

SECOND ANNUAL REPORT
NATIONAL PENSION SYSTEM TRUST

2018-2019

**ADITYA BIRLA SUN LIFE PENSION
MANAGEMENT LTD**



INDEX

| Sr.No | Particulars | Page No. |
|--------------|---|-----------------|
| 1 | Consolidated Outlook report | 02-03 |
| 2 | Scheme : E (Tier-I) Audit Report | 04-05 |
| 3 | Scheme: E (Tier-I) Financial Statements | 06-16 |
| 4 | Scheme : E (Tier-II) Audit Report | 17-18 |
| 5 | Scheme: E (Tier-II) Financial Statements | 19-29. |
| 6 | Scheme : C (Tier-I) Audit Report | 30-31 |
| 7 | Scheme: C (Tier-I) Financial Statements | 32-43 |
| 8 | Scheme : C (Tier-II) Audit Report | 44-45 |
| 9 | Scheme: C (Tier-II) Financial Statements | 46-56 |
| 10 | Scheme : G (Tier-I) Audit Report | 57-58 |
| 11 | Scheme: G (Tier-I) Financial Statements | 59-68 |
| 12 | Scheme : G (Tier-II) Audit Report | 69-70 |
| 13 | Scheme: G (Tier-II) Financial Statements | 71-80 |
| 14 | Scheme : A (Tier-I) Audit Report | 81-82 |
| 15 | Scheme: A (Tier-I) Financial Statements | 83-93 |
| 16 | Auditors Certificate on the Voting report | 94 |

Economic Outlook

Though the Indian economy was buffeted by both domestic and global shocks in 2018-19, it remained resilient. The crisis that hit the non-banking financial sector, post a few bond defaults, led to financial tightness and risk aversion. As a result, consumption slowed. Crude oil prices rebounded to around US\$70/bbl and put pressure on the current account deficit (CAD). India – Pakistan tensions further added to market uncertainty. On the global front too there were uncertainties arising out of the prolonged US-China trade war, the US sanctions on trade with Iran and Brexit. Global growth estimates for 2019 have been revised downwards to 3.3%, especially as China is expected to grow at just 6.5%.

In spite of these shocks, the economy ended the year on a reasonably sound footing. CPI inflation trended downwards from 4.3% in Mar 2018 to 2.86% in Mar 2019, primarily due to low or negative food inflation. The fiscal deficit slippage was contained, even though there was a shortfall in tax collections. The fiscal deficit is expected to remain in the region of 3.4% of GDP. Though GDP growth slowed to around 6.6% in the last two quarters, the full year estimate for GDP growth at 7% will still make India one of the fastest growing large economies in the world. Most of the high frequency macro data, such as commercial vehicle growth, air cargo growth, domestic two wheeler sales, cement production etc. also point to the relative strength of the economy.

2019-20 should see economic activity back on an even keel, from the second quarter. Private investment and spending is expected pick up after the new government formation. The fiscal deficit can be expected to improve as GST collections are showing an uptick. The CAD should also narrow as the outlook for capital inflows into India is positive.

Market Outlook

Equity

The NSE NIFTY50 gave a total return of 16.45% in FY18-19. The NSE NIFTY50, ended the year at 11,624, after touching a peak of 11,738 in August 2018. Equity market rallied in the first half of the year, as economic activity remained buoyant and corporate earnings were expected to improve. However, equity markets corrected in the second half of the year on poor consumer sentiments, the NBFC crisis and tightening of global liquidity. Markets may to remain volatile in the first half of 2019-20 but sentiment is expected to improve thereafter. Market sentiments are expected to be upbeat on the back of improving global liquidity, increasing GST collections and a revival in the credit cycle.

Fixed Income

Interest rates were volatile in 2018-19. The 10-year government bond yield moved up sharply from 7.49% at the beginning of the year to 8.18% in September 2018. This was because of fears of a fiscal slippage and foreign portfolio investors exiting. But in the second half of the year yield's softened considerably as RBI took a series of steps to reign in rising interest rates. RBI cut the repo rate by 25 basis points each, in successive policies and retained its neutral stance during its February 2019 policy. Further, RBI conducted OMO purchase of around Rs. 2900 billion. The 10-year government bond yield ended the year almost unchanged at 7.49%. With inflation expected to be subdued, the fiscal situation under control and global liquidity easy, bond yields in 2019-20 can be expected to soften.

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 **National Pension System Trust (NPS Trust) A/c Scheme E Tier I (the Scheme)** managed by **Aditya Birla Sun Life Pension Management Limited (PFM)** which comprise the Balance Sheet as at 31st March, 2019, and Revenue Account for the period 1st April, 2018 to 31st March, 2019 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 Schedule VII of Pension Fund Regulatory and Development Authority (Pension Fund) Regulations, 2015 (as amended) (the Regulations) and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Scheme as of March 31, 2019;
- b) in the case of the Revenue Account, of the surplus of the Scheme for the period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). 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 PFM / the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements under the Regulations and other applicable guidelines issued by Pension Fund Regulatory and Development Authority (PFRDA) / NPS Trust and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter

Without modifying our opinion, we require your attention to the following:

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.

Other Information

The PFM's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Board of Directors of PFM, in accordance with the the Regulations, Pension Fund Regulatory and Development Authority (PFRDA) Guidelines and the Investment Management Agreement (the IMA) executed with NPS Trust, is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting standards referred to in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) to the extent made applicable by PFRDA to the Scheme. This responsibility also includes maintenance of adequate accounting records in accordance with PFRDA guidelines for safeguarding of the assets of the PFM and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, 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, NPS Trust and PFM 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 NPS Trust / PFM management either intends to liquidate the Schemes or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of PFM is also responsible for overseeing the PFM's financial reporting process on the recommendation of NPS Trust.

Auditor's Responsibility for the Audit of the Financial Statements

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 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 Schemes managed by PFM ability to continue as a going concern. 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 Schemes managed by PFM 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.



We communicate with management of NPS Trust and PFM, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide management of NPS Trust and PFM 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

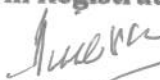
As required by the Schedule VII to the Regulations, we report that:

- a) We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
- b) The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme;
- c) In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by PFM so far as appears from our examination of those books;
- d) All transaction expenses in excess of the limits (if any) contractually agreed to/approved by the Authority are borne by the PFM and are not charged to the NAV of the Scheme; and
- e) In our opinion, the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards notified under the Companies Act, 2013 read with Rule 7 of the companies (Accounts) Rules, 2014 (as amended) to the extent made applicable by the Regulations.

We further certify that:

- a) Investments have been valued in accordance with the guidelines issued by PFRDA
- b) Transaction and claims/fee raised by different entities are in accordance with the prescribed fee.

Ray & Ray
Chartered Accountants
Firm Registration No. 301072E


Anil Karnik
Partner
M. No. 31005



Place: Mumbai
Date:

NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - E Tier I
BALANCE SHEET AS AT MARCH 31, 2019

| Particulars | Schedules | As at March 31,2019 ₹ | As at March 31,2018 ₹ |
|---|-----------|--------------------------|--------------------------|
| Liabilities | | | |
| Unit Capital | 1 | 4021,50,915 | 1066,19,114 |
| Reserve & Surplus | 2 | 866,15,854 | 98,26,644 |
| Current Liabilities | 3 | 2,74,610 | 39,01,256 |
| Total | | 4890,41,379 | 1203,47,014 |
| Assets | | | |
| Investment | 4 | 4799,40,230 | 1201,91,239 |
| Other Current Assets | 5 | 91,01,149 | 1,55,775 |
| Total | | 4890,41,379 | 1203,47,014 |
| (a) Net asset as per Balance Sheet (Schedule 4+5+6-3) | | 4887,66,769 | 1164,45,758 |
| (b) Number of units outstanding | | 402,15,091 | 106,61,911 |

Significant accounting policies and notes to accounts

7&8

As per our report of even date

For Ray & Ray

Chartered Accountants

Firm Reg. No. 301072E

For Aditya Birla Sun Life Pension Management Limited

Anil Karnik

Partner

Membership No. 31005

Sashi Krishnan
(CEO)

S.C.Bhargava
(Director)

Place : Mumbai

Date :

For and on behalf of NPS Trust

Ashvin Parekh
Ashvin Parekh
(Chairman, NPS Board)

Munish Malik
(Chief Executive officer)

NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - E- Tier I
REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019

| Particulars | Schedules | Year ended | Year ended |
|--|-----------|---------------------|---------------------|
| | | As at March 31,2019 | As at March 31,2018 |
| | | ₹ | ₹ |
| Income | | | |
| Dividend | | 29,64,894 | 1,75,514 |
| Profit on sale/redemption of investments | 6 | 11,90,325 | 1,27,896 |
| Unrealised gain on appreciation in investments | | 453,34,210 | 5,229 |
| Other income | | 131 | - |
| Total Income (A) | | 494,89,560 | 3,08,639 |
| Expenses & Losses | | | |
| Unrealised losses in value of investments | | 140,30,455 | 32,84,807 |
| Loss on sale/redemption of investments | | 88,82,479 | 611 |
| Management fees (including service tax) | | 32,953 | 3,190 |
| NPS Trust fees | | 10,217 | 2,710 |
| Custodian fees | | 10,214.41 | 1,017 |
| NSDL charges | | 1,281 | 5 |
| CRA fees | | 4,49,413 | 67,859 |
| Less : Amount recoverable on sale of units on account of CRA Charges | | -4,49,413 | -67,859 |
| Total Expenditure (B) | | 229,67,599 | 32,92,340 |
| Surplus/(Deficit) for the year (A-B = C) | | 265,21,961 | -29,83,701 |
| Less: Amount transferred to Unrealised appreciation account | | 313,03,755 | -32,79,578 |
| Less: Amount transferred to General Reserve | | -47,81,794 | 2,95,877 |
| Amount carried forward to Balance Sheet | | - | - |
| Significant accounting policies and notes to accounts | | | |

As per our report of even date

For Ray & Ray

Chartered Accountants

Firm Reg. No. 301072E

Anil Karnik

Partner

Membership No. 31005

Place : Mumbai

Date :

For and on behalf of NPS Trust

Ashwin Parekh

(Chairman , NPS Board)

For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan
(CEO)

S.C.Bhargava
(Director)

Munish Malik
(Chief Executive officer)



NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - E Tier I
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31 2019

| Schedule 1: Unit capital | As at March 31,2019 | As at March 31,2018 |
|---|---------------------|---------------------|
| | ₹ | ₹ |
| Unit Capital | | |
| Outstanding at the beginning of the period | 1066,19,114 | - |
| Add :Units issued during the period | 4901,68,290 | 1627,94,844 |
| Less: Units redeemed during the period | 1946,36,489 | 561,75,730 |
| Outstanding at the end of the period | 4021,50,915 | 1066,19,114 |
| (Face Value of Rs.10/- each unit, fully paid up) | | |
| Outstanding units at the beginning of the period | 106,61,911 | - |
| Add :Units issued during the period | 490,16,829 | 162,79,484 |
| Less: Units redeemed during the period | 194,63,649 | 56,17,573 |
| Outstanding Units at the end of the period | 402,15,091 | 106,61,911 |

| Schedule 2: Reserves and surplus | As at March 31,2019 | As at March 31,2018 |
|--|---------------------|---------------------|
| | ₹ | ₹ |
| Unit premium reserve | | |
| Opening balance | 128,10,345 | - |
| Add: Premium on Units issued | 837,20,637 | 190,87,148 |
| Less: Premium on Units redeemed | 334,53,388 | 62,76,803 |
| Closing balance | 630,77,595 | 128,10,345 |
| General Reserve | | |
| Opening balance | 2,95,877 | - |
| Add/(Less): Transfer from/(to) Revenue Account | -4781794 | 2,95,877 |
| Closing balance | -4485917 | 2,95,877 |
| Unrealised Appreciation Reserve | | |
| Opening balance | -32,79,578 | - |
| Add/(Less): Transfer from/(to) Revenue Account | 313,03,755 | -32,79,578 |
| Closing balance | 280,24,177 | -32,79,578 |
| Total | 866,15,854 | 98,26,644 |

| Schedule 3: Current liabilities and provisions | As at March 31,2019 | As at March 31,2018 |
|--|---------------------|---------------------|
| | ₹ | ₹ |
| Sundry creditors for expenses | | |
| Redemption Payable | 2,57,022 | 1,34,376 |
| Contracts for purchase of investments | - | 37,60,007 |
| Other payable | - | 1,651 |
| NPS charges payable | 1,180 | 1,926 |
| NSDL Fees Payable | 1,244 | 5 |
| Management fees payable | 11,626 | 2,273 |
| Custody charges payable | 3,538 | 1,017 |
| Total | 2,74,610 | 39,01,256 |

| Schedule 4: Investments | As at March 31,2019 | As at March 31,2018 |
|---|---------------------|---------------------|
| | ₹ | ₹ |
| Investment Central Government Securities | | |
| Equity shares | 4635,47,415 | 1164,00,036 |
| Mutual Fund Units | 163,92,815 | 37,91,203 |
| Total | 4799,40,230 | 1201,91,239 |

| Schedule 5: Other current assets | As at March 31,2019 | As at March 31,2018 |
|--|---------------------|---------------------|
| | ₹ | ₹ |
| Balances with banks in current account | 90,04,850 | 1,55,775 |
| Dividend Receivable | 96,299 | - |
| Total | 91,01,149 | 1,55,775 |

| Schedule 6: Realised Gain on Sale/redemption of investment | For the year ended March 31,2019 | For the year ended March 31,2018 |
|--|-------------------------------------|-------------------------------------|
| REALISED GAIN ON SALE /REDEMPTION OF INVESTMENT | | |
| Profit on Sale of Equity shares | 7,96,169 | 83,598 |
| Profit on sale of Mutual fund scheme Units | 3,94,156 | 44,298 |
| Total | 11,90,325 | 1,27,896 |

As per our report of even date

For Ray & Ray
Chartered Accountants
Firm Reg. No. 301072E

Anil Karnik
Partner
Membership No. 31005
Place : Mumbai
Date :

For and on behalf of NPS Trust

Ashvin Parekh
Ashvin Parekh
(Chairman, NPS Board)

For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan
(CEO)

S.C.Bhargava
(Director)

Munish Malik
(Chief Executive officer)



NPS TRUST ADITYA BIRLA SUN LIFE PENSION MANAGEMENT LIMITED (ABSLPML) - SCHEME E TIER I

Note 7

Significant accounting policies & notes to Financial Statements

7.1 Background

Aditya Birla Sun Life Pension Management Limited ('the Company') has been appointed as a Pension Fund Manager ('PFM') by the Pension Fund Regulatory and Development Authority ("PFRDA") for the management of Pension Schemes under the National Pension System ('NPS').

Accordingly, the Company has entered into an Investment Management Agreement ('IMA') with NPS Trust. The Pension Fund Regulatory and Development Authority ("PFRDA" / "Authority") guidelines require each PFM to manage subscribers' funds.

As per unbundled architecture of the NPS, the main responsibility of PFM is to manage funds in accordance with the laid down guidelines and declare NAV. As per the architecture, the NSDL e-Governance Infrastructure Ltd and Karvy Computershare Pvt.Ltd being the Central Recordkeeping Agency (CRA) provides consolidated data to PFM for allotment / redemption of units and Axis Bank, being the Trustee Bank, provides / receives funds on consolidated basis in respect of such allotment / redemption.

