consulting Services Limited (IMACS) effective April 01, 2019.*
- 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 **KHANDELWAL JAIN & CO.**
Chartered Accountants
Firm Registration No. 105049W

(ALPESH WAGHELA)
PARTNER
Membership No.142058

Place: Mumbai
Date:
UDIN:

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NATIONAL PENSION SYSTEM TRUST

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

BALANCE SHEET AS AT MARCH 31, 2020

(In ₹)

Particulars	Schedule	Scheme G Tier I	
		March 31, 2020	March 31, 2019
Liabilities			
Unit Capital	1	16,25,32,63,719	10,07,14,79,616
Reserves & Surplus	2	15,59,15,68,261	7,01,80,61,105
Current Liabilities and Provisions	3	3,82,28,914	11,35,23,396
Total		31,88,30,60,894	17,20,30,64,117
Assets			
Investments	4	31,01,26,15,357	16,65,75,64,639
Deposits	5	-	-
Other Current Assets	6	87,04,45,537	54,54,99,478
Total		31,88,30,60,894	17,20,30,64,117
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		31,84,48,31,980	17,08,95,40,721
(b) Number of units outstanding		1,62,53,26,372	1,00,71,47,961
(c) NAV per unit (a)/(b) (₹)		19.5928	16.9682
Significant accounting policies and notes to accounts	7		

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

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

For Khandelwal Jain & Co.(FRN: 105049W)

Chartered Accountants

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

Alpesh Waghela

Partner

Membership No.142058

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 : May 20, 2020

For and on Behalf of NPS Trust

Sh.Atanu Sen

(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 G TIER I

REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

(In ₹)

Particulars	Schedule	Scheme G Tier I	
		March 31, 2020	March 31, 2019
Income			
Interest		1,67,18,80,492	88,24,25,774
Profit on sale/redemption of investments		1,19,77,99,504	21,36,24,556
Unrealised gain on appreciation in investments		51,57,47,997	35,23,57,489
Other income			
- Miscellaneous Income		4	5,995
Total Income (A)		3,38,54,27,997	1,44,84,13,814
Expenses & Losses			
Unrealised losses in value of investments		5,83,472	-
Loss on sale/redemption of investments		9,61,75,933	25,34,19,067
Management fees (including Goods and Service tax)		27,48,435	13,80,932
NPS Trust fees		8,46,309	4,46,441
Custodian fees		8,11,004	4,29,657
CRA fees		2,01,20,351	1,18,96,381
Less : Amount recoverable on sale of units on account of CRA Charges		(2,01,20,351)	(1,18,96,381)
Depository and settlement charges		19,38,085	10,72,767
Total Expenditure (B)		10,31,03,238	25,67,48,864
Surplus/(Deficit) for the year (A-B = C)		3,28,23,24,759	1,19,16,64,950
Less: Amount transferred to Unrealised appreciation account		(51,51,64,525)	(20,46,39,338)
Less: Amount transferred to General Reserve		(2,76,71,60,234)	(98,70,25,612)
Amount carried forward to Balance Sheet		-	-
Significant accounting policies and notes to accounts	7		

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

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

For Khandelwal Jain & Co.(FRN: 105049W)

Chartered Accountants

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

Alpesh Waghela

Partner

Membership No.142058

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 : May 20, 2020

For and on Behalf of NPS Trust

Sh.Atanu Sen

(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, 2020	March 31, 2019
Initial capital		
Unit capital		
Outstanding units at the beginning of the year	10,07,14,79,616	5,42,10,81,092
Add :Units issued during the year	7,04,86,25,341	5,04,12,58,049
Less: Units redeemed during the year	(86,68,41,238)	(39,08,59,525)
Closing balance	16,25,32,63,719	10,07,14,79,616
(Face Value of Rs.10/- each unit, fully paid up)		
Outstanding units at the beginning of the year	1,00,71,47,962	54,21,08,109
Add :Units issued during the year	70,48,62,534	50,41,25,805
Less: Units redeemed during the year	(8,66,84,124)	(3,90,85,953)
Outstanding Units at the end of the year	1,62,53,26,372	1,00,71,47,961

Schedule 2: Reserves and surplus

(In ₹)

Particulars	Scheme G Tier I	
	March 31, 2020	March 31, 2019
Unit premium reserve		
Opening balance	5,34,75,05,283	2,51,20,79,270
Add: Premium on Units issued	6,03,44,15,611	3,06,90,94,865
Less: Premium on Units redeemed	(74,32,33,214)	(23,36,68,852)
Add: Transfer from General Reserve	-	-
Closing balance	10,63,86,87,680	5,34,75,05,283
General Reserve		
Opening balance	1,46,58,10,870	47,87,85,258
Add/(Less): Transfer from Revenue Account	2,76,71,60,234	98,70,25,612
Less: Transfer to Unit Premium Reserve	-	-
Closing balance	4,23,29,71,104	1,46,58,10,870
Unrealised Appreciation Reserve		
Opening balance	20,47,44,952	1,05,614
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from Revenue Account	51,51,64,525	20,46,39,338
Closing balance	71,99,09,477	20,47,44,952
Total	15,59,15,68,261	7,01,80,61,105

Schedule 3: Current liabilities and provisions

(In ₹)

Particulars	Scheme G Tier I	
	March 31, 2020	March 31, 2019
Current liabilities & Provisions		
Sundry creditors for expenses	23,73,213	8,82,679
Redemption Payable	3,58,09,754	73,74,433
TDS Payable	45,947	27,895
Contracts for purchase of investments	-	10,52,38,389
Total	3,82,28,914	11,35,23,396

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, 2020	March 31, 2019
Central and state government securities (including treasury bills)	30,64,61,56,357	16,12,11,63,167
Others - Mutual Fund Units	36,64,59,000	53,64,01,472
Total	31,01,26,15,357	16,65,75,64,639

Schedule 5: Deposits**(In ₹)**

Particulars	Scheme G Tier I	
	March 31, 2020	March 31, 2019
Deposits with scheduled banks	-	-
Total	-	-

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

Particulars	Scheme G Tier I	
	March 31, 2020	March 31, 2019
Balances with banks in current account	25,248	20,23,18,692
Outstanding and accrued income	42,03,80,289	33,79,12,867
Brokerage receivable from PFM	40,000	6,000
Sundry debtors	45,00,00,000	52,61,919
Total	87,04,45,537	54,54,99,478

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, 2020

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 ICRA Management Consulting Services Limited (IMACS) effective April 01, 2019 which until previous financial year was carried out SHCIL. The Investment valuation methodology adopted by IMACS 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 and Treasury bills are valued based on iMaCS 's internal valuation methodology as follows

1.For traded securities, Last Traded Yield shall be considered with minimum quantum criteria as A. Gsec- 5 cr and above, B. State Government Securities- 5 cr and above, C. Treasury bill- 25 cr and above. Outlier trade if any(+/- Bps from the model yield) is not considered for the valuation.

