



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

SCHEME TAX SAVER TIER II

ANNUAL REPORT 2020-21

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HDFC Pension Management Company Limited ('HDFC Pension') presents its Eight Annual Report along with the audited financial statements of the Schemes for the year ended March 31, 2021.

During the year ending March 31, 2021, the Company managed the following schemes under the National Pension System (NPS):

- Scheme E Tier I - Equity market instruments
- Scheme E Tier II - Equity market instruments
- Scheme C Tier I - Credit risk bearing fixed income instruments
- Scheme C Tier II - Credit risk bearing fixed income instruments
- Scheme G Tier I - Government securities
- Scheme G Tier II - Government securities
- Scheme A Tier I - Alternative Investment funds
- Scheme Tax Saver Tier II - Hybrid Investment fund

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

The Asset under Management as at March 31, 2021 of all the schemes collectively was ₹ 16,38,401.43 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 390 offices as at March 31, 2021. At March 31, 2021 the Sponsor has 20,636 employees and 112,012 advisors and is thus well equipped to cater to the needs of customers.

As at March 31, 2021, 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.

Scheme Tax Saver Tier II: This is a composite/hybrid scheme wherein allocation to Equity is done in 10-25% range and debt upto 90%. While asset allocation between debt and equity is done on a dynamic basis respective asset class outlook, the security/stock selection within the chosen asset class is done as per the process followed for Scheme E, C & G.

ECONOMIC SCENARIO

Financial year 2020-21 (FY21) was an exceptional year for Indian and Global markets. While COVID-19 created extremely difficult time for humans, financial markets in India – and across the globe – witnessed exuberance with equities touching new highs and bond yields falling to new lows. With the outbreak of COVID-19 in late 2019 in China, which had spread across the world by early 2020, policy makers had not left any stone unturned.

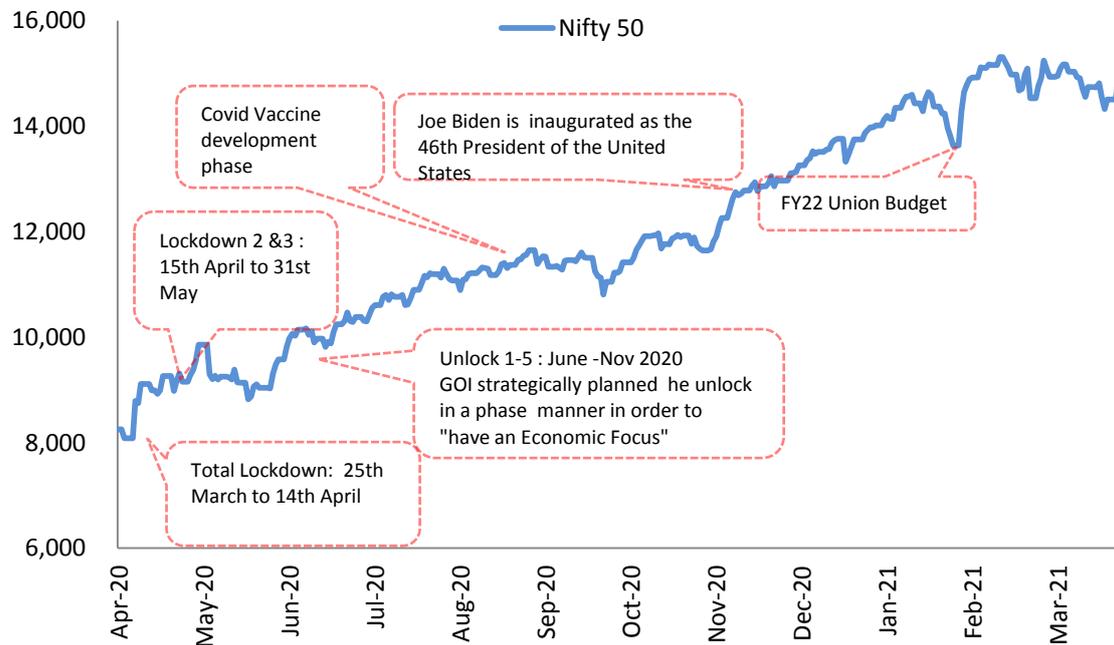
Between March and May 2020, Indian government announced various policies totalling Rs13 trillion (or 6.5% of GDP) and the Reserve Bank of India also implemented various liquidity measures releasing as much as Rs8 trillion (or 4% of GDP) in the financial system. Notably, the Government continued its thrust to support the economy in its Union Budget presented on 1st February 2021, and the RBI also announced a number of new liquidity measures (with some extensions) on April 7, 2021.

Such unparalleled response was in the wake of worst economic recession in India's post-independence history. India's economic growth is estimated to have declined 8% YoY in FY21 marking its first contraction in four decades. Despite lower GDP, the headline inflation – measured by consumer price index (CPI) – exhibited perplexing trends. India's inflation moved up from <4% in mid-2019 to 77-month high of 7.6% YoY in October 2020, before easing to 5% in Feb'21. Further, crude oil prices have also moved sharply during the past few months from <\$30 per barrel in mid-2020 to \$60 per barrel recently. Due to weak growth and RBI's support, the benchmark bond yield has fallen from 6.5% in Jan'20 to 6.1-6.2% now and Indian Rupee has also weakened slightly to ~Rs73 against USD.

Globally, in its April 2021 publications, the International Monetary Fund (IMF) estimates a decline of 3.3% YoY in global real GDP in CY20, to be followed by an expectedly strong growth of 6% (up from 5.2% in October 2020 forecasts) in CY21. Nevertheless, these projections are subject to revisions, as many economies are witnessing second/third wave of COVID-19, with renewed restrictions. These developments are likely to adversely impact the global economic recovery. On the bright side, numerous vaccines have been developed by several drug makers, and many nations are on full throttle to inoculate their population as soon as possible.

The policymakers, however, are still trying to keep the emerging growth momentum strong. As Indian authorities have taken new steps to support the recovery, the US administration has come out with a new fiscal stimulus totalling \$1.9 Trillion. While it is being implemented, the Biden Government has also proposed to hike corporate income tax rate. Further, the US Federal Reserve has indicated that monetary policy normalization is unlikely to begin anytime soon, unless inflation moves higher than the 2% target. Overall, as the environment remains uncertain, the coming times will be volatile and have to be closely monitored to optimise returns across asset classes.

Equity: One way upmove

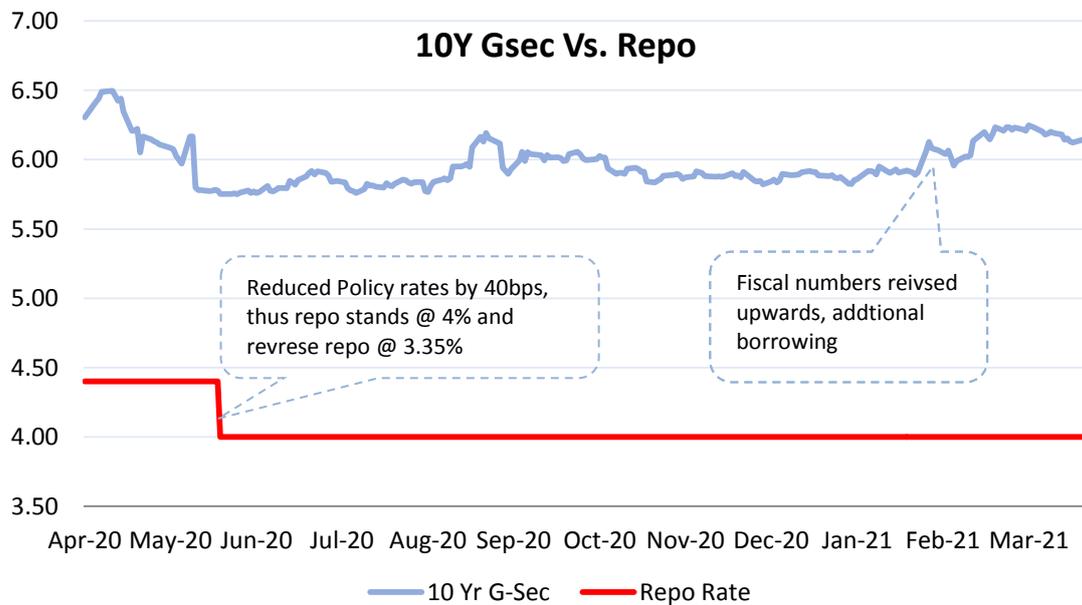


Indian equity markets saw a one way up move for a large part of FY21, with minor blips, on its way to touch all time high levels towards the end of the year. In the early part of the year, the equity market gains were primarily driven by gradual unlocking of the economy, stimulus measures announced by the Government/RBI and ample global liquidity flowing into riskier assets as world saw record low interest rates. The market gained further momentum as India's Covid case count declined and data on economic activities gained traction with good festive demand across segments. Large fiscal and monetary stimulus by US and other developed countries also led to Emerging markets receiving further fund flows into equities. The final booster for the markets came in form of Union Budget wherein no new taxes were levied and Government's showed its firm commitment to continue to spend to prop up the economy by resetting fiscal deficit targets upwards for next few years. This was taken very positively by the markets with benchmark equity index NIFTY rising to its all-time peak of 15,315 by mid February. Thereafter, the rising Covid-19 cases globally and in India led to minor correction in the markets. During the year, the midcap and smallcap indices outperformed the large cap indices. While the large cap indices rose by about 68-71% during the year, the rise in the midcap and smallcap indices was about 91-115%.

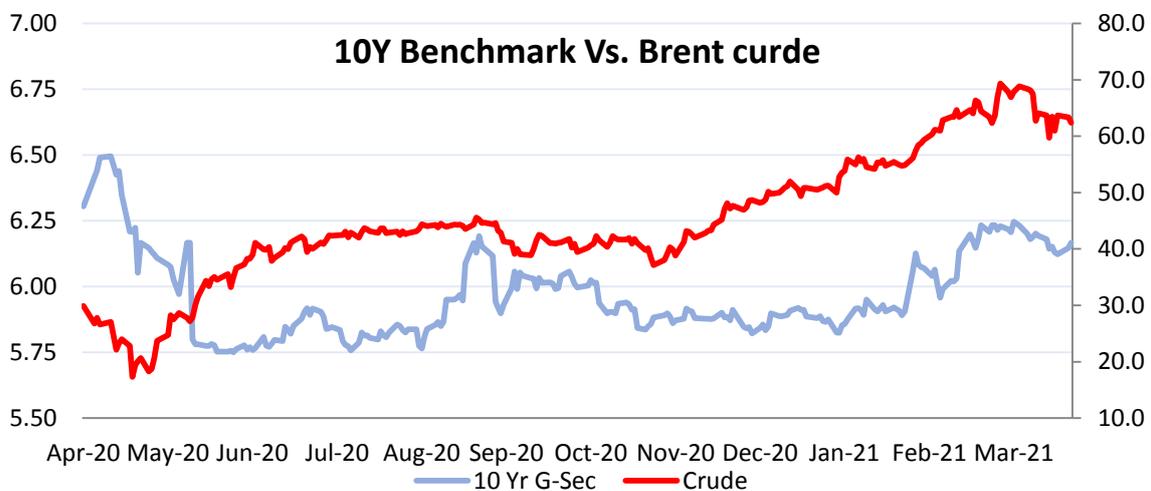
Debt: Tango of Fiscal & QE infinity

As the world struggled with the Covid-19 virus, Governments across both developed and emerging economies responded with fiscal stimulus and Central banks with loose monetary policy.

At the start of the year, Indian 10 year benchmark yield declined to about 5.75% by May-20 as domestic macro deteriorated, global bond yields fell and commodity prices collapsed. Decline in bond yields was also driven by the rate cuts and OMO purchases by RBI. However yield curve steepened as short end was anchored by liquidity surplus and long end was driven higher by fiscal concerns.



Subsequently, inflation concerns and global macro (Yields and commodity prices inching higher) pulled the benchmark yields higher as RBI's tried to keep yields lower through OMOs. This period from June-20 to January-21 saw benchmark in 5.78%-6.19% range. After the Union Budget in early February 2021 upped the fiscal deficit targets higher for FY22 and provided a higher glide path to fiscal deficit reduction, the benchmark yield spiked to 6.25% on higher borrowing expectations. Global bond yields moving higher (US10y increased from 1.08% on 1st February to 1.75% on 31st March 2021) also compounded the move.



RBI maintained its accommodative stance throughout the year and also committed to maintain the accommodative stance into FY22. Given the uncertainties, RBI focused on growth relative to inflation as it saw inflation pick up as transitory and driven by supply side constraints due to lockdown. RBI supported the markets by doing OMO purchases both in Central government bonds and for the first time in SDLs. RBI made Net OMO Purchases of Rs3.13 lakh crore during the year while Gross OMO purchases of were close to Rs5 lakh crore. Along with TLTROs, OMOs helped credit spreads to contract during the year after the steep rise seen towards the end of last year due to deteriorating macroeconomic environment.

Outlook:

Equity

After a record setting year of returns for equity markets in FY21, we expect the returns from equity markets to be range-bound in FY22. The start of the year has been relatively timid for the markets with rising Covid-19 case counts across the country leading to increase in lockdown like measures being implemented in many states. While the emerging second wave across the country is in line with what has been witnessed world over, the intensity, duration and economic impact of the same is yet to become clear in India. With the benefit of having witnessed the evolution of the economic activities last year post-lockdown, the markets are expected to be more rationale this time while reacting to any further curtailment of the economic activity in the short to medium term. Added to it any possible intervention by RBI and possible further fiscal stimulus by the central and state governments can likely cushion the possible short term economic impact. Also, corporate commentary on emerging demand environment has been positive in the recent past and any medium term lockdown like scenario may at most postpone the recovery by a few months. At the sametime the vaccination program is progressing ahead with few more vaccines expected to be approved soon by the Government.

But for emerging threat of lockdowns, market expects strong earnings growth in FY22. Key sectors where sharp earnings growth is expected include a) Banking & NBFCs driven by declining credit costs, b) Auto driven by recovery in volumes and c) Metals driven by sharp rise in commodity prices. Other large sectors IT, FMCG, Pharma and Oil & Gas are also expected to deliver double digit earnings growth. However, given the sharp run up in markets, the valuations are higher than the long-term averages and are building in strong earnings growth not just in FY22 but also in FY23. Nifty now trades at 22.5x FY22E and any disappointment in earnings growth remains the key risk along with the Covid-19 related lockdowns, slowing down of flows and hardening bond yields. This construct makes us cautious in the short term, however, from medium to long term point of view, as the vaccination reaches masses and Covid-19 threat is behind us, we expect the revival in economic growth to be visible and that would be positive for markets. Any extended weakness in equity markets over the next few months of resurgence of Covid-19 could be another opportunity for NPS subscribers to

increase their allocation to equities, as in long term, equity tends to outperform other assets classes.

Debt

Global macroeconomic backdrop is likely to remain challenging in coming quarters as world continues to fight the biggest health crisis in years for second year running. In India too the emerging second wave would have a bearing on debt markets as growth expectations get curtailed amidst rising inflationary expectations.

For FY22, the budgeted fiscal deficit of 6.8% implies more than usual supply of government paper during the year. Since the deficit is now projected to reach 4.5% by FY26, the supply of paper could be higher in next few years as well. Given the increased size of gross borrowing, the yields are expected to remain under pressure with an upward bias. At the sametime. Government is looking to get new set of investors by getting Indian bonds included in global indices. Any progress on the same is likely to cushion the impact of higher borrowings on yields. Also, Government's budgeted revenue expectations for FY22 are conservative which gives a comfort that government's borrowings might be lower than budgeted, provided expenditure remains controlled. Government has also indicated that it is unlikely to borrow anything via Extra budgetary resource mechanism, thus there would be no off balance sheet borrowing too. Thus, we expect the actual borrowing to be lower than budgeted amount, subject to any adverse impact of localized lockdown on revenue and expenditure targets.

With that context, Indian debt market could face yet another volatile year for bond yields. We expect RBI to continue to support the market with both conventional and unconventional measures to maintain its stated objective of orderly evolution of yield curve. RBI has with its various actions last year given the market an indication that it wants efficient rates transmission and a flatter yield curve. 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 7y to 10y AAA corporate bonds to outperform the other segments. We expect Illiquid Government securities to outperform and will look to maximize illiquidity spread and roll down gains. We expect yield curve to marginally flatten. Key risk remains higher crude prices, evolving macro environment and eventual government borrowing for the year.

SCHEME PERFORMANCE AND OPERATIONS

SCHEME E TIER I - Equity market instruments

Investment Objective

The Investment objective is to optimise returns and deliver returns better than benchmark while investing in the prescribed universe of stocks 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, 2021 is presented below:

Period	Returns (%) [^]	Benchmark Returns (%) #
1 Year	69.78%	73.48%
3 Years	13.77%	13.73%
5 Years	15.08%	14.79%
Since inception @	14.81%	14.31%

[^] 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, 2021 stood at ₹ 7,06,608.41 lakhs

At March 31, 2021, 97.96% of the net assets were invested in Equity Shares and 2.04% in money market instruments and cash/cash equivalent & net current assets.

SCHEME E TIER II - Equity market instruments

Investment Objective

The Investment objective is to optimise returns and deliver returns better than benchmark while investing in the prescribed universe of stocks 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, 2021 is presented below:

Period	Returns (%) [^]	Benchmark Returns (%) # \$
1 Year	69.59%	73.48%
3 Years	13.68%	13.73%
5 Years	15.15%	14.79%
Since inception @	12.63%	14.31%

[^] 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, 2021 stood at ₹ 30,955.43 lakhs.

At March 31, 2021, 98.08% of the net assets were invested in Equity Shares and 1.92% 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 securities of the prescribed asset class.

Scheme Performance against Benchmark

The performance of Scheme C Tier I at March 31, 2021 is presented below:

Period	Returns (%) [^]	Benchmark Returns (%) #
1 Year	10.78%	12.56%
3 Years	10.13%	10.52%
5 Years	9.77%	9.82%
Since inception @	10.47%	10.40%

[^] 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, 2021 stood at ₹ 3,27,135.79 lakhs.

At March 31, 2021, 92.89% of the net assets were invested in bonds and non-convertible debentures and 7.11% 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 securities of the prescribed asset class..

Scheme Performance against Benchmark

The performance of Scheme C Tier II at March 31, 2021 is presented below:

Period	Returns (%) [^]	Benchmark Returns (%) # \$
1 Year	9.99%	12.56%
3 Years	9.93%	10.52%
5 Years	9.74%	9.82%
Since inception @	9.56%	10.40%

[^] 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, 2021 stood at ₹ 16,151.36 lakhs.

At March 31, 2021, 94.37% of the net assets were invested in bonds and non-convertible debentures and 5.63% 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 securities of the prescribed asset class.

Scheme Performance against Benchmark

The performance of Scheme G Tier I at March 31, 2021 is presented below:

Period	Returns (%) [^]	Benchmark Returns (%) #
1 Year	8.10%	6.04%
3 Years	10.93%	9.84%
5 Years	9.89%	8.95%
Since inception @	10.28%	9.50%

[^] 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, 2021 stood at ₹ 5,27,612.41 lakhs.

At March 31, 2021, 97.50% of the net assets were invested in government securities and 2.50% 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 securities of the prescribed asset class.

Scheme Performance against Benchmark

The performance of Scheme G Tier II at March 31, 2021 is presented below:

Period	Returns (%) [^]	Benchmark Returns (%) #
1 Year	7.45%	6.04%
3 Years	10.55%	9.84%
5 Years	9.66%	8.95%
Since inception @	10.45%	9.50%

[^] 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, 2021 stood at ₹ 26,234.79 lakhs.

At March 31, 2021, 98.16% of the net assets were invested in government securities and 1.84% 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 securities of the prescribed asset class.

Scheme Performance against Benchmark

The performance of Scheme A Tier I at March 31, 2021 is presented below:

Period	Returns (%) [^]	Benchmark Returns (%) #
1 Year	9.50%	N.A.
3 Years	8.29%	N.A.
5 Years	N.A.	N.A.
Since inception @	8.26%	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, 2021 stood at ₹ 3,633.51 lakhs.

At March 31, 2021, 43.68% of the assets were invested in Asset Backed, Trust Structured and Miscellaneous Investments and 56.32% in money market instruments and cash/cash equivalent & net current assets.

SCHEME TAX SAVER TIER II – Hybrid Investment Fund

Investment Objective

The investment objective is to optimise returns through 1) asset allocation among the prescribed asset classes 2) stock/security selection..

Scheme Performance against Benchmark

The performance of Scheme Tax Saver Tier II at March 31, 2021 is presented below:

Period	Returns (%) ^	Benchmark Returns (%)
1 Year	N.A.	N.A.
3 Years	N.A.	N.A.
5 Years	N.A.	N.A.
Since inception @	0.52%	N.A.

^ Past performance may or may not be sustained in the future. Returns are compounded annualised (CAGR). As per the directions issued by the PFRDA on introduction of new asset class, Scheme Tax Saver Tier-2 was launched and first NAV of the scheme was declared on August 17, 2020. Hence Scheme and Benchmark returns for 1 , 3 and 5 years are not available.

@ Date of Inception: August 17, 2020

AUM and Asset Mix

The net assets of the Scheme at March 31, 2021 stood at ₹ 69.73 lakhs.

At March 31, 2021, 11.87% of the assets were invested in Equity shares, 82.57% of the assets were invested in Debt securities and 5.56% 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 and deliver returns better than benchmark 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 and deliver returns better than benchmark 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 securities of the prescribed asset class.
4	SCHEME C TIER II	The investment objective is to optimise returns by investing in the securities of the prescribed asset class.
5	SCHEME G TIER I	The investment objective is to optimise returns by investing in the securities of the prescribed asset class.
6	SCHEME G TIER II	The investment objective is to optimise returns by investing in the securities of the prescribed asset class.
7	SCHEME A TIER I	The investment objective is to optimise returns by investing in the securities of the prescribed asset class.
8	SCHEME TAX SAVER TIER II	The investment objective is to optimise returns through 1) asset allocation among the prescribed asset classes 2) stock/security selection.

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
- h) SCHEME TAX SAVER TIER II - Hybrid Investment fund

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



Santosh More

Partner

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 2020, September 2020, December 2020 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, 2021 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 2020, September 2020, December 2020 and March 2021 as required under the circular, to the NPS trust for the financial year 2020-21.

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 Reg. No.101851W



Santosh More

Partner

M.No.114236

Mumbai, April 15, 2021

UDIN: 21114236AAAHVG1052

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, 2021

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, 2021 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, 2021;
- 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 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 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 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 financial statements.

Other Matters

1. 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.
2. Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to the Company and carry out any of the audit processes physically. In all the audit processes, the necessary records / reports / documents / certificates were made available to us by the Company in the form of scanned documents / spread sheets through electronic mode and not in original. Accordingly, the audit procedures were carried out on the basis of such documents, reports and records which were relied upon as audit evidence for conducting the audit and reporting for the current period. Further, our audit process was also modified for making enquiries and gathering necessary audit evidence from being physically present at the Company to enquiries through Video Conferencing, dialogues and discussions over phone calls / conference calls, emails and similar communication channels. Our audit procedures were designed to obtain sufficient appropriate audit evidence under these circumstances.