Central Record Keeping Agency (CRA): National Securities Depository Limited (NSDL), Karvy Computershare Pvt.Ltd and PFRDA have set up Central Recordkeeping Agency (CRA) for the NPS

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

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

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

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



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

The fees payable to CRA, in terms of IMA, is charged to the investor by redeeming the equivalent number of units on receipt of intimation from CRA.

The Trustee Bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account maintained by the PFM, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM record receipt of funds in the respective schemes only.

7.2 Basis of preparation of Financial Statements

The financial statements have been prepared to comply, in all material respects, with the generally accepted accounting principles in India. These financial statements have been prepared under the historical cost convention (as modified for investments, which are marked to market) on an accrual basis, except as otherwise stated. The significant accounting policies are in accordance with the accounting policies generally accepted in India.

The Financial Statements of the scheme have been prepared in accordance 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, 2013 to the extent made applicable by PFRDA (Preparation of financial statements and Auditor's report of Schemes under National Pension System) Guidelines – 2012

The financials have been prepared for SCHEME E TIER I being managed by the Company.

7.3 Investments

- (i) The investments are undertaken as per the guidelines specified in the Investment Management agreement with respect to the individual schemes.
- (ii) Purchase and sale of investments are recorded as on the trade date at cost and sale price respectively.
- (iii) Rights/Bonus entitlements, if any are accounted on ex-right/ex-bonus date of the principal stock exchange.
- (iv) 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.
- (v) **Valuation of Investments**

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

The change in unrealised appreciation/depreciation in the value of investments is determined separately for each assets category at the year-end and is recognised in the



Revenue Account. The change in net unrealised appreciation, if any, is transferred to /from "Unrealised Appreciation Reserve" shown as part of Reserves and Surplus.

As per directive received from NPS Trust, the valuation of investments is carried out by Stock Holding Corporation of India Limited (SHCIL) and provided to ABSLPML on daily basis

(vi) Securities traded at a stock exchange:

- Equity traded on valuation day (Actively Traded equity): Where a security is traded on any stock exchange on a particular valuation day, the last quoted closing price at which it was traded on the selected stock exchange, as the case may be, may be used (Closing prices from BSE/NSE for the day).
- Equity not traded on valuation day (Thinly traded equity): When a security is not traded on any stock exchange on a particular valuation day, the last quoted closing price at which it was traded on the selected stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than thirty days prior to valuation date.
- Non traded rights are valued at the difference of closing market price of the original equity share for the day and the offer price. Traded rights are valued at the closing market price of the rights renunciation till the time of application. In the event of application of rights, the rights entitlement would be valued at the closing market price of the original equity share till the date of allotment/listing.
- Mutual fund units are valued based on the net asset values of the preceding day of the valuation date.

(vii) 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.

7.4 Income Recognition

- Dividend is accounted on accrual basis and recognised on the date the share is quoted on ex-dividend basis
- Bonus entitled shares is 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 on the date of sale.
- 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.
- Other income of a miscellaneous nature is accounted for as and when realised

7.5 Units reconciliation

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

7.6 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 May 05, 2017, in terms of the Pension Fund Regulatory and Development Authority's circular no. PFRDA/6/PFM/9/2 dated July 31, 2014.

7.7 Trustee fees

The Company charges nil Trustee fees with effect from 25th January 2019 per annum, in terms of the National Pension Scheme Trust circular no. 1/20/2015/NPS dated January 25, 2019, prior to that the Trustees fees were charged 0.005% per annum.

7.8 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.

7.9 Computation of Net Asset Value

The NAV of the Scheme is computed by dividing Net Assets by number of units under the Scheme. Net assets are derived by deducting Gross Liabilities, Investment Management Fees and Custodian Charges (on the day when the charges are recorded) as per IMA from Gross Assets.



7.10 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) is recognised on receipt and other incomes of miscellaneous nature are accounted for when there is certainty of collection.

7.11 Provision for Non performing assets

As per the PFRDA (Identification, Income Recognition and Provisioning of NPA) Guidance Note 2013, Provision is charged to the Revenue Account, in respect of:

- a) Non Performing Debt Securities as per the Authority Guidelines issued from time to time.
- b) Securities where the certificates, if any, are not traceable for a protracted period.
- c) Assets other than investments, which in the opinion of the Board Of Directors of PF have suffered substantial impairment in their value.

7.12 Income Taxes

No provision for income tax has been made since the income of the Schemes is exempt under Section 10(44) of the Income Tax Act, 1961.

7.13 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.



7 Investments

All investments of the scheme are in the name of the NPS

7 trust.

7 At the end of the financial year, there are no open positions of derivatives in the scheme

The Schemes investments made in associates and Group companies as on Mar 31, 2019

| Security particulars | no of shares /bonds | 31-03-2019 | | no of shares /bonds | 31-03-2018 | |
|----------------------|---------------------|------------|-------------------|---------------------|------------|-------------------|
| | | Cost | Market Value (Cr) | | Cost | Market Value (Cr) |
| NIL | | - | - | | - | - |

7 As on the date of Balance sheet, the scheme does not have any investments which can be categorized as NPA

| Security particulars | Value of security | 31-03-2019 | | 31-03-2018 | |
|----------------------|-------------------|------------|-------------------|------------|-------------------|
| | | Cost | Market Value (Cr) | Cost | Market Value (Cr) |
| NIL | | - | - | - | - |

8 Aggregate Unrealized Gain/Loss as at the end of the Financial year and percentage to net assets.

| Particular | As on 31.03.2019 | | As on 31.03.2019 | | As on 31.03.2018 | | As on 31.03.2018 | |
|--------------------------|------------------|-----------|------------------|-------------------|------------------|-----------|------------------|--------------|
| | Rs in Crs | % to AAUM | Cost | Market Value (Cr) | Rs in Crs | % to AAUM | Cost | Market Value |
| Unrealised Gain | 4.53 | 16.17% | 34.00 | 38.53 | 0.00 | 0.00% | 0.00 | 0.00 |
| Unrealised Loss | 1.40 | 5.01% | 8.06 | 9.46 | 0.33 | 10.87% | 12.35 | 12.02 |
| Net Unrealised Gain/Loss | 5.94 | 0.21 | 42.06 | 47.99 | 0.33 | 0.11 | 12.35 | 12.02 |

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

| Particular | E Tier I | |
|------------------------------|-------------|-------------|
| | 31.03.2019 | 31.03.2018 |
| Average Net Asset Value | 2802,05,992 | 302,18,822 |
| Purchase of Investment | 9905,03,772 | 2480,63,774 |
| % to average Net Asset Value | 3.53% | 8.21% |
| Sale of Investment | 6542,43,727 | 126180467 |
| % to average Net Asset Value | 2.33% | 4.18% |

8 Following are the transaction with Associates & Group companies under the scheme

| Name of related party | Nature of relationship | FY 2018-19 (Amt in Rs) | FY 2017-18 (Amt in Rs) |
|--|------------------------|------------------------|------------------------|
| Aditya Birla Sun Life Pension Management | Management | 21326.64 | 916.17 |

The following represents significant transactions between the company and its related parties for the year ended Mar 31, 2019

| Particular | E Tier I | |
|----------------------------|------------|------------|
| | 31.03.2019 | 31.03.2018 |
| Investment management fees | 32952.52 | 3189.59 |

Balance with Aditya Birla Sun life Pension management Ltd

| Particular | E Tier I | |
|------------------------------------|------------|------------|
| | 31.03.2019 | 31.03.2018 |
| Investment Management Fees payable | 11625.88 | 2273.42 |

8 Unit Capital

Units are created and redeemed based on the intimation provided by Central Record keeping Agency (CRA) and the same are reflected as Unit Capital and the net premium or discount to the face value is transferred to the Unit Premium Reserve

Based on confirmation from CRA the number of units as at the year end are 402150914.95

8 Unit NAV

| Particular | As on | |
|-------------------|------------|------------|
| | 31.03.2019 | 31.03.2018 |
| NAV per unit (Rs) | 12.1538 | 10.9217 |

8 Details of sectoral classification of investment has been appended as part of notes to accounts.

8 The scheme has no contingent liability as at the end financial year.

As per our report of even date

For Ray & Ray

Chartered Accountants

Firm Reg. No. 301072E

Anil Karnik
Partner
Membership No. 31005

For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan
(CEO)

S.C. Bhargava
(Director)

Place : Mumbai

Date :

For and on behalf of NPS Trust

Ashvin Parekh

Munish Malik

(Chairman, NPS Board)

(Chief Executive officer)



| Name of the Instrument | SIN No. | Industry | Quantity | Market Value | % of Portfolio | Rating |
|---|--------------|--|-----------|----------------|----------------|--------|
| ICICI BANK LTD | INE09DA01021 | Monetary intermediation of commercial banks, saving banks, postal savings | 59,056.00 | 236,51,928.00 | 4.84% | |
| LARSEN AND TOUBRO LIMITED | INE013A01030 | Other civil engineering projects n.e.c. | 16,716.00 | 231,56,674.80 | 4.74% | |
| GAEL (INDIA) LIMITED | INE129A01019 | Distribution and sale of gaseous fuels through mains | 36,270.00 | 132,87,183.00 | 2.72% | |
| MAHINDRA AND MAHINDRA LTD | INE101A01026 | Manufacture of motor vehicles n.e.c. | 21,498.00 | 144,87,502.20 | 2.95% | |
| PETROMET LNG LTD | INE347G01014 | Distribution and sale of gaseous fuels through mains | 40,227.00 | 101,10,101.85 | 2.07% | |
| EICHER MOTORS LTD | INE066A01036 | Manufacture of commercial vehicles such as vans, lorries, over-the-road | 700.00 | 143,83,390.00 | 2.94% | |
| SUN PHARMACEUTICALS INDUSTRIES LTD | INE044A01036 | Manufacture of allopathic pharmaceutical preparations | 24,740.00 | 118,46,749.00 | 2.42% | |
| HOUSING DEVELOPMENT FINANCE CORPORATION | INE001A01036 | Activities of specialised institutions granting credit for house purchases | 11,911.00 | 234,43,825.75 | 4.80% | |
| BIHARTI AIRTEL LTD | INE397D01024 | Wired telecommunications activities | 28,510.00 | 94,56,681.00 | 1.94% | |
| ITC LTD | INE154A01025 | Manufacture of cigarettes, cigarette tobacco | 78,160.00 | 232,33,060.00 | 4.75% | |
| STATE BANK OF INDIA | INE062A01020 | Monetary intermediation of commercial banks, saving banks, postal savings | 32,730.00 | 104,98,147.50 | 2.15% | |
| AMBULU CEMENTS LTD | INE079A01024 | Manufacture of cements and cement | 64,200.00 | 151,06,260.00 | 3.09% | |
| HINDALCO INDUSTRIES LTD. | INE038A01020 | Manufacture of aluminium from alumina and by other methods and products | 70,675.00 | 145,23,712.50 | 2.97% | |
| HOPE BANK LTD | INE040A01026 | Monetary intermediation of commercial banks, saving banks, postal savings | 17,861.00 | 414,17,872.90 | 8.47% | |
| RELANCE INDUSTRIES LIMITED | INE009A01021 | Manufacture of other petroleum n.e.c. | 27,167.00 | 370,35,412.75 | 7.58% | |
| INFOSYS LTD EQ | INE009A01021 | Writing, modifying, testing of computer program | 42,960.00 | 319,55,796.00 | 6.54% | |
| TECH MAHINDRA LIMITED | INE669C01036 | Writing, modifying, testing of computer program | 17,700.00 | 137,34,430.00 | 2.81% | |
| MARUTI SUZUKI INDIA LTD. | INE358B01010 | Manufacture of passenger cars | 2,846.00 | 189,50,077.30 | 3.89% | |
| NTPC LIMITED | INE733E01010 | Electric power generation by coal based thermal power plants | 72,360.00 | 97,46,892.00 | 1.99% | |
| CPLA LIMITED | INE059A01026 | Manufacture of allopathic pharmaceutical preparations | 20,600.00 | 108,95,340.00 | 2.23% | |
| KOTAK MAHINDRA BANK LIMITED | INE372A01028 | Monetary intermediation of commercial banks, saving banks, postal savings | 10,927.00 | 145,82,081.50 | 2.98% | |
| Indusind Bank Limited | INE095A01012 | Monetary intermediation of commercial banks, saving banks, postal savings | 8,530.00 | 151,83,400.00 | 3.11% | |
| NESTLE INDIA LTD | INE739A01016 | Manufacture of milk powder, ice-cream powder and condensed milk except | 990.00 | 108,51,340.50 | 2.22% | |
| HINDUSTAN UNILEVER LIMITED | INE030A01027 | Manufacture of soap all forms | 13,622.00 | 232,50,029.60 | 4.76% | |
| AJIS BANK | INE238A01034 | Monetary intermediation of commercial banks, saving banks, postal savings | 12,600.00 | 97,93,350.00 | 2.00% | |
| ASIAN PAINTS, LTD. | INE021A01026 | Manufacture of paints and varnishes, enamels or lacquers | 12,647.00 | 188,78,176.90 | 3.86% | |
| Total | | | | 4635,47,415.05 | 94.84% | |

| Money Market Instruments: | Market Value | % of Portfolio | Rating |
|---|----------------|----------------|--------|
| - Treasury Bills | Nil | - | |
| - Money Market Mutual Funds | 163,92,814.82 | 3.35% | |
| - Certificate of Deposits / Commercial Papers | Nil | - | |
| - Application Pending Allocation | Nil | - | |
| - Bank Fixed Deposits (< 1 Year) | 90,04,849.96 | 1.84% | |
| - Cash/Cash Equivalent & Net Current Assets | (1,78,310.67) | -0.04% | |
| - Other Current Assets | | | |
| GRAND TOTAL | 4887,66,769.16 | 100.00% | |

Average Maturity of Portfolio (In yrs)
Modified Duration (In yrs)
Yield to Maturity (%) (annualised)/at market price

| Securities | CREDIT RATING EXPOSURE | Market Value | % of Portfolio | Rating |
|----------------------------|------------------------|--------------|----------------|--------|
| Central Govt. Securities | | | | |
| State Development Loans | | | | |
| AAA / Equivalent | | | | |
| A1+ (For Commercial Paper) | | | | |
| AA+ / Equivalent | | | | |
| AA / Equivalent | | | | |
| AA- / Equivalent | | | | |
| A+ / Equivalent | | | | |
| A / Equivalent | | | | |
| A- / Equivalent | | | | |
| BBB+ / Equivalent | | | | |
| BBB / Equivalent | | | | |

NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - E Tier I
Key Statistics for the year ended March 31, 2019

| S. No | Particular | As at March 2019 | As at March 2018 |
|---|---|------------------|------------------|
| 1 | NAV per Unit (Rs)* | | |
| | Open | 10.9217 | 10.0000 |
| | High | 12.6673 | 11.9632 |
| | Low | 10.7630 | 9.7338 |
| | End | 12.1538 | 10.9217 |
| 2 | Closing Assets Under Management (Rs in Lakhs) | 4,887.67 | 1,164.46 |
| | End | | |
| | Average (AAUM) | 280205992 | 30218922 |
| 3 | Gross Income % of AAUM@ | 17.66% | 1.02% |
| 4 | Expense Ratio | | |
| | a.Total Expenses as % of AAUM @ | 8.20% | 0.03% |
| | b.Management fees as a % of AAUM | 0.01% | 0.01% |
| 5 | Net Income as a % of AAUM@ | 9.47% | -9.87% |
| 6 | Portfolio turnover ratio | 0.15 | 0.03 |
| 7 | Returns (%) * Compounded Annualised Yield | | |
| | Last 1 Year | 11.28% | - |
| | Last 3 years | | |
| | Last 5 years | | |
| | Since Launch of the Scheme | 10.85% | 9.22 |
| | Launch Date | 09-05-2017 | 09-05-2017 |
| <p>@includes unrealised gain or loss</p> <p>1 Gross income =amount in the Revenue account i.e income</p> <p>2 Net income =amount in the revenue account i.e net realised gains/loss for the year /period</p> <p>3 Portfolio turnover = Lower of sales or purchase divided by the average AUM for the year / period.</p> <p>4 AAUM = Average daily net assets</p> <p>5 NAV= (Market value of investments 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)</p> | | | |



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 **National Pension System Trust (NPS Trust) A/c Scheme E Tier II (the Scheme)** managed by **Aditya Birla Sun Life Pension Management Limited (PFM)** which comprise the Balance Sheet as at 31st March, 2019, and Revenue Account for the period 1st April, 2018 to 31st March, 2019 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 Schedule VII of Pension Fund Regulatory and Development Authority (Pension Fund) Regulations, 2015 (as amended) (the Regulations) and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Scheme as of March 31, 2019;
- b) in the case of the Revenue Account, of the surplus of the Scheme for the period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). 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 PFM / the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements under the Regulations and other applicable guidelines issued by Pension Fund Regulatory and Development Authority (PFRDA) / NPS Trust and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter

Without modifying our opinion, we require your attention to the following:

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.