2.For non- traded securities, bid-ask level shall be considered for valuation. If bid-ask yields are not available, the previous day's spread over benchmark is carried forward and considered for valuation.

3.Polling for outliers to be adopted for each level.

Valuation of Money Market Instrument and Mutual Fund.

Money market instruments like, commercial paper, and certificate of deposit are valued at last quoted price / applicable Matrix based valuation for investment grade securities.

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.

Basis the direction from NPS Trust the Trustee Fees charge of 0.005% has been re-initiated with effect from 01st August 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, 2020	March 31, 2019
Uncalled liability on partly paid shares	NIL	NIL
Other commitments	NIL	NIL

2.2 Investments

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

2.3 Details of transactions with sponsor and its related parties

Nature of relationship	Name of the related party
Pension fund manager	HDFC Pension Management Company Limited
Sponsor company	HDFC Life Insurance Company Limited
Associates and group companies	
Holding Company	HDFC Limited
Ms. Vibha Padalkar	Key Management Personnel
Mr. Parvez Mulla	Key Management Personnel
Mr. Sumit Shukla	Key Management Personnel
Mr. Fagun Pancholi	Key Management Personnel
Mr. Nagesh Pai	Key Management Personnel

The following represents significant transactions between the Company and its related parties for the year ended March 31, 2020

(In ₹)

Nature of Transaction	Scheme G Tier I	
	March 31, 2020	March 31, 2019
Investment management fees	27,48,435	13,80,932

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme G Tier I	
	March 31, 2020	March 31, 2019
Investment management fees payable	8,03,426	4,11,090

Aggregate investments made in the Associates and group companies as at March 31, 2020 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme G Tier I			
		March 31, 2020		March 31, 2019	
		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 Sponsor's Holding Company	HDFC Bank Limited

Aggregate investments made in the other group companies as at March 31, 2020 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme G Tier I			
		March 31, 2020		March 31, 2019	
		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, 2020 is as follows :

(In ₹)

Particulars	Scheme G Tier I	
	March 31, 2020	March 31, 2019
Average Net Asset Value	23,29,18,08,684	11,70,28,02,125
Purchase of Investment	1,66,27,98,95,673	1,00,36,49,84,371
% to average Net Assets Value	713.90%	857.61%
Sale of Investment	1,53,37,77,26,487	92,16,26,17,490
% to average Net Assets Value	658.51%	787.53%

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, 2020 is as follows :

(In ₹)

Particulars	Scheme G Tier I	
	March 31, 2020	March 31, 2019
Average Net Asset Value	23,29,18,08,684	11,70,28,02,125
Purchase of Investment	92,19,99,36,674	46,63,79,28,376
% to average Net Assets Value	395.85%	398.52%
Sale of Investment	79,10,36,09,860	38,87,36,98,158
% to average Net Assets Value	339.62%	332.17%

*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, 2020		March 31, 2019	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Central Government Securities	26,79,84,58,035	84.15%	12,36,38,96,886	72.35%
State Development Loans	3,84,76,98,322	12.08%	3,75,72,66,281	21.99%
Mutual Funds	36,64,59,000	1.15%	53,64,01,472	3.14%
Net Current Assets	83,22,16,623	2.61%	43,19,76,082	2.53%
Net Asset Value	31,84,48,31,980	100.00%	17,08,95,40,721	100.00%

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, 2020	March 31, 2019
			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 / AC HDFC PENSION MANAGEMENT COMPANY LIMITED - SCHEME G TIER I