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:

NATIONAL PENSION SYSTEM TRUST

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

BALANCE SHEET AS AT MARCH 31, 2021

(In ₹)

Particulars	Schedule	Scheme E Tier I	
		March 31, 2021	March 31, 2020
Liabilities			
Unitholders Funds			
Unit Capital	1	24,50,90,10,931	16,09,97,73,141
Reserves & Surplus	2	46,15,18,29,981	11,24,01,96,933
Current Liabilities and Provisions	3	25,91,88,423	30,02,77,890
Total		70,92,00,29,335	27,64,02,47,964
Assets			
Investments	4	70,81,58,82,603	27,42,60,19,249
Deposits	5	-	-
Other Current Assets	6	10,41,46,732	21,42,28,715
Total		70,92,00,29,335	27,64,02,47,964
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		70,66,08,40,912	27,33,99,70,074
(b) Number of units outstanding		2,45,09,01,093	1,60,99,77,314
(c) NAV per unit (a)/(b) (₹)		28.8305	16.9815
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 : April 22, 2021

For and on Behalf of NPS Trust

Sh.Atanu Sen

(Chairman, NPS Trust Board)

Place :

Date :

Sh.Sashi Krishnan

(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, 2021

(In ₹)

Particulars	Schedule	Scheme E Tier I	
		March 31, 2021	March 31, 2020
Income			
Dividend		57,39,58,269	35,11,82,273
Profit on sale/redemption of investments		34,57,22,465	22,24,24,491
Unrealised gain on appreciation in investments		22,50,90,21,893	23,93,928
Other income			-
- Miscellaneous Income		7,171	986
Total Income (A)		23,42,87,09,798	57,60,01,678
Expenses & Losses			
Unrealised losses in value of investments		24,47,855	8,44,40,11,641
Loss on sale/redemption of investments		12,12,22,109	26,31,64,551
Management fees (including Goods and Service Tax)		56,78,610	31,47,943
NPS Trust fees		24,06,191	9,57,048
Custodian fees		15,54,459	8,76,976
CRA fees		3,84,34,261	2,63,55,787
Less : Amount recoverable on sale of units on account of CRA Charges		(3,84,34,261)	(2,63,55,787)
Depository and settlement charges		2,44,357	1,42,005
Stamp Duty on Bond/Mutual Fund		12,45,251	-
Total Expenditure (B)		13,47,98,832	8,71,23,00,164
Surplus/(Deficit) for the year (A-B = C)		23,29,39,10,966	(8,13,62,98,486)
Less: Amount transferred to Unrealised appreciation account		(16,38,65,23,175)	2,32,15,66,849
Less: Amount transferred to General Reserve		(6,90,73,87,791)	5,81,47,31,637
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 : April 22, 2021

For and on Behalf of NPS Trust

Sh.Atanu Sen
(Chairman, NPS Trust Board)

Sh.Sashi Krishnan
(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, 2021	March 31, 2020
Initial capital		
Unit capital		
Outstanding at the beginning of the year	16,09,97,73,141	9,38,46,57,605
Add :Units issued during the year	10,00,85,08,195	7,50,05,50,668
Less: Units redeemed during the year	(1,59,92,70,405)	(78,54,35,132)
Outstanding at the end of the year	24,50,90,10,931	16,09,97,73,141
(Face Value of Rs.10/- each unit, fully paid up)		
Outstanding units at the beginning of the year	1,60,99,77,314	93,84,65,760
Add :Units issued during the year	1,00,08,50,820	75,00,55,067
Less: Units redeemed during the year	(15,99,27,041)	(7,85,43,513)
		-
Outstanding Units at the end of the year	2,45,09,01,093	1,60,99,77,314

Schedule 2: Reserves and surplus

(In ₹)

Particulars	Scheme E Tier I	
	March 31, 2021	March 31, 2020
Unit premium reserve		
Opening balance	16,41,87,69,200	8,47,62,48,254
Add: Premium on Units issued	14,03,96,39,107	8,87,56,06,283
Less: Premium on Units redeemed	(2,42,19,17,025)	(93,30,85,337)
Add: Transfer from General Reserve	-	-
Closing balance	28,03,64,91,282	16,41,87,69,200
General Reserve		
Opening balance	(5,18,18,23,183)	63,29,08,454
Add/(Less): Transfer from Revenue Account	6,90,73,87,791	(5,81,47,31,637)
Less: Transfer to Unit Premium Reserve	-	-
Closing balance	1,72,55,64,608	(5,18,18,23,183)
Unrealised Appreciation Reserve		
Opening balance	32,50,916	2,32,48,17,765
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from Revenue Account	16,38,65,23,175	(2,32,15,66,849)
Closing balance	16,38,97,74,091	32,50,916
Total	46,15,18,29,981	11,24,01,96,933

Schedule 3: Current liabilities and provisions

(In ₹)

Particulars	Scheme E Tier I	
	March 31, 2021	March 31, 2020
Current liabilities		
Sundry creditors for expenses	27,58,207	15,62,182
Redemption Payable	14,22,64,864	1,82,76,058
TDS Payable	56,587	34,276
Contract for Purchase of Investments	11,41,08,765	28,04,05,374
Total	25,91,88,423	30,02,77,890

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, 2021	March 31, 2020
Equity shares	69,21,67,54,917	26,22,04,02,198
Others - Mutual Fund Units	1,59,91,27,686	1,20,56,17,051
Total	70,81,58,82,603	27,42,60,19,249

Schedule 5: Deposits**(In ₹)**

Particulars	Scheme E Tier I	
	March 31, 2021	March 31, 2020
Deposits with scheduled banks	-	-
Total	-	-

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

Particulars	Scheme E Tier I	
	March 31, 2021	March 31, 2020
Balances with banks in current account	59,98,687	2,75,46,377
Contracts for sale of investments	7,89,28,445	-
Dividend Receivable	1,07,08,350	-
Brokerage receivable from PFM	31,679	9,84,377
Sundry debtors	84,79,571	18,56,97,961
Total	10,41,46,732	21,42,28,715

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, 2021

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

Scheme Tax Saver – Hybrid Investments

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. 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, 2021	March 31, 2020
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, 2021

(In ₹)

Nature of Transaction	Scheme E Tier I	
	March 31, 2021	March 31, 2020
Investment management fees	56,78,610	31,47,943

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme E Tier I	
	March 31, 2021	March 31, 2020
Investment management fees payable	18,53,389	8,76,619

Aggregate investments made in the Associates and group companies as at March 31, 2021 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme E Tier I			
		31-Mar-21		31-Mar-20	
		Cost	Market Value	Cost	Market Value
HDFC Ltd	Equity	99,44,79,969	1,05,40,73,295	38,12,84,703	30,80,84,315

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, 2021 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme E Tier I			
		31-Mar-21		31-Mar-20	
		Cost	Market Value	Cost	Market Value
HDFC Bank Ltd		1,55,45,19,111	2,25,75,02,610	1,16,66,46,308	1,01,51,02,725

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, 2021 is as follows :

(In ₹)

Particulars	Scheme E Tier I	
	March 31, 2021	March 31, 2020
Average Net Asset Value	48,12,38,00,835	26,67,74,81,716
Purchase of Investment	55,12,76,74,444	1,05,09,39,05,367
% to average Net Assets Value	114.55%	393.94%
Sale of Investment	34,46,10,09,668	89,86,92,12,682
% to average Net Assets Value	71.61%	336.87%

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, 2021 is as follows :

(In ₹)

Particulars	Scheme E Tier I	
	March 31, 2021	March 31, 2020
Average Net Asset Value	48,12,38,00,835	26,67,74,81,716
Purchase of Investment	22,59,98,64,067	16,58,76,28,366
% to average Net Assets Value	46.96%	62.18%
Sale of Investment	2,29,10,53,676	1,68,16,67,964
% to average Net Assets Value	4.76%	0.06

*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			
	31-Mar-21		March 31, 2020	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Monetary intermediation of commercial / saving / postal banks	17,21,22,28,954	24.36%	6,72,71,43,451	24.61%
Computer consultancy and computer facilities management activities	10,56,92,46,663	14.96%	3,42,21,72,430	12.52%
Production of liquid and gaseous fuels, illuminating oils & lubricating oils	6,92,89,80,653	9.81%	2,57,19,53,207	9.41%
Manufacture Of Allopathic Pharmaceutical Preparations	3,72,63,60,600	5.27%	1,31,91,46,930	4.82%
Others	30,77,99,38,049	43.56%	12,17,99,86,180	44.55%
Mutual Funds	1,59,91,27,686	2.26%	1,20,56,17,051	4.41%
Net Current Assets	-15,50,41,691	-0.22%	-8,60,49,175	-0.31%
Net Asset Value	70,66,08,40,912	100.00%	27,33,99,70,074	100.00%

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, 2021	March 31, 2020
			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 E TIER I

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2021

(In ₹)

Asset Head	Script Name	Quantity	Market Value	% of Portfolio
Equity Shares	Reliance Industries Ltd.	28,62,350	5,73,35,73,285	8.11%
	ICICI Bank Ltd	92,92,550	5,40,91,93,355	7.66%
	Infosys Ltd	38,56,600	5,27,60,21,630	7.47%
	Kotak Mahindra Bank Ltd	20,40,250	3,57,65,58,250	5.06%
	Tata Consultancy Services Ltd	10,48,550	3,33,21,34,618	4.72%
	Axis Bank Ltd	38,24,221	2,66,72,02,936	3.77%
	Hindustan Unilever Ltd	9,72,404	2,36,44,00,326	3.35%
	Larsen & Toubro Ltd	16,40,250	2,32,73,50,725	3.29%
	HDFC Bank Ltd	15,11,400	2,25,75,02,610	3.19%
	Bharati Airtel Ltd.	40,65,400	2,10,30,31,420	2.98%
	State Bank of India	54,72,900	1,99,37,77,470	2.82%
	ITC Ltd	79,30,250	1,73,27,59,625	2.45%
	Bajaj Finance Ltd.	3,19,739	1,64,66,07,889	2.33%
	UltraTech Cement Ltd	2,20,750	1,48,74,02,463	2.10%
	Mahindra & Mahindra Ltd	16,33,400	1,29,89,61,350	1.84%
	HCL Technologies Ltd	12,05,250	1,18,43,38,913	1.68%
	Maruti Suzuki India Ltd	1,64,250	1,12,66,23,600	1.59%
	Housing Development Finance Corporation Ltd	4,21,950	1,05,40,73,295	1.49%
	IndusInd Bank Ltd	10,98,350	1,04,83,20,158	1.48%
	Dr Reddys Laboratories Ltd	2,04,000	92,12,64,000	1.30%
	Nestle India Limited	48,950	84,02,36,540	1.19%
	Divis Laboratories Ltd	2,25,500	81,69,41,400	1.16%
	Tech Mahindra Ltd.	7,83,450	77,67,51,503	1.10%
	Petronet LNG Ltd	31,18,950	70,06,72,118	0.99%
	Cipla Ltd	8,33,700	67,95,48,870	0.96%
	Tata Steel Ltd	8,09,450	65,71,51,983	0.93%
	SBI Life Insurance Company Limited	7,41,050	65,27,53,893	0.92%
	Shree Cement Ltd	22,100	65,11,85,340	0.92%
	Hindalco Industries Ltd	19,69,065	64,35,88,895	0.91%
	Bajaj Finserv Ltd	61,900	59,84,86,340	0.85%
	Asian Paints (India) Ltd	2,33,300	59,19,75,420	0.84%
	ICICI Prudential Life Insurance Company Limited	13,27,750	59,16,45,400	0.84%
	Pidilite Industries Limited	3,21,900	58,24,45,860	0.82%
	Lupin Ltd	5,69,300	58,09,42,185	0.82%
	LIC Housing Finance Ltd	12,83,100	54,94,23,420	0.78%
	Hero Motocorp Ltd	1,75,050	51,00,25,680	0.72%
	Bharat Petroleum Corporation Ltd	11,42,600	48,89,75,670	0.69%
	Hindustan Petroleum Corporation Ltd	19,98,200	46,85,77,900	0.66%
	National Thermal Power Corporation Ltd	40,73,400	43,40,20,770	0.61%
	ICICI Lombard General Insurance Company Limited	3,00,550	43,07,48,260	0.61%
	Ambuja Cements Ltd	13,33,800	41,19,44,130	0.58%
	Britannia Industries Ltd	1,09,550	39,71,24,228	0.56%
	Power Grid Corporation of India Ltd	18,21,900	39,28,92,735	0.56%
	Gland Pharma Limited	1,41,362	35,03,37,445	0.50%
	United Spirits Ltd	5,56,750	30,97,47,863	0.44%
	Gas Authority of India Ltd	22,50,750	30,49,76,625	0.43%
	Titan Company Limited	1,92,700	30,02,36,235	0.42%
	Indraprastha Gas Ltd	5,65,450	28,97,08,308	0.41%
	Wipro Ltd	6,97,850	28,90,14,578	0.41%
	Siemens Ltd	1,52,500	28,12,10,000	0.40%
	Oil & Natural Gas Corporation Ltd	26,12,700	26,68,87,305	0.38%
	Exide Industries Ltd	14,36,500	26,37,41,400	0.37%
	Havells India Ltd	2,35,800	24,76,84,320	0.35%
	Cholamandalam Investment & Finance Company Ltd	4,42,450	24,72,41,060	0.35%
	Vedanta Ltd	10,36,550	23,71,10,812	0.34%
	TVS Motor Company Ltd.	4,02,300	23,53,65,615	0.33%
	Eicher Motors Ltd	90,000	23,43,55,500	0.33%
	Dabur India Ltd	4,30,100	23,24,69,050	0.33%
	Adani Ports And Special Economic Zone Ltd	3,08,400	21,66,20,160	0.31%
	Mahindra & Mahindra Financial Services Ltd	10,62,700	21,14,24,164	0.30%
	MRF Ltd	2,550	20,97,61,598	0.30%
	Sun Pharmaceuticals Industries Ltd	3,18,550	19,04,29,190	0.27%
	Volta Ltd	1,89,450	18,98,19,427	0.27%
	Cadila Healthcare Ltd.	4,23,900	18,68,97,510	0.26%
	Tata Motors Ltd	5,84,200	17,63,11,560	0.25%
	Cummins India Ltd	1,83,750	16,89,85,687	0.24%
	Shriram Transport Finance Co. Ltd	1,09,850	15,62,39,654	0.22%
	Bajaj Auto Ltd	41,400	15,19,62,840	0.22%
	Reliance Industries Limited - Partly Paid up Equity Shares	1,32,990	14,50,25,593	0.21%
	Indus Towers Ltd	4,76,450	11,67,30,250	0.17%
	Coal India Ltd	8,83,400	11,51,51,190	0.16%
	Ashok Leyland Ltd	10,06,173	11,42,00,636	0.16%
	Grasim Industries Ltd	75,250	10,91,53,888	0.15%
	Federal Bank Ltd	14,18,300	10,75,07,140	0.15%
	The Ramco Cements Limited	93,500	9,37,38,425	0.13%

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

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2021

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
	Indian Oil Corporation Ltd	10,10,650	9,28,28,203	0.13%
	Punjab National Bank	22,91,900	8,39,98,135	0.12%
	Godrej Consumer Products Ltd	1,01,850	7,43,14,853	0.11%
	RBL Bank Ltd	2,22,892	4,62,61,233	0.07%
	Bharat Electronics Ltd.	3,18,700	3,98,69,370	0.06%
	Bosch Ltd.	2,800	3,94,47,520	0.06%
	Zee Entertainment Enterprises Ltd	1,83,200	3,72,26,240	0.05%
	Bank of Baroda	2,95,650	2,19,07,664	0.03%
	Computer Age Management Services Ltd.	10,672	1,97,04,780	0.03%
	L&T Finance Holdings Limited	1,75,482	1,68,19,950	0.02%
	Colgate Palmolive (India) Ltd	3,319	51,75,483	0.01%
Equity Shares Total		9,62,61,019	69,21,67,54,917	97.96%
Mutual Fund Units	ICICI Prudential Liquid - Direct Plan - Growth	52,48,193	1,59,91,27,686	2.26%
Mutual Fund Units Total		52,48,193.43	1,59,91,27,686.00	2.26%
Net Current Assets		-	(15,50,41,691)	-0.22%
Grand Total		10,15,09,212	70,66,08,40,912	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, 2021

Sr No	Particulars	Scheme E Tier I	
		March 31, 2021	March 31, 2020
1	NAV per unit (₹) I		
	Open	16.9815	22.1836
	High	30.0569	23.8673
	Low	16.0002	15.1222
	End	28.8305	16.9815
2	Closing Assets Under Management (₹ in Lakhs)		
	End	7,06,608.41	2,73,399.70
	Average daily net assets (AAuM) II	4,81,238.01	2,66,774.82
3	Gross income as % of AAuM III	48.68%	2.16%
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	48.40%	-30.50%
6	Portfolio turnover ratio VII	4.76%	6.30%
7	Returns (%)* Compounded Annualised Yield VIII		
	Last 1 Year	69.78%	-23.45%
	Last 3 Years	13.77%	-1.11%
	Last 5 Years	15.08%	1.93%
	Last 10 Years	NA	NA
	Since Launch of the scheme (01/08/2013)	14.81%	8.26%
* Declared NAV; Returns calculated based on declared NAV			
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 fees, Depository and settlement charges and Stamp duty but excludes Unrealised /Realised loss		
V	Management fee as % of AAuM is annualised. Management fees (Including applicable Taxes) as per Revenue Account		
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	Returns (%)* 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 E TIER II

Financial Statements together with Auditors' Report

For the Financial year ended March 31, 2021

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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, 2021 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, 2021;
- 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 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 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 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 financial statements.

Other Matters

1. 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.
2. Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to the Company and carry out any of the audit processes physically. In all the audit processes, the necessary records / reports / documents / certificates were made available to us by the Company in the form of scanned documents / spread sheets through electronic mode and not in original. Accordingly, the audit procedures were carried out on the basis of such documents, reports and records which were relied upon as audit evidence for conducting the audit and reporting for the current period. Further, our audit process was also modified for making enquiries and gathering necessary audit evidence from being physically present at the Company to enquiries through Video Conferencing, dialogues and discussions over phone calls / conference calls, emails and similar communication channels. Our audit procedures were designed to obtain sufficient appropriate audit evidence under these circumstances.

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:

NATIONAL PENSION SYSTEM TRUST

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

BALANCE SHEET AS AT MARCH 31, 2021

(In ₹)

Particulars	Schedule	Scheme E Tier II	
		March 31, 2021	March 31, 2020
Liabilities			
Unitholders Funds			
Unit Capital	1	1,24,30,56,846	75,30,15,840
Reserves & Surplus	2	1,85,24,86,241	35,27,41,703
Current Liabilities and Provisions	3	2,01,03,741	1,77,93,222
Total		3,11,56,46,828	1,12,35,50,765
Assets			
Investments	4	3,11,13,79,828	1,11,58,19,853
Deposits	5	-	-
Other Current Assets	6	42,67,000	77,30,912
Total		3,11,56,46,828	1,12,35,50,765
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		3,09,55,43,087	1,10,57,57,543
(b) Number of units outstanding		12,43,05,684	7,53,01,584
(c) NAV per unit (a)/(b) (₹)		24.9026	14.6843
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)

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 : April 22, 2021

For and on Behalf of NPS Trust

Sh.Atanu Sen

(Chairman, NPS Trust Board)

Place :

Date :

Sh.Sashi Krishnan

(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, 2021

(In ₹)

Particulars	Schedule	Scheme E Tier II	
		March 31, 2021	March 31, 2020
Income			
Dividend		2,37,46,380	1,34,78,273
Profit on sale/redemption of investments		1,32,32,336	80,50,245
Unrealised gain on appreciation in investments		92,57,80,676	91,557
Other income			
- Miscellaneous Income		569	47
Total Income (A)		96,27,59,961	2,16,20,122
Expenses & Losses			
Unrealised losses in value of investments		66,144	33,97,85,831
Loss on sale/redemption of investments		51,99,941	1,11,03,281
Management fees (including Goods and Service Tax)		2,37,180	1,20,656
NPS Trust fees		1,00,500	37,517
Custodian fees		65,817	34,240
CRA fees		4,98,653	2,52,512
Less : Amount recoverable on sale of units on account of CRA Charges		(4,98,653)	(2,52,512)
Depository and settlement charges		10,793	6,101
Stamp Duty on Bond/Mutual Fund		1,01,928	-
Total Expenditure (B)		57,82,303	35,10,87,626
Surplus/(Deficit) for the year (A-B = C)		95,69,77,658	(32,94,67,504)
Less: Amount transferred to Unrealised appreciation account		(65,69,25,364)	7,09,05,103
Less: Amount transferred to General Reserve		(30,00,52,294)	25,85,62,401
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 : April 22, 2021

For and on Behalf of NPS Trust

Sh.Atanu Sen
(Chairman, NPS Trust Board)

Sh.Sashi Krishnan
(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, 2021	March 31, 2020
Initial capital		
Unit capital		
Outstanding at the beginning of the year	75,30,15,840	38,46,90,523
Add :Units issued during the year	96,08,49,619	59,40,45,601
Less: Units redeemed during the year	(47,08,08,613)	(22,57,20,284)
Outstanding at the end of the year	1,24,30,56,846	75,30,15,840
(Face Value of Rs.10/- each unit, fully paid up)		
Outstanding units at the beginning of the year	7,53,01,584	3,84,69,052
Add :Units issued during the year	9,60,84,961	5,94,04,560
Less: Units redeemed during the year	(4,70,80,861)	(2,25,72,028)
		-
Outstanding Units at the end of the year	12,43,05,684	7,53,01,584

Schedule 2: Reserves and surplus

(In ₹)

Particulars	Scheme E Tier II	
	March 31, 2021	March 31, 2020
Unit premium reserve		
Opening balance	59,07,06,393	26,19,30,022
Add: Premium on Units issued	1,06,37,91,622	52,82,67,875
Less: Premium on Units redeemed	(52,10,24,742)	(19,94,91,504)
Add: Transfer from General Reserve	-	-
Closing balance	1,13,34,73,273	59,07,06,393
General Reserve		
Opening balance	(23,80,69,379)	2,04,93,022
Add/(Less): Transfer from Revenue Account	30,00,52,294	(25,85,62,401)
Less: Transfer to Unit Premium Reserve	-	-
Closing balance	6,19,82,915,000	(23,80,69,379)
Unrealised Appreciation Reserve		
Opening balance	1,04,689	7,10,09,792
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from Revenue Account	65,69,25,364	(7,09,05,103)
Closing balance	65,70,30,053	1,04,689
Total	1,85,24,86,241	35,27,41,703

Schedule 3: Current liabilities and provisions

(In ₹)

Particulars	Scheme E Tier II	
	March 31, 2021	March 31, 2020
Current liabilities		
Sundry creditors for expenses	1,20,139	62,731
Redemption Payable	1,86,43,974	76,13,905
TDS Payable	2,502	1,402
Contract for Purchase of Investments	13,37,126	1,01,15,184
Total	2,01,03,741	1,77,93,222

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, 2021	March 31, 2020
Equity shares	3,03,60,58,810	1,06,81,31,390
Others - Mutual Fund Units	7,53,21,018	4,76,88,463
Total	3,11,13,79,828	1,11,58,19,853

Schedule 5: Deposits**(In ₹)**

Particulars	Scheme E Tier II	
	March 31, 2021	March 31, 2020
Deposits with scheduled banks	-	-
Total	-	-

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

Particulars	Scheme E Tier II	
	March 31, 2021	March 31, 2020
Balances with banks in current account	2,67,878	11,54,880
Contracts for sale of investments	35,33,802	-
Dividend Receivable	4,64,919	-
Brokerage receivable from PFM	401	40,830
Sundry debtors	-	65,35,202
Total	42,67,000	77,30,912

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, 2021

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

Scheme Tax Saver – Hybrid Investments

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. 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, 2021	March 31, 2020
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, 2021

(In ₹)

Nature of Transaction	Scheme E Tier II	
	March 31, 2021	March 31, 2020
Investment management fees	2,37,180	1,20,656