Other Information

The PFM's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Board of Directors of PFM, in accordance with the the Regulations, Pension Fund Regulatory and Development Authority (PFRDA) Guidelines and the Investment Management Agreement (the IMA) executed with NPS Trust, is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting standards referred to in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) to the extent made applicable by PFRDA to the Scheme. This responsibility also includes maintenance of adequate accounting records in accordance with PFRDA guidelines for safeguarding of the assets of the PFM and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, 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, NPS Trust and PFM 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 NPS Trust / PFM management either intends to liquidate the Schemes or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of PFM is also responsible for overseeing the PFM's financial reporting process on the recommendation of NPS Trust.

Auditor's Responsibility for the Audit of the Financial Statements

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 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 Schemes managed by PFM ability to continue as a going concern. 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 Schemes managed by PFM 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.



We communicate with management of NPS Trust and PFM, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide management of NPS Trust and PFM 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 the Schedule VII to the Regulations, we report that:

- a) We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
- b) The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme;
- c) In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by PFM so far as appears from our examination of those books;
- d) All transaction expenses in excess of the limits (if any) contractually agreed to/approved by the Authority are borne by the PFM and are not charged to the NAV of the Scheme; and
- e) In our opinion, the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards notified under the Companies Act, 2013 read with Rule 7 of the companies (Accounts) Rules, 2014 (as amended) to the extent made applicable by the Regulations.

We further certify that:

- a) Investments have been valued in accordance with the guidelines issued by PFRDA
- b) Transaction and claims/fee raised by different entities are in accordance with the prescribed fee.

Ray & Ray
Chartered Accountants
Firm Registration No. 301072E


Anil Karnik
Partner
M. No. 31005



Place: Mumbai
Date:

NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - E Tier II
BALANCE SHEET AS AT MARCH 31, 2019

| Particulars | Schedules | As at March 31, 2019 | As at March 31, 2018 |
|---|-----------|----------------------|----------------------|
| | | ₹ | ₹ |
| Liabilities | | | |
| Unit Capital | 1 | 395,23,713 | 145,34,078 |
| Reserve & Surplus | 2 | 81,77,546 | 13,10,219 |
| Current Liabilities | 3 | 4,64,562 | 2,10,198 |
| Total | | 481,65,821 | 160,54,495 |
| Assets | | | |
| Investment | 4 | 475,25,844 | 158,41,457 |
| Other Current Assets | 5 | 6,39,977 | 2,13,038 |
| Total | | 481,65,821 | 160,54,495 |
| (a) Net asset as per Balance Sheet (Schedule 4+5+6-3) | | 477,01,259 | 158,44,297 |
| (b) Number of units outstanding | | 39,52,371 | 14,53,408 |

Significant accounting policies and notes to accounts

7&8

As per our report of even date

For Ray & Ray

Chartered Accountants

Firm Reg. No. 301072E

Anil Karnik

Partner

Membership No. 31005

Place : Mumbai

Date :

For and on behalf of NPS Trust

Ashvin Parekh
Ashvin Parekh

(Chairman , NPS Board)

For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan
Sashi Krishnan
 (CEO)

S.C. Bhargava
S.C. Bhargava
 (Director)

Munish Malik
Munish Malik

(Chief Executive officer)



NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - E- Tier II
REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019

| Particulars | Schedules | As at March 31, 2019 ₹ | As at March 31, 2018 ₹ |
|--|-----------|---------------------------|---------------------------|
| Income | | | |
| Dividend | | 3,75,979 | 35,398 |
| Profit on sale/redemption of investments | 6 | 2,82,175 | 48,017 |
| Unrealised gain on valuation in investments | | 47,92,571 | - |
| Other income | | 13 | - |
| Total Income (A) | | 54,50,738 | 83,415 |
| Expenses & Losses | | | |
| Unrealised losses in value of investments | | 18,23,797 | 2,68,689 |
| Loss on sale/redemption of investments | | 11,61,465 | 35,514 |
| Management fees (including service tax) | | 3,925 | 698 |
| NPS Trust fees | | 1,268 | 592 |
| Custodian fees | | 1,217.31 | 222 |
| Depository and settlement charges | | 228 | 21 |
| CRA fees | | 16,178 | 4,564 |
| Less : Amount recoverable on sale of units on account of CRA Charges | | -16,178 | -4,564 |
| Total Expenditure (B) | | 29,91,901 | 3,05,735 |
| Surplus/(Deficit) for the year (A-B = C) | | 24,58,837 | -2,22,321 |
| Less: Amount transferred to Unrealised appreciation account | | 29,68,775 | -2,68,689 |
| Less: Amount transferred to General Reserve | | -5,09,938 | 46,368 |
| Amount carried forward to Balance Sheet | | - | - |
| Significant accounting policies and notes to accounts | | | |

As per our report of even date

For Ray & Ray

Chartered Accountants

Firm Reg. No. 301072E

Anil Karnik

Partner

Membership No. 31005



For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan
(CEO)

S.C. Bhargava
(Director)



Place : Mumbai

Date :

For and on behalf of NPS Trust

Ashvin Parekh
Ashvin Parekh

(Chairman, NPS Board)



Munish Malik
(Chief Executive officer)

NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C-ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - E Tier II
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31 2019

| Schedule 1: Unit capital | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Unit Capital | | |
| Outstanding at the beginning of the period | 145,34,078 | - |
| Add :Units issued during the period | 68945511 | 263,30,304 |
| Less: Units redeemed during the period | 43955876 | 117,96,226 |
| Outstanding at the end of the period | 395,23,713 | 145,34,078 |

(Face Value of Rs.10/- each unit, fully paid up)

| | | |
|--|-----------|-----------|
| Outstanding units at the beginning of the period | 14,53,408 | - |
| Add :Units issued during the period | 6894551 | 2633031 |
| Less: Units redeemed during the period | 4395588 | 1179623 |
| Outstanding Units at the end of the period | 39,52,371 | 14,53,408 |

| Schedule 2: Reserves and surplus | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Unit premium reserve | | |
| Opening balance | 15,32,540 | - |
| Add: Premium on Units issued | 11620119 | 27,11,365 |
| Less: Premium on Units redeemed | 7211630 | 11,78,825 |
| Closing balance | 5941029 | 15,32,540 |
| General Reserve | | |
| Opening balance | 46368 | - |
| Add/(Less): Transfer from/(to) Revenue Account | -509938 | 46,368 |
| Closing balance | -463569 | 46,368 |
| Unrealised Appreciation Reserve | | |
| Opening balance | -268689 | - |
| Add/(Less): Transfer from/(to) Revenue Account | 2968775 | -2,68,689 |
| Closing balance | 2700086 | -2,68,689 |
| Total | 8177546 | 13,10,219 |

| Schedule 3: Current liabilities and provisions | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Sundry creditors for expenses | | |
| Redemption Payable | 4,62,681 | 2,08,515 |
| Other payable | - | 712 |
| NPS charges payable | 133 | 333 |
| NSDL Fees Payable | 154 | 21 |
| Management fees payable | 1,247 | 394 |
| Custody charges payable | 347 | 222 |
| Total | 4,64,562 | 2,10,198 |

| Schedule 4: Investments | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| Investment Central Government Securities | | |
| Equity shares | 474,30,729 | 158,41,457 |
| Mutual Fund Units | 95,116 | - |
| Total | 475,25,844 | 158,41,457 |

| Schedule 5: Other current assets | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Balances with banks in current account | 6,29,203 | 1,71,557 |
| Contracts for sale of investments | - | 41,481 |
| Dividend Receivable | 10,775 | - |
| Total | 6,39,977 | 2,13,038 |

| Schedule 6: Realised Gain on Sale/redemption of investment | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | | |
| Profit on Sale of Equity shares | 2,38,925 | 42,896 |
| Profit on sale of Mutual fund scheme Units | 43,249 | 5,122 |
| Total | 2,82,175 | 48,017 |

As per our report of even date

For Ray & Ray
Chartered Accountants
Firm Reg. No. 301072E

Ashwin Parekh
Ashwin Parekh
Partner
Membership No. 31005

For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan
Sashi Krishnan
(CEO)

S.C. Bhargava
S.C. Bhargava
(Director)

Place : Mumbai

Date :

For and on behalf of NPS Trust

Ashwin Parekh
Ashwin Parekh
(Chairman, NPS Board)



NPS TRUST ADITYA BIRLA SUN LIFE PENSION MANAGEMENT LIMITED (ABSLPML) - SCHEME E TIER II

Note 7

Significant accounting policies & notes to Financial Statements

7.1 Background

Aditya Birla Sun Life Pension Management Limited ('the Company') has been appointed as a Pension Fund Manager ('PFM') by the Pension Fund Regulatory and Development Authority ('PFRDA') for the management of Pension Schemes under the National Pension System ('NPS').

Accordingly, the Company has entered into an Investment Management Agreement ('IMA') with NPS Trust. The Pension Fund Regulatory and Development Authority ("PFRDA" / "Authority") guidelines require each PFM to manage subscribers' funds.

As per unbundled architecture of the NPS, the main responsibility of PFM is to manage funds in accordance with the laid down guidelines and declare NAV. As per the architecture, the NSDL e-Governance Infrastructure Ltd and Karvy Computershare Pvt.Ltd being the Central Recordkeeping Agency (CRA) provides consolidated data to PFM for allotment / redemption of units and Axis Bank, being the Trustee Bank, provides / receives funds on consolidated basis in respect of such allotment / redemption.

Central Record Keeping Agency (CRA): National Securities Depository Limited (NSDL), Karvy Computershare Pvt.Ltd and PFRDA have set up Central Recordkeeping Agency (CRA) for the NPS

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

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

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

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



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

The fees payable to CRA, in terms of IMA, is charged to the investor by redeeming the equivalent number of units on receipt of intimation from CRA..

The Trustee Bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account maintained by the PFM, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM record receipt of funds in the respective schemes only.

7.2 Basis of preparation of Financial Statements

The financial statements have been prepared to comply, in all material respects, with the generally accepted accounting principles in India. These financial statements have been prepared under the historical cost convention (as modified for investments, which are marked to market) on an accrual basis, except as otherwise stated. The significant accounting policies are in accordance with the accounting policies generally accepted in India.

The Financial Statements of the scheme have been prepared in accordance 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, 2013 to the extent made applicable by PFRDA (Preparation of financial statements and Auditor's report of Schemes under National Pension System) Guidelines – 2012

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

7.3 Investments

- (i) The investments are undertaken as per the guidelines specified in the Investment Management agreement with respect to the individual schemes.
- (ii) Purchase and sale of investments are recorded as on the trade date at cost and sale price respectively.
- (iii) Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.
- (iv) 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.
- (v) **Valuation of Investments**

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

The change in unrealised appreciation/depreciation in the value of investments is determined separately for each assets category at the year-end and is recognised in the



Revenue Account. The change in net unrealised appreciation, if any, is transferred to /from "Unrealised Appreciation Reserve" shown as part of Reserves and Surplus.

As per directive received from NPS Trust, the valuation of investments is carried out by Stock Holding Corporation of India Limited (SHCIL) and provided to ABSLPML on daily basis

(vi) Securities traded at a stock exchange:

- Equity traded on valuation day (Actively Traded equity): Where a security is traded on any stock exchange on a particular valuation day, the last quoted closing price at which it was traded on the selected stock exchange, as the case may be, may be used (Closing prices from BSE/NSE for the day).
- Equity not traded on valuation day (Thinly traded equity): When a security is not traded on any stock exchange on a particular valuation day, the last quoted closing price at which it was traded on the selected stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than thirty days prior to valuation date.
- Non traded rights are valued at the difference of closing market price of the original equity share for the day and the offer price. Traded rights are valued at the closing market price of the rights renunciation till the time of application. In the event of application of rights, the rights entitlement would be valued at the closing market price of the original equity share till the date of allotment/listing.
- Mutual fund units are valued based on the net asset values of the preceding day of the valuation date.

(vii) 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.

7.4 Income Recognition

- Dividend is accounted on accrual basis and recognised on the date the share is quoted on ex-dividend basis
- Bonus entitled shares is 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 on the date of sale.
- 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.
- Other income of a miscellaneous nature is accounted for as and when realised

7.5 Units reconciliation

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

7.6 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 May 05, 2017, in terms of the Pension Fund Regulatory and Development Authority's circular no. PFRDA/6/PFM/9/2 dated July 31, 2014.

7.7 Trustee fees

The Company charges nil Trustee fees with effect from 25th January 2019 per annum, in terms of the National Pension Scheme Trust circular no. 1/20/2015/NPS dated January 25, 2019, prior to that the Trustees fees were charged 0.005% per annum.

7.8 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.

7.9 Computation of Net Asset Value

The NAV of the Scheme is computed by dividing Net Assets by number of units under the Scheme. Net assets are derived by deducting Gross Liabilities, Investment Management Fees and Custodian Charges (on the day when the charges are recorded) as per IMA from Gross Assets.



7.10 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) is recognised on receipt and other incomes of miscellaneous nature are accounted for when there is certainty of collection.

7.11 Provision for Non performing assets

As per the PFRDA (Identification, Income Recognition and Provisioning of NPA) Guidance Note 2013, Provision is charged to the Revenue Account, in respect of:

- a) Non Performing Debt Securities as per the Authority Guidelines issued from time to time.
- b) Securities where the certificates, if any, are not traceable for a protracted period.
- c) Assets other than investments, which in the opinion of the Board Of Directors of PF have suffered substantial impairment in their value.

7.12 Income Taxes

No provision for income tax has been made since the income of the Schemes is exempt under Section 10(44) of the Income Tax Act, 1961.