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2020

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio	
Government Securities	7.95% GOI Mat 28-Aug-2032	4,29,98,000	4,72,86,49,153	14.85%	
	7.88%GOI Mat 19-Mar-2030	3,06,60,700	3,33,58,81,094	10.48%	
	7.57% GOI Mat 17-June-2033	3,10,00,000	3,33,49,95,500	10.47%	
	7.40% GOI Mat 09-Sep-2035	2,55,48,300	2,70,90,24,210	8.51%	
	8.24% GOI Mat 10-Nov-2033	2,18,46,200	2,47,79,77,327	7.78%	
	7.73% GOI Mat 19-Dec-2034	1,19,79,700	1,30,57,88,498	4.10%	
	Gsec C-STRIPS Mat 17-Jun-2027	2,04,40,300	1,26,86,70,143	3.98%	
	8.17% GOI Mat 01-Dec-2044	1,01,18,000	1,17,83,40,256	3.70%	
	7.72% GOI Mat 15-June-2049	1,00,00,000	1,12,34,94,000	3.53%	
	8.83% GOI Mat 12-Dec-2041	43,76,600	54,26,61,199	1.70%	
	7.06% GOI Mat 10-Oct-2046	45,50,000	47,06,59,735	1.48%	
	8.32% GOI Mat 02-Aug-2032	40,88,900	46,29,70,609	1.45%	
	7.50% GOI Mat 10-Aug-2034	32,80,000	35,03,28,600	1.10%	
	8.30% GOI Mat 31-Dec-2042	29,76,100	34,87,90,289	1.10%	
	Gsec C-STRIPS Mat 17-Dec-2026	51,98,200	33,74,13,083	1.06%	
	8.30% GOI Mat 02-Jul-2040	28,89,000	33,46,91,517	1.05%	
	7.63% GOI Mat 17-June-2059	28,61,000	32,23,19,974	1.01%	
	8.60% GOI Mat 02-Jun-2028	26,63,800	29,80,15,555	0.94%	
	Gsec C-STRIPS Mat 17-Dec-2027	46,80,300	28,10,36,102	0.88%	
	7.27% GOI Mat 08-Apr-2026	25,00,000	26,19,79,500	0.82%	
	8.28% GOI Mat 21-Sep-2027	17,33,700	19,04,60,294	0.60%	
	8.15% GOI Mat 24-Nov-2026	10,89,100	11,85,11,723	0.37%	
	7.61% GOI Mat 09-May-2030	10,81,000	11,55,11,768	0.36%	
	7.59% GOI Mat 20-Mar-2029	9,50,000	10,13,46,190	0.32%	
	Gsec C-STRIPS Mat 10-Feb-2027	8,62,500	5,47,97,644	0.17%	
	8.33% GOI Mat 07-June-2036	4,73,400	5,41,19,893	0.17%	
	8.33% GOI Mat 09-Jul-2026	4,87,100	5,33,13,144	0.17%	
	Gsec C-STRIPS Mat 10-Aug-2027	8,62,500	5,30,13,735	0.17%	
	7.37% GOI Mat 16-Apr-2023	4,91,400	5,18,84,862	0.16%	
	8.20% GOI Mat 24-Sep-2025	4,72,400	5,12,53,369	0.16%	
	7.72% GOI Mat 26-Oct-2055	4,47,400	5,08,27,101	0.16%	
	9.20% GOI Mat 30-Sep-2030	4,09,400	4,83,26,354	0.15%	
	7.69% GOI Mat 17-June-2043	4,27,600	4,73,03,207	0.15%	
	Gsec C-STRIPS Mat 26-Apr-2027	5,40,400	3,38,57,087	0.11%	
	Gsec C-STRIPS Mat 17-Dec-2028	6,02,300	3,37,07,418	0.11%	
	Gsec C-STRIPS Mat 26-Oct-2027	5,40,400	3,27,54,887	0.10%	
	Gsec C-STRIPS Mat 15-Jun-2027	5,01,800	3,11,56,762	0.10%	
	8.13% GOI Mat 22-Jun-2045	2,64,600	3,09,18,378	0.10%	
	Gsec C-STRIPS Mat 15-Dec-2027	5,01,800	3,01,42,474	0.09%	
	Gsec C-STRIPS Mat 15-Jun-2028	5,01,800	2,90,45,740	0.09%	
	Gsec C-STRIPS Mat 15-Dec-2028	5,01,800	2,80,93,373	0.09%	
	6.68% GOI Mat 17-Sep-2031	2,30,600	2,31,98,291	0.07%	
	8.28% GOI Mat 15-Feb-2032	1,48,800	1,67,51,517	0.05%	
	9.23% GOI Mat 23-Dec-2043	1,00,100	1,28,23,931	0.04%	
	6.57% GOI Mat 05-Dec-2033	1,21,700	1,21,18,229	0.04%	
	8.24% GOI Mat 15-Feb-2027	77,700	85,08,142	0.03%	
	Gsec C-STRIPS Mat 17-June-2028	1,02,300	59,19,252	0.02%	
	8.26% GOI Mat 02-Aug-2027	24,900	27,40,432	0.01%	
	8.40% GOI Mat 28-Jul-2024	10,600	11,62,557	0.00%	
	7.72% GOI Mat 25-May-2025	10,000	10,67,567	0.00%	
	7.16% GOI Mat 20-May-2023	1,300	1,36,370	0.00%	
	Government Securities Total		25,92,25,500	26,79,84,58,035	84.15%
	State Development Loans	6.94% Tamil Nadu SDL Mat 11-Mar-2050	1,10,00,000	1,06,10,67,700	3.33%
		8.25% Gujrat SDL Mat 25-Apr-2028	60,00,000	63,72,26,400	2.00%
		8.08% Maharashtra SDL Mat 26-Dec-2028	42,82,300	45,22,68,691	1.42%
		8.16% Gujrat SDL Mat 09-May-2028	25,00,000	26,41,95,250	0.83%
		7.28% Gujrat SDL Mat 18-Dec-2029	10,00,000	10,02,59,800	0.31%
		7.20% Maharashtra SDL Mat 23-Oct-2029	10,00,000	9,97,21,200	0.31%
		8.53% Tamil Nadu SDL Mat 28-Nov-2028	7,44,200	8,06,01,325	0.25%
		9.53% Gujrat SDL Mat 12-Feb-2024	7,00,000	7,70,25,690	0.24%
8.38% Gujrat SDL Mat 27-Feb-2029		7,00,000	7,49,24,080	0.24%	
8.30% Gujrat SDL Mat 06-Feb-2029		7,00,000	7,45,37,750	0.23%	
8.37% Tamil Nadu SDL Mat 05-Dec-2028		5,73,600	6,15,47,682	0.19%	
9.39% Maharashtra SDL Mat 20-Nov-2023		5,10,000	5,59,67,502	0.18%	
9.63% Maharashtra SDL Mat 12-Feb-2024		5,00,000	5,51,86,350	0.17%	
9.24% Maharashtra SDL Mat 16-Jan-2024		5,00,000	5,44,71,950	0.17%	
8.61% Tamil Nadu SDL Mat 03-Sep-2027		5,00,000	5,40,51,400	0.17%	
8.35% Gujrat SDL Mat 06-Mar-2029		5,00,000	5,34,28,350	0.17%	
8.28% Gujrat SDL Mat 20-Feb-2029		5,00,000	5,31,88,200	0.17%	
8.17% Gujrat SDL Mat 19-Dec-2028		5,00,000	5,30,23,400	0.17%	
8.05% Tamil Nadu SDL Mat 18-April-2028		5,00,000	5,25,57,950	0.17%	
7.78% Maharashtra SDL Mat 24-Mar-2029		5,00,000	5,16,58,100	0.16%	
7.26% Gujrat SDL Mat 11-Dec-2029		5,00,000	5,00,61,200	0.16%	
7.96% Maharashtra SDL Mat 29-Jun-2026		4,70,000	4,93,13,998	0.15%	
8.36% Maharashtra SDL Mat 27-Jan-2026		4,60,000	4,90,75,330	0.15%	
8.47% Maharashtra SDL Mat 10-Feb-2026		4,50,000	4,82,59,260	0.15%	
8.67% Maharashtra SDL Mat 24-Feb-2026		3,00,000	3,24,71,460	0.10%	
8.60% Gujrat SDL Mat 17-Oct-2028		2,85,100	3,09,83,898	0.10%	

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2020

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
	8.65% Gujrat SDL Mat 10-Oct-2028	2,50,000	2,72,44,900	0.09%
	8.47% Gujrat SDL Mat 21-Aug-2028	2,00,000	2,15,49,340	0.07%
	8.18% Tamil Nadu SDL Mat 19-Dec-2028	2,00,000	2,12,22,120	0.07%
	8.72% Andhra Pradesh SDL Mat 24-Feb-2026	1,00,000	1,08,37,640	0.03%
	7.18% Tamil Nadu SDL Mat 26-July-2027	1,00,000	1,00,15,390	0.03%
	8.00% Tamil Nadu SDL Mat 28-Oct-2025	80,000	84,49,680	0.03%
	8.50% Gujrat SDL Mat 28-Nov-2028	69,600	75,24,832	0.02%
	8.24% Andhra Pradesh SDL Mat 09-Sep-2025	43,300	46,06,977	0.01%
	8.44% Tamil Nadu SDL Mat 26-Nov-2024	40,500	43,51,895	0.01%
	8.17% Tamil Nadu SDL Mat 26-Nov-2025	24,600	26,16,712	0.01%
	9.49% Tamil Nadu SDL Mat 18-Dec-2023	10,000	11,02,480	0.00%
	9.77% Andhra Pradesh SDL Mat 28-Aug-2023	10,000	11,02,440	0.00%
State Development Loans Total		3,73,03,200	3,84,76,98,322	12.08%
Mutual Fund Units	Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan	3,39,242	36,64,59,000	1.15%
Mutual Fund Units Total		3,39,242	36,64,59,000	1.15%
Net Current Assets		-	83,22,16,623	2.61%
Grand Total		29,68,67,942	31,84,48,31,980	100.00%