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme E Tier II	
	March 31, 2021	March 31, 2020
Investment management fees payable	80,566	35,100

Aggregate investments made in the Associates and group companies as at March 31, 2021 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme E Tier II			
		31-Mar-21		31-Mar-20	
		Cost	Market Value	Cost	Market Value
HDFC Ltd		4,38,22,299	4,62,14,850	1,54,87,669	1,24,11,560

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, 2021 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme E Tier II			
		31-Mar-21		31-Mar-20	
		Cost	Market Value	Cost	Market Value
HDFC Bank Ltd		6,98,89,827	9,90,28,995	4,85,40,942	4,11,55,725

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, 2021 is as follows :

(In ₹)

Particulars	Scheme E Tier II	
	March 31, 2021	March 31, 2020
Average Net Asset Value	2,01,00,02,405	1,02,25,10,120
Purchase of Investment	3,60,96,45,623	6,72,79,44,970
% to average Net Assets Value	179.58%	657.98%
Sale of Investment	2,54,74,25,378	6,00,63,15,946
% to average Net Assets Value	126.74%	587.41%

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, 2021 is as follows :

(In ₹)

Particulars	Scheme E Tier II	
	March 31, 2021	March 31, 2020
Average Net Asset Value	2,01,00,02,405	1,02,25,10,120
Purchase of Investment	1,12,71,50,894	75,24,94,968
% to average Net Assets Value	56.08%	73.59%
Sale of Investment	9,07,92,378	6,34,34,428
% to average Net Assets Value	4.52%	6.20%

*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			
	31-Mar-21		31-Mar-20	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Monetary intermediation of commercial / saving / postal banks	75,52,89,840	24.40%	27,35,66,097	24.74%
Computer consultancy and computer facilities management activities	46,34,16,785	14.97%	13,91,21,915	12.58%
Production of liquid and gaseous fuels, illuminating oils & lubricating oils	30,43,05,680	9.83%	10,47,08,138	9.47%
Manufacture Of Allopathic Pharmaceutical Preparations	16,26,64,637	5.25%	5,33,66,905	4.83%
Others	1,35,03,81,868	43.62%	49,73,68,336	44.98%
Mutual Funds	7,53,21,018	2.43%	4,76,88,463	4.31%
Net Current Assets	(1,58,36,741)	-0.51%	(1,00,62,310)	-0.91%
Net Asset Value	3,09,55,43,087	100.00%	1,10,57,57,543	100.00%

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, 2021	March 31, 2020
			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 E TIER II

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2021

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
Equity Shares	Reliance Industries Ltd.	1,26,050	25,24,90,755	8.16%
	ICICI Bank Ltd	4,07,750	23,73,51,275	7.67%
	Infosys Ltd	1,69,150	23,14,05,658	7.48%
	Kotak Mahindra Bank Ltd	89,450	15,68,05,850	5.07%
	Tata Consultancy Services Ltd	45,950	14,60,22,208	4.72%
	Axis Bank Ltd	1,68,385	11,74,40,118	3.79%
	Hindustan Unilever Ltd	42,889	10,42,84,604	3.37%
	Larsen & Toubro Ltd	72,250	10,25,15,525	3.31%
	HDFC Bank Ltd	66,300	9,90,28,995	3.20%
	Bharati Airtel Ltd.	1,78,900	9,25,44,970	2.99%
	State Bank of India	2,40,800	8,77,23,440	2.83%
	ITC Ltd	3,48,950	7,62,45,575	2.46%
	Bajaj Finance Ltd.	14,073	7,24,73,839	2.34%
	UltraTech Cement Ltd	9,700	6,53,58,115	2.11%
	Mahindra & Mahindra Ltd	71,950	5,72,18,238	1.85%
	HCL Technologies Ltd	52,900	5,19,82,185	1.68%
	Maruti Suzuki India Ltd	7,215	4,94,89,128	1.60%
	Housing Development Finance Corporation Ltd	18,500	4,62,14,850	1.49%
	IndusInd Bank Ltd	48,400	4,61,95,380	1.49%
	Dr Reddys Laboratories Ltd	9,000	4,06,44,000	1.31%
	Nestle India Limited	2,150	3,69,05,180	1.19%
	Divis Laboratories Ltd	9,950	3,60,46,860	1.16%
	Tech Mahindra Ltd.	34,300	3,40,06,735	1.10%
	Petronet LNG Ltd	1,36,600	3,06,87,190	0.99%
	Cipla Ltd	36,700	2,99,14,170	0.97%
	Shree Cement Ltd	1,000	2,94,65,400	0.95%
	SBI Life Insurance Company Limited	32,550	2,86,71,668	0.93%
	Tata Steel Ltd	35,300	2,86,58,305	0.93%
	Hindalco Industries Ltd	86,820	2,83,77,117	0.92%
	Bajaj Finserv Ltd	2,700	2,61,05,220	0.84%
	ICICI Prudential Life Insurance Company Limited	58,450	2,60,45,320	0.84%
	Asian Paints (India) Ltd	10,200	2,58,81,480	0.84%
	Lupin Ltd	25,350	2,58,68,408	0.84%
	Pidilite Industries Limited	14,200	2,56,93,480	0.83%
	LIC Housing Finance Ltd	56,850	2,43,43,170	0.79%
	Hero Motocorp Ltd	7,750	2,25,80,400	0.73%
	Bharat Petroleum Corporation Ltd	50,050	2,14,18,898	0.69%
	Hindustan Petroleum Corporation Ltd	87,500	2,05,18,750	0.66%
	National Thermal Power Corporation Ltd	1,79,650	1,91,41,708	0.62%
	ICICI Lombard General Insurance Company Limited	13,200	1,89,18,240	0.61%
	Ambuja Cements Ltd	58,450	1,80,52,283	0.58%
	Britannia Industries Ltd	4,800	1,74,00,240	0.56%
	Power Grid Corporation of India Ltd	79,950	1,72,41,218	0.56%
	Gland Pharma Limited	5,653	1,40,09,830	0.45%
	United Spirits Ltd	24,500	1,36,30,575	0.44%
	Gas Authority of India Ltd	98,800	1,33,87,400	0.43%
	Titan Company Limited	8,400	1,30,87,620	0.42%
	Indraprastha Gas Ltd	24,850	1,27,31,898	0.41%
	Wipro Ltd	30,650	1,26,93,698	0.41%
	Siemens Ltd	6,691	1,23,38,204	0.40%
	Oil & Natural Gas Corporation Ltd	1,12,550	1,14,96,983	0.37%
	Exide Industries Ltd	61,450	1,12,82,220	0.36%
	Havells India Ltd	10,083	1,05,91,183	0.34%
Cholamandalam Investment & Finance Company Ltd	18,950	1,05,89,260	0.34%	
Vedanta Ltd	45,500	1,04,08,125	0.34%	
TVS Motor Company Ltd.	17,550	1,02,67,628	0.33%	
Eicher Motors Ltd	3,900	1,01,55,405	0.33%	
Dabur India Ltd	18,500	99,99,250	0.32%	
Adani Ports And Special Economic Zone Ltd	13,450	94,47,280	0.31%	
Mahindra & Mahindra Financial Services Ltd	46,600	92,71,070	0.30%	
Voltas Ltd	8,250	82,66,088	0.27%	
MRF Ltd	100	82,25,944	0.27%	
Cadila Healthcare Ltd.	18,600	82,00,740	0.26%	
Sun Pharmaceuticals Industries Ltd	13,350	79,80,630	0.26%	
Tata Motors Ltd	25,750	77,71,350	0.25%	
Cummins India Ltd	8,100	74,49,165	0.24%	
Shriram Transport Finance Co. Ltd	4,800	68,27,040	0.22%	
Bajaj Auto Ltd	1,800	66,07,080	0.21%	
Indus Towers Ltd	24,400	59,78,000	0.19%	
Reliance Industries Limited - Partly Paid up Equity Shares	5,440	59,32,320	0.19%	
Coal India Ltd	36,300	47,31,704	0.15%	
Federal Bank Ltd	62,400	47,29,920	0.15%	
Ashok Leyland Ltd	40,950	46,47,825	0.15%	
Grasim Industries Ltd	3,100	44,96,705	0.15%	

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

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2021

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
	The Ramco Cements Limited	4,150	41,60,583	0.13%
	Indian Oil Corporation Ltd	42,950	39,44,957	0.13%
	Punjab National Bank	92,750	33,99,287	0.11%
	Godrej Consumer Products Ltd	4,450	32,46,943	0.10%
	RBL Bank Ltd	8,782	18,22,704	0.06%
	Bharat Electronics Ltd.	12,650	15,82,514	0.05%
	Zee Entertainment Enterprises Ltd	7,100	14,42,720	0.05%
	Bosch Ltd.	100	14,08,840	0.05%
	Bank of Baroda	10,700	7,92,870	0.03%
	Computer Age Management Services Ltd.	427	7,88,411	0.03%
	L&T Finance Holdings Limited	6,702	6,42,385	0.02%
	Colgate Palmolive (India) Ltd	140	2,18,308	0.01%
Equity Shares Total		42,05,350	3,03,60,58,810	98.08%
Mutual Fund Units	ICICI Prudential Liquid - Direct Plan - Growth	2,47,197	7,53,21,018	2.43%
Mutual Fund Units Total		2,47,196.82	7,53,21,018.00	2.43%
Net Current Assets		-	(1,58,36,741)	-0.51%
Grand Total		44,52,547	3,09,55,43,087	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, 2021

Sr No	Particulars	Scheme E Tier II	
		March 31, 2021	March 31, 2020
1	NAV per unit (₹) I		
	Open	14.6843	19.1874
	High	25.9666	20.6491
	Low	13.8299	13.0646
	End	24.9026	14.6843
2	Closing Assets Under Management (₹ in Lakhs)		
	End	30,955.43	11,057.58
	Average daily net assets (AAuM) II	20,100.02	10,225.10
3	Gross income as % of AAuM III	47.90%	2.11%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.03%	0.02%
b	Management fee as % of AAuM (scheme wise) V	0.01%	0.01%
5	Net income as % of AAuM VI	47.61%	-32.22%
6	Portfolio turnover ratio VII	4.52%	6.20%
7	Returns (%)* Compounded Annualised Yield VIII		
	Last 1 Year	69.59%	-23.47%
	Last 3 Years	13.68%	-1.07%
	Last 5 Years	15.15%	2.08%
	Last 10 Years	NA	NA
	Since Launch of the scheme (01/08/2013)	12.63%	5.93%
* Declared NAV; Returns calculated based on declared NAV			
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 fees, Depository and settlement charges and Stamp duty but excludes Unrealised /Realised loss		
V	Management fee as % of AAuM is annualised. Management fees (Including applicable Taxes) as per Revenue Account		
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	Returns (%)* Compounded Annualised Yield is to be calculated based on following formula: = ((1+ cumulative return) ⁿ - 1) / (n * (1 + cumulative return)) (where n=365/no. of days)		



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, 2021

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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, 2021 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, 2021;
- 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 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 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 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 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, 100% provision is made for Interest due and accrued till the date of NPA classified securities and 100% NPA provision is made on all IL&FS Ltd. NCD's/Bonds.

On November 30, 2020 7.80% IL&FS Ltd. NCD Mat 30-Nov-2020 got matured and was moved to the Redemption Receivable head under Schedule 6, hence the provision of Rs.5,00,00,000 is shown in Schedule 6 against the Redemption Receivable.

Other Matters

1. 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.
2. Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to the Company and carry out any of the audit processes physically. In all the audit processes, the necessary records / reports / documents / certificates were made available to us by the Company in the form of scanned documents / spread sheets through electronic mode and not in original. Accordingly, the audit procedures were carried out on the basis of such documents, reports and records which were relied upon as audit evidence for conducting the audit and reporting for the current period. Further, our audit process was also modified for making enquiries and gathering necessary audit evidence from being physically present at the Company to enquiries through Video Conferencing, dialogues and discussions over phone calls / conference calls, emails and similar communication channels. Our audit procedures were designed to obtain sufficient appropriate audit evidence under these circumstances.

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:

NATIONAL PENSION SYSTEM TRUST

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

BALANCE SHEET AS AT MARCH 31, 2021

(In ₹)

Particulars	Schedule	Scheme C Tier I	
		March 31, 2021	March 31, 2020
Liabilities			
Unitholders Funds			
Unit Capital	1	15,24,52,64,903	10,45,54,02,248
Reserves & Surplus	2	17,46,83,13,937	9,79,60,61,957
Current Liabilities and Provisions	3	66,78,81,343	19,41,89,416
Total		33,38,14,60,183	20,44,56,53,621
Assets			
Investments	4	31,66,22,89,282	19,58,23,40,300
Deposits	5	-	-
Other Current Assets	6	1,71,91,70,901	86,33,13,321
Total		33,38,14,60,183	20,44,56,53,621
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		32,71,35,78,840	20,25,14,64,205
(b) Number of units outstanding		1,52,45,26,490	1,04,55,40,225
(c) NAV per unit (a)/(b) (₹)		21.4581	19.3693
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 : April 22, 2021

For and on Behalf of NPS Trust

Sh.Atanu Sen

(Chairman, NPS Trust Board)

Place :

Date :

Sh.Sashi Krishnan

(Chief Executive Officer)

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, 2021

(In ₹)

Particulars	Schedule	Scheme C Tier I	
		March 31, 2021	March 31, 2020
Income			
Interest		1,80,99,22,526	1,22,20,07,713
Profit on sale/redemption of investments		58,59,78,136	17,66,82,135
Profit on inter-scheme transfer/sale of investments		24,42,448	-
Unrealised gain on appreciation in investments		12,54,90,277	34,54,92,020
- Miscellaneous Income		49,888	-
Total Income (A)		2,52,38,83,275	1,74,41,81,868
Expenses & Losses			
Unrealised losses in value of investments		-	59,212
Loss on sale/redemption of investments		4,83,47,924	1,04,25,604
Management fees (including Goods and Service Tax)		29,85,719	18,27,428
NPS Trust fees		12,65,135	5,57,543
Custodian fees		8,62,180	5,44,534
CRA fees		1,74,28,626	1,51,31,909
Less : Amount recoverable on sale of units on account of CRA Charges		(1,74,28,626)	(1,51,31,909)
Provision for Non-Performing Assets *		51,75,000	5,23,56,903
Depository and settlement charges		1,64,711	1,05,214
Stamp Duty on Bond/Mutual Fund		50,85,379	-
Total Expenditure (B)		6,38,86,048	6,58,76,438
Surplus/(Deficit) for the year (A-B = C)		2,45,99,97,227	1,67,83,05,430
Less: Amount transferred to Unrealised appreciation account		(12,54,90,277)	(34,54,32,808)
Less: Amount transferred to General Reserve		(2,33,45,06,950)	(1,33,28,72,622)
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 all IL&FS Ltd. NCD's/Bonds. (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 : Mumbai

Place : Mumbai

Date :

Date : April 22, 2021

For and on Behalf of NPS Trust

Sh.Atanu Sen
(Chairman, NPS Trust Board)

Sh.Sashi Krishnan
(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, 2021	March 31, 2020
Initial capital		
Unit capital		
Outstanding at the beginning of the year	10,45,54,02,248	6,93,86,81,322
Add :Units issued during the year	5,72,87,73,298	4,27,12,22,046
Less: Units redeemed during the year	(93,89,10,643)	(75,45,01,120)
Outstanding at the end of the year	15,24,52,64,903	10,45,54,02,248
(Face Value of Rs.10/- each unit, fully paid up)		
Outstanding units at the beginning of the year	1,04,55,40,225	69,38,68,132
Add :Units issued during the year	57,28,77,330	42,71,22,205
Less: Units redeemed during the year	(9,38,91,064)	(7,54,50,112)
Outstanding Units at the end of the year	1,52,45,26,490	1,04,55,40,225

Schedule 2: Reserves and surplus

(In ₹)

Particulars	Scheme C Tier I	
	March 31, 2021	March 31, 2020
Unit premium reserve		
Opening balance	6,85,34,16,465	3,85,36,49,443
Add: Premium on Units issued	6,19,93,28,626	3,63,73,16,663
Less: Premium on Units redeemed	(98,70,73,873)	(63,75,49,641)
Add: Transfer from General Reserve	-	-
Closing balance	12,06,56,71,218	6,85,34,16,465
General Reserve		
Opening balance	2,49,14,73,544	1,15,86,00,922
Add/(Less): Transfer from Revenue Account	2,33,45,06,950	1,33,28,72,622
Less: Transfer to Unit Premium Reserve	-	-
Closing balance	4,82,59,80,494	2,49,14,73,544
Unrealised Appreciation Reserve		
Opening balance	45,11,71,948	10,57,39,140
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from Revenue Account	12,54,90,277	34,54,32,808
Closing balance	57,66,62,225	45,11,71,948
Total	17,46,83,13,937	9,79,60,61,957

Schedule 3: Current liabilities and provisions

(In ₹)

Particulars	Scheme C Tier I	
	March 31, 2021	March 31, 2020
Current liabilities		
Sundry creditors for expenses	14,62,898	10,13,946
Redemption Payable	3,58,12,249	3,82,08,183
TDS Payable	27,088	22,492
Contract for Purchase of Investments	63,05,79,108	15,49,44,795
Total	66,78,81,343	19,41,89,416

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, 2021	March 31, 2020
Debentures and Bonds Listed/Awaiting Listing	30,39,45,77,013	19,46,05,82,300
Provision for Sub Standard Assets *	(69,00,000)	(5,17,25,000)
Others - Mutual Fund Units	1,27,46,12,269	17,34,83,000
Total	31,66,22,89,282	19,58,23,40,300

*Provision for Sub Standard Assets includes the 100% NPA provision made on all IL&FS Ltd. NCD's/Bonds. (Refer Note no 4 in Notes to Accounts)

Schedule 5: Deposits

(In ₹)

Particulars	Scheme C Tier I	
	March 31, 2021	March 31, 2020
Deposits with scheduled banks	-	-
Total	-	-

Schedule 6: Other current assets

(In ₹)

Particulars	Scheme C Tier I	
	March 31, 2021	March 31, 2020
Balances with banks in current account	25,38,15,183	27,25,76,066
Contracts for sale of investments	52,20,67,623	-
Interest Receivable on Non-Performing Investments	-	6,31,903
Less: Provision for interest on Non-Performing Investment	-	(6,31,903)
Outstanding and accrued income	94,31,54,095	59,06,79,755
Brokerage receivable from PFM	1,34,000	57,500
Redemption receivable on Non performing Investment *	5,00,00,000	-
Less: Provision for Non Performing Investment	(5,00,00,000)	-
Total	1,71,91,70,901	86,33,13,321

* Maturity proceeds receivable on 7.80% IL&FS Ltd. NCD Matured on 30-Nov-2020 and NPA Provision thereof.

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, 2021

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

Scheme Tax Saver – Hybrid Investments

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. 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, 2021	March 31, 2020
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 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, 2021

(In ₹)

Nature of Transaction	Scheme C Tier I	
	March 31, 2021	March 31, 2020
Investment management fees	29,85,719	18,27,428

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme C Tier I	
	March 31, 2021	March 31, 2020
Investment management fees payable	8,38,073	5,17,634

Aggregate investments made in the Associates and group companies as at March 31, 2021 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme C Tier I			
		31-Mar-21		31-Mar-20	
		Cost	Market Value	Cost	Market Value
HDFC Ltd	NCD	24,48,92,640	24,64,37,382	5,49,18,020	5,49,84,318
HDFC Credila Financial Services Pvt Ltd	NCD	1,13,69,17,116	1,16,89,55,962	87,49,61,552	88,72,89,087

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, 2021 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme C Tier I			
		31-Mar-21		31-Mar-20	
		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, 2021		As at March 31, 2020	
		Principal	Interest	Principal	Interest
		7.80% IL&FS Ltd. NCD Mat 30-Nov-2020		5,00,00,000	-
8.69% IL & FS Ltd NCD Mat 25-Aug-2025.	Non - Convertible Debenture	20,00,000	-	500000	1,63,801
9.50% IL & FS Ltd NCD Mat 28-Jul-2024.		29,00,000	-	725000	2,80,765
9.55% IL & FS Ltd NCD Mat 13-Aug-2024.		20,00,000	-	500000	1,87,337
Total Provision on Non-Performing Investment		5,69,00,000	-	5,17,25,000	6,31,903

FY 2020 :- Rs.5,00,00,000 has been provided as provision for NPA on 7.80% IL&FS Ltd. NCD Mat 30-Nov-2020. Further Rs.17,25,000 provided as provision for NPA and 51,75,000 provided as valuation discount on all other IL&FS Ltd. NCD's/Bonds during year ended March 2020. 100% provision made for Interest due and accrued amounting to Rs.6,31,903 during the year ended March 2020.

FY 2021 :- Rs.51,75,000 (75% Valuation discount) was classified as provision for NPA toward principal of all other IL&FS Ltd.NCD's/Bonds during the year ended March 2021. On November 30, 2020 the 7.80% IL&FS Ltd. NCD Mat 30-Nov-2020 was got matured and moved to the Redemption Receivable head under Schedule 6, hence the provision of Rs.5,00,00,000 is shown in Other Current Assets (Schedule 6) against the Redemption Receivable on NPA.