7.13 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.



7.1 Investments

7.2 All investments of the scheme are in the name of the NPS trust.

7.3 At the end of the financial year, there are no open positions of derivatives in the scheme

The Schemes investments made in associates and Group companies as on Mar 31, 2019

| Security particulars | no of shares/bonds | 31-03-2019 | | no of shares/bonds | 31-03-2018 | |
|----------------------|--------------------|------------|-------------------|--------------------|------------|-------------------|
| | | Cost | Market Value (Cr) | | Cost | Market Value (Cr) |
| NIL | | 0 | 0 | | 0 | 0 |

7.4 As on the date of Balance sheet, the scheme does not have any investments which can be categorized as NPA

| Security particulars | Value of security | 31-03-2019 | | Value of security | 31-03-2018 | |
|----------------------|-------------------|------------|-------------------|-------------------|------------|-------------------|
| | | Cost | Market Value (Cr) | | Cost | Market Value (Cr) |
| NIL | | 0 | 0 | | 0 | 0 |

7.5 Aggregate Unrealized Gain/Loss as at the end of the Financial year and percentage to net assets.

| Particular | Rs in Crs | % to AAUM | As on 31.03.2019 | | Rs in Crs | % to AAUM | As on 31.03.2018 | |
|--------------------------|-----------|-----------|------------------|-------------------|-----------|-----------|------------------|-------------------|
| | | | Cost | Market Value (Cr) | | | Cost | Market Value (Cr) |
| Unrealised Gain | 0.48 | 14.37% | 2.96 | 3.44 | 0.00 | 0.00% | NIL | 0 |
| Unrealised Loss | 0.18 | 18.24% | 1.50 | 1.31 | 0.03 | 4.09% | 1.61 | 1.58 |
| Net Unrealised Gain/Loss | 0.30 | 32.61% | 4.46 | 4.75 | 0.03 | 4.09% | 1.61 | 1.58 |

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

| Particular | E-Tier II | |
|------------------------------|------------|------------|
| | 31.03.2019 | 31.03.2018 |
| Average Net Asset Value | 333,42,447 | 65,72,755 |
| Purchase of Investment | 953,70,144 | 286,81,586 |
| % to average Net Asset Value | 2.86% | 4.36% |
| Sale of Investment | 657,62,500 | 126,66,633 |
| % to average Net Asset Value | 1.97% | 1.93% |

7.7 Following are the transaction with Associates & Group companies under the scheme

| Name of related party | Nature of relationship | FY 2018-19(Amt in Rs) | FY 2017-18(Amt in Rs) |
|--|------------------------|-----------------------|-----------------------|
| Aditya Birla Sun Life Pension Management Ltd | Management fees paid | 2677.97 | 304.05 |

| Particular | E-Tier II | |
|----------------------------|------------|------------|
| | 31.03.2019 | 31.03.2018 |
| Investment management fees | 3924.87 | 697.86 |

Balance with Aditya Birla Sun life Pension management Ltd

| Particular | E-Tier II | |
|------------------------------------|------------|------------|
| | 31.03.2019 | 31.03.2018 |
| Investment Management Fees payable | 1246.9 | 393.81 |

7.8 Unit Capital

Units are created and redeemed based on the intimation provided by Central Record keeping Agency (CRA) and the same are reflected as Unit Capital and the net premium or discount to the face value is transferred to the Unit Premium Reserve
Based on confirmation from CRA the number of units as at the year end are 39523713.44

7.9 Unit NAV

| Particular | As on 31.03.2019 | As on 31.03.2018 |
|-------------------|------------------|------------------|
| NAV per unit (Rs) | 12.069 | 10.9015 |

8 Details of sectoral classification of investment has been appended as part of notes to accounts.

8.1 The scheme has no contingent liability as at the end financial year.

As per our report of even date

For Ray & Ray

Chartered Accountants

Firm Reg. No. 301072E

Anil Karnik

Partner

Membership No. 31005

For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan

(CEO)

S.C.Bhargava

(Director)

Place : Mumbai

Date :

For and on behalf of NPS Trust

Ashvin Parekh

Ashvin Parekh

(Chairman, NPS Board)

New Delhi

Munish Malik

(Chief Executive officer)

| Name of the Instrument | ISIN No. | Industry | Quantity | Market Value | % of Portfolio | Ratings |
|---|--------------|--|--------------|---------------|----------------|---------|
| MARUTI SUZUKI INDIA LTD. | INE55901010 | Manufacture of passenger cars | 320.00 | 21.35,216.00 | 4.48% | |
| RELIANCE INDUSTRIES LIMITED | INE022A0108 | Manufacture of other petroleum n.e.c. | 2,811.00 | 38.32,095.75 | 8.03% | |
| KOTAK MAHINDRA BANK LIMITED | INE237A01026 | Monetary intermediation of commercial banks, saving banks, postal savings | 1,043.00 | 13.91,883.50 | 2.92% | |
| AMBUJA CEMENTS LTD | INE079A01024 | Manufacture of cements and cement | 7,183.00 | 16,90,159.90 | 3.54% | |
| BHARTI AIRTEL LTD | INE037D01024 | Wired telecommunications activities | 2,815.00 | 9,37,676.50 | 1.97% | |
| HINDUSTAN UNILEVER LIMITED | INE030A01027 | Manufacture of soap all forms | 1,414.00 | 24,13,415.20 | 5.06% | |
| EICHER MOTORS LTD | INE066A01013 | Manufacture of commercial vehicles such as vans, lorries, over-the-road | 78.00 | 16,02,720.60 | 3.36% | |
| ASIAN PAINTS LTD. | INE021A01026 | Manufacture of paints and varnishes, enamels or lacquers | 1,289.00 | 19,24,090.30 | 4.03% | |
| GAIL (INDIA) LIMITED | INE129A01019 | Distribution and sale of gaseous fuels through mains | 3,815.00 | 13,26,284.75 | 2.78% | |
| ICICI BANK LTD | INE090A01021 | Monetary intermediation of commercial banks, saving banks, postal savings | 6,147.00 | 24,61,873.50 | 5.16% | |
| LARSEN AND TOUBRO LIMITED | INE018A01030 | Other civil engineering projects n.e.c. | 1,660.00 | 22,99,598.00 | 4.82% | |
| MAHINDRA AND MAHINDRA LTD | INE101A01026 | Manufacture of motor vehicles n.e.c. | 2,095.00 | 14,11,820.50 | 2.96% | |
| PETRONET LNG LTD | INE347G01014 | Distribution and sale of gaseous fuels through mains | 4,164.00 | 10,47,454.20 | 2.20% | |
| SUN PHARMACEUTICALS INDUSTRIES LTD | INE044A01036 | Activities of specialized institutions granting credit for house purchases | 2,688.00 | 12,87,148.80 | 2.70% | |
| HOUSING DEVELOPMENT FINANCE CORPORATION | INE001A01036 | Activities of specialized institutions granting credit for house purchases | 1,217.00 | 23,95,360.25 | 5.02% | |
| ITC LTD | INE134A01025 | Manufacture of cigarettes, cigarette tobacco | 8,033.00 | 23,87,809.25 | 5.01% | |
| STATE BANK OF INDIA | INE038A01020 | Monetary intermediation of commercial banks, saving banks, postal savings | 3,103.00 | 9,95,287.25 | 2.09% | |
| HINDALCO INDUSTRIES LTD. | INE040A01026 | Manufacture of Aluminium from alumina and by other methods, and products | 6,840.00 | 14,05,620.00 | 2.95% | |
| HDFC BANK LTD | INE009A01021 | Monetary intermediation of commercial banks, saving banks, postal savings | 1,810.00 | 41,97,209.00 | 8.80% | |
| INCOIS LTD EQ | INE669C01036 | Writing, modifying, testing of computer program | 4,480.00 | 33,32,448.00 | 6.99% | |
| TECH MAHINDRA LIMITED | INE733E01010 | Electric power generation by coal based thermal power plants | 1,775.00 | 13,77,222.50 | 2.89% | |
| ATPC LIMITED | INE059A01026 | Manufacture of allopathic pharmaceutical preparations | 7,048.00 | 9,49,365.60 | 1.99% | |
| CPIA LIMITED | INE095A01012 | Monetary intermediation of commercial banks, saving banks, postal savings | 11,95,314.00 | 14,77,400.00 | 3.10% | |
| Indusind Bank Limited | INE239A01016 | Manufacture of milk-powder, Ice-cream powder and condensed milk except | 87.00 | 9,53,602.65 | 2.00% | |
| NESTLE INDIA LTD | INE238A01034 | Monetary intermediation of commercial banks, saving banks, postal savings | 1,290.00 | 10,02,652.50 | 2.10% | |
| AXIS BANK | | | | | | |
| Total | | | | 474,30,728.50 | 99.43% | |

| Money Market Instruments: | | Market Value | % of Portfolio | Ratings |
|---|--|---------------|----------------|---------|
| - Treasury Bills | | Nil | - | |
| - Money Market Mutual Funds | | 95,115.55 | 0.20% | |
| - Certificate of Deposits / Commercial Papers | | Nil | - | |
| - Application Pending Allotment | | Nil | - | |
| - Bank Fixed Deposits (< 1 Year) | | 6,29,205.37 | 1.32% | |
| - Cash/ Cash Equivalent & Net Current Assets | | (4,53,790.18) | -0.95% | |
| - Other Current Assets | | | | |
| GRAND TOTAL | | 477,01,259.24 | 100.00% | |

| | |
|--|---|
| Average Maturity of Portfolio (in yrs) | - |
| Modified Duration (in yrs) | - |
| Yield to Maturity (%) (annualised) at market price | - |

| Securities | CREDIT RATING EXPOSURE | Market Value | % of Portfolio | Ratings |
|----------------------------|------------------------|--------------|----------------|---------|
| Central Govt. Securities | | | | |
| State Development Loans | | | | |
| AAA / Equivalent | | | | |
| AA+ (For Commercial Paper) | | | | |
| AA+ / Equivalent | | | | |
| AA / Equivalent | | | | |
| AA- / Equivalent | | | | |
| A+ / Equivalent | | | | |
| A / Equivalent | | | | |
| BBB+ / Equivalent | | | | |
| BBB / Equivalent | | | | |



NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - E Tier II
Key Statistics for the year ended March 31, 2019

| S. No | Particular | As at March 2019 | As at March 2018 |
|---|--|------------------|------------------|
| 1 | NAV per Unit (Rs)* | | |
| | Open | 10.9015 | 10.0000 |
| | High | 12.6429 | 11.9361 |
| | Low | 10.7275 | 9.7717 |
| | End | 12.0690 | 10.9015 |
| 2 | Closing Assets Under Management (Rs in Lakhs) | 477.01 | 158.44 |
| | End | | |
| | Average (AAUM) | 333,42,446.99 | 65,72,755.12 |
| 3 | Gross income % of AAUM@ | 16.35% | 1.27% |
| 4 | Expense Ratio | | |
| | a.Total Expenses as % of AAUM @ | 8.97% | 0.03% |
| | b.Management fees as a % of AAUM | 0.01% | 0.01% |
| 5 | Net Income as a % of AAUM@ | 7.37% | -3.38% |
| 6 | Portfolio turnover ratio | 0.19 | 0.16 |
| 7 | Returns (%) * Compounded Annualised Yield | | |
| | Last 1 Year | 10.71% | - |
| | Last 3 years | - | - |
| | Last 5 years | - | - |
| | Since Launch of the Scheme | 10.44% | 9.02 |
| | Launch Date | 09-05-2017 | 09-05-2017 |
| <p>@includes unrealised gain or loss</p> <p>1 Gross income =amount in the Revenue account i.e income</p> <p>2 Net income =amount in the revenue account i.e net realised gains/loss for the year /period</p> <p>3 Portfolio turnover = Lower of sales or purchase divided by the average AUM for the year / period.</p> <p>4 AAUM = Average daily net assets</p> <p>5 NAV= (Market value of investments 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)</p> | | | |



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 **National Pension System Trust (NPS Trust) A/c Scheme C Tier I (the Scheme)** managed by **Aditya Birla Sun Life Pension Management Limited (PFM)** which comprise the Balance Sheet as at 31st March, 2019, and Revenue Account for the period 1st April, 2018 to 31st March, 2019 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 Schedule VII of Pension Fund Regulatory and Development Authority (Pension Fund) Regulations, 2015 (as amended) (the Regulations) and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Scheme as of March 31, 2019;
- b) in the case of the Revenue Account, of the surplus of the Scheme for the period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). 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 PFM / the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements under the Regulations and other applicable guidelines issued by Pension Fund Regulatory and Development Authority (PFRDA) / NPS Trust and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter

Without modifying our opinion, we require your attention to the following:

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.

Other Information

The PFM's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Board of Directors of PFM, in accordance with the the Regulations, Pension Fund Regulatory and Development Authority (PFRDA) Guidelines and the Investment Management Agreement (the IMA) executed with NPS Trust, is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting standards referred to in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) to the extent made applicable by PFRDA to the Scheme. This responsibility also includes maintenance of adequate accounting records in accordance with PFRDA guidelines for safeguarding of the assets of the PFM and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, 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, NPS Trust and PFM 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 NPS Trust / PFM management either intends to liquidate the Schemes or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of PFM is also responsible for overseeing the PFM's financial reporting process on the recommendation of NPS Trust.

Auditor's Responsibility for the Audit of the Financial Statements

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 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 Schemes managed by PFM ability to continue as a going concern. 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 Schemes managed by PFM 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.



We communicate with management of NPS Trust and PFM, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide management of NPS Trust and PFM 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

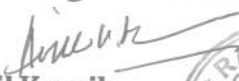
As required by the Schedule VII to the Regulations, we report that:

- a) We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
- b) The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme;
- c) In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by PFM so far as appears from our examination of those books;
- d) All transaction expenses in excess of the limits (if any) contractually agreed to/approved by the Authority are borne by the PFM and are not charged to the NAV of the Scheme; and
- e) In our opinion, the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards notified under the Companies Act, 2013 read with Rule 7 of the companies (Accounts) Rules, 2014 (as amended) to the extent made applicable by the Regulations.

We further certify that:

- a) Investments have been valued in accordance with the guidelines issued by PFRDA
- b) Transaction and claims/fee raised by different entities are in accordance with the prescribed fee.