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

3.1 KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2020

Sr No	Particulars	Scheme G Tier I	
		March 31, 2020	March 31, 2019
1	NAV per unit (₹) I		
	Open	16.9682	15.5172
	High	19.8236	16.9682
	Low	16.8502	15.1370
	End	19.5928	16.9682
2	Closing Assets Under Management (₹ in Lakhs)		
	End	3,18,448.32	1,70,895.41
	Average daily net assets (AAuM) II	2,32,918.09	1,17,028.02
3	Gross income as % of AAuM III	14.53%	12.38%
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	14.09%	10.18%
6	Portfolio turnover ratio VII	339.62%	332.17%
7	Total dividend per unit distributed during the period	N.A.	N.A.
8	Returns: (%)		
a	Last one year	15.47%	9.35%
	Benchmark	15.64%	8.11%
b	Since inception	95.93%	69.68%
	Benchmark	89.18%	63.63%
c	Compound annualised yield (%) VIII		
	Last 1 year	15.47%	9.35%
	Last 2 year	12.37%	6.94%
	Last 3 year	9.71%	8.68%
	Since launch of the scheme	10.61%	9.78%
	Launch Date	August 01, 2013	
I	NAV = (Market value of investment held by scheme + value of current assets - value of current liability and provisions, if any) / (no. of units at the valuation date (before creation/ redemption of units))		
II	AAuM = Average daily net assets		
III	Gross income = Total Income as per Revenue Account		
IV	Total expenses = Expenses include management fees, custody fees, trustee bank charges but excludes Unrealised /Realised loss		
V	Management fee as % of AAuM is annualised		
VI	Net income = Surplus / Deficit as per Revenue Account		
VII	Portfolio turnover = Lower of sales or purchase divided by the average AUM for the period. Investments in liquid mutual fund is excluded from the turnover as the same is primarily for liquidity management		
VIII	Compounded annualised yield is to be calculated based on following formula: = (1+ cumulative return) ⁿ -1 (where n=366/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, 2020

Contents

Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts

INDEPENDENT AUDITORS' REPORT

To,
The Trustees,
National Pension System Trust

Report on the audit of Financial Statements

Opinion

We have audited the accompanying financial statements of **NPS Trust – A/c HDFC Pension Fund Scheme G- Tier II (“the Scheme”)**, under the National Pension System Trust (NPS Trust) managed by HDFC Pension Management Company Limited (PFM) which comprise of Balance Sheet as at March 31, 2020 and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

- a) in the case of Balance Sheet, of the state of affairs of the Scheme as at March 31, 2020;
- b) in the case of Revenue Account, of the surplus of the Scheme for the year ended on that date;

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013 (“Act”) (“SAs”). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Other Matters

The transactions initiated by subscribers in the Scheme are maintained by the Central Recordkeeping Agency (“CRA”) and are not been subjected to audit by us.

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 standards referred to in 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 in accordance with the provisions of the Guidelines for safeguarding the assets of the scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Scheme’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to close the Scheme, or has no realistic alternative but to do so.

The management is responsible for overseeing the Scheme’s financial reporting process. 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, and amendment thereto, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our 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 PFRDA have been maintained by the PFM, so far as it appears from our examination of those books.
- d) In our opinion, all transaction expenses in excess of the limits contractually agreed to/approved by the PFRDA are borne by the PFM 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 as per directive received from NPS Trust, which is through ICRA Management Consulting Services Limited (IMACS) effective April 01, 2019.*
- 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 KHANDELWAL JAIN & CO.
Chartered Accountants
Firm Registration No. 105049W**

**(ALPESH WAGHELA)
PARTNER
Membership No.142058**

Place: Mumbai
Date:
UDIN:

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NATIONAL PENSION SYSTEM TRUST

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

BALANCE SHEET AS AT MARCH 31, 2020

(In ₹)

Particulars	Schedule	Scheme G Tier II	
		March 31, 2020	March 31, 2019
Liabilities			
Unit Capital	1	56,78,93,020	26,89,56,194
Reserves & Surplus	2	56,48,35,512	19,79,38,700
Current Liabilities and Provisions	3	2,95,35,500	18,07,319
Total		1,16,22,64,032	46,87,02,213
Assets			
Investments	4	1,13,29,30,523	45,57,60,446
Deposits	5	-	-
Other Current Assets	6	2,93,33,509	1,29,41,767
Total		1,16,22,64,032	46,87,02,213
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		1,13,27,28,532	46,68,94,894
(b) Number of units outstanding		5,67,89,302	2,68,95,619
(c) NAV per unit (a)/(b) (₹)		19.9461	17.3595
Significant accounting policies and notes to accounts	7		

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

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

For Khandelwal Jain & Co.(FRN: 105049W)

Chartered Accountants

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

Alpesh Waghela

Partner

Membership No.142058

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 : May 20, 2020

For and on Behalf of NPS Trust

Sh.Atanu Sen

(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 G TIER II

REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

(In ₹)

Particulars	Schedule	Scheme G Tier II	
		March 31, 2020	March 31, 2019
Income			
Interest		5,33,20,946	2,48,54,853
Profit on sale/redemption of investments		36,17,700	8,68,292
Unrealised gain on appreciation in investments		4,26,27,563	86,85,765
Other income			
- Miscellaneous Income		486	307
Total Income (A)		9,95,66,695	3,44,09,217
Expenses & Losses			
Unrealised losses in value of investments		4,569	3,951
Loss on sale/redemption of investments		3,42,500	9,91,114
Management fees (including Goods and Service tax)		89,219	38,709
NPS Trust fees		28,762	12,459
Custodian fees		25,664	11,793
CRA fees		1,77,146	86,350
Less : Amount recoverable on sale of units on account of CRA Charges		(1,77,146)	(86,350)
Depository and settlement charges		11,902	4,917
Total Expenditure (B)		5,02,616	10,62,943
Surplus/(Deficit) for the year (A-B = C)		9,90,64,079	3,33,46,274
Less: Amount transferred to Unrealised appreciation account		(4,26,22,993)	(26,06,529)
Less: Amount transferred to General Reserve		-5,64,41,086.00	(3,07,39,745)
Amount carried forward to Balance Sheet		-	-
Significant accounting policies and notes to accounts	7		

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

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

For Khandelwal Jain & Co.(FRN: 105049W)