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

Notes to accounts

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, 2021 is as follows :

(In ₹)

Particulars	Scheme C Tier I	
	March 31, 2021	March 31, 2020
Average Net Asset Value	25,30,26,91,057	15,48,66,74,501
Purchase of Investment	1,53,94,89,51,367	76,12,85,29,205
% to average Net Assets Value	608.43%	491.57%
Sale of Investment	1,42,26,12,50,085	68,52,70,63,935
% to average Net Assets Value	562.24%	442.49%

Aggregate value of purchase and sale (excluding liquid mutual fund)* with percentage to average assets as at March 31, 2021 is as follows :

(In ₹)

Particulars	Scheme C Tier I	
	March 31, 2021	March 31, 2020
Average Net Asset Value	25,30,26,91,057	15,48,66,74,501
Purchase of Investment	30,78,08,24,925	19,39,03,97,693
% to average Net Assets Value	121.65%	125.21%
Sale of Investment	20,17,75,10,701	11,81,19,59,950
% to average Net Assets Value	79.74%	76.27%

*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			
	31-Mar-21		31-Mar-20	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Other Credit Granting	6,93,77,54,609.48	21.21%	4,80,92,64,802	23.75%
Activities Of Specialized Institutions Granting Credit For House	4,05,46,80,434.12	12.39%	2,72,70,38,463	13.47%
Monetary Intermediation Of Commercial Banks, Saving Banks, Postal	3,53,75,34,373.35	10.81%	2,17,97,00,889	10.76%
Construction and maintenance of motorways, streets, roads, others	2,62,49,15,333.39	8.02%	99,28,14,517	4.90%
Production Of Liquid And Gaseous Fuels, Illuminating Oils, Lubric	2,55,28,02,816.82	7.80%	1,74,91,96,859	8.64%
Other monetary intermediation services n.e.c.	2,34,88,78,725.96	7.18%	62,86,48,578	3.10%
Other Financial Service Activities, Except Insurance And Pension	96,79,64,951.01	2.96%	2,09,56,59,124	10.35%
Activities Of Commission Agents, Brokers Dealing In Wholesale Trades	0.00	0.00%	1,03,17,07,915	5.09%
Others	7,36,31,45,768.53	22.51%	3,19,48,26,153	15.78%
Mutual Funds	1,27,46,12,269	3.90%	17,34,83,000	0.86%
Net Current Assets	1,05,12,89,558	3.21%	66,91,23,905	3.30%
Net Asset Value	32,71,35,78,840	100.00%	20,25,14,64,205	100.00%

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, 2021	March 31, 2020
			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 MARCH 31, 2021

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
Non-convertible Debenture	6.94% NHAI 20-21 Series-IX Mat 30-Dec-2036	1,650	1,64,00,04,053	5.01%
	7.70 % L&T NCD Mat 28 Apr 2025	1,530	1,62,47,34,884	4.97%
	7.38% NABARD NCD Mat 20-Oct-2031	1,250	1,29,31,93,463	3.95%
	6.85% ICICI Pru Life Insurance Co. Ltd. Mat 06-Nov-2030	1,300	1,29,18,28,179	3.95%
	7.95% Sikka Ports & Terminals Limited NCD Mat 28-Oct-2026	1,150	1,22,25,23,541	3.74%
	5.83% State Bank of India Basel III Tier 2 Mat 26-Oct-2030	1,250	1,20,78,44,075	3.69%
	6.24% State Bank of India Basel III Tier-2 NCD Mat 21-Sep-2030.	1,100	1,08,04,54,348	3.30%
	8.00% ICICI Home Finance Co. Ltd. Mat 05-Dec-2024	1,880	99,30,67,745	3.04%
	7.40% Mangalor Refinery & Petrochemicals Ltd. Mat 12-Apr-2030	950	97,15,07,064	2.97%
	7.95% LIC Housing Finance Ltd. Mat 29-Jan-2028 Tranch 359	690	72,28,87,170	2.21%
	7.74% Power Finance Corporation Ltd. Mat 30-Jan-2028	650	67,87,34,059	2.07%
	7.75% Mangalor Refinery & Petrochemicals Ltd. Mat 29-Jan-2030	615	64,23,76,338	1.96%
	8.00% HDFC Credila Fin Ser Pvt Ltd 31-Jan-2025	602	62,77,13,942	1.92%
	8.65% NHPC NCD Mat 08-February-2029	500	53,67,87,452	1.64%
	8.95% Reliance Industries Limited Mat 09-Nov-2028	450	51,13,94,703	1.56%
	7.70% LIC Housing Finance Co. Ltd. Mat 19-Mar-2031	482	49,69,78,433	1.52%
	8.70% LIC Housing Finance Ltd. Mat 23-Mar-2029	450	49,32,74,935	1.51%
	6.85% IRFC NCD Mat 01-Dec-2040	500	49,30,62,706	1.51%
	6.85% IRFC NCD Mat 29-Oct-2040	500	49,29,44,404	1.51%
	5.14% NABARD NCD Mat 31-Jan-2024	480	47,69,55,050	1.46%
	8.80% LIC Housing Finance Ltd. Mat 25-Jan-2029	390	42,90,88,722	1.31%
	9.30% Shriram Transport Fin NCD Mat 12-July-2023	4,00,000	40,38,98,640	1.23%
	6.11% Bharat Petroleum Corporation Limited Mat 06-Jul-2025	400	39,39,21,904	1.20%
	9.30% M&M Financial Services Ltd Mat 18-Jan-2027	3,50,000	36,81,65,805	1.13%
	6.98% NHAI 20-21 Series-III Mat 29-June-2035	365	36,41,95,145	1.11%
	6.99% NHAI 20-21 Series-II Mat 28-May-2035	350	34,95,81,967	1.07%
	7.00% HDFC Credila Fin Ser Pvt Ltd 12-Nov-2027	350	34,87,24,500	1.07%
	7.20% Power Finance Corporation Ltd Series 205(A&B) M 10-Aug-2035	326	32,89,80,794	1.01%
	9.10% IDFC First Bank Ltd Mat 30-June-2021	280	28,31,44,187	0.87%
	8.27% National Highways Authority of India Mat 28-Mar-2029	250	27,11,34,168	0.83%
	8.36% Power Grid NCD Mat 07-Jan-2029	250	26,95,21,373	0.82%
	7.48% IRFC NCD Mat 13-Aug-2029	250	26,06,37,867	0.80%
	7.38% NHPC NCD Mat 03-January-2028	1,250	25,90,31,310	0.79%
	7.32% NTPC Series 69 Mat 17-Jul-2029	250	25,90,22,702	0.79%
	6.73% IRFC NCD Mat 06-Jul-2035	254	24,92,92,408	0.76%
	7.10% ICICI Bank Ltd Basel III Tier 2 NCD Mat 17-Feb-2030.	250	24,74,81,453	0.76%
	8.49% NTPC NCD Mat 25-Mar-2025	1,67,35,353	22,51,62,460	0.69%
	7.90% Sikka Ports & Terminals Limited NCD Mat 18-Nov-2026	212	22,50,06,507	0.69%
	8.51% NABARD NCD Mat 19-December-2033	200	22,47,78,962	0.69%
	8.75% Bajaj Finance Ltd NCD Mat 27-July-2023	200	21,46,04,555	0.66%
	7.52% Rural Electrification Corp Ltd Mat 07-Nov-2026	200	20,96,25,021	0.64%
	7.65% Bajaj Finance Ltd NCD Mat 07-Feb-2025	200	20,72,27,228	0.63%
	7.25% Nuclear Power Corp. Mat 15-Dec-2031 (SR-XXXIII TRCH-E)	198	20,66,78,466	0.63%
	5.78% HDFC Ltd Mat 25-Nov-2025	200	19,61,46,900	0.60%
	8.62% HDFC Credila Fin Ser Pvt Ltd 17-June-2024	182	19,25,17,519	0.59%
	7.48% IRFC NCD Mat 29-Aug-2034	170	17,78,73,401	0.54%
	8.79% M&M Financial Services Ltd Mat 23-Jan-2025	158	16,87,35,265	0.52%
	8.60 Axis Bank Ltd NCD Mat 28-Dec-28	150	16,25,13,572	0.50%
	9.50% M&M Financial Services Ltd Mat 18-Jan-2029	1,50,000	16,22,96,925	0.50%
	10.15% Bajaj Finance Ltd NCD Mat 19-Sep-2024.	143	15,88,75,411	0.49%
	9.08% LIC Housing Finance Co. Ltd. Mat 10-Oct-2028	140	15,61,48,440	0.48%
	7.50% SBI Cards & Payment Service Ltd Mat 09-Mar-2023	150	15,57,43,397	0.48%
	8.65% Tata Capital Fin Services Ltd NCD Mat 26-Aug-27	1,40,000	15,06,89,504	0.46%
	8.85% Power Finance Corporation Ltd S 187(A&B) Mat 25-May-2029	130	14,45,10,422	0.44%
	8.70% Power Grid NCD Mat 15-Jul-2028	115	12,75,15,758	0.39%
	8.14% Nuclear Power Corp. Mat 25-Mar-2026(Tranche A).	114	12,36,75,496	0.38%
	10.30% Sundaram Finance Ltd Mat 28-Sept-2022	100	10,62,95,112	0.32%
	7.54% IRFC NCD Mat 29-July-2034	100	10,51,20,787	0.32%
	7.65% Axis Bank Ltd NCD Mat 30-Jan-27	100	10,39,00,697	0.32%
7.25% Nuclear Power Corp. Mat 15-Dec-2029 (SR-XXXIII TRCH-C)	100	10,37,77,767	0.32%	
7.27% IRFC NCD Mat 15-June-2027	97	10,14,74,874	0.31%	
9.10% IDFC First Bank Ltd Mat 31-May-2021	100	10,07,49,586	0.31%	
7.25% Nuclear Power Corp. Mat 15-Dec-2028 (SR-XXXIII TRCH-B)	97	10,05,69,299	0.31%	
6.80% Rural Electrification Corp Ltd Mat 20-Dec-2030	100	9,85,30,824	0.30%	
7.34% Power Finance Corporation Ltd. Mat 29-Sep-2035	93	9,50,05,924	0.29%	
10% Shriram Transport Fin NCD Mat 13-Nov-2024	91	9,33,40,183	0.29%	
8.22% NABARD NCD Mat 13-December-2028	77	8,39,04,076	0.26%	
9.36% IDFC First Bank Ltd NCD Mat 21-Aug-2024	70	7,31,50,138	0.22%	
8.65% Power Finance Corporation Ltd. Mat-28-Dec-2024	65	7,08,87,574	0.22%	
8.89% LIC Housing Finance Ltd. Mat 25-Apr-2023	60	6,41,28,074	0.20%	
8.50% LIC Housing Finance Co. Ltd. Mat 29-Aug-2025	57	6,15,53,910	0.19%	

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

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2021

(In ₹)

Asset Head	Script Name	Quantity	Market Value	% of Portfolio
	10.15% Shriram Transport Fin NCD Mat 15-Jul-2021	60,000	6,05,75,472	0.19%
	9.17% IDFC First Bank Ltd NCD Mat 14-Oct-2024	58	6,03,80,729	0.18%
	8.18% NABARD NCD Mat 26-December-2028	53	5,76,42,413	0.18%
	9.30% Power Grid NCD Mat 28-Jun-2024	40	5,58,41,091	0.17%
	8.40% Nuclear Power Corp. Mat 28-Nov-2029 (SR-XXIX TRCH-E)	50	5,56,18,514	0.17%
	8.75% LIC Housing Finance Co. Ltd. Mat 08-Dec-2028	50	5,49,15,189	0.17%
	8.30% IRFC NCD Mat 25-Mar-2029	50	5,44,88,765	0.17%
	8.09% Rural Electrification Corp Ltd Mat 21-march-2028	50	5,36,86,136	0.16%
	7.75% Power Finance Corporation Ltd. Mat 22-Mar-2027	50	5,36,83,617	0.16%
	8.06% Rural Electrification Corp Ltd Mat 27-Mar-2028	50	5,36,11,487	0.16%
	7.83% NABARD NCD Series 4A Mat 17-Oct-2034	50	5,35,24,718	0.16%
	8.01% Rural Electrification Corp Ltd Mat 24-Mar-2028	50	5,34,70,855	0.16%
	8.84% Power Finance Corporation Ltd. Mat-04-Mar-2023	50	5,34,69,686	0.16%
	9.25% LIC Housing Finance Co. Ltd. Mat 01-Jan-2023	50	5,32,47,166	0.16%
	9.05% LIC Housing Finance Ltd. Mat 25-Oct-2022	50	5,30,78,811	0.16%
	7.97% LIC Housing Finance Co. Ltd. Mat 28-Jan-2030	50	5,28,96,301	0.16%
	7.38% NHPC NCD Mat 03-January-2026	250	5,26,39,932	0.16%
	7.25% Nuclear Power Corp. Mat 15-Dec-2027	50	5,24,76,113	0.16%
	7.55% IRFC NCD Mat 06-Nov-2029	50	5,23,55,931	0.16%
	9.17% LIC Housing Finance Ltd. Mat 24-Mar-2022	50	5,23,07,794	0.16%
	7.25% Nuclear Power Corp. Mat 15-Dec-2030 (SR-XXXIII TRCH-B)	50	5,21,50,517	0.16%
	7.38% NHPC NCD Mat 02-January-2027	250	5,21,09,528	0.16%
	8.40% Power Grid NCD Mat 27-May-2024	47	5,11,60,550	0.16%
	7.98% IDFC First Bank Ltd NCD Mat 23-May-2023	50	5,06,54,701	0.15%
	7.15% Power Finance Corporation Ltd. Mat 22-Jan-2036	50,000	5,06,14,060	0.15%
	8.95% HDFC Ltd Mat 21-Mar-2023	47	5,02,90,482	0.15%
	8.72% Shriram Transport Fin NCD Mat 27-Mar-2023	50	4,99,97,571	0.15%
	9.60% EXIM Bank NCD Mat 07-FEB-2024	45	4,99,15,563	0.15%
	8.49% NHPC NCD Mat 26-November-2024	450	4,93,40,264	0.15%
	8.55% Bajaj Finance Ltd NCD Mat 26-Apr-2021	49	4,91,68,413	0.15%
	7.09% Rural Electrification Corp Ltd Mat 17-Oct-2022	45	4,64,54,698	0.14%
	8.94% Bajaj Finance Ltd NCD Mat 07-Nov-2025	38	4,08,37,857	0.12%
	8.85% Power Grid NCD Mat 19-Oct-2024	29	4,03,34,571	0.12%
	8.54% NHPC NCD Mat 26-November-2026	330	3,68,03,397	0.11%
	8.75% IDFC First Bank Ltd NCD Mat 28-Jul-2023	35	3,60,40,923	0.11%
	9.64% Power Grid NCD Mat 31-May-2026	24	3,42,21,043	0.10%
	8.65% Reliance Industries Limited Mat 11-Dec-2028	30	3,36,02,807	0.10%
	9.00% NTPC NCD Mat 25-Jan-2026	150	3,35,94,756	0.10%
	9.17% NTPC NCD Mat 22-Sep-2024	30	3,35,19,722	0.10%
	8.40% Nuclear Power Corp. Mat 28-Nov-2025 (SR-XXIX TRCH-A)	29	3,20,17,779	0.10%
	8.82% Rural Electrification Corp. Ltd. Mat 12-Apr-2023	29	3,10,29,905	0.09%
	9.30% LIC Housing Finance Ltd. Mat 14-Sep-2022	29	3,08,19,132	0.09%
	9.22% LIC Housing Finance Co. Ltd. Mat 16-Oct-2024	28	3,07,83,887	0.09%
	10.25% Shriram Transport Fin NCD Mat 10-Oct-2024	29	2,99,36,818	0.09%
	7.59% LIC Housing Finance Ltd. Mat 14-Oct-2021	28	2,85,15,491	0.09%
	8.49% IDFC First Bank Ltd NCD Mat 11-Dec-2024	24	2,45,21,263	0.07%
	8.32% Power Grid NCD Mat 23-Dec-2030	22	2,43,45,558	0.07%
	9.25% Power Grid NCD Mat 09-March-2027	20	2,27,40,593	0.07%
	9.30% Power Grid NCD Mat 28-Jun-2026	16	2,26,46,377	0.07%
	8.20% NABARD NCD Mat 28-Mar-2034	20	2,23,28,590	0.07%
	9.05% Shriram Transport Fin NCD Mat 30-Jun-2021	20	2,01,21,550	0.06%
	8.40% Power Grid NCD Mat 27-May-2029	18	1,97,39,711	0.06%
	8.10% EXIM Bank NCD Mat 19-Nov-2025	18	1,97,08,142	0.06%
	9.45% LIC Housing Finance Co. Ltd. Mat 30-Jan-2022	18	1,87,58,521	0.06%
	10.25% Shriram Transport Fin NCD Mat 18-Sep-2024	18	1,85,72,671	0.06%
	8.50% EXIM Bank Mat 08-Jul-2023	17	1,82,92,738	0.06%
	9.02% Rural Electrification Corp Ltd Mat 19-Nov-2022	17	1,80,56,249	0.06%
	10.70%IRFC NCD Mat 11-Sep-2023	15	1,70,61,901	0.05%
	8.50% NABARD NCD Mat 31-Jan-2023	16	1,69,89,535	0.05%
	8.73% IDFC First Bank Ltd NCD Mat 06-Jan-2023	15	1,53,49,906	0.05%
	8.70% Power Finance Corporation Ltd. Mat 14-May-2025	14	1,53,03,205	0.05%
	8.83% IRFC NCD Mat 14-May-2031	13	1,50,54,756	0.05%
	8.95%IRFC NCD Mat 10-Mar-2025	13	1,44,40,533	0.04%
	8.90% IDFC First Bank Ltd NCD Mat 19-Nov-2025	14	1,44,29,287	0.04%
	9.39% Power Finance Corporation Ltd. Mat 27-Aug-2024	13	1,43,88,951	0.04%
	8.70% IDFC First Bank Ltd NCD Mat 23-Jun-2025	14	1,43,02,256	0.04%
	9.22% Shriram Transport Fin NCD Mat 13-Apr-2026	14	1,35,50,612	0.04%
	9.15% EXIM Bank NCD Mat 05-Sep-2022	12	1,27,45,524	0.04%
	9.43% LIC Housing Finance Co. Ltd. Mat 10-Feb-2022	12	1,25,22,539	0.04%
	8.70% IDFC First Bank Ltd NCD Mat 20-May-2025	11	1,12,35,143	0.03%
	8.77% NABARD NCD Mat 05-Oct-2028	10	1,12,01,405	0.03%

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

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2021

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
	8.80% Power Finance Corporation Ltd. Mat 15-Jan-2025	10	1,09,20,906	0.03%
	8.14% Nuclear Power Corp. Mat 25-Mar-2028 (Tranche C).	10	1,08,32,023	0.03%
	8.85% Bajaj Finance Ltd NCD Mat 21-Jul-2026	10	1,07,76,934	0.03%
	8.90 State Bank of India NCD Mat 02-Nov-2028	10	1,07,57,046	0.03%
	8.20% Power Finance Corporation Ltd. Mat 10-Mar-2025	10	1,07,50,759	0.03%
	8.23% Rural Electrification Corp Ltd Mat 23-Jan-2025	10	1,07,07,361	0.03%
	9.35% Rural Electrification Corp Ltd Mat 15-Jun-2022	10	1,05,47,534	0.03%
	9.34% Rural Electrification Corp Ltd Mat 25-Aug-2024	9	99,46,058	0.03%
	8.14% Nuclear Power Corp. Mat 25-Mar-2027 (Tranche B).	9	98,00,511	0.03%
	6.80% State Bank of India Basel III Tier 2 Series I Mat 21-Aug-2035.	10	97,60,850	0.03%
	9.30% Shriram Transport Fin NCD Mat 18-Mar-2026	10	97,12,445	0.03%
	8.56% Nuclear Power Corp. Mat 15-Mar-2023 (Tranche C)	9	96,36,509	0.03%
	9.40% IDFC First Bank Ltd Mat 29-Sep-2025	10	92,22,938	0.03%
	9.15% Shriram Transport Fin NCD Mat 13-Apr-2021	9	90,05,859	0.03%
	8.68%IRFC NCD Mat 29-Nov-2021	8	82,46,098	0.03%
	8.85% Power Finance Corporation Ltd. Mat 15-Jun-2030	7	78,54,172	0.02%
	8.82% IDFC First Bank Ltd NCD Mat 29-Sept-2025	7	71,88,243	0.02%
	8.83% IRFC NCD Mat 14-May-2034	6	70,32,986	0.02%
	8.90% Sundaram Finance Ltd Mat 13-June-2029	6	63,96,949	0.02%
	8.55% Power Finance Corporation Ltd. Mat 09-Dec-2021	6	61,79,149	0.02%
	8.83% IRFC NCD Mat 14-May-2035	5	59,00,368	0.02%
	8.40% Nuclear Power Corp. Mat 28-Nov-2026 (SR-XXIX TRCH-B)	5	55,33,825	0.02%
	8.75% M&M Financial Services Ltd Mat 09-Oct-2025	5	53,85,391	0.02%
	9.38% IDFC First Bank Ltd NCD Mat 12-Sep-2024	5	52,31,337	0.02%
	9.75% Rural Electrification Corp Ltd Mat 11-Nov-2021	5	51,67,699	0.02%
	8.44% Rural Electrification Corp Ltd Mat 04-Dec-2021	5	51,46,475	0.02%
	8.73% IDFC First Bank Ltd NCD Mat 14-Jun-2022	5	51,09,762	0.02%
	8.79% IRFC NCD Mat 04-May-2030	4	45,83,157	0.01%
	8.93% Power Grid NCD Mat 20-Oct-2027	4	45,25,483	0.01%
	8.25% EXIM Bank NCD Mat 23-Jun-2031	4	44,37,440	0.01%
	8.90% IDFC First Bank Ltd NCD Mat 28-Apr-2025	4	41,11,932	0.01%
	9.46% Power Finance Corporation Ltd. Mat 01-Aug-2026	3	33,92,094	0.01%
	8.50% NHPC NCD Mat 14-July-2024	30	32,63,265	0.01%
	8.27% Rural Electrification Corp Ltd Mat 09-Mar-2022	3	31,14,336	0.01%
	9.48% Rural Electrification Corp Ltd Mat 10-Aug-2021	3	30,58,914	0.01%
	8.64% Power Grid NCD Mat 08-Jul-2024	2	27,45,951	0.01%
	8.84% Power Grid NCD Mat 21-Oct-2023	2	27,25,048	0.01%
	9.18% Nuclear Power Corp. Mat 23-Jan-2028(Tranche D)	2	22,75,776	0.01%
	8.93% Power Grid NCD Mat 20-Oct-2028	2	22,50,111	0.01%
	8.93% Power Grid NCD Mat 20-Oct-2024	2	22,30,419	0.01%
	9.47% LIC Housing Finance Ltd Mat 23-Aug-2024	2	22,09,492	0.01%
	8.18% EXIM Bank NCD Mat 07-Dec-2025	2	21,98,054	0.01%
	8.11% Rural Electrification Corp Ltd Mat 07-Oct-2025	2	21,49,699	0.01%
	9.55% Hindalco Ind. Ltd. NCD Mat 27-Jun-2022	2	21,03,880	0.01%
	8.93% Power Grid NCD Mat 20-Oct-2021	2	20,53,622	0.01%
	8.50% NHPC NCD Mat 14-July-2023	15	16,10,131	0.00%
	9.47% IRFC NCD Mat 10-May-2031	1	12,04,475	0.00%
	9.18% Nuclear Power Corp. Mat 23-Jan-2029(Tranche E)	1	11,50,915	0.00%
	9.30% Power Grid NCD Mat 04-Sep-2024	1	11,22,841	0.00%
	9.74% Tata Sons Private Ltd NCD Mat 13-Jan-2024	1	10,86,629	0.00%
	8.83% IRFC NCD Mat 25-Mar-2023	1	10,78,205	0.00%
	8.45% Sikka Ports & Terminals Limited NCD Mat 12-Jun-2023	1	10,63,622	0.00%
	7.94% EXIM Bank Mat 22-May-2023	1	10,63,050	0.00%
	8.37% LIC Housing Finance Co. Ltd. Mat-21-May-2023	1	10,61,301	0.00%
	9.20% Power Finance Corp Ltd Mat 07-Jul-2021	1	10,13,987	0.00%
	8.64% IRFC NCD Mat 17-May-2021	1	10,06,802	0.00%
	9.50% IL & FS Ltd NCD Mat 28-Jul-2024.*	2,900	0	0.00%
	9.55% IL & FS Ltd NCD Mat 13-Aug-2024.*	2,000	0	0.00%
	8.69% IL & FS Ltd NCD Mat 25-Aug-2025.*	2,000	0	0.00%
Non-convertible Debenture Total		1,79,23,413	30,38,76,77,013	92.89%
Mutual Fund Units	Kotak Overnight Fund -Direct Plan-Growth Option	11,61,039	1,27,46,12,269	3.90%
Mutual Fund Units Total		11,61,039	1,27,46,12,269	3.90%
Net Current Assets		-	1,05,12,89,558	3.21%
Grand Total		1,90,84,452	32,71,35,78,840	100.00%

* As per the NPS Trust communication ref: 1/16/2018-NPST/11514, 100% provision made for Interest due and accrued till the date of NPA classified securities and 100% NPA provision made on all IL&FS Ltd. NCD's/Bonds. (Refer Note no 4 in Notes to Accounts)

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

3.1 KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2021

Sr No	Particulars	Scheme C Tier I	
		March 31, 2021	March 31, 2020
1	NAV per unit (₹) I		
	Open	19.3693	17.3760
	High	21.4581	19.4236
	Low	18.9924	17.2230
	End	21.4581	19.3693
2	Closing Assets Under Management (₹ in Lakhs)		
	End	3,27,135.79	2,02,514.64
	Average daily net assets (AAuM) II	2,53,026.91	1,54,866.75
3	Gross income as % of AAuM III	9.97%	11.26%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.04%	0.02%
b	Management fee as % of AAuM (scheme wise) V	0.01%	0.01%
5	Net income as % of AAuM VI	9.72%	10.84%
6	Portfolio turnover ratio VII	79.74%	76.27%
7	Returns (%)* Compounded Annualised Yield VIII		
	Last 1 Year	10.78%	11.47%
	Last 3 Years	10.13%	8.64%
	Last 5 Years	9.77%	9.46%
	Last 10 Years	NA	NA
	Since Launch of the scheme (01/08/2013)	10.47%	10.42%
* Declared NAV; Returns calculated based on declared NAV			
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 fees, Depository and settlement charges and Stamp duty but excludes Unrealised /Realised loss		
V	Management fee as % of AAuM is annualised. Management fees (Including applicable Taxes) as per Revenue Account		
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	Returns (%)* Compounded Annualised Yield is to be calculated based on following formula: = ((1+ cumulative return) ⁿ - 1) / (n * 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, 2021

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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, 2021 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, 2021;
- 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 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 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 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 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, 100% provision made for Interest due and accrued till the date of NPA classified securities and 100% NPA provision made on all IL&FS Ltd. NCD's/Bonds.