Ray & Ray
Chartered Accountants
Firm Registration No. 301072E


Anil Karnik
Partner
M. No. 31005



Place: Mumbai
Date:

NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - C Tier I
BALANCE SHEET AS AT MARCH 31, 2019

| Particulars | Schedules | As at March 31, 2019 | As at March 31, 2018 |
|---|-----------|----------------------|----------------------|
| | | ₹ | ₹ |
| Liabilities | | | |
| Unit Capital | 1 | 2087,18,056 | 619,44,087 |
| Reserve & Surplus | 2 | 375,30,529 | 56,83,615 |
| Current Liabilities | 3 | 2,92,781 | 24,982 |
| Total | | 2465,41,366 | 676,52,684 |
| Assets | | | |
| Investment | 4 | 2328,33,707 | 653,95,997 |
| Other Current Assets | 5 | 137,07,659 | 22,56,687 |
| Total | | 2465,41,366 | 676,52,684 |
| (a) Net asset as per Balance Sheet (Schedule 4+5+6-3) | | 2462,48,585 | 676,27,702 |
| (b) Number of units outstanding | | 208,71,806 | 61,94,409 |
| Significant accounting policies and notes to accounts | 7 | | |

As per our report of even date

For Ray & Ray

Chartered Accountants

Firm Reg. No. 301072E

Anil Karnik

Partner

Membership No. 31005

Place : Mumbai

Date :

For and on behalf of NPS Trust

Ashwin Parekh

(Chairman, NPS Board)

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

For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan
(CEO)

S.C. Bhargava
(Director)

Munish Malik

(Chief Executive officer)



NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - C- Tier I
REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019

| Particulars | Schedules | As at March 31, 2019 | As at March 31, 2018 |
|--|-----------|----------------------|----------------------|
| | | ₹ | ₹ |
| Income | | | |
| Interest | | 124,20,111 | 10,52,007 |
| Profit on sale/redemption of investments | 6 | 3,18,524 | 93,665 |
| Unrealised gain on appreciation in investments | | 44,35,574 | 43,660 |
| Other income | | 53 | - |
| Total Income (A) | | <u>171,74,261</u> | <u>11,89,332</u> |
| Expenses & Losses | | | |
| Unrealised losses in value of investments | | 14,37,856 | - |
| Loss on sale/redemption of investments | | 72,916 | - |
| Management fees (including service tax) | | 17,814 | 1,700 |
| NPS Trust fees | | 5,578 | 1,441 |
| Custodian fees | | 5,366.07 | 467 |
| CBRIS charges | | 1,210 | 824 |
| NSDL & SEBI charges | | 672 | - |
| CRA fees | | 2,17,255 | 31,794 |
| Less : Amount recoverable on sale of units on account of CRA Charges | | -2,17,255 | -31,794 |
| Total Expenditure (B) | | <u>15,41,411</u> | <u>4,432</u> |
| Surplus/(Deficit) for the year (A-B = C) | | 156,32,850 | 11,84,900 |
| Less: Amount transferred to Unrealised appreciation account | | 29,97,717 | 43,660 |
| Less: Amount transferred to General Reserve | | 126,35,133 | 11,41,239 |
| Amount carried forward to Balance Sheet | | - | - |
| Significant accounting policies and notes to accounts | | - | - |

As per our report of even date
For Ray & Ray
Chartered Accountants
Firm Reg. No. 301072E

Anil Karnik
Partner
Membership No. 31005

For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan
(CEO)

S.C. Bhargava
(Director)



Place : Mumbai
Date :

For and on behalf of NPS Trust

Ashvin Parekh
(Chairman, NPS Board)

Munish Malik
(Chief Executive officer)



NATIONAL PENSION SYSTEM TRUST

NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - C Tier I

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2019

| Schedule 1: Unit capital | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Unit Capital | | |
| Outstanding at the beginning of the period | 619,44,087 | - |
| Add: Units issued during the period | 2643,87,669 | 949,02,863 |
| Less: Units redeemed during the period | 1176,13,700 | 329,58,776 |
| Outstanding at the end of the period | 2087,18,056 | 619,44,087 |

(Face Value of Rs.10/- each unit, fully paid up)

| | | |
|--|------------|-----------|
| Outstanding units at the beginning of the period | 61,94,409 | - |
| Add: Units issued during the period | 264,38,767 | 94,90,286 |
| Less: Units redeemed during the period | 117,61,370 | 32,95,878 |
| Outstanding Units at the end of the period | 208,71,806 | 61,94,409 |

| Schedule 2: Reserves and surplus | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Unit premium reserve | | |
| Opening balance | 44,98,715 | - |
| Add: Premium on Units issued | 29188347 | 68,47,638 |
| Less: Premium on Units redeemed | 12974282 | 23,48,923 |
| Closing balance | 207,12,780 | 44,98,715 |
| General Reserve | | |
| Opening balance | 11,41,240 | - |
| Add/(Less): Transfer from/(to) Revenue Account | 12635133 | 1141240 |
| Closing balance | 13776372 | 1141240 |
| Unrealised Appreciation Reserve | | |
| Opening balance | 43,660 | - |
| Add/(Less): Transfer from/(to) Revenue Account | 2997717 | 43660 |
| Closing balance | 3041377 | 43660 |
| Total | 375,30,529 | 56,83,615 |

| Schedule 3: Current liabilities and provisions | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Sundry creditors for expenses | | |
| Redemption Payable | 2,83,316 | 21,386 |
| NPS charges payable | 639 | 1,058 |
| Management fees payable | 6,158 | 1,248 |
| Custody charges payable | 1,831 | 467 |
| NSDL & SEBI Fees Payable | 656 | - |
| CBRIS Charges Payable | 181 | 823 |
| Total | 2,92,781 | 24,982 |

| Schedule 4: Investments | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| Debentures and Bonds Listed/Awaited Listed* | 2279,32,783 | 566,55,002 |
| Mutual Fund Units | 49,00,924 | 87,40,995 |
| Total | 2328,33,707 | 653,95,997 |

| Schedule 5: Other current assets | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Balances with banks in current account | 44,40,062 | 67,894 |
| Income accrue and Due | | |
| Int Recv-NCD | - | 66,400 |
| Income accrue but not Due | | |
| Int Ac Not Due-NCD | 92,67,597 | 21,22,393 |
| Total | 137,07,659 | 22,56,687 |

| Schedule 6: Realised Gain on Sale/redemption of investment | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Profit on sale of Mutual fund scheme Units | 3,18,524 | 93,665 |
| Total | 3,18,524 | 93,665 |

As per our report of even date

For Ray & Ray

Chartered Accountants

Firm Reg. No. 301072E

Anil Karnik

Partner

Membership No. 31005

Place : Mumbai

Date :

For and on behalf of NPS Trust

Ashvin Parekh
Ashvin Parekh

(Chairman, NPS Board)

For Aditya Birla Sun Life Pension Management Limited

Saikat Krishnan
(CEO)

S.C. Bhargava
(Director)

Munish Malik
Munish Malik
(Chief Executive officer)

NPS TRUST ADITYA BIRLA SUN LIFE PENSION MANAGEMENT LIMITED (ABSLPML) - SCHEME C TIER I

Note 7

Significant accounting policies & notes to Financial Statements

7.1 Background

Aditya Birla Sun Life Pension Management Limited ('the Company') has been appointed as a Pension Fund Manager ('PFM') by the Pension Fund Regulatory and Development Authority ('PFRDA') for the management of Pension Schemes under the National Pension System ('NPS').

Accordingly, the Company has entered into an Investment Management Agreement ('IMA') with NPS Trust. The Pension Fund Regulatory and Development Authority ('PFRDA' / 'Authority') guidelines require each PFM to manage subscribers' funds.

As per unbundled architecture of the NPS, the main responsibility of PFM is to manage funds in accordance with the laid down guidelines and declare NAV. As per the architecture, the NSDL e-Governance Infrastructure Ltd and Karvy Computershare Pvt.Ltd being the Central Recordkeeping Agency (CRA) provides consolidated data to PFM for allotment / redemption of units and Axis Bank, being the Trustee Bank, provides / receives funds on consolidated basis in respect of such allotment / redemption.

Central Record Keeping Agency (CRA): National Securities Depository Limited (NSDL), Karvy Computershare Pvt.Ltd and PFRDA have set up Central Recordkeeping Agency (CRA) for the NPS

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

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

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

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

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



The fees payable to CRA, in terms of IMA, is charged to the investor by redeeming the equivalent number of units on receipt of intimation from CRA.

The Trustee Bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account maintained by the PFM, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM record receipt of funds in the respective schemes only.

7.2 Basis of preparation of Financial Statements

The financial statements have been prepared to comply, in all material respects, with the generally accepted accounting principles in India. These financial statements have been prepared under the historical cost convention (as modified for investments, which are marked to market) on an accrual basis, except as otherwise stated. The significant accounting policies are in accordance with the accounting policies generally accepted in India.

The Financial Statements of the scheme have been prepared in accordance 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, 2013 to the extent made applicable by PFRDA (Preparation of financial statements and Auditor's report of Schemes under National Pension System) Guidelines – 2012

7.3 Investments

- (i) The investments are undertaken as per the guidelines specified in the Investment Management agreement with respect to the individual schemes.
- (ii) Purchase and sale of investments are recorded as on the trade date at cost and sale price respectively.
- (iii) Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.
- (iv) 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.

(v) Valuation of Investments

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

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

As per directive received from NPS Trust, the valuation of investments is carried out by Stock Holding Corporation of India Limited (SHCIL) and provided to ABSLPML on daily basis.



(vi) Debt Securities other than Government Securities

- Debt securities other than Government securities with a residual maturity over 60 days are valued at weighted average traded price on that day. When such securities are not traded on a particular day, they are valued on a yield to maturity basis, by using spreads over risk free benchmark yield obtained from agencies entrusted for the said purpose, by association of mutual fund in India (AMFI) to arrive at the yield for pricing the security.
- Debt securities other than Government securities with a residual maturity upto 60 days are valued at weighted average traded price on that day. When such securities are not traded on a particular day, they are valued at last valuation price plus the difference between the redemption value and last valuation price, spread uniformly over the remaining maturity period of the instrument. In case of floating rate securities with floors and caps on coupon rate and residual maturity of upto 60 days, then those shall be valued on amortisation basis, taking the coupon rate as floor.

(vii) Valuation of securities having call and/or Put options:

- Callable Bonds with single / daily / multiple call options will be valued at lowest value basis.
- Puttable Bonds with single / daily / multiple call options will be valued at highest value basis.
- 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.
- 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.

(viii) 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.

(ix) 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)

(x) Valuation of Money Market Investment and Mutual Fund

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



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

7.4 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 as on the date of sale.
- Other income of a miscellaneous nature is accounted for as and when realised

7.5 Units reconciliation

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

7.6 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 May 05, 2017, in terms of the Pension Fund Regulatory and Development Authority's circular no. PFRDA/6/PFM/9/2 dated July 31, 2014.

7.7 Trustee fees

The Company charges nil Trustee fees with effect from 25th January 2019 per annum, in terms of the National Pension Scheme Trust circular no. 1/20/2015/NPS dated January 25, 2019, prior to that the Trustees fees were charged 0.005% per annum.

7.8 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.



79 Computation of Net Asset Value

The NAV of the Scheme is computed by dividing Net Assets by number of units under the Scheme. Net assets are derived by deducting Gross Liabilities, Investment Management Fees and Custodian Charges (on the day when the charges are recorded) as per IMA from Gross Assets.

7.10 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) is recognised on receipt and other incomes of miscellaneous nature are accounted for when there is certainty of collection.

7.11 Provision for Non performing assets

As per the PFRDA (Identification, Income Recognition and Provisioning of NPA) Guidance Note 2013, Provision is charged to the Revenue Account, in respect of:

- a) Non Performing Debt Securities as per the Authority Guidelines issued from time to time.
- b) Securities where the certificates, if any, are not traceable for a protracted period.
- c) Assets other than investments, which in the opinion of the Board Of Directors of PF have suffered substantial impairment in their value.

No provision for income tax has been made since the income of the Schemes is exempt under Section 10(44) of the Income Tax Act, 1961.

7.13 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.



7.1 Investments

7.2 All investments of the scheme are in the name of the NPS trust .

7.3 At the end of the financial year, there are no open positions of derivatives in the scheme

The Schemes investments made in associates and Group companies as on Mar 31, 2019

| Security particulars | no of shares/bonds | 31-03-2019 | | no of shares/bonds | 31-03-2018 | |
|----------------------|--------------------|------------|-------------------|--------------------|------------|-------------------|
| | | Cost | Market Value (Cr) | | Cost | Market Value (Cr) |
| NIL | | 0 | 0 | | 0 | 0 |

7.4 As on the date of Balance sheet, the scheme does not have any investments which can be categorized as NPA

| Security particulars | Value of security | 31-03-2019 | | Value of security | 31-03-2018 | |
|----------------------|-------------------|------------|-------------------|-------------------|------------|-------------------|
| | | Cost | Market Value (Cr) | | Cost | Market Value (Cr) |
| NIL | | 0 | 0 | | 0 | 0 |

7.5 Aggregate Unrealized Gain/Loss as at the end of the Financial year and percentage to net assets.

| Particular | Rs in Crs | % to AAUM | As on 31.03.2019 | | As on 31.03.2018 | | | |
|--------------------------|-----------|-----------|------------------|-------------------|------------------|-----------|-------|-------------------|
| | | | Cost | Market Value (Cr) | Rs in Crs | % to AAUM | Cost | Market Value (Cr) |
| Unrealised Gain | 0.444 | 2.93% | 18.27 | 18.71 | 0.004 | 0.27% | 6.54 | 6.54 |
| Unrealised Loss | 0.14 | 0.95% | 4.43 | 4.57 | 0.14 | 0.95% | 4.43 | 4.57 |
| Net Unrealised Gain/Loss | 0.30 | 3.88% | 22.70 | 23.28 | 0.15 | 1.22% | 10.96 | 11.11 |

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

| Particular | C-Tier I | |
|------------------------------|--------------|-------------|
| | 31.03.2019 | 31.03.2018 |
| Average Net Asset Value | 1514,10,633 | 160,99,092 |
| Purchase of Investment | 10363,98,853 | 2333,16,237 |
| % to average Net Asset Value | 6.84% | 14.49% |
| Sale of Investment | 8421,85,744 | 1680,57,565 |
| % to average Net Asset Value | 5.56% | 10.44% |

7.7 Following are the transaction with Associates & Group companies under the scheme

| Name of related party | Nature of relationship | FY 2018-19(Amt in Rs) | FY 2017-18(Amt in Rs) |
|--|------------------------|-----------------------|-----------------------|
| Aditya Birla Sun Life Pension Management Ltd | Management fees paid | 11655.72 | 452.69 |

| Particular | C-Tier I | |
|----------------------------|------------|------------|
| | 31.03.2019 | 31.03.2018 |
| Investment management fees | 17813.77 | 1700.41 |

Balance with Aditya Birla Sun Life Pension management Ltd

| Particular | C-Tier I | |
|------------------------------------|------------|------------|
| | 31.03.2019 | 31.03.2018 |
| Investment Management Fees payable | 6158.05 | 1247.72 |

7.8 Unit Capital

Units are created and redeemed based on the intimation provided by Central Record keeping Agency (CRA) and the same are reflected as Unit Capital and the net premium or discount to the face value is transferred to the Unit Premium Reserve
Based on confirmation from CRA the number of units as at the year end are 208718055.87

7.9 Unit NAV

| Particular | As on 31.03.2019 | As on 31.03.2018 |
|-------------------|------------------|------------------|
| NAV per unit (Rs) | 11.7981 | 10.9175 |

8.0 Details of sectoral classification of investment has been appended as part of notes to accounts.

8.1 The scheme has no contingent liability as at the end financial year.

As per our report of even date
For Ray & Ray
Chartered Accountants
Firm Reg. No. 301072E

Anil Karnik
Partner
Membership No. 31005

Place : Mumbai

Date :

For and on behalf of NPS Trust,
Ashvin Parekh
(Chairman, NPS Board)

For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan
(CEO)

S.C.Bhargava
(Director)

Munish Malik
(Chief Executive officer)