Chartered Accountants

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

Alpesh Waghela

Partner

Membership No.142058

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 : May 20, 2020

For and on Behalf of NPS Trust

Sh.Atanu Sen

(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, 2020	March 31, 2019
Initial capital		
Unit capital		
Outstanding units at the beginning of the year	26,89,56,194	14,67,20,932
Add :Units issued during the year	80,62,77,242	20,62,42,557
Less: Units redeemed during the year	(50,73,40,416)	(8,40,07,295)
Closing balance	56,78,93,020	26,89,56,194
(Face Value of Rs.10/- each unit, fully paid up)		
Outstanding units at the beginning of the year	2,68,95,619	1,46,72,093
Add :Units issued during the year	8,06,27,724	2,06,24,256
Less: Units redeemed during the year	(5,07,34,041)	(84,00,730)
Outstanding Units at the end of the year	5,67,89,302	2,68,95,619

Schedule 2: Reserves and surplus

(In ₹)

Particulars	Scheme G Tier II	
	March 31, 2020	March 31, 2019
Unit premium reserve		
Opening balance	15,35,81,178	7,50,44,557
Add: Premium on Units issued	72,72,54,425	13,10,31,826
Less: Premium on Units redeemed	(45,94,21,692)	(5,24,95,205)
Closing balance	42,14,13,911	15,35,81,178
General Reserve		
Opening balance	4,17,42,472	1,10,02,727
Add/(Less): Transfer from/(to) Revenue Account	5,64,41,086	3,07,39,745
Closing balance	9,81,83,558	4,17,42,472
Unrealised Appreciation Reserve		
Opening balance	26,15,050.00	8,521
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from/(to) Revenue Account	4,26,22,993	26,06,529
Closing balance	4,52,38,043	26,15,050
Total	56,48,35,512	19,79,38,700

Schedule 3: Current liabilities and provisions

(In ₹)

Particulars	Scheme G Tier II	
	March 31, 2020	March 31, 2019
Current liabilities & Provisions		
Sundry creditors for expenses	54,824	18,568
Redemption Payable	2,94,79,312	17,88,215
TDS Payable	1,364	536
Total	2,95,35,500	18,07,319

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, 2020	March 31, 2019
Central and state government securities (including treasury bills)	1,08,54,09,523	45,15,59,877
Others - Mutual Fund Units	4,75,21,000	42,00,569
Total	1,13,29,30,523	45,57,60,446

Schedule 5: Deposits**(In ₹)**

Particulars	Scheme G Tier II	
	March 31, 2020	March 31, 2019
Deposits with scheduled banks	-	-
Total	-	-

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

Particulars	Scheme G Tier II	
	March 31, 2020	March 31, 2019
Balances with bank in current account	4,611	48,07,433
Outstanding and accrued income	1,93,28,898	81,34,334
Sundry debtors	1,00,00,000	-
Total	2,93,33,509	1,29,41,767

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, 2020

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 ICRA Management Consulting Services Limited (IMACS) effective April 01, 2019 which until previous financial year was carried out SHCIL. The Investment valuation methodology adopted by IMACS 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 and Treasury bills are valued based on iMaCS 's internal valuation methodology as follows

1. For traded securities, Last Traded Yield shall be considered with minimum quantum criteria as A. Gsec- 5 cr and above, B. State Government Securities- 5 cr and above, C. Treasury bill- 25 cr and above. Outlier trade if any(+/- Bps from the model yield) is not considered for the valuation.
2. For non- traded securities, bid-ask level shall be considered for valuation. If bid-ask yields are not available, the previous day's spread over benchmark is carried forward and considered for valuation.
3. Polling for outliers to be adopted for each level.

Valuation of Money Market Instrument and Mutual Fund.

Money market instruments like, commercial paper, and certificate of deposit are valued at last quoted price / applicable Matrix based valuation for investment grade securities.

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.

Basis the direction from NPS Trust the Trustee Fees charge of 0.005% has been re-initiated with effect from 01st August 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, 2020	March 31, 2019
Uncalled liability on partly paid shares	NIL	NIL
Other commitments	NIL	NIL

2.2 Investments

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

2.3 Details of transactions with sponsor and its related parties

Nature of relationship	Name of the related party
Pension fund manager	HDFC Pension Management Company Limited
Sponsor company	HDFC Life Insurance Company Limited
Associates and group companies	
Holding Company	HDFC Limited
Ms. Vibha Padalkar	Key Management Personnel
Mr. Parvez Mulla	Key Management Personnel
Mr. Sumit Shukla	Key Management Personnel
Mr. Fagun Pancholi	Key Management Personnel
Mr. Nagesh Pai	Key Management Personnel

The following represents significant transactions between the Company and its related parties for the year ended March 31, 2020

(In ₹)

Nature of Transaction	Scheme G Tier II	
	March 31, 2020	March 31, 2019
Investment management fees	89,219	38,709

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme G Tier II	
	March 31, 2020	March 31, 2019
Investment management fees payable	28,313	11,711

Aggregate investments made in the Associates and group companies as at March 31, 2020 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme G Tier II			
		March 31, 2020		March 31, 2019	
		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 Sponsor's Holding Company	HDFC Bank Limited

Aggregate investments made in the other group companies as at March 31, 2020 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme G Tier II			
		March 31, 2020		March 31, 2019	
		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, 2020 is as follows :

(In ₹)

Particulars	Scheme G Tier II	
	March 31, 2020	March 31, 2019
Average Net Asset Value	75,60,92,295	32,80,39,655
Purchase of Investment	9,24,90,57,603	3,22,21,78,725
% to average Net Assets Value	1223.27%	982.25%
Sale of Investment	8,60,88,37,832	3,00,09,25,950
% to average Net Assets Value	1138.60%	914.81%

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, 2020 is as follows :

(In ₹)

Particulars	Scheme G Tier II	
	March 31, 2020	March 31, 2019
Average Net Asset Value	75,60,92,295	32,80,39,655
Purchase of Investment	66,58,57,606	24,17,12,071
% to average Net Assets Value	88.07%	73.68%
Sale of Investment	6,66,75,522	1,72,05,008
% to average Net Assets Value	8.82%	5.24%

*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, 2020		March 31, 2019	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Central Government Securities	83,43,46,519	73.66%	31,45,31,643	67.37%
State Development Loans	25,10,63,004	22.16%	13,70,28,234	29.35%
Mutual Funds	4,75,21,000	4.20%	42,00,569	0.90%
Net Current Assets	(2,01,991)	-0.02%	1,11,34,448	2.38%
Net Asset Value	1,13,27,28,532	100.00%	46,68,94,894	100.00%

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, 2020	March 31, 2019
			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 G TIER II

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2020

(In ₹)