Other Matters

1. 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.
2. Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to the Company and carry out any of the audit processes physically. In all the audit processes, the necessary records / reports / documents / certificates were made available to us by the Company in the form of scanned documents / spread sheets through electronic mode and not in original. Accordingly, the audit procedures were carried out on the basis of such documents, reports and records which were relied upon as audit evidence for conducting the audit and reporting for the current period. Further, our audit process was also modified for making enquiries and gathering necessary audit evidence from being physically present at the Company to enquiries through Video Conferencing, dialogues and discussions over phone calls / conference calls, emails and similar communication channels. Our audit procedures were designed to obtain sufficient appropriate audit evidence under these circumstances.

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:

NATIONAL PENSION SYSTEM TRUST

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

BALANCE SHEET AS AT MARCH 31, 2021

(In ₹)

Particulars	Schedule	Scheme C Tier II	
		March 31, 2021	March 31, 2020
Liabilities			
Unitholders Funds			
Unit Capital	1	80,17,04,501	43,29,12,232
Reserves & Surplus	2	81,34,31,626	36,00,64,359
Current Liabilities and Provisions	3	98,25,911	1,35,66,157
Total		1,62,49,62,038	80,65,42,748
Assets			
Investments	4	1,57,93,48,866	78,21,18,128
Deposits	5	-	-
Other Current Assets	6	4,56,13,172	2,44,24,620
Total		1,62,49,62,038	80,65,42,748
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		1,61,51,36,127	79,29,76,591
(b) Number of units outstanding		8,01,70,450	4,32,91,223
(c) NAV per unit (a)/(b) (₹)		20.1462	18.3172
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)

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 : April 22, 2021

For and on Behalf of NPS Trust

Sh.Atanu Sen

(Chairman, NPS Trust Board)

Place :

Date :

Sh.Sashi Krishnan

(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, 2021

(In ₹)

Particulars	Schedule	Scheme C Tier II	
		March 31, 2021	March 31, 2020
Income			
Interest		7,83,67,871	4,40,36,289
Profit on sale/redemption of investments		37,84,115	20,41,219
Profit on inter-scheme transfer/sale of investments		5,60,785	-
Unrealised gain on appreciation in investments		1,36,59,191	1,81,15,068
Other income			-
- Miscellaneous Income		354	7
Total Income (A)		9,63,72,316	6,41,92,583
Expenses & Losses			
Unrealised losses in value of investments		-	6,342
Loss on sale/redemption of investments		5,31,288	76,384
Management fees (including Goods and Service Tax)		1,31,070	67,443
NPS Trust fees		55,538	21,246
Custodian fees		36,669	19,547
CRA fees		2,07,790	1,23,507
Less : Amount recoverable on sale of units on account of CRA Charges		(2,07,790)	(1,23,507)
Provision for Non-Performing Assets		7,50,000	3,31,900
Depository and settlement charges		6,489	4,157
Stamp Duty on Bond/Mutual Fund		2,24,977	-
Total Expenditure (B)		17,36,031	5,27,019
Surplus/(Deficit) for the year (A-B = C)		9,46,36,285	6,36,65,564
Less: Amount transferred to Unrealised appreciation account		(1,36,59,191)	(1,75,62,787)
Less: Amount transferred to General Reserve		(8,09,77,094)	(4,61,02,777)
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 all IL&FS Ltd. NCD's/Bonds. (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 : Mumbai

Place : Mumbai

Date :

Date : April 22, 2021

For and on Behalf of NPS Trust

Sh.Atanu Sen
(Chairman, NPS Trust Board)

Sh.Sashi Krishnan
(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, 2021	March 31, 2020
Initial capital		
Unit capital		
Outstanding at the beginning of the year	43,29,12,232	24,42,01,243
Add :Units issued during the year	62,49,12,638	40,70,95,101
Less: Units redeemed during the year	(25,61,20,369)	(21,83,84,112)
Outstanding at the end of the year	80,17,04,501	43,29,12,232
(Face Value of Rs.10/- each unit, fully paid up)		
Outstanding units at the beginning of the year	4,32,91,223	2,44,20,124
Add :Units issued during the year	6,24,91,264	4,07,09,510
Less: Units redeemed during the year	(2,56,12,037)	(2,18,38,411)
Outstanding Units at the end of the year	8,01,70,450	4,32,91,223

Schedule 2: Reserves and surplus

(In ₹)

Particulars	Scheme C Tier II	
	March 31, 2021	March 31, 2020
Unit premium reserve		
Opening balance	25,19,10,597	11,10,00,590
Add: Premium on Units issued	60,20,98,041	30,58,15,479
Less: Premium on Units redeemed	(24,33,67,059)	(16,49,05,472)
Add: Transfer from General Reserve	-	-
Closing balance	61,06,41,579	25,19,10,597
General Reserve		
Opening balance	9,05,84,633	4,44,81,856
Add/(Less): Transfer from Revenue Account	8,09,77,094	4,61,02,777
Less: Transfer to Unit Premium Reserve	-	-
Closing balance	17,15,61,727	9,05,84,633
Unrealised Appreciation Reserve		
Opening balance	1,75,69,129	6,342
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from Revenue Account	1,36,59,191	1,75,62,787
Closing balance	3,12,28,320	1,75,69,129
Total	81,34,31,626	36,00,64,359

Schedule 3: Current liabilities and provisions

(In ₹)

Particulars	Scheme C Tier II	
	March 31, 2021	March 31, 2020
Current liabilities		
Sundry creditors for expenses	66,078	37,325
Redemption Payable	97,58,492	1,35,27,930
TDS Payable	1,341	902
Total	98,25,911	1,35,66,157

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, 2021	March 31, 2020
Debentures and Bonds Listed/Awaiting Listing	1,52,51,68,396	76,29,82,128
Provision for Sub Standard Assets *	(10,00,000)	(2,50,000)
Others - Mutual Fund Units	5,51,80,470	1,93,86,000
Total	1,57,93,48,866	78,21,18,128

* Provision for Sub Standard Assets includes the 100% NPA provision made on all IL&FS Ltd. NCD's/Bonds. (Refer Note no 2.4 in Notes to Accounts)

Schedule 5: Deposits**(In ₹)**

Particulars	Scheme C Tier II	
	March 31, 2021	March 31, 2020
Deposits with scheduled banks	-	-
Total	-	-

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

Particulars	Scheme C Tier II	
	March 31, 2021	March 31, 2020
Balances with banks in current account	4,570	5,484
Contracts for sale of investments	1,717	-
Interest Receivable on Non-Performing Investments	-	81,900
Less: Provision for interest on Non-Performing Investment	-	(81,900)
Outstanding and accrued income	4,56,04,885	2,44,19,136
Brokerage receivable from PFM	2,000	-
Total	4,56,13,172	2,44,24,620

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, 2021

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

Scheme Tax Saver – Hybrid Investments

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. 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, 2021	March 31, 2020
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 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, 2021

(In ₹)

Nature of Transaction	Scheme C Tier II	
	March 31, 2021	March 31, 2020
Investment management fees	1,31,070	67,443

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme C Tier II	
	March 31, 2021	March 31, 2020
Investment management fees payable	41,315	20,590

Aggregate investments made in the Associates and group companies as at March 31, 2021 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme C Tier II			
		31-Mar-21		31-Mar-20	
		Cost	Market Value	Cost	Market Value
HDFC Ltd	NCD	31,08,360	32,10,031	72,55,280	71,54,023
HDFC Credila Financial Services Pvt Ltd	NCD	3,32,84,548	3,46,80,907	2,60,53,548	2,65,62,409

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, 2021 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme C Tier II			
		31-Mar-21		31-Mar-20	
		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, 2021		As at March 31, 2020	
		Principal	Interest	Principal	Interest
8.69% IL & FS Ltd NCD Mat 25-Aug-2025.	Non - Convertible Debenture	10,00,000	-	2,50,000	81,900
Total Provision on Non-Performing Investment		10,00,000	-	2,50,000	81,900

FY 2020 :- Rs. 2,50,000 as 25% NPA provision and Rs. 7,50,000 as 75% valuation discount has been provided on IL&FS Ltd. NCD's/Bond during the year ended March 2020. 100% provision made for Interest due and accrued amounting to Rs.81,900 during the year ended March 2020.

FY 2021 :- Rs 7,50,000 provided as valuation discount has been classified as NPA provision toward principal during the year ended March 2021

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

Notes to accounts

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, 2021 is as follows :

(In ₹)

Particulars	Scheme C Tier II	
	March 31, 2021	March 31, 2020
Average Net Asset Value	1,11,07,60,789	57,15,47,448
Purchase of Investment	6,96,73,50,638	5,98,34,01,810
% to average Net Assets Value	627.26%	1046.88%
Sale of Investment	6,14,35,28,217	5,59,82,40,760
% to average Net Assets Value	553.09%	979.49%

Aggregate value of purchase and sale (excluding liquid mutual fund)* with percentage to average assets as at March 31, 2021 is as follows :

(In ₹)

Particulars	Scheme C Tier II	
	March 31, 2021	March 31, 2020
Average Net Asset Value	1,11,07,60,789	57,15,47,448
Purchase of Investment	82,79,97,314	39,23,02,811
% to average Net Assets Value	74.54%	68.64%
Sale of Investment	3,84,05,580	1,05,58,971
% to average Net Assets Value	3.46%	1.85%

*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, 2021		March 31, 2020	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Other Credit Granting	28,09,76,012	17.40%	15,79,89,785	19.92%
Production Of Liquid And Gaseous Fuels, Illuminating Oils, Lubric	23,93,43,723	14.82%	8,16,79,565	10.30%
Activities Of Specialized Institutions Granting Credit For House	19,83,09,209	12.28%	10,54,59,740	13.30%
Other monetary intermediation services n.e.c.	16,80,24,622	10.40%	4,94,87,392	6.24%
Monetary Intermediation Of Commercial Banks, Saving Banks. Postal	14,82,52,455	9.18%	3,76,15,356	4.74%
Electric Power Generation By Hydroelectric Power Plants	11,49,45,881	7.12%	3,13,71,807	3.96%
Electric Power Generation By Coal Based Thermal Power Plants	9,36,62,224	5.80%	4,38,55,276	5.53%
Construction and maintenance of motorways, streets, roads	7,32,67,181	4.54%	7,16,67,866	9.04%
Other Financial Service Activities, Except Insurance And Pension	5,44,05,826	3.37%	5,26,04,167	6.63%
Activity of commission agents dealing in wholesale trade in agriculture	-	-	4,82,11,162	6.08%
Others	15,29,81,263	9.47%	8,27,90,012	10.44%
Mutual Funds	5,51,80,470	3.42%	1,93,86,000	2.44%
Net Current Assets	3,57,87,261	2.22%	1,08,58,463	1.37%
Net Asset Value	1,61,51,36,127	100.00%	79,29,76,591	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 II	
			March 31, 2021	March 31, 2020
			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, 2021

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
Non-convertible Debenture	7.38% NHPC NCD Mat 03-January-2028	400	8,28,90,019	5.13%
	8.95% Reliance Industries Limited Mat 09-Nov-2028	50	5,68,21,634	3.52%
	8.70% LIC Housing Finance Ltd. Mat 23-Mar-2029	50	5,48,08,326	3.39%
	8.00% ICICI Home Finance Co. Ltd. Mat 05-Dec-2024	100	5,28,22,752	3.27%
	7.70% NHAI Mat 13-Sep-2029	50	5,25,96,340	3.26%
	7.75% Mangalor Refinery & Petrochemicals Ltd. Mat 29-Jan-2030	50	5,22,25,719	3.23%
	7.65% Axis Bank Ltd NCD Mat 30-Jan-27	50	5,19,50,349	3.22%
	5.85% EXIM Bank NCD Mat 12-Sep-2025	50	5,02,67,840	3.11%
	6.85% ICICI Pru Life Insurance Co. Ltd. Mat 06-Nov-2030	50	4,96,85,699	3.08%
	6.18% Mangalor Refinery & Petrochemicals Ltd. 29-Dec-2025	50	4,95,23,784	3.07%
	5.45% NTPC Series 72 NCD Mat 15-Oct-2025	50	4,93,38,251	3.05%
	6.85% IRFC NCD Mat 29-Oct-2040	50	4,92,94,440	3.05%
	6.11% Bharat Petroleum Corporation Limited Mat 06-Jul-2025	50	4,92,40,238	3.05%
	6.79% NABARD NCD Mat 25-June-2035	50	4,90,51,992	3.04%
	6.80% State Bank of India Basel III Tier 2 Series I Mat 21-Aug-2035.	50	4,88,04,251	3.02%
	8.79% M&M Financial Services Ltd Mat 23-Jan-2025	32	3,41,74,231	2.12%
	7.70% LIC Housing Finance Co. Ltd. Mat 19-Mar-2031	30	3,09,32,268	1.92%
	8.49% NTPC NCD Mat 25-Mar-2025	22,96,000	3,08,91,073	1.91%
	7.20% Power Finance Corporation Ltd Series 205(A&B) M 10-Aug-2035	24	2,42,19,445	1.50%
	8.65% Reliance Industries Limited Mat 11-Dec-2028	20	2,24,01,872	1.39%
	8.85% Power Finance Corporation Ltd S 187(A&B) Mat 25-May-2029	20	2,22,32,373	1.38%
	7.70 % L&T NCD Mat 28 Apr 2025	20	2,12,38,365	1.31%
	7.48% NHAI Series-X Mat 06-March-2050	20	2,06,70,842	1.28%
	9.30% Shriram Transport Fin NCD Mat 12-July-2023	20,000	2,01,94,932	1.25%
	5.14% NABARD NCD Mat 31-Jan-2024	20	1,98,73,127	1.23%
	8.80% L&T Finance Ltd Category I & II Mat 15-April-2024.	17,855	1,91,54,517	1.19%
	8.62% HDFC Credila Fin Ser Pvt Ltd 17-June-2024	18	1,90,40,194	1.18%
	8.54% NHPC NCD Mat 26-November-2026.	170	1,89,59,326	1.17%
	8.00% HDFC Credila Fin Ser Pvt Ltd 31-Jan-2025	15	1,56,40,713	0.97%
	8.45% IRFC NCD Mat 04-Dec-2028	14	1,53,83,574	0.95%
	8.45% Sikka Ports & Terminals Limited NCD Mat 12-Jun-2023	14	1,48,90,701	0.92%
	8.14% Nuclear Power Corp. Mat 25-Mar-2026(Tranche A).	13	1,41,03,346	0.87%
	9.25% Power Grid NCD Mat 26-Dec-2026	9	1,28,30,229	0.79%
	8.67% IDFC First Bank Ltd NCD Mat 03-Jan-2025	12	1,22,22,514	0.76%
	9.00% NTPC NCD Mat 25-Jan-2026.	50	1,11,98,252	0.69%
	8.80% LIC Housing Finance Ltd. Mat 25-Jan-2029	10	1,10,02,275	0.68%
	8.40% IRFC NCD Mat 08-Jan-2029	10	1,09,37,990	0.68%
	8.20% NABARD NCD Mat 16-March-2028	10	1,08,18,486	0.67%
	8.90 State Bank of India NCD Mat 02-Nov-2028	10	1,07,57,046	0.67%
	8.20% Power Finance Corporation Ltd. Mat 10-Mar-2025	10	1,07,50,759	0.67%
	8.50% NABARD NCD Mat 31-Jan-2023	10	1,06,18,459	0.66%
	8.37% LIC Housing Finance Co. Ltd. Mat-21-May-2023	10	1,06,13,012	0.66%
	7.95% LIC Housing Finance Ltd. Mat 29-Jan-2028 Tranch 359	10	1,04,76,626	0.65%
	7.60% LIC Housing Finance Co. Ltd. Mat 22-Nov-2022	10	1,04,22,177	0.65%
	9.10% IDFC First Bank Ltd Mat 30-June-2021	10	1,01,12,292	0.63%
	9.05% Reliance Industries Limited Mat 17-Oct-2028	8	91,30,477	0.57%
	9.34% Rural Electrification Corp Ltd Mat 25-Aug-2024	8	88,40,941	0.55%
	9.09% IRFC Ltd NCD Mat 29-Mar-2026 (74th Series)	7	79,02,585	0.49%
	8.98% Power Finance Corporation Ltd. OPT-A Mat-08-Oct-2024	7	76,81,881	0.48%
	8.50% NHPC NCD Mat 14-July-2024	70	76,14,285	0.47%
	7.34% Power Finance Corporation Ltd. Mat 29-Sep-2035	7	71,50,984	0.44%
	9.64% Power Grid NCD Mat 31-May-2026	4	57,03,507	0.35%
	9.60% EXIM Bank NCD Mat 07-FEB-2024	5	55,46,174	0.34%
	8.65% NABARD NCD Mat 08-June-2028	5	55,45,541	0.34%
	8.40% Nuclear Power Corp. Mat 28-Nov-2025 (SR-XXIX TRCH-A)	5	55,20,307	0.34%
	8.49% NHPC NCD Mat 26-November-2024	50	54,82,252	0.34%
	9.02% Rural Electrification Corp Ltd Mat 19-Nov-2022	5	53,10,661	0.33%
	7.90% Sikka Ports & Terminals Limited NCD Mat 18-Nov-2026	5	53,06,757	0.33%
	7.55% Power Grid NCD Mat 21-Sep-2031	5	52,67,678	0.33%
	9.25% EXIM Bank NCD Mat 18-April-2022	5	52,48,725	0.32%
	7.09% Rural Electrification Corp Ltd Mat 17-Oct-2022	5	51,61,633	0.32%
	8.94% Power Finance Corporation Ltd Series 103 Mat-25-Mar-2028	4	44,40,132	0.27%
	8.50% LIC Housing Finance Co. Ltd. Mat 29-Aug-2025	4	43,19,573	0.27%
	8.70% IDFC First Bank Ltd NCD Mat 20-May-2025	4	40,85,506	0.25%
	9.20% Power Finance Corp Ltd Mat 07-Jul-2021	4	40,55,949	0.25%
	8.95%IRFC NCD Mat 10-Mar-2025	3	33,32,431	0.21%
	8.52% HUDCO GOI fully serviced Bond Series-II 2018 Mat 28-Nov-2028	3	33,28,481	0.21%
	8.18% EXIM Bank NCD Mat 07-Dec-2025	3	32,97,081	0.20%
	8.40% Power Grid NCD Mat 27-May-2024	3	32,65,567	0.20%
	8.11% Rural Electrification Corp Ltd Mat 07-Oct-2025	3	32,24,548	0.20%
	8.95% HDFC Ltd Mat 21-Mar-2023	3	32,10,031	0.20%
	8.82% Rural Electrification Corp. Ltd. Mat 12-Apr-2023	3	32,09,990	0.20%

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

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2021

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
	7.27% IRFC NCD Mat 15-June-2027	3	31,38,398	0.19%
	7.25% Nuclear Power Corp. Mat 15-Dec-2028 (SR-XXXIII TRCH-B)	3	31,10,391	0.19%
	9.30% Power Grid NCD Mat 04-Sep-2024	2	22,45,681	0.14%
	9.17% NTPC NCD Mat 22-Sep-2024	2	22,34,648	0.14%
	8.70% Power Finance Corporation Ltd. Mat 14-May-2025	2	21,86,172	0.14%
	8.80% Power Finance Corporation Ltd. Mat 15-Jan-2025	2	21,84,181	0.14%
	8.39% Power Finance Corporation Ltd. Mat-19-Apr-2025	2	21,62,407	0.13%
	8.34% LIC Housing Finance Co. Ltd. Mat 08-Oct-2025	2	21,50,985	0.13%
	8.94% Bajaj Finance Ltd NCD Mat 07-Nov-2025	2	21,49,361	0.13%
	9.95%IRFC NCD Mat 07-June-2022	2	21,25,627	0.13%
	7.25% Nuclear Power Corp. Mat 15-Dec-2031 (SR-XXXIII TRCH-E)	2	20,87,661	0.13%
	9.17% IDFC First Bank Ltd NCD Mat 14-Oct-2024	2	20,82,094	0.13%
	8.90% IDFC First Bank Ltd NCD Mat 19-Nov-2025	2	20,61,327	0.13%
	8.55% Power Finance Corporation Ltd. Mat 09-Dec-2021	2	20,59,716	0.13%
	8.75% IDFC First Bank Ltd NCD Mat 28-Jul-2023	2	20,59,481	0.13%
	8.80% IDFC First Bank Ltd NCD Mat 21-July-2025	2	20,50,641	0.13%
	10.40% Sikka Ports & Terminals Limited NCD Mat 18-Jul-2021	2	20,36,548	0.13%
	9.40% Rural Electrification Corp Ltd Mat 17-July-2021	2	20,32,011	0.13%
	9.30% Power Grid NCD Mat 28-Jun-2026	1	14,15,399	0.09%
	8.83% IRFC NCD Mat 14-May-2034	1	11,72,164	0.07%
	8.83% IRFC NCD Mat 14-May-2031	1	11,58,058	0.07%
	8.62% NABARD NCD Mat 14-Mar-2034	1	11,34,938	0.07%
	9.46% Power Finance Corporation Ltd. Mat 01-Aug-2026	1	11,30,698	0.07%
	8.32% NABARD NCD Mat 10-March-2034	1	11,26,297	0.07%
	8.20% NABARD NCD Mat 28-Mar-2034.	1	11,16,430	0.07%
	10.15% Bajaj Finance Ltd NCD Mat 19-Sep-2024.	1	11,11,017	0.07%
	8.25% EXIM Bank NCD Mat 23-Jun-2031	1	11,09,360	0.07%
	9.39% Power Finance Corporation Ltd. Mat 27-Aug-2024	1	11,06,842	0.07%
	8.32% Power Grid NCD Mat 23-Dec-2030	1	11,06,616	0.07%
	9.22% LIC Housing Finance Co. Ltd. Mat 16-Oct-2024	1	10,99,425	0.07%
	8.75% Power Finance Corporation Ltd. Mat 15-Jun-2025	1	10,96,491	0.07%
	8.10% EXIM Bank NCD Mat 19-Nov-2025.	1	10,94,897	0.07%
	8.24% NABARD NCD Mat 22-March-2029	1	10,90,301	0.07%
	8.14% Nuclear Power Corp. Mat 25-Mar-2027 (Tranche B).	1	10,88,946	0.07%
	8.15% NABARD NCD Mat 28-March-2029	1	10,84,976	0.07%
	8.75% M&M Financial Services Ltd Mat 09-Oct-2025	1	10,77,078	0.07%
	9.30% LIC Housing Finance Ltd. Mat 14-Sep-2022	1	10,62,729	0.07%
	9.69% Tata Sons Private Ltd NCD Mat 12-Jun-2022	1	10,51,053	0.07%
	9.48% Power Finance Corporation Ltd. Mat 15-April-2022	1	10,49,886	0.07%
	9.36% IDFC First Bank Ltd NCD Mat 21-Aug-2024	1	10,45,002	0.06%
	9.45% LIC Housing Finance Co. Ltd. Mat 30-Jan-2022	1	10,42,140	0.06%
	10.25% Shriram Transport Fin NCD Mat 10-Oct-2024	1	10,32,304	0.06%
	8.44% Rural Electrification Corp Ltd Mat 04-Dec-2021	1	10,29,293	0.06%
	8.93% Power Grid NCD Mat 20-Oct-2021	1	10,26,811	0.06%
	10% Shriram Transport Fin NCD Mat 13-Nov-2024	1	10,25,716	0.06%
	8.73% IDFC First Bank Ltd NCD Mat 14-Jun-2022	1	10,21,951	0.06%
	7.59% LIC Housing Finance Ltd. Mat 14-Oct-2021	1	10,18,410	0.06%
	8.85% Power Finance Corporation Ltd. Mat 31-May-2021	1	10,08,622	0.06%
	8.64% IRFC NCD Mat 17-May-2021	1	10,06,802	0.06%
	8.55% Bajaj Finance Ltd NCD Mat 26-Apr-2021	1	10,03,436	0.06%
	9.15% Shriram Transport Fin NCD Mat 13-Apr-2021	1	10,00,651	0.06%
	8.69% IL & FS Ltd NCD Mat 25-Aug-2025.*	1,000	0	0.00%
Non-convertible Debenture Total		23,36,915	1,52,41,68,396	94.37%
Mutual Fund Units	Kotak Overnight Fund -Direct Plan-Growth Option	50,264	5,51,80,470	3.42%
Mutual Fund Units Total		50,264	5,51,80,470	3.42%
Net Current Assets		-	3,57,87,261	2.22%
Grand Total		23,87,179	1,61,51,36,127	100.00%