NAME OF PENSION FUND
SCHEME NAME
MONTH

ADITYA BIRLA SUN LIFE PENSION MANAGEMENT LIMITED
C-TIER I
Mar-19

| Name of the Instrument | ISIN No. | Industry | Quantity | Market Value | % of Portfolio | Rating |
|---|---------------|---|----------|---------------|----------------|----------------------|
| 7.27 % NHAI 06.06.2022 | INE906807FT4 | Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian w | 5.00 | 49,56,295.00 | 2.01% | CRISILAAA |
| 7.85% PFC 03.04.2028 | INE134E08IP5 | Other credit granting | 2.00 | 19,71,372.00 | 0.80% | CRISILAAA |
| 11.40 % FULLERTON INDIA CREDIT CO LTD | INES35H08553 | Other credit granting | 8.00 | 86,12,704.00 | 3.50% | ICRAAA+ |
| 8.45 % SUNDARAM FINANCE 21.02.2028 | INE660A08BV6 | Financial leasing | 7.00 | 67,22,961.00 | 2.73% | CRISILAAA |
| 7.27% IRFC 15.06.2027 | INE053F07AB5 | Other financial service activities, except insurance and pension funding activities | 4.00 | 37,76,528.00 | 1.53% | CRISILAAA |
| 8.20% NABARD 09.03.2028 | INE261F08A08 | Monetary intermediation of commercial banks, saving banks, postal savings | 5.00 | 50,37,455.00 | 2.05% | CRISILAAA |
| 8.15 % EXIM 05.03.2025 | INE14E08EL8 | Other monetary intermediation services n.e.c. | 5.00 | 49,80,715.00 | 2.02% | CRISILAAA |
| 8.85 % AXIS BANK 05.12.2024 | INE238A08351 | Monetary intermediation of commercial banks, saving banks, postal savings | 6.00 | 61,59,000.00 | 2.50% | CRISILAAA |
| 9.35 % REC 15.06.2022 | INE020B08740 | Other credit granting | 6.00 | 62,90,028.00 | 2.55% | CRISILAAA |
| 8.45% SUNDARAM FINANCE 19.01.2028 | INE660A08BX8 | Financial leasing | 5.00 | 48,02,880.00 | 1.95% | CRISILAAA |
| 7.70% REC 12.12.2027 | INE020B08AC9 | Other credit granting | 5.00 | 48,34,240.00 | 1.96% | CRISILAAA |
| 8.70% PFC 14.05.2025 | INE134E08CV2 | Other credit granting | 5.00 | 51,07,725.00 | 2.07% | CRISILAAA |
| 7.93% PGC 20.05.2026 | INE752E07KX8 | Transmission of electric energy | 1.00 | 9,83,827.00 | 0.40% | CRISILAAA |
| 7.93% POWER GRID CORPORATION MD 20.05.2028 | INE752E07K23 | Transmission of electric energy | 1.00 | 9,80,510.00 | 0.40% | CRISILAAA |
| 7.93% POWER GRID CORP MD 20.05.2027 | INE752E07KY6 | Transmission of electric energy | 2.00 | 19,64,104.00 | 0.80% | CRISILAAA |
| 9.18% NPCIL 23.01.2026 | INE206D08188 | Transmission of electric energy | 2.00 | 21,14,382.00 | 0.86% | CRISILAAA |
| 8.85% PFC 15.06.2030 | INE134E08DB8 | Other credit granting | 1.00 | 10,42,969.00 | 0.42% | CRISILAAA |
| 8.15% Bajaj Finance Ltd MD 22/06/2027 | INE296A08847 | Other financial service activities, except insurance and pension funding activities | 2.00 | 18,90,882.00 | 0.77% | CRISILAAA |
| 9.10% PNBHFL MD 21/12/2022 | INE572E09197 | Activities of specialized institutions granting credit for house purchases | 1.00 | 10,29,452.00 | 0.42% | CRISILAAA+ |
| 8% Mahindra Financial Services LTD NCD MD 24/07/2027 | INE774D08MK5 | Other financial service activities, except insurance and pension funding activities | 1,300.00 | 12,18,808.50 | 0.49% | Brickwork RatingsAAA |
| 7.86% LIC Housing Finance MD 17/05/2027 | INE115A07LU0 | Activities of specialized institutions granting credit for house purchases that also take deposit | 6.00 | 58,68,330.00 | 2.38% | CRISILAAA |
| Indiabull Housing Finance (series VI A) NCD 8.85% 26/09/2026 | INE148017GK5 | Activities of specialized institutions granting credit for house purchases | 1,000.00 | 10,32,513.00 | 0.42% | Brickwork RatingsAAA |
| 9.30% Dewan Housing Finance Ltd 2026 (Secured) | INE202B07HV0 | Activities of specialized institutions granting credit for house purchases | 800.00 | 7,97,548.00 | 0.32% | CAREAA- |
| 9% Mahindra Financial Services LTD NCD (series B) MD 06/06/26 | INE774D08MA6 | Other financial service activities, except insurance and pension funding activities | 600.00 | 5,97,041.40 | 0.24% | CRISILAAA |
| 8.84% NTPC 4 Oct 2022 | INE733E07JB6 | Electric power generation by coal based thermal power plants | 2.00 | 20,73,890.00 | 0.84% | CRISILAAA |
| 8.37% HUDCO GOI 23 Mar 2029 | INE031A07B07 | Activities of specialized institutions granting credit for house purchases that also take deposit | 9.00 | 91,77,201.00 | 3.73% | CRISILAAA |
| 8.70% LIC HOUSING FINANCE LTD 23 Mar 2029 | INE115A070B4 | Activities of specialized institutions granting credit for house purchases that also take deposit | 4.00 | 41,21,724.00 | 1.67% | CRISILAAA |
| 8.78% NHPC 11 Feb 2028 | INE848E07484 | Electric power generation by hydroelectric power plants | 40.00 | 41,30,976.00 | 1.68% | CRISILAAA |
| 8.55% IRFC 21 Feb 2029 | INE053F07BA5 | Other credit granting | 8.00 | 81,69,672.00 | 3.32% | CRISILAAA |
| 8.54% NABARD 30 Jan 2034. | INE261F08AZ1 | Other monetary intermediation services n.e.c. | 6.00 | 61,32,804.00 | 2.49% | CRISILAAA |
| 9.47% IRFC 10 May 2031 | INE053F09HQ4 | Other financial service activities, except insurance and pension funding activities | 4.00 | 44,25,608.00 | 1.80% | CRISILAAA |
| 9.05% Reliance Industries 17 Oct 2028 | INE002A08534 | Manufacture of other petroleum n.e.c. | 7.00 | 73,58,736.00 | 2.99% | CRISILAAA |
| 8.90% SBI Tier II 2 Nov 2028 Call 2 Nov 2023 | INE002A08542 | Manufacture of other petroleum n.e.c. | 5.00 | 52,25,290.00 | 2.12% | CRISILAAA |
| 9.24% HDFC Ltd 24 June 2024 | INE062A08165 | Monetary intermediation of commercial banks, saving banks, postal savings | 16.00 | 166,68,160.00 | 6.77% | CRISILAAA |
| 9.41% India Infrastructure Finance Co Ltd 27 Jul 2037 | INE001A07MS4 | Activities of specialized institutions granting credit for house purchases | 6.00 | 63,75,312.00 | 2.59% | CRISILAAA |
| 9.30% Fullerton India Credit 25 Apr 2023 | INE787H07057 | Other monetary intermediation services n.e.c. | 10.00 | 110,48,790.00 | 4.49% | CRISILAAA |
| 9.00% LIC Housing 9 Apr 2023 | INE535H08660 | Other credit granting | 1.00 | 10,03,326.00 | 0.41% | ICRAAA+ |
| 9.50% EXIM 3 Dec 2023 | INE115A07DS1 | Activities of specialized institutions granting credit for house purchases that also take deposit | 6.00 | 62,64,606.00 | 2.54% | CRISILAAA |
| 8.43% HDFC Ltd 4 Mar 2025 | INE514E08DGO | Other monetary intermediation services n.e.c. | 5.00 | 53,33,325.00 | 2.17% | CRISILAAA |
| 8.89% LIC Housing 25 Apr 2023 | INE001A07NPN8 | Activities of specialized institutions granting credit for house purchases | 12.00 | 60,53,142.00 | 2.46% | CRISILAAA |
| 8.80% Chola Investment & Finance 28 Jun 27 | INE115A07DT9 | Activities of specialized institutions granting credit for house purchases that also take deposit | 5.00 | 51,97,225.00 | 2.11% | CRISILAAA |
| 9.08% Cholamandalam Investment & Finance co. Ltd 23.11.2023 | INE121A08OE4 | Other financial service activities, except insurance and pension funding activities, n.e.c. | 5.00 | 48,35,210.00 | 1.96% | ICRAAA+ |
| 9.30% L&T INFRA DEBT FUND 5 July 2024 | INE121A08OA2 | Other financial service activities, except insurance and pension funding activities, n.e.c. | 1.00 | 9,94,759.00 | 0.40% | ICRAAA+ |
| 8.81% HDB FINANCIAL SERVICES 07.07.2021 | INE235P07894 | Other financial service activities, except insurance and pension funding activities, n.e.c. | 9.00 | 91,41,138.00 | 3.71% | CRISILAAA |
| 9.25 % INDIA INFRADEBT 19.06.2023 | INE756I07BY7 | Other financial service activities, except insurance and pension funding activities, n.e.c. | 4.00 | 40,37,156.00 | 1.64% | CRISILAAA |
| | INE537P07430 | Other monetary intermediation services n.e.c. | 5.00 | 52,62,605.00 | 2.14% | CRISILAAA |

| | | | | | | |
|--|--------------|---|------|-----------------------|----------------|----------------------|
| 9.38% EXIM 29 Sep 2021 | INE514E08AG6 | Other monetary intermediation services n.e.c. | 1.00 | 10,38,917.00 | 0.42% | CRISILAAA |
| 7.10 % PFC 08.08.2022 | INE134E08JD1 | Other credit granting | 5.00 | 49,28,935.00 | 2.00% | CRISILAAA |
| 9.02% IREDA 24 Sep 2025 | INE202E070G2 | Other credit granting | 1.00 | 10,37,611.00 | 0.42% | Brickwork RatingsAAA |
| 8.60% NABARD 31 Jan 2022 | INE261F08A17 | Monetary intermediation of commercial banks, saving banks, postal savings | 5.00 | 51,24,395.00 | 2.08% | CRISILAAA |
| Total | | | | 2279,32,782.90 | 92.56% | |
| Money Market Instruments:- | | | | | | |
| - Treasury Bills | | | | | | |
| - Money Market Mutual Funds | | | | | | |
| - Certificate of Deposits / Commercial Papers | | | | | | |
| - Application Pending Allotment | | | | | | |
| - Bank Fixed Deposits (< 1 Year) | | | | | | |
| - Cash/ Cash Equivalent & Net Current Assets | | | | | | |
| - Other Current Assets (Accrued Interest) | | | | | | |
| Net Current assets | | | | | | |
| GRAND TOTAL | | | | 2462,48,584.93 | 100.00% | |
| Average Maturity of Portfolio (In yrs) | | | | | | |
| Modified Duration (In yrs) | | | | | | |
| Yield to Maturity (%) (annualised) at market price | | | | | | |

| CREDIT RATING EXPOSURE | | | | | | |
|----------------------------|--------------|----------------|---------|--------------|----------------|---------|
| Securities | Market Value | % of Portfolio | Ratings | Market Value | % of Portfolio | Ratings |
| Central Govt. Securities | | | | | | |
| State Development Loans | | | | | | |
| AAA / Equivalent | | | | | | |
| A1+ (For Commercial Paper) | | | | | | |
| AA+ / Equivalent | | | | | | |
| AA / Equivalent | | | | | | |
| AA- / Equivalent | | | | | | |
| A+ / Equivalent | | | | | | |
| A / Equivalent | | | | | | |
| A- / Equivalent | | | | | | |
| BBB+ / Equivalent | | | | | | |
| BBB / Equivalent | | | | | | |



NATIONAL PENSION SYSTEM TRUST

NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - C Tier I

Key Statistics for the year ended March 31, 2019

| S. No | Particular | As at March 2019 | As at March 2018 |
|---|--|------------------|------------------|
| 1 | NAV per Unit (Rs)* | | |
| | Open | 10.9175 | 10.0000 |
| | High | 11.7981 | 10.9524 |
| | Low | 10.6852 | 10.0000 |
| | End | 11.7981 | 10.9175 |
| 2 | Closing Assets Under Management (Rs in Lakhs) | 2,462 | 676 |
| | End | | |
| | Average (AAUM) | 1514,10,633 | 160,99,092 |
| 3 | Gross Income % of AAUM@ | 11.34% | 7.39% |
| 4 | Expense Ratio | | |
| | a.Total Expenses as % of AAUM @ | 1.02% | 0.03% |
| | b.Management fees as a % of AAUM@ | 0.01% | 0.01% |
| 5 | Net Income as a % of AAUM | 10.32% | 7.36% |
| 6 | Portfolio turnover ratio | 0.02 | 3.61 |
| 7 | Returns (%) * Compounded Annualised Yield | | |
| | Last 1 Year | 8.07% | - |
| | Last 3 years | | |
| | Last 5 years | | |
| | Since Launch of the Scheme | 9.13% | 9.18 |
| | Launch Date | 09-05-2017 | 09-05-2017 |
| @includes unrealised gain or loss | | | |
| 1 Gross income =amount in the Revenue account i.e income | | | |
| 2 Net income =amount in the revenue account i.e net realised gains/loss for the year /period | | | |
| 3 Portfolio turnover = Lower of sales or purchase divided by the average AUM for the year / period. | | | |
| 4 AAUM = Average daily net assets | | | |
| 5 NAV= (Market value of investments 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) | | | |



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 **National Pension System Trust (NPS Trust) A/c Scheme C Tier II (the Scheme)** managed by **Aditya Birla Sun Life Pension Management Limited (PFM)** which comprise the Balance Sheet as at 31st March, 2019, and Revenue Account for the period 1st April, 2018 to 31st March, 2019 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 Schedule VII of Pension Fund Regulatory and Development Authority (Pension Fund) Regulations, 2015 (as amended) (the Regulations) and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Scheme as of March 31, 2019;
- b) in the case of the Revenue Account, of the surplus of the Scheme for the period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). 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 PFM / the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements under the Regulations and other applicable guidelines issued by Pension Fund Regulatory and Development Authority (PFRDA) / NPS Trust and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter

Without modifying our opinion, we require your attention to the following:

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.

Other Information

The PFM's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Board of Directors of PFM, in accordance with the the Regulations, Pension Fund Regulatory and Development Authority (PFRDA) Guidelines and the Investment Management Agreement (the IMA) executed with NPS Trust, is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting standards referred to in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) to the extent made applicable by PFRDA to the Scheme. This responsibility also includes maintenance of adequate accounting records in accordance with PFRDA guidelines for safeguarding of the assets of the PFM and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, 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, NPS Trust and PFM 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 NPS Trust / PFM management either intends to liquidate the Schemes or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of PFM is also responsible for overseeing the PFM's financial reporting process on the recommendation of NPS Trust.

Auditor's Responsibility for the Audit of the Financial Statements

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 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 Schemes managed by PFM ability to continue as a going concern. 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 Schemes managed by PFM 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.