Asset Head	Script Name	Quantity	Market Value	% of Portfolio
Government Securities	7.57% GOI Mat 17-June-2033	15,00,000	16,13,70,750	14.25%
	8.24% GOI Mat 10-Nov-2033	10,18,400	11,55,15,381	10.20%
	7.72% GOI Mat 15-June-2049	10,00,000	11,23,49,400	9.92%
	7.40% GOI Mat 09-Sep-2035	8,00,000	8,48,28,320	7.49%
	7.95% GOI Mat 28-Aug-2032	3,50,000	3,84,90,795	3.40%
	Gsec C-STRIPS Mat 17-June-2028	5,00,000	2,89,30,850	2.55%
	8.32% GOI Mat 02-Aug-2032	2,47,900	2,80,68,775	2.48%
	8.17% GOI Mat 01-Dec-2044	2,29,700	2,67,50,816	2.36%
	6.68% GOI Mat 17-Sep-2031	2,00,000	2,01,19,940	1.78%
	8.28% GOI Mat 15-Feb-2032	1,60,600	1,80,79,930	1.60%
	7.61% GOI Mat 09-May-2030	1,69,000	1,80,58,732	1.59%
	7.73% GOI Mat 19-Dec-2034	1,61,500	1,76,03,516	1.55%
	8.60% GOI Mat 02-Jun-2028	1,51,300	1,69,26,854	1.49%
	8.83% GOI Mat 12-Dec-2041	1,30,500	1,61,80,891	1.43%
	7.06% GOI Mat 10-Oct-2046	1,43,100	1,48,02,507	1.31%
	9.20% GOI Mat 30-Sep-2030	1,17,700	1,38,93,532	1.23%
	8.30% GOI Mat 02-Jul-2040	1,06,900	1,23,84,397	1.09%
	8.40% GOI Mat 28-Jul-2024	94,600	1,03,75,274	0.92%
	8.13% GOI Mat 22-Jun-2045	82,500	96,40,084	0.85%
	7.72% GOI Mat 25-May-2025	90,000	96,08,103	0.85%
	6.57% GOI Mat 05-Dec-2033	79,000	78,66,393	0.69%
	8.15% GOI Mat 24-Nov-2026	70,700	76,93,305	0.68%
	7.88%GOI Mat 19-Mar-2030	67,400	73,33,113	0.65%
	8.24% GOI Mat 15-Feb-2027	63,600	69,64,194	0.61%
	8.30% GOI Mat 31-Dec-2042	55,000	64,45,841	0.57%
	8.20% GOI Mat 24-Sep-2025	50,600	54,89,882	0.48%
	7.59% GOI Mat 20-Mar-2029	50,000	53,34,010	0.47%
	9.23% GOI Mat 23-Dec-2043	30,800	39,45,825	0.35%
	8.33% GOI Mat 09-Jul-2026	30,000	32,83,503	0.29%
	8.33% GOI Mat 07-June-2036	20,000	22,86,434	0.20%
	7.50% GOI Mat 10-Aug-2034	20,000	21,36,150	0.19%
	7.72% GOI Mat 26-Oct-2055	10,000	11,36,055	0.10%
	8.28% GOI Mat 21-Sep-2027	2,000	2,19,715	0.02%
8.26% GOI Mat 02-Aug-2027	1,100	1,21,063	0.01%	
8.12% GOI Mat 10-Dec-2020	1,100	1,12,189	0.01%	
Government Securities Total		78,05,000	83,43,46,519	73.66%
State Development Loans	8.25% Gujrat SDL Mat 25-Apr-2028	5,00,000.00	5,31,02,200	4.69%
	8.47% Gujrat SDL Mat 21-Aug-2028	3,00,000.00	3,23,24,010	2.85%
	8.30% Gujrat SDL Mat 06-Feb-2029	2,73,600.00	2,91,33,612	2.57%
	9.53% Gujrat SDL Mat 12-Feb-2024	2,00,000.00	2,20,07,340	1.94%
	8.17% Gujrat SDL Mat 19-Dec-2028	2,00,000.00	2,12,09,360	1.87%
	8.18% Tamil Nadu SDL Mat 19-Dec-2028	1,62,400.00	1,72,32,361	1.52%
	8.38% Gujrat SDL Mat 27-Feb-2029	1,43,100.00	1,53,16,623	1.35%
	8.37% Tamil Nadu SDL Mat 05-Dec-2028	1,00,000.00	1,07,30,070	0.95%
	8.08% Maharashtra SDL Mat 26-Dec-2028	91,200.00	96,31,951	0.85%
	8.58% Gujrat SDL Mat 31-Oct-2028	77,300.00	83,92,732	0.74%
	8.68% Tamil Nadu SDL Mat 10-Oct-2028	71,700.00	78,27,353	0.69%
	8.79% Gujrat SDL Mat 12-Sep-2028	52,100.00	57,19,965	0.50%
	8.47% Maharashtra SDL Mat 10-Feb-2026	50,000.00	53,62,140	0.47%
	7.20% Maharashtra SDL Mat 09-Aug-2027	50,000.00	50,13,440	0.44%
	8.36% Maharashtra SDL Mat 27-Jan-2026	40,000.00	42,67,420	0.38%
	7.96% Maharashtra SDL Mat 29-Jun-2026	30,000.00	31,47,702	0.28%
8.44% Tamil Nadu SDL Mat 26-Nov-2024	6,000.00	6,44,725	0.06%	
State Development Loans Total		23,47,400	25,10,63,004	22.16%
Mutual Fund Units	Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan	43,992	4,75,21,000	4.20%
Mutual Fund Units Total		43,992	4,75,21,000	4.20%
Net Current Assets		-	(2,01,991)	-0.02%
Grand Total		1,01,96,392	1,13,27,28,532	100.00%

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

3.1 KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2020

Sr No	Particulars	Scheme G Tier II	
		March 31, 2020	March 31, 2019
1	NAV per unit (₹) I Open High Low End	17.3595 20.2180 17.2445 19.9461	15.8652 17.3595 15.4733 17.3595
2	Closing Assets Under Management (₹ in Lakhs) End Average daily net assets (AAuM) II	11,327.29 7,560.92	4668.95 3280.40
3	Gross income as % of AAuM III	13.17%	10.49%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.02%	0.02%
b	Management fee as % of AAuM (scheme wise) V	0.01%	0.01%
5	Net income as % of AAuM VI	13.10%	10.17%
6	Portfolio turnover ratio VII	8.82%	5.24%
7	Total dividend per unit distributed during the period	N.A.	N.A.
8	Returns: (%)		
a	Last one year Benchmark	14.90% 15.64%	9.42% 8.11%
b	Since inception Benchmark	99.46% 89.18%	73.60% 63.63%
c	Compound annualised yield (%) VIII Last 1 year Last 2 year Last 3 year Since launch of the scheme	14.90% 12.13% 9.59% 10.91%	9.42% 7.03% 8.70% 10.22%
	Launch Date	August 01, 2013	
I	NAV = (Market value of investment held by scheme + value of current assets - value of current liability and provisions, if any) / (no. of units at the valuation date (before creation/ redemption of units))		
II	AAuM = Average daily net assets		
III	Gross income = Total Income as per Revenue Account		
IV	Total expenses = Expenses include management fees, custody fees, trustee bank charges but excludes Unrealised /Realised loss		
V	Management fee as % of AAuM is annualised		
VI	Net income = Surplus / Deficit as per Revenue Account		
VII	Portfolio turnover = Lower of sales or purchase divided by the average AUM for the period. Investments in liquid mutual fund is excluded from the turnover as the same is primarily for liquidity management		
VIII	Compounded annualised yield is to be calculated based on following formula: = (1+ cumulative return)^n -1 (where n=366/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, 2020