* As per the NPS Trust communication ref: 1/16/2018-NPST/11514, 100% provision made for Interest due and accrued till the date of NPA classified securities and 100% NPA provision made on all IL&FS Ltd. NCD's/Bonds. (Refer Note no 2.4 in Notes to Accounts)

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

3.1 KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2021

Sr No	Particulars	SCHEME C TIER II	
		March 31, 2021	March 31, 2020
1	NAV per unit (₹) I		
	Open	18.3172	16.3672
	High	20.1535	18.3367
	Low	17.9687	16.2419
	End	20.1462	18.3172
2	Closing Assets Under Management (₹ in Lakhs)		
	End	16,151.36	7,929.77
	Average daily net assets (AAuM) II	11,107.61	5,715.47
3	Gross income as % of AAuM III	8.68%	11.23%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.04%	0.02%
b	Management fee as % of AAuM (scheme wise) V	0.01%	0.01%
5	Net income as % of AAuM VI	8.52%	11.14%
6	Portfolio turnover ratio VII	3.46%	1.85%
7	Returns (%)* Compounded Annualised Yield VIII		
	Last 1 Year	9.99%	11.91%
	Last 3 Years	9.93%	8.80%
	Last 5 Years	9.74%	9.53%
	Last 10 Years	NA	NA
	Since Launch of the scheme (01/08/2013)	9.56%	9.50%
	* Declared NAV; Returns calculated based on declared NAV		
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 fees, Depository and settlement charges and Stamp duty but excludes Unrealised /Realised loss		
V	Management fee as % of AAuM is annualised. Management fees (Including applicable Taxes) as per Revenue Account		
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	Returns (%)* Compounded Annualised Yield is to be calculated based on following formula: = ((1+ cumulative return) ⁿ -1) (where n=365/no. of days)		
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, 2021

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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, 2021 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, 2021;
- 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 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 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 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 financial statements.

Other Matters

1. 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.
2. Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to the Company and carry out any of the audit processes physically. In all the audit processes, the necessary records / reports / documents / certificates were made available to us by the Company in the form of scanned documents / spread sheets through electronic mode and not in original. Accordingly, the audit procedures were carried out on the basis of such documents, reports and records which were relied upon as audit evidence for conducting the audit and reporting for the current period. Further, our audit process was also modified for making enquiries and gathering necessary audit evidence from being physically present at the Company to enquiries through Video Conferencing, dialogues and discussions over phone calls / conference calls, emails and similar communication channels. Our audit procedures were designed to obtain sufficient appropriate audit evidence under these circumstances.

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:

NATIONAL PENSION SYSTEM TRUST

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

BALANCE SHEET AS AT MARCH 31, 2021

(In ₹)

Particulars	Schedule	Scheme G Tier I	
		March 31, 2021	March 31, 2020
Liabilities			
Unitholders Funds			
Unit Capital	1	24,91,18,06,022	16,25,32,63,719
Reserves & Surplus	2	27,84,94,34,848	15,59,15,68,261
Current Liabilities and Provisions	3	29,39,57,508	3,82,28,914
Total		53,05,51,98,378	31,88,30,60,894
Assets			
Investments	4	51,91,24,66,347	31,01,26,15,357
Deposits	5	-	-
Other Current Assets	6	1,14,27,32,031	87,04,45,537
Total		53,05,51,98,378	31,88,30,60,894
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		52,76,12,40,870	31,84,48,31,980
(b) Number of units outstanding		2,49,11,80,602	1,62,53,26,372
(c) NAV per unit (a)/(b) (₹)		21.1792	19.5928
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)

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 : April 22, 2021

For and on Behalf of NPS Trust

Sh.Atanu Sen

(Chairman, NPS Trust Board)

Place :

Date :

Sh.Sashi Krishnan

(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, 2021

(In ₹)

Particulars	Schedule	Scheme G Tier I	
		March 31, 2021	March 31, 2020
Income			
Interest		2,71,93,03,309	1,67,18,80,492
Profit on sale/redemption of investments		1,28,33,96,002	1,19,77,99,504
Unrealised gain on appreciation in investments		14,57,04,024	51,57,47,997
Other income			-
- Miscellaneous Income		67,070	4
Total Income (A)		4,14,84,70,405	3,38,54,27,997
Expenses & Losses			
Unrealised losses in value of investments		1,17,73,53,951	5,83,472
Loss on sale/redemption of investments		15,35,10,446	9,61,75,933
Management fees (including Goods and Service Tax)		48,20,420	27,48,435
NPS Trust fees		20,42,551	8,46,309
Custodian fees		14,53,689	8,11,004
CRA fees		2,48,91,290	2,01,20,351
Less : Amount recoverable on sale of units on account of CRA Charges		(2,48,91,290)	(2,01,20,351)
Depository and settlement charges		16,77,807	19,38,085
Stamp Duty on Bond/Mutual Fund		46,80,737	-
Total Expenditure (B)		1,34,55,39,601	10,31,03,238
Surplus/(Deficit) for the year (A-B = C)		2,80,29,30,804	3,28,23,24,759
Less: Amount transferred to Unrealised appreciation account		49,74,92,866	(51,51,64,525)
Less: Amount transferred to General Reserve		(3,30,04,23,670)	(2,76,71,60,234)
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 : April 22, 2021

For and on Behalf of NPS Trust

Sh.Atanu Sen
(Chairman, NPS Trust Board)

Sh.Sashi Krishnan
(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, 2021	March 31, 2020
Initial capital		
Unit capital		
Outstanding at the beginning of the year	16,25,32,63,719	10,07,14,79,616
Add :Units issued during the year	9,96,49,20,163	7,04,86,25,341
Less: Units redeemed during the year	(1,30,63,77,860)	(86,68,41,238)
Outstanding at the end of the year	24,91,18,06,022	16,25,32,63,719
(Face Value of Rs.10/- each unit, fully paid up)		
Outstanding units at the beginning of the year	1,62,53,26,372	1,00,71,47,962
Add :Units issued during the year	99,64,92,016	70,48,62,534
Less: Units redeemed during the year	(13,06,37,787)	(8,66,84,124)
		-
Outstanding Units at the end of the year	2,49,11,80,602	1,62,53,26,372

Schedule 2: Reserves and surplus

(In ₹)

Particulars	Scheme G Tier I	
	March 31, 2021	March 31, 2020
Unit premium reserve		
Opening balance	10,63,86,87,680	5,34,75,05,283
Add: Premium on Units issued	10,86,81,01,810	6,03,44,15,611
Less: Premium on Units redeemed	(1,41,31,66,027)	(74,32,33,214)
Add: Transfer from General Reserve	-	-
Closing balance	20,09,36,23,463	10,63,86,87,680
General Reserve		
Opening balance	4,23,29,71,104	1,46,58,10,870
Add/(Less): Transfer from Revenue Account	3,30,04,23,670	2,76,71,60,234
Less: Transfer to Unit Premium Reserve	-	-
Closing balance	7,53,33,94,774	4,23,29,71,104
Unrealised Appreciation Reserve		
Opening balance	71,99,09,477	20,47,44,952
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from Revenue Account	(49,74,92,866)	51,51,64,525
Closing balance	22,24,16,611	71,99,09,477
Total	27,84,94,34,848	15,59,15,68,261

Schedule 3: Current liabilities and provisions

(In ₹)

Particulars	Scheme G Tier I	
	March 31, 2021	March 31, 2020
Current liabilities		
Sundry creditors for expenses	25,37,135	23,73,213
Contract for Purchase of Investments	23,66,58,153	
Redemption Payable	5,47,10,116	3,58,09,754
TDS Payable	52,104	45,947
Total	29,39,57,508	3,82,28,914

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, 2021	March 31, 2020
Debentures and Bonds Listed/Awaiting Listing	3,32,45,64,028	-
Central and state government securities (including treasury bills)	48,11,68,30,873	30,64,61,56,357
Others - Mutual Fund Units	47,10,71,446	36,64,59,000
Total	51,91,24,66,347	31,01,26,15,357

Schedule 5: Deposits**(In ₹)**

Particulars	Scheme G Tier I	
	March 31, 2021	March 31, 2020
Deposits with scheduled banks	-	-
Total	-	-

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

Particulars	Scheme G Tier I	
	March 31, 2021	March 31, 2020
Balances with banks in current account	25,266	25,248
Outstanding and accrued income	54,26,90,265	42,03,80,289
Brokerage receivable from PFM	16,500	40,000
Sundry debtors	60,00,00,000	45,00,00,000
Total	1,14,27,32,031	87,04,45,537

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, 2021

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

Scheme Tax Saver – Hybrid Investments

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. 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, 2021	March 31, 2020
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, 2021

(In ₹)

Nature of Transaction	Scheme G Tier I	
	March 31, 2021	March 31, 2020
Investment management fees	48,20,420	27,48,435

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme G Tier I	
	March 31, 2021	March 31, 2020
Investment management fees payable	13,53,738	8,03,426

Aggregate investments made in the Associates and group companies as at March 31, 2021 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme G Tier I			
		31-Mar-21		31-Mar-20	
		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, 2021 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme G Tier I			
		31-Mar-21		31-Mar-20	
		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, 2021 is as follows :

(In ₹)

Particulars	Scheme G Tier I	
	March 31, 2021	March 31, 2020
Average Net Asset Value	40,85,10,07,951	23,29,18,08,684
Purchase of Investment	2,16,06,42,31,970	1,66,27,98,95,673
% to average Net Assets Value	528.91%	713.90%
Sale of Investment	1,95,52,82,60,995	1,53,37,77,26,487
% to average Net Assets Value	478.64%	658.51%

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, 2021 is as follows :

(In ₹)

Particulars	Scheme G Tier I	
	March 31, 2021	March 31, 2020
Average Net Asset Value	40,85,10,07,951	23,29,18,08,684
Purchase of Investment	82,62,98,55,412	92,19,99,36,674
% to average Net Assets Value	202.27%	395.85%
Sale of Investment	62,18,04,81,878	79,10,36,09,860
% to average Net Assets Value	152.21%	339.62%

*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			
	31-Mar-21		31-Mar-20	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Central Government Securities	37,91,02,40,604	71.85%	26,79,84,58,035	84.15%
State Development Loans	10,20,65,90,271	19.34%	3,84,76,98,322	12.08%
Other Securities, whose principal and interest is guaranteed	3,32,45,64,026	6.30%	-	-
Mutual Funds	47,10,71,446	0.89%	36,64,59,000	1.15%
Net Current Assets	84,87,74,523	1.61%	83,22,16,623	2.61%
Net Asset Value	52,76,12,40,870	100.00%	31,84,48,31,980	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, 2021	March 31, 2020
			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 G TIER I

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2021

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
Government Securities	6.22% GOI Mat 16-Mar-2035	11,41,86,000	10,91,69,35,228	20.69%
	6.19% GOI Mat 16-Sep-2034	4,45,00,000	4,25,78,93,500	8.07%
	6.80% GOI Mat 15-Dec-2060	2,95,00,000	2,97,36,05,900	5.64%
	7.26% GOI Mat 14-Jan-2029	2,10,00,000	2,20,41,34,800	4.18%
	7.40% GOI Mat 09-Sep-2035	1,73,48,300	1,84,65,58,256	3.50%
	Gsec C-STRIPS Mat 17-Jun-2027	2,31,87,100	1,57,99,11,026	2.99%
	8.83% GOI Mat 12-Dec-2041	1,18,76,600	1,45,53,84,693	2.76%
	Gsec C-STRIPS Mat 17-Dec-2027	1,69,69,200	1,10,36,81,859	2.09%
	8.30% GOI Mat 31-Dec-2042	89,76,100	1,05,03,11,413	1.99%
	Gsec C-STRIPS Mat 17-Dec-2026	1,41,93,900	99,70,24,956	1.89%
	8.33% GOI Mat 07-June-2036	79,73,400	91,38,72,836	1.73%
	6.62% GOI Mat 28-Nov-2051	85,00,000	83,50,57,000	1.58%
	8.28% GOI Mat 15-Feb-2032	71,48,800	80,06,95,625	1.52%
	6.67% GOI Mat 17-Dec-2050	80,00,000	79,00,04,800	1.50%
	7.95% GOI Mat 28-Aug-2032	64,98,000	71,50,19,776	1.36%
	7.50% GOI Mat 10-Aug-2034	52,80,000	56,46,94,944	1.07%
	Gsec C-STRIPS Mat 17-June-2028	76,02,300	47,55,25,385	0.90%
	7.88%GOI Mat 19-Mar-2030	36,60,700	39,84,66,463	0.76%
	Gsec C-STRIPS Mat 15-Sep-2027	60,09,900	39,73,52,351	0.75%
	8.30% GOI Mat 02-Jul-2040	28,89,000	33,36,44,543	0.63%
	8.60% GOI Mat 02-Jun-2028	26,63,800	29,94,20,710	0.57%
	7.57% GOI Mat 17-June-2033	27,00,000	28,96,85,700	0.55%
	9.20% GOI Mat 30-Sep-2030	24,09,400	28,38,48,282	0.54%
	7.16% GOI Mat 20-Sep-2050	25,00,000	26,18,87,000	0.50%
	5.85% GOI Mat 01-Dec-2030	25,00,000	24,44,23,250	0.46%
	8.28% GOI Mat 21-Sep-2027	17,33,700	19,16,98,850	0.36%
	7.19% GOI Mat 15-Sep-2060	15,00,000	15,87,09,900	0.30%
	7.61% GOI Mat 09-May-2030	10,81,000	11,55,90,790	0.22%
	Gsec C-STRIPS Mat 23-Dec-2026	15,69,100	11,01,04,845	0.21%
	7.17% GOI Mat 08-Jan-2028	10,00,000	10,46,36,700	0.20%
	Gsec C-STRIPS Mat 15-Mar-2027	15,09,900	10,45,20,563	0.20%
	7.59% GOI Mat 20-Mar-2029	9,50,000	10,13,77,825	0.19%
	5.77% GOI Mat 03-Aug-2030	10,00,000	9,61,44,400	0.18%
	8.24% GOI Mat 10-Nov-2033	8,46,200	9,53,26,038	0.18%
	8.17% GOI Mat 01-Dec-2044	6,18,000	7,16,44,740	0.14%
	Gsec C-STRIPS Mat 10-Feb-2027	8,62,500	6,00,65,535	0.11%
	Gsec C-STRIPS Mat 10-Aug-2027	8,62,500	5,73,82,384	0.11%
	8.33% GOI Mat 09-Jul-2026	4,87,100	5,35,01,944	0.10%
	7.37% GOI Mat 16-Apr-2023	4,91,400	5,18,32,872	0.10%
	8.20% GOI Mat 24-Sep-2025	4,72,400	5,15,32,935	0.10%
	7.72% GOI Mat 26-Oct-2055	4,47,400	5,03,02,301	0.10%
	7.69% GOI Mat 17-June-2043	4,27,600	4,71,24,043	0.09%
	7.63% GOI Mat 17-June-2059	3,61,000	4,02,50,778	0.08%
	Gsec C-STRIPS Mat 26-Apr-2027	5,40,400	3,71,45,691	0.07%
	Gsec C-STRIPS Mat 17-Dec-2028	6,02,300	3,64,66,254	0.07%
	Gsec C-STRIPS Mat 26-Oct-2027	5,40,400	3,54,68,938	0.07%
	Gsec C-STRIPS Mat 15-Jun-2027	5,01,800	3,42,03,140	0.06%
	Gsec C-STRIPS Mat 15-Dec-2027	5,01,800	3,26,48,864	0.06%
	Gsec C-STRIPS Mat 15-Jun-2028	5,01,800	3,13,99,081	0.06%
	8.13% GOI Mat 22-Jun-2045	2,64,600	3,06,73,676	0.06%
	Gsec C-STRIPS Mat 15-Dec-2028	5,01,800	3,03,92,470	0.06%
	6.68% GOI Mat 17-Sep-2031	2,30,600	2,32,90,646	0.04%
	9.23% GOI Mat 23-Dec-2043	1,00,100	1,28,21,719	0.02%
	6.57% GOI Mat 05-Dec-2033	1,21,700	1,20,50,101	0.02%
	8.32% GOI Mat 02-Aug-2032	88,900	99,77,487	0.02%
	8.15% GOI Mat 24-Nov-2026	89,100	97,65,351	0.02%
	8.24% GOI Mat 15-Feb-2027	77,700	85,44,848	0.02%
	7.06% GOI Mat 10-Oct-2046	50,000	51,66,505	0.01%
	7.73% GOI Mat 19-Dec-2034	39,700	43,22,250	0.01%
	8.26% GOI Mat 02-Aug-2027	24,900	27,47,329	0.01%
8.40% GOI Mat 28-Jul-2024	10,600	11,58,729	0.00%	
7.72% GOI Mat 25-May-2025	10,000	10,73,008	0.00%	
7.16% GOI Mat 20-May-2023	1,300	1,36,778	0.00%	
Government Securities Total		39,90,91,800	37,91,02,40,604	71.85%
State Development Loans	7.11% Gujrat SDL Mat 17-Mar-2031	1,50,00,000	1,53,09,75,000	2.90%
	6.73% Tamil Nadu SDL Mat 13-May-2030	1,25,00,000	1,24,23,43,750	2.35%
	6.95% Tamil Nadu SDL Mat 17-Feb-2031	1,00,00,000	1,00,98,27,000	1.91%
	6.90% Gujrat SDL Mat 31-Mar-2030	98,53,500	99,06,32,461	1.88%
	6.87% MAHARASHTRA SDL 2030	94,44,300	94,83,41,829	1.80%
	8.25% Gujrat SDL Mat 25-Apr-2028	60,00,000	64,98,24,600	1.23%
	6.66% Tamil Nadu SDL Mat 26-Aug-2030	50,00,000	49,48,11,500	0.94%
	8.08% Maharashtra SDL Mat 26-Dec-2028	44,82,300	48,33,09,376	0.92%
	6.60% Tamil Nadu SDL Mat 24-June-2029	36,25,000	35,77,18,988	0.68%
	6.81% Maharashtra SDL Mat 07-Oct-2028	35,00,000	35,18,31,200	0.67%
	8.16% Gujrat SDL Mat 09-May-2028	25,00,000	26,95,89,000	0.51%
	7.83% Maharashtra SDL Mat 08-Apr-2030	14,30,800	15,23,89,643	0.29%
	7.60% Maharashtra SDL Mat 15-Apr-2030	10,00,000	10,49,84,800	0.20%
	7.28% Gujrat SDL Mat 18-Dec-2029	10,00,000	10,29,67,400	0.20%
	7.20% Maharashtra SDL Mat 23-Oct-2029	10,00,000	10,24,26,000	0.19%
8.53% Tamil Nadu SDL Mat 28-Nov-2028	7,44,200	8,20,81,613	0.16%	
9.53% Gujrat SDL Mat 12-Feb-2024	7,00,000	7,74,62,490	0.15%	

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

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2021

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
	8.38% Gujrat SDL Mat 27-Feb-2029	7,00,000	7,64,39,720	0.14%
	8.30% Gujrat SDL Mat 06-Feb-2029	7,00,000	7,60,65,780	0.14%
	7.05% MAHARASHTRA SDL 2032	6,43,200	6,53,83,467	0.12%
	7.65% Tamil Nadu SDL Mat 06-Dec-2027	6,00,000	6,32,80,680	0.12%
	8.37% Tamil Nadu SDL Mat 05-Dec-2028	5,73,600	6,27,34,632	0.12%
	9.39% Maharashtra SDL Mat 20-Nov-2023	5,10,000	5,60,96,175	0.11%
	9.63% Maharashtra SDL Mat 12-Feb-2024	5,00,000	5,54,60,750	0.11%
	8.61% Tamil Nadu SDL Mat 03-Sep-2027	5,00,000	5,50,70,500	0.10%
	9.24% Maharashtra SDL Mat 16-Jan-2024	5,00,000	5,48,48,050	0.10%
	8.35% Gujrat SDL Mat 06-Mar-2029	5,00,000	5,45,21,450	0.10%
	8.17% Gujrat SDL Mat 19-Dec-2028	5,00,000	5,41,10,150	0.10%
	8.05% Tamil Nadu SDL Mat 18-April-2028	5,00,000	5,36,49,100	0.10%
	7.78% Maharashtra SDL Mat 24-Mar-2029	5,00,000	5,28,80,550	0.10%
	7.26% Gujrat SDL Mat 11-Dec-2029	5,00,000	5,14,16,800	0.10%
	7.96% Maharashtra SDL Mat 29-Jun-2026	4,70,000	5,04,03,975	0.10%
	8.60% Gujrat SDL Mat 17-Oct-2028	4,55,100	5,03,31,785	0.10%
	8.36% Maharashtra SDL Mat 27-Jan-2026	4,60,000	5,00,12,718	0.09%
	8.47% Maharashtra SDL Mat 10-Feb-2026	4,50,000	4,91,55,795	0.09%
	6.63% Tamil Nadu SDL Mat 23-Dec-2035	5,00,000	4,88,92,800	0.09%
	8.67% Maharashtra SDL Mat 24-Feb-2026	3,00,000	3,30,39,690	0.06%
	8.65% Gujrat SDL Mat 10-Oct-2028	2,50,000	2,77,16,750	0.05%
	8.47% Gujrat SDL Mat 21-Aug-2028	2,00,000	2,19,34,420	0.04%
	8.18% Tamil Nadu SDL Mat 19-Dec-2028	2,00,000	2,16,55,920	0.04%
	6.53% Tamil Nadu SDL Mat 06-Jan-2031	1,45,100	1,42,21,207	0.03%
	8.72% Andhra Pradesh SDL Mat 24-Feb-2026	1,00,000	1,10,25,180	0.02%
	7.18% Tamil Nadu SDL Mat 26-July-2027	1,00,000	1,02,88,800	0.02%
	8.00% Tamil Nadu SDL Mat 28-Oct-2025	80,000	86,63,168	0.02%
	8.50% Gujrat SDL Mat 28-Nov-2028	69,600	76,64,241	0.01%
	8.24% Andhra Pradesh SDL Mat 09-Sep-2025	43,300	47,12,473	0.01%
	8.44% Tamil Nadu SDL Mat 26-Nov-2024	40,500	44,19,563	0.01%
	7.17% Maharashtra SDL Mat 16-Oct-2029	40,000	40,89,292	0.01%
	8.17% Tamil Nadu SDL Mat 26-Nov-2025	24,600	26,81,503	0.01%
	9.49% Tamil Nadu SDL Mat 18-Dec-2023	10,000	11,04,876	0.00%
	9.77% Andhra Pradesh SDL Mat 28-Aug-2023	10,000	11,01,661	0.00%
State Development Loans Total		9,94,55,100	10,20,65,90,271	19.34%
Other Securities, whose principal and interest is guaranteed	6.65% Food Corporation of India Ltd Mat 23-Oct-2030	1,800	1,76,46,09,698	3.34%
	6.79% BSNL NCD (GOI Guaranteed) Mat 23.09.2030	1,500	1,49,24,89,358	2.83%
	7.64% Food Corporation of India Ltd Mat 12-Dec-2029	33	3,43,89,072	0.07%
	9.95% Food Corporation of India Ltd Mat 07-Mar-2022	22	2,31,70,155	0.04%
	8.80% Food Corporation of India Ltd Mat 22-Mar-2028	9	99,05,743	0.02%
Other Securities Total		3,364	3,32,45,64,026	6.30%
Mutual Fund Units	Invesco India Overnight Fund - Direct Plan - Growth	4,52,799	47,10,71,446	0.89%
Mutual Fund Units Total		4,52,799	47,10,71,446	0.89%
Net Current Assets		-	84,87,74,523	1.61%
Grand Total		49,89,99,699	52,76,12,40,870	93.70%

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

3.1 KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2021

Sr No	Particulars	Scheme G Tier I	
		March 31, 2021	March 31, 2020
1	NAV per unit (₹) I		
	Open	19.5928	16.9682
	High	21.5426	19.8236
	Low	19.2216	16.8502
	End	21.1792	19.5928
2	Closing Assets Under Management (₹ in Lakhs)		
	End	5,27,612.41	3,18,448.32
	Average daily net assets (AAuM) II	4,08,510.08	2,32,918.09
3	Gross income as % of AAuM III	10.16%	14.53%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.04%	0.03%
b	Management fee as % of AAuM (scheme wise) V	0.01%	0.01%
5	Net income as % of AAuM VI	6.86%	14.09%
6	Portfolio turnover ratio VII	152.21%	339.62%
7	Returns (%)* Compounded Annualised Yield VIII		
	Last 1 Year	8.10%	15.47%
	Last 3 Years	10.93%	9.71%
	Last 5 Years	9.89%	9.62%
	Last 10 Years	NA	NA
	Since Launch of the scheme (01/08/2013)	10.28%	10.61%
	* Declared NAV; Returns calculated based on declared NAV		
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 fees, Depository and settlement charges and Stamp duty but excludes Unrealised /Realised loss		
V	Management fee as % of AAuM is annualised. Management fees (Including applicable Taxes) as per Revenue Account		
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	Returns (%)* 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 II**

**Financial Statements together
with Auditors' Report**

For the Financial year ended March 31, 2021

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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, 2021 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, 2021;
- 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 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 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 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 financial statements.