We communicate with management of NPS Trust and PFM, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide management of NPS Trust and PFM 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 the Schedule VII to the Regulations, we report that:

- a) We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
- b) The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme;
- c) In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by PFM so far as appears from our examination of those books;
- d) All transaction expenses in excess of the limits (if any) contractually agreed to/approved by the Authority are borne by the PFM and are not charged to the NAV of the Scheme; and
- e) In our opinion, the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards notified under the Companies Act, 2013 read with Rule 7 of the companies (Accounts) Rules, 2014 (as amended) to the extent made applicable by the Regulations.

We further certify that:

- a) Investments have been valued in accordance with the guidelines issued by PFRDA
- b) Transaction and claims/fee raised by different entities are in accordance with the prescribed fee.

Ray & Ray
Chartered Accountants
Firm Registration No. 301072E


Anil Karnik
Partner
M. No. 31005



Place: Mumbai
Date:

NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C-ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - C- Tier II
REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019

| | Schedules | Year ended Mar 31, 2019 | Year ended Mar 31, 2018 |
|--|-----------|----------------------------|----------------------------|
| Income | | | |
| Interest | | 14,98,400 | 2,15,482 |
| Profit on sale of inter-scheme transfer/ Sale of investments | 6 | 82,223 | 26,195 |
| Unrealised gain on valuation in investments | | 4,44,431 | 774 |
| Other income | | 7 | - |
| Depository and settlement charges | | 20,25,062 | 2,42,451 |
| Expenses & Losses | | | |
| Unrealised losses in value of investments | | 1,92,464 | 37,751 |
| Loss on sale/redemption of investments | | 11,619 | 23 |
| Management fees (including service tax) | | 2,244 | 347 |
| Trustship fees | | 721 | 309 |
| Custodian fees | | 658 | 95 |
| Depository and settlement charges | | 531 | 353 |
| CRA fees | | 8,096 | 1,878 |
| Less : Amount recoverable on sale of units on account of CRA Charges | | -8,096 | -1,878 |
| NSDL & SEBI charges | | 102 | - |
| Total Expenditure (B) | | 2,08,340 | 38,878 |
| Surplus/(Deficit) for the year (A-B = C) | | 18,16,723 | 2,03,573 |
| Less: Amount transferred to Unrealised appreciation account | | 2,51,967 | -36,977 |
| Less: Amount transferred to General Reserve | | 15,64,755 | 2,40,550 |
| Amount carried forward to Balance Sheet | | - | - |
| Significant accounting policies and notes to accounts | | | |

As per our report of even date

For Ray & Ray

Chartered Accountants

Firm Reg. No. 301072E

Anil Karnik

Partner

Membership No. 31005



Place : Mumbai

Date :

For and on behalf of NPS Trust

Ashvin Parekh

(Chairman, NPS Board)



For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan
(CEO)

S.C. Bhargava
(Director)



Munish Malik
(Chief Executive officer)

NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - C- Tier II
BALANCE SHEET AS AT MARCH 31, 2019

| Particulars | Schedules | As at March 31, 2019 ₹ | As at March 31, 2018 ₹ |
|---|-----------|---------------------------|---------------------------|
| Liabilities | | | |
| Unit Capital | 1 | 262,27,719 | 85,98,646 |
| Reserve & Surplus | 2 | 38,30,421 | 5,56,659 |
| Current Liabilities | 3 | 3,28,660 | 62,264 |
| Total | | 303,86,800 | 92,17,569 |
| Assets | | | |
| Investment | 4 | 271,06,220 | 88,15,258 |
| Other Current Assets | 5 | 32,80,580 | 4,02,311 |
| Total | | 303,86,800 | 92,17,569 |
| (a) Net asset as per Balance Sheet (Schedule 4+5+6-3) | | 300,58,140 | 91,55,305 |
| (b) Number of units outstanding | | 26,22,772 | 8,59,865 |

Significant accounting policies and notes to accounts

7&8

As per our report of even date

For Ray & Ray

Chartered Accountants

Firm Reg. No. 301072E

Anil Karnik

Partner

Membership No. 31005



For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan
(CEO)

S.C. Bhargava
(Director)



Place : Mumbai

Date :

For and on behalf of NPS Trust

Ashvin Parekh

(Chairman, NPS Board)



Munish Malik
(Chief Executive officer)

NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C-ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - C Tier II
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31 2019

| Schedule 1: Unit capital | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Unit Capital | | |
| Outstanding at the beginning of the period | 85,98,646 | - |
| Add :Units issued during the period | 680,33,107 | 157,51,878 |
| Less: Units redeemed during the period | 504,04,034 | 71,53,232 |
| Outstanding at the end of the period | 262,27,719 | 85,98,646 |

(Face Value of Rs.10/- each unit, fully paid up)

| | | |
|--|-----------|-----------|
| Outstanding units at the beginning of the period | 8,59,865 | - |
| Add :Units issued during the period | 68,03,311 | 15,75,188 |
| Less: Units redeemed during the period | 50,40,403 | 7,15,323 |
| Outstanding Units at the end of the period | 26,22,772 | 8,59,865 |

| Schedule 2: Reserves and surplus | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Unit premium reserve | | |
| Opening balance | 3,53,086 | - |
| Add: Premium on Units issued | 59,71,775 | 6,39,574 |
| Less: Premium on Units redeemed | 45,14,735 | 2,86,488 |
| Closing balance | 18,10,126 | 3,53,086 |
| General Reserve | | |
| Opening balance | 2,40,550 | - |
| Add/(Less): Transfer from/(to) Revenue Account | 15,64,755 | 2,40,550 |
| Closing balance | 18,05,305 | 2,40,550 |
| Unrealised Appreciation Reserve | | |
| Opening balance | -36,977 | - |
| Add/(Less): Transfer from/(to) Revenue Account | 2,51,967 | -36,977 |
| Closing balance | 2,14,990 | -36,977 |
| Total | 38,30,421 | 5,56,659 |

| Schedule 3: Current liabilities and provisions | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Sundry creditors for expenses | | |
| Redemption Payable | 3,27,480 | 61,447 |
| NPS charges payable | 71 | 168 |
| Management fees payable | 722 | 200 |
| Custody charges payable | 194 | 95 |
| CBRICS Charges Payable | 118 | 353 |
| NSDL & SEBI Payable | 75 | - |
| Total | 3,28,660 | 62,264 |

| Schedule 4: Investments | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| Debentures and Bonds Listed/Awaited Listed" | 262,10,137 | 82,51,485 |
| Mutual Fund Units | 8,96,084 | 5,63,773 |
| Total | 271,06,220 | 88,15,258 |

| Schedule 5: Other current assets | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Balances with banks in current account | 21,85,241 | 62,646 |
| Income accrue and Due | | |
| Int Recv-NCD | - | 16,600 |
| Income accrue but not Due | | |
| Int Ac Not Due-NCD | 10,95,339 | 3,23,064 |
| Total | 32,80,580 | 4,02,311 |

| Schedule 6: Realised Gain on Sale/redemption of investment | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|-----------------------------------|-----------------------------------|
| Profit on sale of Mutual fund scheme Units | 82,223 | 26,195 |
| Total | 82,223 | 26,195 |

As per our report of even date
For Ray & Ray
Chartered Accountants
Firm Reg. No. 301072E

Anil Karnik
Partner
Membership No. 31005

Place : Mumbai
Date :

For and on behalf of NPS Trust

Ashvin Parekh
Ashvin Parekh
(Chairman, NPS Board)

For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan
(CEO)

S.C.Bhargava
(Director)

Munish Malik
(Chief Executive officer)

NPS TRUST ADITYA BIRLA SUN LIFE PENSION MANAGEMENT LIMITED (ABSLPML) - SCHEME C TIER II

Note 7

Significant accounting policies & notes to Financial Statements

7.1 Background

Aditya Birla Sun Life Pension Management Limited ('the Company') has been appointed as a Pension Fund Manager ('PFM') by the Pension Fund Regulatory and Development Authority ("PFRDA") for the management of Pension Schemes under the National Pension System ('NPS').

Accordingly, the Company has entered into an Investment Management Agreement ('IMA') with NPS Trust. The Pension Fund Regulatory and Development Authority ("PFRDA" / "Authority") guidelines require each PFM to manage subscribers' funds.

As per unbundled architecture of the NPS, the main responsibility of PFM is to manage funds in accordance with the laid down guidelines and declare NAV. As per the architecture, the NSDL e-Governance Infrastructure Ltd and Karvy Computershare Pvt.Ltd being the Central Recordkeeping Agency (CRA) provides consolidated data to PFM for allotment / redemption of units and Axis Bank, being the Trustee Bank, provides / receives funds on consolidated basis in respect of such allotment / redemption.

Central Record Keeping Agency (CRA): National Securities Depository Limited (NSDL), Karvy Computershare Pvt.Ltd and PFRDA have set up Central Recordkeeping Agency (CRA) for the NPS

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

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

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

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

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



The fees payable to CRA, in terms of IMA, is charged to the investor by redeeming the equivalent number of units on receipt of intimation from CRA.

The Trustee Bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account maintained by the PFM, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM record receipt of funds in the respective schemes only.

7.2 Basis of preparation of Financial Statements

The financial statements have been prepared to comply, in all material respects, with the generally accepted accounting principles in India. These financial statements have been prepared under the historical cost convention (as modified for investments, which are marked to market) on an accrual basis, except as otherwise stated. The significant accounting policies are in accordance with the accounting policies generally accepted in India.

The Financial Statements of the scheme have been prepared in accordance 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, 2013 to the extent made applicable by PFRDA (Preparation of financial statements and Auditor's report of Schemes under National Pension System) Guidelines – 2012

7.3 Investments

- (i) The investments are undertaken as per the guidelines specified in the Investment Management agreement with respect to the individual schemes.
- (ii) Purchase and sale of investments are recorded as on the trade date at cost and sale price respectively.
- (iii) Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.
- (iv) 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.

(v) Valuation of Investments

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

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

As per directive received from NPS Trust, the valuation of investments is carried out by Stock Holding Corporation of India Limited (SHCIL) and provided to ABSLPML on daily basis.



(vi) Debt Securities other than Government Securities

- Debt securities other than Government securities with a residual maturity over 60 days are valued at weighted average traded price on that day. When such securities are not traded on a particular day, they are valued on a yield to maturity basis, by using spreads over risk free benchmark yield obtained from agencies entrusted for the said purpose, by association of mutual fund in India (AMFI) to arrive at the yield for pricing the security.
- Debt securities other than Government securities with a residual maturity upto 60 days are valued at weighted average traded price on that day. When such securities are not traded on a particular day, they are valued at last valuation price plus the difference between the redemption value and last valuation price, spread uniformly over the remaining maturity period of the instrument. In case of floating rate securities with floors and caps on coupon rate and residual maturity of upto 60 days, then those shall be valued on amortisation basis, taking the coupon rate as floor.

(vii) Valuation of securities having call and/or Put options:

- Callable Bonds with single / daily / multiple call options will be valued at lowest value basis.
- Puttable Bonds with single / daily / multiple call options will be valued at highest value basis.
- 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.
- 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.

(viii) 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.

(ix) 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)

(x) Valuation of Money Market Investment and Mutual Fund

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



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

7.4 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 as on the date of sale.
- Other income of a miscellaneous nature is accounted for as and when realised

7.5 Units reconciliation

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

7.6 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 May 05, 2017, in terms of the Pension Fund Regulatory and Development Authority's circular no. PFRDA/6/PFM/9/2 dated July 31, 2014.

7.7 Trustee fees

The Company charges nil Trustee fees with effect from 25th January 2019 per annum, in terms of the National Pension Scheme Trust circular no. 1/20/2015/NPS dated January 25, 2019, prior to that the Trustees fees were charged 0.005% per annum.



7.8 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.

7.9 Computation of Net Asset Value

The NAV of the Scheme is computed by dividing Net Assets by number of units under the Scheme. Net assets are derived by deducting Gross Liabilities, Investment Management Fees and Custodian Charges (on the day when the charges are recorded) as per IMA from Gross Assets.

7.10 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) is recognised on receipt and other incomes of miscellaneous nature are accounted for when there is certainty of collection.

7.11 Provision for Non performing assets

As per the PFRDA (Identification, Income Recognition and Provisioning of NPA) Guidance Note 2013, Provision is charged to the Revenue Account, in respect of:

- a) Non Performing Debt Securities as per the Authority Guidelines issued from time to time.
- b) Securities where the certificates, if any, are not traceable for a protracted period.
- c) Assets other than investments, which in the opinion of the Board Of Directors of PF have suffered substantial impairment in their value.

7.12 Income Taxes

No provision for income tax has been made since the income of the Schemes is exempt under Section 10(44) of the Income Tax Act, 1961.

7.13 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.



7.1 Investments

7.2 All investments of the scheme are in the name of the NPS trust.

7.3 At the end of the financial year, there are no open positions of derivatives in the scheme

The Schemes investments made in associates and Group companies as on Mar 31, 2019

| Security particulars | no of shares/bonds | Cost | Market Value (Cr₹) | no of shares/bonds | Cost | Market Value (Cr₹) |
|----------------------|--------------------|------|--------------------|--------------------|------|--------------------|
| NIL | | 0 | 0 | | 0 | 0 |

7.4 As on the date of Balance sheet, the scheme does not have any investments which can be categorized as NPA

| Security particulars | Value of security | provision | Cost | Market Value (Cr₹) | Value of security | provision | Cost | Market Value (Cr₹) |
|----------------------|-------------------|-----------|------|--------------------|-------------------|-----------|------|--------------------|
| NIL | | | 0 | 0 | | | 0 | 0 |

7.5 Aggregate Unrealized Gain/Loss as at the end of the Financial year and percentage to net assets.

| Particular | As on 31.03.2019 | | As on 31.03.2018 | | As on 31.03.2019 | | As on 31.03.2018 | |
|--------------------------|------------------|-----------|------------------|--------------------|------------------|-----------|------------------|--------------------|
| | Rs in Cr₹ | % to AAUM | Cost | Market Value (Cr₹) | Rs in Cr₹ | % to AAUM | Cost | Market Value (Cr₹) |
| Unrealised Gain | 0.04 | 0.00% | 2.00 | 2.04 | 0.000 | 0.00% | 0.00 | 0.00 |
| Unrealised Loss | 0.02 | 1.01% | 0.65 | 0.67 | 0.004 | 1.10% | 0.89 | 0.88 |
| Net Unrealised Gain/Loss | 0.03 | 1.01% | 2.65 | 2.71 | 0.004 | 1.10% | 0.89 | 0.88 |

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

| Particular | C-TIER II 31.03.2019 | C-TIER II 31.03.2018 |
|------------------------------|-------------------------|-------------------------|
| Average Net Asset Value | 190,73,252 | 34,33,503 |
| Purchase of Investment | 2397,59,123 | 420,29,535 |
| % to average Net Asset Value | 12.57% | 12.24% |
| Sale of Investment | 2201,05,571 | 33203472 |
| % to average Net Asset Value | 11.54% | 9.67% |

7.7 Following are the transaction with Associates & Group companies under the scheme

| Name of related party | Nature of relationship | FY 2018-19(Amt in Rs) | FY 2017-18(Amt in Rs) |
|--|------------------------|-----------------------|-----------------------|
| Aditya Birla Sun Life Pension Management Ltd | Management fees paid | 1522.14 | 147.41 |

| Particular | C-TIER II 31.03.2019 | C-TIER II 31.03.2018 |
|----------------------------|-------------------------|-------------------------|
| Investment management fees | 2244.44 | 347.04 |