Contents

Auditors' Report

Balance Sheet

Revenue Account

Accounting Policies and Notes to Accounts

INDEPENDENT AUDITORS' REPORT

To,
The Trustees,
National Pension System Trust

Report on the audit of Financial Statements

Opinion

We have audited the accompanying financial statements of **NPS Trust – A/c HDFC Pension Fund Scheme A- Tier I (“the Scheme”)**, under the National Pension System Trust (NPS Trust) managed by HDFC Pension Management Company Limited (PFM) which comprise of Balance Sheet as at March 31, 2020 and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

- a) in the case of Balance Sheet, of the state of affairs of the Scheme as at March 31, 2020;
- b) in the case of Revenue Account, of the surplus of the Scheme for the year ended on that date;

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013 (“Act”) (“SAs”). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Other Matters

The transactions initiated by subscribers in the Scheme are maintained by the Central Recordkeeping Agency (“CRA”) and are not been subjected to audit by us.

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 standards referred to in 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 in accordance with the provisions of the Guidelines for safeguarding the assets of the scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Scheme’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to close the Scheme, or has no realistic alternative but to do so.

The management is responsible for overseeing the Scheme’s financial reporting process. 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and

obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by PFRDA (Preparation of Financial Statements and Auditors Report of Schemes under National Pension System) Guidelines 2012, and amendment thereto, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our 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 PFRDA have been maintained by the PFM, so far as it appears from our examination of those books.

NATIONAL PENSION SYSTEM TRUST

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

BALANCE SHEET AS AT MARCH 31, 2020

(In ₹)

Particulars	Schedule	Scheme A Tier I	
		March 31, 2020	March 31, 2019
Liabilities			
Unitholders Funds			
Unit Capital	1	14,27,30,975	6,33,04,044
Reserves & Surplus	2	4,31,79,797	1,40,12,336
Current Liabilities and Provisions	3	2,66,949	90,849
Total		18,61,77,721	7,74,07,229
Assets			
Investments	4	17,80,54,012	7,26,42,391
Deposits	5	-	-
Other Current Assets	6	81,23,709	47,64,838
Total		18,61,77,721	7,74,07,229
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		18,59,10,772	7,73,16,380
(b) Number of units outstanding		1,42,73,098	63,30,404
(c) NAV per unit (a)/(b) (₹)		13.0252	12.2134
Significant accounting policies and notes to accounts	7		

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

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

For Khandelwal Jain & Co.(FRN: 105049W)

Chartered Accountants

Alpesh Waghela

Partner

Membership No.142058

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 : May 20, 2020

For and on Behalf of NPS Trust

Sh.Atanu Sen

(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, 2020

(In ₹)

Particulars	Schedule	Scheme A Tier I	
		March 31, 2020	March 31, 2019
Income			
Interest		87,01,468	28,30,948
Profit on sale/redemption of investments		13,72,209	5,57,892
Unrealised gain on appreciation in investments		98,162	11,12,564
Other income			
- Miscellaneous Income		-	10
Total Income (A)		1,01,71,839	45,01,414
Expenses & Losses			
Unrealised losses in value of investments		39,38,685	-
Management fees (including Goods and Service Tax)		14,470	4,655
NPS Trust fees		4,619	1,410
Custodian fees		3,611	1,181
CRA fees		1,72,934	62,432
Less : Amount recoverable on sale of units on account of CRA Charges		(1,72,934)	(62,432)
Depository and settlement charges		689	314
Total Expenditure (B)		39,62,074	7,560
Surplus/(Deficit) for the year (A-B = C)		62,09,765	44,93,854
Less: Amount transferred to Unrealised appreciation account		11,52,902	(11,12,564)
Less: Amount transferred to General Reserve		(73,62,667)	(33,81,290)
Amount carried forward to Balance Sheet		-	-
Significant accounting policies and notes to accounts	7		

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

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

For Khandelwal Jain & Co.(FRN: 105049W)

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

Chartered Accountants

Alpesh Waghela
Partner
Membership No.142058

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 : May 20, 2020

For and on Behalf of NPS Trust

Sh.Atanu Sen
(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 A TIER I

Schedules forming part of the financial statements

Schedule 1: Unit capital

(In ₹)

Particulars	Scheme A Tier I	
	March 31, 2020	March 31, 2019
Initial capital		
Unit capital		
Outstanding at the beginning of the year	6,33,04,044	1,80,53,363
Add :Units issued during the year	8,91,77,648	4,95,16,739
Less: Units redeemed during the year	(97,50,717)	(42,66,058)
Outstanding at the end of the year	14,27,30,975	6,33,04,044
(Face Value of Rs.10/- each unit, fully paid up)		
Outstanding units at the beginning of the year	63,30,404	18,05,336
Add :Units issued during the year	89,17,765	49,51,674
Less: Units redeemed during the year	(9,75,072)	(4,26,606)
Outstanding Units at the end of the year	1,42,73,098	63,30,404

Schedule 2: Reserves and surplus

(In ₹)

Particulars	Scheme A Tier I	
	March 31, 2020	March 31, 2019
Unit premium reserve		
Opening balance	88,36,475	15,42,552
Add: Premium on Units issued	2,57,14,124	79,49,813
Less: Premium on Units redeemed	(27,56,428)	(6,55,890)
Add: Transfer from General Reserve	-	-
Closing balance	3,17,94,171	88,36,475
General Reserve		
Opening balance	39,05,214	5,23,924
Add/(Less): Transfer from Revenue Account	73,62,667	33,81,290
Less: Transfer to Unit Premium Reserve	-	-
Closing balance	1,12,67,881	39,05,214
Unrealised Appreciation Reserve		
Opening balance	12,70,647	1,58,083
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from Revenue Account	(11,52,902)	11,12,564
Closing balance	1,17,745	12,70,647
Total	4,31,79,797	1,40,12,336

Schedule 3: Current liabilities and provisions

(In ₹)

Particulars	Scheme A Tier I	
	March 31, 2020	March 31, 2019
Current liabilities		
Sundry creditors for expenses	9,531	2,337
Redemption Payable	2,57,216	88,436
TDS Payable	202	76
Total	2,66,949	90,849