Other Matters

1. 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.
2. Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to the Company and carry out any of the audit processes physically. In all the audit processes, the necessary records / reports / documents / certificates were made available to us by the Company in the form of scanned documents / spread sheets through electronic mode and not in original. Accordingly, the audit procedures were carried out on the basis of such documents, reports and records which were relied upon as audit evidence for conducting the audit and reporting for the current period. Further, our audit process was also modified for making enquiries and gathering necessary audit evidence from being physically present at the Company to enquiries through Video Conferencing, dialogues and discussions over phone calls / conference calls, emails and similar communication channels. Our audit procedures were designed to obtain sufficient appropriate audit evidence under these circumstances.

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:

NATIONAL PENSION SYSTEM TRUST

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

BALANCE SHEET AS AT MARCH 31, 2021

(In ₹)

Particulars	Schedule	Scheme G Tier II	
		March 31, 2021	March 31, 2020
Liabilities			
Unitholders Funds			
Unit Capital	1	1,22,40,54,544	56,78,93,020
Reserves & Surplus	2	1,39,94,24,211	56,48,35,512
Current Liabilities and Provisions	3	4,18,28,680	2,95,35,500
Total		2,66,53,07,435	1,16,22,64,032
Assets			
Investments	4	2,62,35,47,802	1,13,29,30,523
Deposits	5	-	-
Other Current Assets	6	4,17,59,633	2,93,33,509
Total		2,66,53,07,435	1,16,22,64,032
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		2,62,34,78,755	1,13,27,28,532
(b) Number of units outstanding		12,24,05,454	5,67,89,302
(c) NAV per unit (a)/(b) (₹)		21.4326	19.9461
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)

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 : April 22, 2021

For and on Behalf of NPS Trust

Sh.Atanu Sen

(Chairman, NPS Trust Board)

Place :

Date :

Sh.Sashi Krishnan

(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, 2021

(In ₹)

Particulars	Schedule	Scheme G Tier II	
		March 31, 2021	March 31, 2020
Income			
Interest		12,06,23,800	5,33,20,946
Profit on sale/redemption of investments		17,42,287	36,17,700
Unrealised gain on appreciation in investments		52,31,561	4,26,27,563
Other income		-	-
- Miscellaneous Income		2,347	486
Total Income (A)		12,75,99,995	9,95,66,695
Expenses & Losses			
Unrealised losses in value of investments		3,21,62,709	4,569
Loss on sale/redemption of investments		-	3,42,500
Management fees (including Goods and Service Tax)		2,12,852	89,219
NPS Trust fees		90,192	28,762
Custodian fees		61,829	25,664
CRA fees		3,22,011	1,77,146
Less : Amount recoverable on sale of units on account of CRA Charges		(3,22,011)	(1,77,146)
Depository and settlement charges		25,588	11,902
Stamp Duty on Bond/Mutual Fund		2,31,267	-
Total Expenditure (B)		3,27,84,437	5,02,616
Surplus/(Deficit) for the year (A-B = C)		9,48,15,558	9,90,64,079
Less: Amount transferred to Unrealised appreciation account		2,63,64,584	(4,26,22,993)
Less: Amount transferred to General Reserve		(12,11,80,142)	(5,64,41,086)
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 : April 22, 2021

For and on Behalf of NPS Trust

Sh.Atanu Sen
(Chairman, NPS Trust Board)

Sh.Sashi Krishnan
(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, 2021	March 31, 2020
Initial capital		
Unit capital		
Outstanding at the beginning of the year	56,78,93,020	26,89,56,194
Add :Units issued during the year	1,26,53,23,420	80,62,77,242
Less: Units redeemed during the year	(60,91,61,896)	(50,73,40,416)
Outstanding at the end of the year	1,22,40,54,544	56,78,93,020
(Face Value of Rs.10/- each unit, fully paid up)		
Outstanding units at the beginning of the year	5,67,89,302	2,68,95,619
Add :Units issued during the year	12,65,32,342	8,06,27,724
Less: Units redeemed during the year	(6,09,16,190)	(5,07,34,041)
		-
Outstanding Units at the end of the year	12,24,05,454	5,67,89,302

Schedule 2: Reserves and surplus

(In ₹)

Particulars	Scheme G Tier II	
	March 31, 2021	March 31, 2020
Unit premium reserve		
Opening balance	42,14,13,911	15,35,81,178
Add: Premium on Units issued	1,41,51,97,252	72,72,54,425
Less: Premium on Units redeemed	(67,54,24,111)	(45,94,21,692)
Add: Transfer from General Reserve	-	-
Closing balance	1,16,11,87,052	42,14,13,911
General Reserve		
Opening balance	9,81,83,558	4,17,42,472
Add/(Less): Transfer from Revenue Account	12,11,80,142	5,64,41,086
Less: Transfer to Unit Premium Reserve	-	-
Closing balance	21,93,63,700	9,81,83,558
Unrealised Appreciation Reserve		
Opening balance	4,52,38,043	26,15,050
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from Revenue Account	(2,63,64,584)	4,26,22,993
Closing balance	1,88,73,459	4,52,38,043
Total	1,39,94,24,211	56,48,35,512

Schedule 3: Current liabilities and provisions

(In ₹)

Particulars	Scheme G Tier II	
	March 31, 2021	March 31, 2020
Current liabilities		
Sundry creditors for expenses	1,13,402	54,824
Contract for Purchase of Investments	1,40,77,817	-
Redemption Payable	2,76,35,142	2,94,79,312
TDS Payable	2,319	1,364
Total	4,18,28,680	2,95,35,500

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, 2021	March 31, 2020
Central and state government securities (including treasury bills)	2,57,52,49,684	1,08,54,09,523
Others - Mutual Fund Units	4,82,98,118	4,75,21,000
Total	2,62,35,47,802	1,13,29,30,523

Schedule 5: Deposits**(In ₹)**

Particulars	Scheme G Tier II	
	March 31, 2021	March 31, 2020
Deposits with scheduled banks	-	-
Total	-	-

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

Particulars	Scheme G Tier II	
	March 31, 2021	March 31, 2020
Balances with banks in current account	5,079	4,611
Outstanding and accrued income	3,17,54,554	1,93,28,898
Sundry debtors	1,00,00,000	1,00,00,000
Total	4,17,59,633	2,93,33,509

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, 2021

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

Scheme Tax Saver - Hybrid Investments

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. 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, 2021	March 31, 2020
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, 2021

(In ₹)

Nature of Transaction	Scheme G Tier II	
	March 31, 2021	March 31, 2020
Investment management fees	2,12,852	89,219

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme G Tier II	
	March 31, 2021	March 31, 2020
Investment management fees payable	68,687	28,313

Aggregate investments made in the Associates and group companies as at March 31, 2021 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme G Tier II			
		31-Mar-21		31-Mar-20	
		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, 2021 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme G Tier II			
		31-Mar-21		31-Mar-20	
		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, 2021 is as follows :

(In ₹)

Particulars	Scheme G Tier II	
	March 31, 2021	March 31, 2020
Average Net Asset Value	1,80,38,30,535	75,60,92,295
Purchase of Investment	9,60,28,29,096	9,24,90,57,603
% to average Net Assets Value	532.36%	1223.27%
Sale of Investment	8,07,70,95,497	8,60,88,37,832
% to average Net Assets Value	447.77%	1138.60%

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, 2021 is as follows :

(In ₹)

Particulars	Scheme G Tier II	
	March 31, 2021	March 31, 2020
Average Net Asset Value	1,80,38,30,535	75,60,92,295
Purchase of Investment	1,55,61,70,265	66,58,57,606
% to average Net Assets Value	86.27%	88.07%
Sale of Investment	2,95,65,720	6,66,75,522
% to average Net Assets Value	1.64%	8.82%

*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			
	31-Mar-21		31-Mar-20	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Central Government Securities	2,21,60,73,937	84.47%	83,43,46,519	73.66%
State Development Loans	35,91,75,747	13.69%	25,10,63,004	22.16%
Mutual Funds	4,82,98,118	1.84%	4,75,21,000	4.20%
Net Current Assets	(69,047)	0.00%	(2,01,991)	-0.02%
Net Asset Value	2,62,34,78,755	100.00%	1,13,27,28,532	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, 2021	March 31, 2020
			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 G TIER II

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2021

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio	
Government Securities	6.22% GOI Mat 16-Mar-2035	36,87,200	35,25,20,656	13.44%	
	7.57% GOI Mat 17-June-2033	23,00,000	24,67,69,300	9.41%	
	5.77% GOI Mat 03-Aug-2030	19,98,000	19,20,96,511	7.32%	
	7.16% GOI Mat 20-Sep-2050	15,00,000	15,71,32,200	5.99%	
	6.19% GOI Mat 16-Sep-2034	15,00,000	14,35,24,500	5.47%	
	8.24% GOI Mat 10-Nov-2033	10,18,400	11,47,24,695	4.37%	
	7.72% GOI Mat 15-June-2049	10,00,000	11,16,10,400	4.25%	
	7.40% GOI Mat 09-Sep-2035	10,00,000	10,64,40,300	4.06%	
	8.32% GOI Mat 02-Aug-2032	7,47,900	8,39,38,836	3.20%	
	Gsec C-STRIPS Mat 17-Dec-2026	10,00,000	7,02,43,200	2.68%	
	6.67% GOI Mat 17-Dec-2050	6,91,500	6,82,86,040	2.60%	
	7.50% GOI Mat 10-Aug-2034	5,20,000	5,56,13,896	2.12%	
	7.26% GOI Mat 14-Jan-2029	5,00,000	5,24,79,400	2.00%	
	6.80% GOI Mat 15-Dec-2060	4,97,000	5,00,97,699	1.91%	
	Gsec C-STRIPS Mat 17-Dec-2027	7,00,000	4,55,28,210	1.74%	
	7.95% GOI Mat 28-Aug-2032	3,50,000	3,85,12,915	1.47%	
	Gsec C-STRIPS Mat 15-Sep-2027	5,00,000	3,30,58,150	1.26%	
	Gsec C-STRIPS Mat 17-June-2028	5,00,000	3,12,75,100	1.19%	
	8.17% GOI Mat 01-Dec-2044	2,29,700	2,66,29,121	1.02%	
	6.68% GOI Mat 17-Sep-2031	2,00,000	2,02,00,040	0.77%	
	7.61% GOI Mat 09-May-2030	1,69,000	1,80,71,086	0.69%	
	8.28% GOI Mat 15-Feb-2032	1,60,600	1,79,87,875	0.69%	
	7.73% GOI Mat 19-Dec-2034	1,61,500	1,75,82,957	0.67%	
	8.60% GOI Mat 02-Jun-2028	1,51,300	1,70,06,665	0.65%	
	8.83% GOI Mat 12-Dec-2041	1,30,500	1,59,91,757	0.61%	
	7.06% GOI Mat 10-Oct-2046	1,43,100	1,47,86,537	0.56%	
	9.20% GOI Mat 30-Sep-2030	1,17,700	1,38,66,084	0.53%	
	8.30% GOI Mat 02-Jul-2040	1,06,900	1,23,45,657	0.47%	
	8.40% GOI Mat 28-Jul-2024	94,600	1,03,41,114	0.39%	
	7.72% GOI Mat 25-May-2025	90,000	96,57,072	0.37%	
	8.13% GOI Mat 22-Jun-2045	82,500	95,63,788	0.36%	
	6.57% GOI Mat 05-Dec-2033	79,000	78,22,169	0.30%	
	8.15% GOI Mat 24-Nov-2026	70,700	77,48,713	0.30%	
	7.88% GOI Mat 19-Mar-2030	67,400	73,36,477	0.28%	
	8.24% GOI Mat 15-Feb-2027	63,600	69,94,238	0.27%	
	8.30% GOI Mat 31-Dec-2042	55,000	64,35,660	0.25%	
	8.20% GOI Mat 24-Sep-2025	50,600	55,19,828	0.21%	
	7.59% GOI Mat 20-Mar-2029	50,000	53,35,675	0.20%	
	9.23% GOI Mat 23-Dec-2043	30,800	39,45,144	0.15%	
	8.33% GOI Mat 09-Jul-2026	30,000	32,95,131	0.13%	
	8.33% GOI Mat 07-June-2036	20,000	22,92,304	0.09%	
	7.72% GOI Mat 26-Oct-2055	10,000	11,24,325	0.04%	
	8.28% GOI Mat 21-Sep-2027	2,000	2,21,144	0.01%	
	8.26% GOI Mat 02-Aug-2027	1,100	1,21,368	0.00%	
	Government Securities Total		2,23,77,600	2,21,60,73,937	84.47%
	State Development Loans	6.81% Maharashtra SDL Mat 07-Oct-2028	6,84,200.00	6,87,77,973	2.62%
		8.25% Gujrat SDL Mat 25-Apr-2028	5,00,000.00	5,41,52,050	2.06%
		8.47% Gujrat SDL Mat 21-Aug-2028	3,00,000.00	3,29,01,630	1.25%
		8.30% Gujrat SDL Mat 06-Feb-2029	2,73,600.00	2,97,30,853	1.13%
		9.53% Gujrat SDL Mat 12-Feb-2024	2,00,000.00	2,21,32,140	0.84%
		8.17% Gujrat SDL Mat 19-Dec-2028	2,00,000.00	2,16,44,060	0.83%
		7.65% Tamil Nadu SDL Mat 06-Dec-2027	1,95,600.00	2,06,29,502	0.79%
		8.18% Tamil Nadu SDL Mat 19-Dec-2028	1,62,400.00	1,75,84,607	0.67%
		8.38% Gujrat SDL Mat 27-Feb-2029	1,43,100.00	1,56,26,463	0.60%
		6.90% Gujrat SDL Mat 31-Mar-2030	1,40,000.00	1,40,75,054	0.54%
		8.37% Tamil Nadu SDL Mat 05-Dec-2028	1,00,000.00	1,09,37,000	0.42%
8.08% Maharashtra SDL Mat 26-Dec-2028		91,200.00	98,33,749	0.37%	
8.58% Gujrat SDL Mat 31-Oct-2028		77,300.00	85,42,655	0.33%	
8.68% Tamil Nadu SDL Mat 10-Oct-2028		71,700.00	79,61,668	0.30%	
8.79% Gujrat SDL Mat 12-Sep-2028		52,100.00	58,13,381	0.22%	
8.47% Maharashtra SDL Mat 10-Feb-2026		50,000.00	54,61,755	0.21%	
7.20% Maharashtra SDL Mat 09-Aug-2027		50,000.00	51,50,250	0.20%	
8.36% Maharashtra SDL Mat 27-Jan-2026		40,000.00	43,48,932	0.17%	
7.96% Maharashtra SDL Mat 29-Jun-2026		30,000.00	32,17,275	0.12%	
8.44% Tamil Nadu SDL Mat 26-Nov-2024	6,000.00	6,54,750	0.02%		
State Development Loans Total		33,67,200	35,91,75,747	13.69%	
Mutual Fund Units	Aditya Birla Sun Life Overnight Fund - Growth -Direct Plan	43,401	4,82,98,118	1.84%	
Mutual Fund Units Total		43,401	4,82,98,118	1.84%	
Net Current Assets		-	(69,047)	0.00%	
Grand Total		2,57,88,201	2,62,34,78,755	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, 2021

Sr No	Particulars	Scheme G Tier II	
		March 31, 2021	March 31, 2020
1	NAV per unit (₹) I		
	Open	19.9461	17.3595
	High	21.8392	20.2180
	Low	19.5644	17.2445
	End	21.4326	19.9461
2	Closing Assets Under Management (₹ in Lakhs)		
	End	26,234.79	11,327.29
	Average daily net assets (AAuM) II	18,038.31	7,560.92
3	Gross income as % of AAuM III	7.07%	13.17%
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.03%	0.02%
b	Management fee as % of AAuM (scheme wise) V	0.01%	0.01%
5	Net income as % of AAuM VI	5.26%	13.10%
6	Portfolio turnover ratio VII	1.64%	8.82%
7	Returns (%)* Compounded Annualised Yield VIII		
	Last 1 Year	7.45%	14.90%
	Last 3 Years	10.55%	9.59%
	Last 5 Years	9.66%	9.53%
	Last 10 Years	NA	NA
	Since Launch of the scheme (01/08/2013)	10.45%	10.91%
* Declared NAV; Returns calculated based on declared NAV			
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 fees, Depository and settlement charges and Stamp duty but excludes Unrealised /Realised loss		
V	Management fee as % of AAuM is annualised. Management fees (Including applicable Taxes) as per Revenue Account		
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	Returns (%)* Compounded Annualised Yield is to be calculated based on following formula: = ((1+ cumulative return) ⁿ - 1) / (n * 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, 2021

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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, 2021 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, 2021;
- 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 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 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 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 financial statements.

Other Matters

1. 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.
2. Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to the Company and carry out any of the audit processes physically. In all the audit processes, the necessary records / reports / documents / certificates were made available to us by the Company in the form of scanned documents / spread sheets through electronic mode and not in original. Accordingly, the audit procedures were carried out on the basis of such documents, reports and records which were relied upon as audit evidence for conducting the audit and reporting for the current period. Further, our audit process was also modified for making enquiries and gathering necessary audit evidence from being physically present at the Company to enquiries through Video Conferencing, dialogues and discussions over phone calls / conference calls, emails and similar communication channels. Our audit procedures were designed to obtain sufficient appropriate audit evidence under these circumstances.

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:

NATIONAL PENSION SYSTEM TRUST

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

BALANCE SHEET AS AT MARCH 31, 2021

(In ₹)

Particulars	Schedule	Scheme A Tier I	
		March 31, 2021	March 31, 2020
Liabilities			
Unitholders Funds			
Unit Capital	1	25,47,46,587	14,27,30,975
Reserves & Surplus	2	10,86,04,123	4,31,79,797
Current Liabilities and Provisions	3	3,92,167	2,66,949
Total		36,37,42,877	18,61,77,721
Assets			
Investments	4	35,56,29,574	17,80,54,012
Deposits	5	-	-
Other Current Assets	6	81,13,303	81,23,709
Total		36,37,42,877	18,61,77,721
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		36,33,50,710	18,59,10,772
(b) Number of units outstanding		2,54,74,659	1,42,73,098
(c) NAV per unit (a)/(b) (₹)		14.2632	13.0252
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 : April 22, 2021

For and on Behalf of NPS Trust

Sh.Atanu Sen

(Chairman, NPS Trust Board)

Place :

Date :

Sh.Sashi Krishnan

(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, 2021

(In ₹)

Particulars	Schedule	Scheme A Tier I	
		March 31, 2021	March 31, 2020
Income			
Interest		1,43,32,055	87,01,468
Profit on sale/redemption of investments		11,45,864	13,72,209
Unrealised gain on appreciation in investments		60,93,065	98,162
Other income			
- Miscellaneous Income		68	-
Total Income (A)		2,15,71,052	1,01,71,839
Expenses & Losses			
Unrealised losses in value of investments		-	39,38,685
Management fees (including Goods and Service Tax)		29,604	14,470
NPS Trust fees		12,544	4,619
Custodian fees		5,890	3,611
CRA fees		2,30,175	1,72,934
Less : Amount recoverable on sale of units on account of CRA Charges		(2,30,175)	(1,72,934)
Depository and settlement charges		919	689
Stamp Duty on Bond/Mutual Fund		11,369	-
Total Expenditure (B)		60,326	39,62,074
Surplus/(Deficit) for the year (A-B = C)		2,15,10,726	62,09,765
Less: Amount transferred to Unrealised appreciation account		(34,05,444)	11,52,902
Less: Amount transferred to General Reserve		(1,81,05,282)	(73,62,667)
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

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 : April 22, 2021

For and on Behalf of NPS Trust

Sh.Atanu Sen
(Chairman, NPS Trust Board)

Place :

Date :

Sh.Sashi Krishnan
(Chief Executive Officer)

NATIONAL PENSION SYSTEM TRUST

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

Schedules forming part of the financial statements

Schedule 1: Unit capital

(In ₹)

Particulars	Scheme A Tier I	
	March 31, 2021	March 31, 2020
Initial capital		
Unit capital		
Outstanding at the beginning of the year	14,27,30,975	6,33,04,044
Add :Units issued during the year	13,07,32,208	8,91,77,648
Less: Units redeemed during the year	(1,87,16,596)	(97,50,717)
Outstanding at the end of the year	25,47,46,587	14,27,30,975
(Face Value of Rs.10/- each unit, fully paid up)		
Outstanding units at the beginning of the year	1,42,73,098	63,30,404
Add :Units issued during the year	1,30,73,221	89,17,765
Less: Units redeemed during the year	(18,71,660)	(9,75,072)
Outstanding Units at the end of the year	2,54,74,659	1,42,73,098

Schedule 2: Reserves and surplus

(In ₹)

Particulars	Scheme A Tier I	
	March 31, 2021	March 31, 2020
Unit premium reserve		
Opening balance	3,17,94,171	88,36,475
Add: Premium on Units issued	5,09,34,878	2,57,14,124
Less: Premium on Units redeemed	(70,21,278)	(27,56,428)
Add: Transfer from General Reserve	-	-
Closing balance	7,57,07,771	3,17,94,171
General Reserve		
Opening balance	1,12,67,881	39,05,214
Add/(Less): Transfer from Revenue Account	1,81,05,282	73,62,667
Less: Transfer to Unit Premium Reserve	-	-
Closing balance	2,93,73,163	1,12,67,881
Unrealised Appreciation Reserve		
Opening balance	1,17,745	12,70,647
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from Revenue Account	34,05,444	(11,52,902)
Closing balance	35,23,189	1,17,745
Total	10,86,04,123	4,31,79,797

Schedule 3: Current liabilities and provisions

(In ₹)

Particulars	Scheme A Tier I	
	March 31, 2021	March 31, 2020
Current liabilities		
Sundry creditors for expenses	12,488	9,531
Redemption Payable	3,79,422	2,57,216
TDS Payable	257	202
Total	3,92,167	2,66,949

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, 2021	March 31, 2020
Others - Mutual Fund Units	19,69,25,923	2,36,91,849
Basel III Tier I bonds	15,87,03,651	15,43,62,163
Total	35,56,29,574	17,80,54,012

Schedule 5: Deposits**(In ₹)**

Particulars	Scheme A Tier I	
	March 31, 2021	March 31, 2020
Deposits with scheduled banks	-	-
Total	-	-

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

Particulars	Scheme A Tier I	
	March 31, 2021	March 31, 2020
Balances with banks in current account	4,796	5,004
Outstanding and accrued income	81,08,507	81,17,105
Brokerage receivable from PFM	-	1,600
Total	81,13,303	81,23,709

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, 2021

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

Scheme Tax Saver – Hybrid Investments

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. 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

2.1 Contingent liabilities

(In ₹)

Particulars	Scheme A Tier I	
	March 31, 2021	March 31, 2020
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, 2021

(In ₹)

Nature of Transaction	Scheme A Tier I	
	March 31, 2021	March 31, 2020
Investment management fees	29,604	14,470

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme A Tier I	
	March 31, 2021	March 31, 2020
Investment management fees payable	8,925	4,610

Aggregate investments made in the Associates and group companies as at March 31, 2021 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme A Tier I			
		31-Mar-21		31-Mar-20	
		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, 2021 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme A Tier I			
		31-Mar-21		31-Mar-20	
		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, 2021 is as follows :

(In ₹)

Particulars	Scheme A Tier I	
	March 31, 2021	March 31, 2020
Average Net Asset Value	25,08,82,261	12,26,21,392
Purchase of Investment	26,53,34,159	3,18,75,26,282
% to average Net Assets Value	105.76%	2599.49%
Sale of Investment	9,49,89,999	3,07,65,90,103
% to average Net Assets Value	37.86%	2509.02%

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, 2021 is as follows :

(In ₹)

Particulars	Scheme A Tier I	
	March 31, 2021	March 31, 2020
Average Net Asset Value	25,08,82,261	12,26,21,392
Purchase of Investment	-	10,67,17,284
% to average Net Assets Value	-	87.03%
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-21		31-Mar-20	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Monetary Intermediation Of Commercial Banks, Saving Banks, Postal Savings Bank And Discount Houses	15,07,03,652	43.68%	15,43,62,164	83.03%
Mutual Funds	19,69,25,922	54.20%	2,36,91,849	12.74%
Net Current Assets	77,21,136	2.12%	78,56,760	4.23%
Net Asset Value	36,33,50,710	100.00%	18,59,10,772	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, 2021	March 31, 2020
			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, 2021

(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	5,11,45,171.00	14.08%
	9.15% ICICI Bank Ltd NCD Perpetual AT-1 (Call date 20-Jun-2023)	40	4,09,98,928.00	11.28%
	9.50 Indusind Bank Perpetual AT-1 (Call date18/04/2022)	20	1,98,04,855.00	5.45%
	9.90 ICICI Bank Perpetual AT-1 (Call date28/12/2023)	15	1,56,67,004.00	4.31%
	10.50 Indusind Bank Perpetual AT-1 (Call date28/03/2024)	12	1,18,29,977.00	3.26%
	9.20 ICICI Bank Perpetual AT-1 (Call date17/03/2022)	7	71,35,431.00	1.96%
	8.75 Axis Bank Perpetual AT-1 Series26(Call date14/12/2021)	7	70,62,509.00	1.94%
	8.15 SBI Bank Perpetual AT-1 (Call date02/008/2022)	5	50,59,777.00	1.39%
Asset Backed, Trust Structured and Miscellaneous Investments Total		156	15,87,03,651	43.68%
Mutual Fund Units	Aditya Birla Sun Life Overnight Fund - Growth -Direct Plan	1,04,016	11,57,52,555	31.86%
Mutual Fund Units	Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan	2,44,869	8,11,73,368	22.34%
Mutual Fund Units Total		3,48,885	19,69,25,923	54.20%
Net Current Assets		-	77,21,136	2.12%
Grand Total		3,49,041	36,33,50,710	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, 2021

Sr No	Particulars	Scheme A Tier I	
		March 31, 2021	March 31, 2020
1	NAV per unit (₹) I		
	Open	13.0252	12.2134
	High	14.3412	13.4100
	Low	12.6069	12.1601
	End	14.2632	13.0252
2	Closing Assets Under Management (₹ in Lakhs)		
	End	3,633.51	1,859.11
	Average daily net assets (AAuM) II	2,508.82	1,226.21
3	Gross income as % of AAuM III	8.60%	8.30%
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	8.57%	5.06%
6	Portfolio turnover ratio VII	NIL	NIL
7	Returns (%)* Compounded Annualised Yield VIII		
	Last 1 Year	9.50%	6.65%
	Last 3 Years	8.29%	8.19%
	Last 5 Years	NA	NA
	Last 10 Years	NA	NA
	Since Launch of the scheme (10/10/2016)	8.26%	7.90%
* Declared NAV; Returns calculated based on declared NAV			
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 fees, Depository and settlement charges and Stamp duty but excludes Unrealised /Realised loss		
V	Management fee as % of AAuM is annualised. Management fees (Including applicable Taxes) as per Revenue Account		
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	Returns (%)* 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 TAX
SAVER TIER II**

**Financial Statements together
with Auditors' Report**

For the Financial year ended March 31, 2021

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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 Tax saver- 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, 2021 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, 2021;
- b) in the case of Revenue Account, of the deficit of the Scheme for the year ended on that date;

Basis for Opinion

We conducted our audit of the 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 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 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 financial statements.

Other Matters

1. 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.
2. Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to the Company and carry out any of the audit processes physically. In all the audit processes, the necessary records / reports / documents / certificates were made available to us by the Company in the form of scanned documents / spread sheets through electronic mode and not in original. Accordingly, the audit procedures were carried out on the basis of such documents, reports and records which were relied upon as audit evidence for conducting the audit and reporting for the current period. Further, our audit process was also modified for making enquiries and gathering necessary audit evidence from being physically present at the Company to enquiries through Video Conferencing, dialogues and discussions over phone calls / conference calls, emails and similar communication channels. Our audit procedures were designed to obtain sufficient appropriate audit evidence under these circumstances.

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:

NATIONAL PENSION SYSTEM TRUST

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

BALANCE SHEET AS AT MARCH 31, 2021

(In ₹)

Particulars	Schedule	Scheme Tax Saver Tier II	
		March 31, 2021	March 31, 2020 *
Liabilities			
Unitholders Funds			
Unit Capital	1	69,50,847	-
Reserves & Surplus	2	22,185	-
Current Liabilities and Provisions	3	6,54,143	-
Total		76,27,175	-
Assets			
Investments	4	72,91,640	-
Deposits	5	-	-
Other Current Assets	6	3,35,535	-
Total		76,27,175	-
(a) Net asset as per Balance Sheet (Schedule 4+5+6 -3)		69,73,032	-
(b) Number of units outstanding		6,95,085	-
(c) NAV per unit (a)/(b) (₹)		10.0319	-
Significant accounting policies and notes to accounts	7		

* Scheme Launched by the NPS Trust on August 17th, 2020 hence previous year numbers are not available.

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

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

For 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 : April 22, 2021

For and on Behalf of NPS Trust

Sh.Atanu Sen

(Chairman, NPS Trust Board)

Place :

Date :

Sh.Sashi Krishnan

(Chief Executive Officer)

NATIONAL PENSION SYSTEM TRUST

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

REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2021

(In ₹)

Particulars	Schedule	Scheme Tax Saver Tier II	
		March 31, 2021	March 31, 2020 *
Income			
Dividend		1,369	-
Interest		53,190	-
Profit on sale/redemption of investments		9,968	-
Unrealised gain on appreciation in investments		16,804	-
Other income			
- Miscellaneous Income		13	-
Total Income (A)		81,344	-
Expenses & Losses			
Unrealised losses in value of investments		93,275	-
Management fees (including Goods and Service Tax)		162	-
NPS Trust fees		68	-
Custodian fees		38	-
CRA fees		-	-
Less : Amount recoverable on sale of units on account of CRA Charges		-	-
Provision for Non-Performing Assets		-	-
Depository and settlement charges		390	-
Stamp Duty on Bond/Mutual Fund		419	-
Total Expenditure (B)		94,352	-
Surplus/(Deficit) for the year (A-B = C)		(13,008)	-
Less: Amount transferred to Unrealised appreciation account		(16,804)	-
Less: Amount transferred to General Reserve		29,812	-
Amount carried forward to Balance Sheet		-	-
Significant accounting policies and notes to accounts	7		

* Scheme Launched by the NPS Trust on August 17th, 2020 hence previous year numbers are not available.

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 : April 22, 2021

For and on Behalf of NPS Trust

Sh.Atanu Sen
(Chairman, NPS Trust Board)

Place :

Date :

Sh.Sashi Krishnan
(Chief Executive Officer)

NATIONAL PENSION SYSTEM TRUST

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

Schedules forming part of the financial statements

Schedule 1: Unit capital

(In ₹)

Particulars	Scheme Tax Saver Tier II	
	March 31, 2021	March 31, 2020
Initial capital		
Unit capital		
Outstanding at the beginning of the year	-	-
Add :Units issued during the year	69,60,847	-
Less: Units redeemed during the year	(10,000)	-
Outstanding at the end of the year	69,50,847	-
(Face Value of Rs.10/- each unit, fully paid up)		
Outstanding units at the beginning of the year	-	-
Add :Units issued during the year	6,96,085	-
Less: Units redeemed during the year	(1,000)	-
Outstanding Units at the end of the year	6,95,085	-

Schedule 2: Reserves and surplus

(In ₹)

Particulars	Scheme Tax Saver Tier II	
	March 31, 2021	March 31, 2020
Unit premium reserve		
Opening balance	-	-
Add: Premium on Units issued	35,194	-
Less: Premium on Units redeemed	(1)	-
Add: Transfer from General Reserve	-	-
Closing balance	35,193	-
General Reserve		
Opening balance	-	-
Add/(Less): Transfer from Revenue Account	(29,812)	-
Less: Transfer to Unit Premium Reserve	-	-
Closing balance	(29,812)	-
Unrealised Appreciation Reserve		
Opening balance	-	-
Add: Adjustment for Previous years unrealised appreciation reserve	-	-
Add/(Less): Transfer from Revenue Account	16,804	-
Closing balance	16,804	-
Total	22,185	-

Schedule 3: Current liabilities and provisions

(In ₹)

Particulars	Scheme Tax Saver Tier II	
	March 31, 2021	March 31, 2020
Current liabilities		
Sundry creditors for expenses	516	-
Contract for Purchase of Investments	6,53,613	-
TDS Payable	14	-
Total	6,54,143	-

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

Schedules forming part of the financial statements

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

Particulars	Scheme Tax Saver Tier II	
	March 31, 2021	March 31, 2020
Equity shares	8,28,013	-
Central and state government securities (including treasury bills)	57,57,663	-
Others - Mutual Fund Units	7,05,964	-
Total	72,91,640	-

Schedule 5: Deposits**(In ₹)**

Particulars	Scheme Tax Saver Tier II	
	March 31, 2021	March 31, 2020
Deposits with scheduled banks	-	-
Total	-	-

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

Particulars	Scheme Tax Saver Tier II	
	March 31, 2021	March 31, 2020
Balances with banks in current account	5,752	-
Outstanding and accrued income	29,659	-
Dividend Receivable	125	-
Sundry debtors	3,00,000	-
Total	3,35,535	-

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

Schedule 7

Significant accounting policies & notes to accounts for the year ended March 31, 2021

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 TAX SAVER TIER II being managed by the Company.

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

Scheme Tax Saver – Hybrid Investments

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. 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.

Equity Investment

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.

Corporate Bond Investment

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.

Government Securities

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 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 TAX SAVER TIER II

Notes to accounts

2.1 Contingent liabilities

(In ₹)

Particulars	Scheme Tax Saver Tier II	
	March 31, 2021	March 31, 2020
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, 2021

(In ₹)

Nature of Transaction	Scheme Tax Saver Tier II	
	March 31, 2021	March 31, 2020
Investment management fees	162	-

Balances with HDFC Pension Management Company Limited are as follows:

(In ₹)

Nature of Transaction	Scheme Tax Saver Tier II	
	March 31, 2021	March 31, 2020
Investment management fees payable	127	-

Aggregate investments made in the Associates and group companies as at March 31, 2021 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme Tax Saver Tier II			
		31-Mar-21		31-Mar-20	
		Cost	Market Value	Cost	Market Value
HDFC Ltd		15,419	14,989	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, 2021 are as follows:

(In ₹)

Name of the Company	Asset type	Scheme Tax Saver Tier II			
		31-Mar-21		31-Mar-20	
		Cost	Market Value	Cost	Market Value
HDFC Bank Ltd		22,407	22,405	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, 2021 is as follows :

(In ₹)

Particulars	Scheme Tax Saver Tier II	
	March 31, 2021	March 31, 2020
Average Net Asset Value	21,70,239	-
Purchase of Investment	1,51,19,234	-
% to average Net Assets Value	696.66%	-
Sale of Investment	76,99,590	-
% to average Net Assets Value	354.78%	-

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

Notes to accounts

Aggregate value of purchase and sale (excluding liquid mutual fund)* with percentage to average assets as at March 31, 2021 is as follows :

(In ₹)

Particulars	Scheme Tax Saver Tier II	
	March 31, 2021	March 31, 2020
Average Net Asset Value	21,70,239	-
Purchase of Investment	67,23,356	-
% to average Net Assets Value	309.80%	-
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 Tax Saver Tier II			
	31-Mar-21		31-Mar-20	
	Market value	% of Industry Classification	Market value	% of Industry Classification
Central Government of India Loans	46,40,120	66.54%	-	-
State Development Loans	11,17,543	16.03%	-	-
Other Industry	8,28,013	11.87%	-	-
Mutual Funds	7,05,964	10.12%	-	-
Net Current Assets	(3,18,608)	-4.57%	-	-
Net Asset Value	69,73,032	100.00%	-	-

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

(In ₹)

Security Name	Asset Type	Ageing	Scheme Tax Saver Tier II	
			March 31, 2021	March 31, 2020
			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 TAX SAVER TIER II

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2021

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
Government Securities	6.22% GOI Mat 16-Mar-2035	40,200	38,43,385	55.12%
	6.80% GOI Mat 15-Dec-2060	3,000	3,02,400	4.34%
	Gsec C-STRIPS Mat 17-Dec-2026	4,300	3,02,046	4.33%
	5.77% GOI Mat 03-Aug-2030	2,000	1,92,289	2.76%
Government Securities Total		49,500	46,40,120	66.54%
State Development Loans	6.90% Gujrat SDL Mat 31-Mar-2030	6,500	6,53,486	9.37%
	7.65% Tamil Nadu SDL Mat 06-Dec-2027	4,400	4,64,057	6.66%
State Development Loans Total		10,900	11,17,543	16.03%
Equity Shares	Reliance Industries Ltd.	33.00	66,101	0.95%
	ICICI Bank Ltd	104.00	60,537	0.87%
	Infosys Ltd	43.00	58,826	0.84%
	Kotak Mahindra Bank Ltd	24.00	42,072	0.60%
	Tata Consultancy Services Ltd	12.00	38,134	0.55%
	Shree Cement Ltd	1.00	29,465	0.42%
	Axis Bank Ltd	42.00	29,293	0.42%
	Hindustan Unilever Ltd	11.00	26,747	0.38%
	Larsen & Toubro Ltd	18.00	25,540	0.37%
	Bharati Airtel Ltd.	47.00	24,313	0.35%
	HDFC Bank Ltd	15.00	22,405	0.32%
	State Bank of India	58.00	21,129	0.30%
	Bajaj Finance Ltd.	4.00	20,599	0.30%
	UltraTech Cement Ltd	3.00	20,214	0.29%
	ITC Ltd	89.00	19,447	0.28%
	Nestle India Limited	1.00	17,165	0.25%
	Mahindra & Mahindra Ltd	19.00	15,110	0.22%
	Housing Development Finance Corporation Ltd	6.00	14,989	0.21%
	HCL Technologies Ltd	14.00	13,757	0.20%
	Maruti Suzuki India Ltd	2.00	13,718	0.20%
	IndusInd Bank Ltd	13.00	12,408	0.18%
	Divis Laboratories Ltd	3.00	10,868	0.16%
	ICICI Lombard General Insurance Company Limited	7.00	10,032	0.14%
	Tech Mahindra Ltd.	10.00	9,915	0.14%
	Bajaj Finserv Ltd	1.00	9,669	0.14%
	Dr Reddys Laboratories Ltd	2.00	9,032	0.13%
	SBI Life Insurance Company Limited	10.00	8,809	0.13%
	Hero Motocorp Ltd	3.00	8,741	0.13%
	Cipla Ltd	10.00	8,151	0.12%
	Petronet LNG Ltd	34.00	7,638	0.11%
	Asian Paints (India) Ltd	3.00	7,612	0.11%
	Tata Steel Ltd	9.00	7,307	0.10%
	Pidilite Industries Limited	4.00	7,238	0.10%
	Lupin Ltd	7.00	7,143	0.10%
	ICICI Prudential Life Insurance Company Limited	15.00	6,684	0.10%
	Hindalco Industries Ltd	20.00	6,537	0.09%
	LIC Housing Finance Ltd	15.00	6,423	0.09%
	Bharat Petroleum Corporation Ltd	15.00	6,419	0.09%
	Hindustan Petroleum Corporation Ltd	23.00	5,394	0.08%
	National Thermal Power Corporation Ltd	47.00	5,008	0.07%
	Ambuja Cements Ltd	14.00	4,324	0.06%
	Indraprastha Gas Ltd	8.00	4,099	0.06%
	Power Grid Corporation of India Ltd	19.00	4,097	0.06%
	Wipro Ltd	9.00	3,727	0.05%
	Siemens Ltd	2.00	3,688	0.05%
	Bajaj Auto Ltd	1.00	3,671	0.05%
	Britannia Industries Ltd	1.00	3,625	0.05%
United Spirits Ltd	6.00	3,338	0.05%	
Gas Authority of India Ltd	24.00	3,252	0.05%	
Havells India Ltd	3.00	3,151	0.05%	
Titan Company Limited	2.00	3,116	0.04%	
Voltas Ltd	3.00	3,006	0.04%	
Exide Industries Ltd	16.00	2,938	0.04%	
Adani Ports And Special Economic Zone Ltd	4.00	2,810	0.04%	
Cummins India Ltd	3.00	2,759	0.04%	
Vedanta Ltd	12.00	2,745	0.04%	
Oil & Natural Gas Corporation Ltd	26.00	2,656	0.04%	
Eicher Motors Ltd	1.00	2,604	0.04%	
Tata Motors Ltd	8.00	2,414	0.03%	

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

3. PORTFOLIO STATEMENT AS ON MARCH 31, 2021

(In ₹)

Asset Head	Scrip Name	Quantity	Market Value	% of Portfolio
	TVS Motor Company Ltd.	4.00	2,340	0.03%
	Cholamandalam Investment & Finance Company Ltd	4.00	2,235	0.03%
	Dabur India Ltd	4.00	2,162	0.03%
	Mahindra & Mahindra Financial Services Ltd	10.00	1,990	0.03%
	Sun Pharmaceuticals Industries Ltd	3.00	1,793	0.03%
	Cadila Healthcare Ltd.	4.00	1,764	0.03%
	Indus Towers Ltd	7.00	1,715	0.02%
	Colgate Palmolive (India) Ltd	1.00	1,559	0.02%
	Federal Bank Ltd	20.00	1,516	0.02%
	Grasim Industries Ltd	1.00	1,451	0.02%
	Shriram Transport Finance Co. Ltd	1.00	1,422	0.02%
	Ashok Leyland Ltd	11.00	1,249	0.02%
	Coal India Ltd	8.00	1,043	0.01%
	The Ramco Cements Limited	1.00	1,003	0.01%
	Indian Oil Corporation Ltd	10.00	919	0.01%
	Godrej Consumer Products Ltd	1.00	730	0.01%
	Punjab National Bank	14.00	513	0.01%
Equity Shares Total		1,063	8,28,013	11.87%
Mutual Fund Units	Kotak Overnight Fund -Direct Plan-Growth Option	643	7,05,964	10.12%
Mutual Fund Units Total		643	7,05,964	10.12%
Net Current Assets		-	(3,18,608)	-4.57%
Grand Total		62,106	69,73,032	33.46%

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

3.1 KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2021

Sr No	Particulars	Scheme Tax Saver Tier II	
		March 31, 2021	March 31, 2020 *
1	NAV per unit (₹) I		
	Open	10.0000	-
	High	10.1405	-
	Low	9.8838	-
	End	10.0319	-
2	Closing Assets Under Management (₹ in Lakhs)		
	End	69.73	-
	Average daily net assets (AAuM) II	21.70	-
3	Gross income as % of AAuM III	3.75%	-
4	Expense ratio		
a	Total expense as % of AAuM (scheme wise) IV	0.05%	-
b	Management fee as % of AAuM (scheme wise) V	0.01%	-
5	Net income as % of AAuM VI	-0.60%	-
6	Portfolio turnover ratio VII	NIL	-
7	Returns (%)* Compounded Annualised Yield VIII		
	Last 1 Year	NA	NA
	Last 3 Years	NA	NA
	Last 5 Years	NA	NA
	Last 10 Years	NA	NA
	Since Launch of the scheme (17/08/2020)	0.52%	NA
* Declared NAV; Returns calculated based on declared NAV			
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 fees, Depository and settlement charges and Stamp duty but excludes Unrealised /Realised loss		
V	Management fee as % of AAuM is annualised. Management fees (Including applicable Taxes) as per Revenue Account		
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	Returns (%)* Compounded Annualised Yield is to be calculated based on following formula: = ((1+ cumulative return)^n) -1 (where n=365/no. of days)		
* Scheme Launched by the NPS Trust on August 17th, 2020 hence previous year numbers are not available.			