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, 2020	March 31, 2019
Others - Mutual Fund Units	2,36,91,849	1,80,02,582
Basel III Tier I bonds	15,43,62,163	5,46,39,809
Total	17,80,54,012	7,26,42,391

Schedule 5: Deposits**(In ₹)**

Particulars	Scheme A Tier I	
	March 31, 2020	March 31, 2019
Deposits with scheduled banks	-	-
Total	-	-

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

Particulars	Scheme A Tier I	
	March 31, 2020	March 31, 2019
Balances with banks in current account	5,004	20,93,088
Outstanding and accrued income	81,17,105	26,71,750
Brokerage receivable from PFM	1,600	-
Total	81,23,709	47,64,838

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, 2020

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 ICRA Management Consulting Services Limited (IMACS) effective April 01, 2019 which until previous financial year was carried out SHCIL. The Investment valuation methodology adopted by IMACS 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:

Traded debt securities (other than government securities) are valued at weighted average traded price on that day reported on National Stock Exchange (NSE) /Bombay Stock Exchange (BSE). Preference is given to NSE trade over BSE trade.

Securities not traded at a stock exchange:

Non-traded debt securities (i.e. securities not reported on exchanges) are valued at a yield to maturity basis by using matrix of spread over risk free asset constructed by IMaCS. Matrix is classified into two categories TRAD & NPR. TRAD Matrix (Comprises of sectors like MFTG, BANK, HFC) & NPR Matrix (Comprises of sectors like NBFC, Real Estate). Matrix is constructed basis each rating category and for all tenor. Any security falling into respective matrix type (TRAD or NPR) are valued as per that matrix basis conservative rating of that security and modified duration.

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.
- e) For perpetual bank bond, the first Call date of the bond shall be considered as deemed date of maturity for the valuation purpose

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)

On Friday or on last working day before the market holiday, the valuation convention shall be T+1 for corporate bonds.

Valuation of Money Market Investment and Mutual Fund

Money market instruments like, commercial paper, and certificate of deposit are valued at last quoted price / applicable Matrix based valuation for investment grade securities.

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

1.4 Income Recognition

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

1.5 Non-Performing Assets

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

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

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

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.

Basis the direction from NPS Trust the Trustee Fees charge of 0.005% has been re-initiated with effect from 01st August 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

Aggregate value of purchase and sale (excluding liquid mutual fund)* with percentage to average assets as at March 31, 2020 is as follows :

(In ₹)

Particulars	Scheme A Tier I	
	March 31, 2020	March 31, 2019
Average Net Asset Value	12,26,21,392	3,94,46,973
Purchase of Investment	10,67,17,284	4,05,70,862
% to average Net Assets Value	87.03%	102.85%
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			
	31-Mar-20		31-Mar-19	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Monetary intermediation of commercial / saving / postal banks	15,43,62,164	83.03%	5,46,39,809	70.67%
Mutual Funds	2,36,91,849	12.74%	1,80,02,582	23.28%
Net Current Assets	78,56,760	4.23%	46,73,989	6.05%
Net Asset Value	18,59,10,772	100.00%	7,73,16,380	100.00%

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, 2020	March 31, 2019
			NIL	NIL

2.8 Prior Year Comparatives :

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

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

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2020

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
Asset Backed, Trust Structured and Miscellaneous Investments	8.75 SBI Bank Perpetual AT-1 (Call date30/08/2024)	50	4,94,62,354.00	26.61%
	9.15% ICICI Bank Ltd NCD Perpetual AT-1 (Call date 20-Jun-2023)	40	3,96,29,994.00	21.32%
	9.50 Indusind Bank Perpetual AT-1 (Call date18/04/2022)	20	1,94,77,940.00	10.48%
	9.90 ICICI Bank Perpetual AT-1 (Call date28/12/2023)	15	1,51,82,738.00	8.17%
	10.50 Indusind Bank Perpetual AT-1 (Call date28/03/2024)	12	1,17,51,302.00	6.32%
	9.20 ICICI Bank Perpetual AT-1 (Call date17/03/2022)	7	69,72,443.00	3.75%
	8.75 Axis Bank Perpetual AT-1 Series26(Call date14/12/2021)	7	69,52,257.00	3.74%
	8.15 SBI Bank Perpetual AT-1 (Call date02/008/2022)	5	49,33,135.00	2.65%
Asset Backed, Trust Structured and Miscellaneous Investments Total		156	15,43,62,163	83.03%
Mutual Fund Units	Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan	74,170	2,36,91,849	12.74%
Mutual Fund Units Total		74,170	2,36,91,849	12.74%
Net Current Assets		-	78,56,760	4.23%
Grand Total		74,326	18,59,10,772	100.00%

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

3.1 KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2020

Sr No	Particulars	Scheme A Tier I	
		March 31, 2020	March 31, 2019
1	NAV per unit (₹) I Open High Low End	12.2134 13.4100 12.1601 13.0252	11.2322 12.2134 11.0059 12.2134
2	Closing Assets Under Management (₹ in Lakhs) End Average daily net assets (AAuM) II	1,859.11 1,226.21	773.16 394.47
3	Gross income as % of AAuM III	8.30%	11.41%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.02%	0.02%
b	Management fee as % of AAuM (scheme wise) V	0.01%	0.01%
5	Net income as % of AAuM VI	5.06%	11.39%
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 Benchmark VIII	6.65% N.A.	8.74% N.A.
b	Since inception Benchmark VIII	30.25% N.A.	22.13% N.A.
c	Compound annualised yield (%) IX Last 1 year Last 2 year Last 3 year Since launch of the scheme	6.65% 7.69% 8.19% 7.90%	8.74% 8.97% N.A. 8.43%
	Launch Date	October 10, 2016	
I	NAV = (Market value of investment held by scheme + value of current assets - value of current liability and provisions, if any) / (no. of units at the valuation date (before creation/ redemption of units))		
II	AAuM = Average daily net assets		
III	Gross income = Total Income as per Revenue Account		
IV	Total expenses = Expenses include management fees, custody fees, trustee bank charges but excludes Unrealised /Realised loss		
V	Management fee as % of AAuM is annualised		
VI	Net income = Surplus / Deficit as per Revenue Account		
VII	Portfolio turnover = Lower of sales or purchase divided by the average AUM for the period. Investments in liquid mutual fund is excluded from the turnover as the same is primarily for liquidity management		
VIII	As per fund objective of Scheme A, the fund is mandated to invest in Commercial/Residential mortgage based securities, Units issued by REITs, Alternative Investment Funds, Units issued by InvITs, Asset backed securities, etc. for that there is no comparable market benchmarks is available and hence benchmark returns are not disclosed for this fund.		
IX	Compounded annualised yield is to be calculated based on following formula: $= (1 + \text{cumulative return})^n - 1$ (where $n = 365/\text{no. of days}$)		