Balance with Aditya Birla Sun life Pension management Ltd

| Particular | C-TIER II 31.03.2019 | C-TIER II 31.03.2018 |
|------------------------------------|-------------------------|-------------------------|
| Investment Management Fees payable | 722.3 | 199.63 |

7.8 Unit Capital

Units are created and redeemed based on the intimation provided by Central Record keeping Agency (CRA) and the same are reflected as Unit Capital and the net premium or discount to the face value is transferred to the Unit Premium Reserve
Based on confirmation from CRA the number of units as at the year end are 26227719.07

7.9 Unit NAV

| Particular | As on 31.03.2019 | As on 31.03.2018 |
|-------------------|------------------|------------------|
| NAV per unit (Rs) | 11.4604 | 10.6474 |

8 Details of sectoral classification of investment has been appended as part of notes to accounts.

8.1 The scheme has no contingent liability as at the end financial year.

As per our report of even date

For Ray & Ray

Chartered Accountants

Firm Reg. No. 301072E

Anil Karnik

Partner

Membership No. 31005

For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan
(CEO)

S.C.Bhargava
(Director)

Place : Mumbai

Date :

For and on behalf of NPS Trust

Ashvin Parekh
(Chairman, NPS Board)

Munish Malik
(Chief Executive officer)

NAME OF PENSION FUND
SCHEME NAME
MONTH

ADITYA BIRLA SUN LIFE PENSION MANAGEMENT LIMITED
C-TIER II
Mar-19

| Name of the Instrument | ISIN No. | Industry | Quantity | Market Value | % of Portfolio | Rating |
|--|---------------|---|----------|----------------------|----------------|----------------------|
| 8.47% NABARD GOI 31 Aug 2033 | INE261F08A05 | Other credit granting | 1.00 | 10,30,397.00 | 3.43% | CRISILAAA |
| 8.37% HUDCO GOI 23 Mar 2029 | INE031A08707 | Activities of specialized institutions granting credit for house purchases that also take deposit | 2.00 | 20,39,378.00 | 6.78% | CRISILAAA |
| 9.05% Reliance Industries 17 Oct 2028 | INE002A08534 | Manufacture of other petroleum n.e.c. | 2.00 | 21,02,496.00 | 6.99% | CRISILAAA |
| 8.90% SBI Tier II 2 Nov 2028 Call 2 Nov 2023 | INE062A08165 | Monetary intermediation of commercial banks, saving banks, postal savings | 1.00 | 10,41,760.00 | 3.47% | CRISILAAA |
| 9.41% India Infrastructure Finance Co Ltd 27 Jul 2037 | INE787H07057 | Other monetary intermediation services n.e.c. | 1.00 | 11,04,879.00 | 3.68% | CRISILAAA |
| 9.30% Fullerton India Credit 25 Apr 2023 | INE535H08660 | Other credit granting | 1.00 | 10,03,326.00 | 3.34% | CRISILAAA |
| 9.00% LIC Housing 9 Apr 2023 | INE115A07D51 | Activities of specialized institutions granting credit for house purchases that also take deposit | 1.00 | 10,44,101.00 | 3.47% | CRISILAAA |
| 9.80% L&T Finance 21 Dec 2022 | INE523E08NH8 | Other financial service activities, except insurance and pension funding activities | 1.00 | 10,35,652.00 | 3.45% | CRISILAAA |
| 8.89% LIC Housing 25 Apr 2023 | INE115A07D19 | Activities of specialized institutions granting credit for house purchases that also take deposit | 1.00 | 10,39,445.00 | 3.46% | CRISILAAA |
| 9.08% Cholamandalam Investment & Finance co. Ltd 23.11.2023 | INE121A080A2 | Other financial service activities, except insurance and pension funding activities, n.e.c. | 1.00 | 9,94,759.00 | 3.31% | CRISILAAA |
| 9.30% L&T INFRA DEBT FUND 5 July 2024 | INE235P07894 | Other financial service activities, except insurance and pension funding activities, n.e.c. | 1.00 | 10,15,682.00 | 3.38% | CRISILAAA |
| 8.81% HDB FINANCIAL SERVICES 07.07.2021 | INE756I07B77 | Other financial service activities, except insurance and pension funding activities, n.e.c. | 1.00 | 10,09,289.00 | 3.36% | CRISILAAA |
| 8.68% IRFC 29 Nov 2021 | INE053F09E14 | Electric power generation by coal based thermal power plants | 1.00 | 10,29,613.00 | 3.43% | CRISILAAA |
| 8.84% NTPC 4 Oct 2022 | INE733E07J66 | Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian w | 1.00 | 10,36,945.00 | 3.45% | CRISILAAA |
| 7.27% NHAI 06.06.2022 | INE906B07F74 | Other credit granting | 1.00 | 9,91,259.00 | 3.30% | CRISILAAA |
| 7.85% PFC 03.04.2028 | INE134E08IP5 | Monetary intermediation of commercial banks, saving banks, postal savings | 1.00 | 9,85,686.00 | 3.28% | CRISILAAA |
| 8.20% NABARD 09.03.2028 | INE261F08A08 | Other monetary intermediation services n.e.c. | 1.00 | 10,07,491.00 | 3.35% | CRISILAAA |
| 8.15% EXIM 05.03.2025 | INE514E08E18 | Other monetary intermediation services n.e.c. | 1.00 | 9,96,141.00 | 3.31% | CRISILAAA |
| 9.25 % EXIM 18.04.2022 | INE514E08AV5 | Other credit granting | 1.00 | 10,43,951.00 | 3.47% | CRISILAAA |
| 7.70% REC 12.12.2027 | INE020B08A09 | Transmission of electric energy | 1.00 | 9,65,848.00 | 3.22% | CRISILAAA |
| 7.9% PGC 30.05.2026 | INE752E07KX8 | Other financial service activities, except insurance and pension funding activities | 1.00 | 9,83,827.00 | 3.27% | CRISILAAA |
| 8.85% IRFC BOND 03/02/2030 | INE053P09GR4 | Activities of specialized institutions granting credit for house purchases | 1.00 | 10,51,640.00 | 3.50% | CRISILAAA |
| InfraBull Housing Finance (Series VI A) NCD 8.85% 26/09/2026 | INE148I075K5 | Activities of specialized institutions granting credit for house purchases | 400.00 | 4,13,005.20 | 1.37% | Brickwork RatingsAAA |
| 9.30% Dewan Housing Finance Ltd 2036 (Secured) | INE202B07H00 | Other financial service activities, except insurance and pension funding activities | 400.00 | 3,98,774.00 | 1.35% | CAREAA- |
| 8.8% Infra Financial Services LTD NCD MD 24/07/2027 | INE774D08HMK5 | | 900.00 | 8,43,790.50 | 2.81% | Brickwork RatingsAAA |
| Total | | | | 262,10,136.70 | 87.20% | |

| Money Market Instruments: | Market Value | % of Portfolio | Rating |
|---|----------------------|----------------|--------|
| - Treasury Bills | Nil | - | |
| - Money Market Mutual Funds | 8,96,083.64 | 2.98% | |
| - Certificate of Deposits / Commercial Papers | Nil | - | |
| - Application Pending Allotment | Nil | - | |
| - Bank Fixed Deposits (< 1 Year) | Nil | - | |
| - Cash/ Cash Equivalent & Net Current Assets | 21,85,262.76 | 7.27% | |
| - Other Current Assets (Accrued Interest) | 10,95,338.87 | 3.64% | |
| Net Current Assets | (3,28,681.87) | -1.09% | |
| GRAND TOTAL | 300,58,140.10 | 100.00% | |

| | |
|--|-------|
| Average Maturity of Portfolio (in yrs) | 7.08 |
| Modified Duration (in yrs) | 4.72 |
| Yield to Maturity (%) (annualised) at market price | 8.23% |

| CREDIT RATING EXPOSURE | | | |
|----------------------------|---------------|----------------|--------|
| Securities | Market Value | % of Portfolio | Rating |
| Central Govt. Securities | | | |
| State Development Loans | | | |
| AAA / Equivalent | | | |
| A3+ (for Commercial Paper) | 227,77,625.70 | 75.78% | |
| AA+ / Equivalent | | | |
| AA / Equivalent | 30,33,737.00 | 10.09% | |
| AA- / Equivalent | | | |
| A+ / Equivalent | | | |
| A / Equivalent | 3,98,774.00 | 1.33% | |
| A- / Equivalent | | | |
| BBB+ / Equivalent | | | |
| BBB / Equivalent | | | |



NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - C Tier II
Key Statistics for the year ended March 31, 2019

| S. No | Particular | As at March 2019 | As at March 2018 |
|---|--|------------------|------------------|
| 1 | NAV per Unit (Rs)* | | |
| | Open | 10.6474 | 10.0000 |
| | High | 11.4604 | 10.6474 |
| | Low | 10.3910 | 9.9921 |
| | End | 11.4604 | 10.6474 |
| 2 | Closing Assets Under Management (Rs in Lakhs) | 300.58 | 91.55 |
| | End | | |
| | Average (AAUM) | 190,73,252 | 34,33,503 |
| 3 | Gross Income % of AAUM@ | 10.62% | 7.06% |
| 4 | Expense Ratio | | |
| | a.Total Expenses as % of AAUM @ | 1.09% | 0.03% |
| | b.Management fees as a % of AAUM | 0.01% | 0.01% |
| 5 | Net Income as a % of AAUM@ | 9.52% | 5.93% |
| 6 | Portfolio turnover ratio | 0.02 | 2.48 |
| 7 | Returns (%) * Compounded Annualised Yield | | |
| | Last 1 Year | 7.64% | - |
| | Last 3 years | | |
| | Last 5 years | | |
| | Since Launch of the Scheme | 7.47% | 6.47 |
| | Launch Date | 09-05-2017 | 09-05-2017 |
| <p>@includes unrealised gain or loss</p> <p>1 Gross income =amount in the Revenue account i.e income</p> <p>2 Net income =amount in the revenue account i.e net realised gains/loss for the year /period</p> <p>3 Portfolio turnover = Lower of sales or purchase divided by the average AUM for the year / period.</p> <p>4 AAUM = Average daily net assets</p> <p>5 NAV= (Market value of investments 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)</p> | | | |



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 **National Pension System Trust (NPS Trust) A/c Scheme G Tier I (the Scheme)** managed by **Aditya Birla Sun Life Pension Management Limited (PFM)** which comprise the Balance Sheet as at 31st March, 2019, and Revenue Account for the period 1st April, 2018 to 31st March, 2019 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 Schedule VII of Pension Fund Regulatory and Development Authority (Pension Fund) Regulations, 2015 (as amended) (the Regulations) and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Scheme as of March 31, 2019;
- b) in the case of the Revenue Account, of the surplus of the Scheme for the period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). 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 PFM / the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements under the Regulations and other applicable guidelines issued by Pension Fund Regulatory and Development Authority (PFRDA) / NPS Trust and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter

Without modifying our opinion, we require your attention to the following:

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.

Other Information

The PFM's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Board of Directors of PFM, in accordance with the the Regulations, Pension Fund Regulatory and Development Authority (PFRDA) Guidelines and the Investment Management Agreement (the IMA) executed with NPS Trust, is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting standards referred to in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) to the extent made applicable by PFRDA to the Scheme. This responsibility also includes maintenance of adequate accounting records in accordance with PFRDA guidelines for safeguarding of the assets of the PFM and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, 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, NPS Trust and PFM 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 NPS Trust / PFM management either intends to liquidate the Schemes or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of PFM is also responsible for overseeing the PFM's financial reporting process on the recommendation of NPS Trust.

Auditor's Responsibility for the Audit of the Financial Statements

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 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 Schemes managed by PFM ability to continue as a going concern. 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 Schemes managed by PFM 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.



We communicate with management of NPS Trust and PFM, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide management of NPS Trust and PFM 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 the Schedule VII to the Regulations, we report that:

- a) We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
- b) The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme;
- c) In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by PFM so far as appears from our examination of those books;
- d) All transaction expenses in excess of the limits (if any) contractually agreed to/approved by the Authority are borne by the PFM and are not charged to the NAV of the Scheme; and
- e) In our opinion, the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards notified under the Companies Act, 2013 read with Rule 7 of the companies (Accounts) Rules, 2014 (as amended) to the extent made applicable by the Regulations.

We further certify that:

- a) Investments have been valued in accordance with the guidelines issued by PFRDA
- b) Transaction and claims/fee raised by different entities are in accordance with the prescribed fee.

Ray & Ray
Chartered Accountants
Firm Registration No. 301072E

Anil Karnik
Anil Karnik
Partner
M. No. 31005



Place: Mumbai
Date:

NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - G Tier I
BALANCE SHEET AS AT MARCH 31, 2019

| Particulars | Schedules | As at March 31,2019 ₹ | As at March 31,2018 ₹ |
|---|-----------|--------------------------|--------------------------|
| Liabilities | | | |
| Unit Capital | 1 | 2474,95,931 | 718,33,565 |
| Reserve & Surplus | 2 | 341,36,106 | 30,39,694 |
| Current Liabilities | 3 | 2,54,027 | 27,422 |
| Total | | 2818,86,064 | 749,00,681 |
| Assets | | | |
| Investment | 4 | 2704,19,282 | 736,62,719 |
| Other Current Assets | 5 | 114,66,782 | 12,37,962 |
| Total | | 2818,86,064 | 749,00,681 |
| (a) Net asset as per Balance Sheet (Schedule 4+5+6-3) | | 2816,32,037 | 748,73,259 |
| (b) Number of units outstanding | | 247,49,593 | 71,83,357 |

Significant accounting policies and notes to accounts

7&8

As per our report of even date

For Ray & Ray

Chartered Accountants

Firm Reg. No. 301072E

Anil Karnik

Partner

Membership No. 31005



For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan
(CEO)



S.C.Bhargava
(Director)

Place : Mumbai

Date :

For and on behalf of NPS Trust

Ashvin Parekh

(Chairman, NPS Board)



Munish Malik
(Chief Executive officer)

NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C-ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - G- Tier I
REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019

| | Schedules | Year ended Mar 31, 2019 | Year ended Mar 31, 2018 |
|--|-----------|----------------------------|----------------------------|
| Income | | | |
| Interest | | 118,05,208 | 10,19,433 |
| Profit on sale/redemption of investments | 6 | 2,91,744 | 77,456 |
| Unrealised gain on appreciation in investments | | 56,73,776 | 20,710 |
| Other income | | 87 | |
| Total Income (A) | | 177,70,815 | 11,17,599 |
| Expenses & Losses | | | |
| Unrealised losses in value of investments | | 3,72,732 | 1,28,882 |
| Management fees (including service tax) | | 18,512 | 1,767 |
| Trustship fees | | 5,690 | 1,498 |
| Custodian fees | | 5,757 | 518 |
| NSDL & SEBI charges | | 700 | |
| Depository and settlement charges | | 2,170 | 1,287 |
| CRA fees | | 2,78,363 | 37,036 |
| Less : Amount recoverable on sale of units on account of CRA Charges | | -2,78,363 | -37,036 |
| Total Expenditure (B) | | 4,05,561 | 1,33,950 |
| Surplus/(Deficit) for the year (A-B = C) | | 173,65,254 | 9,83,648 |
| Less: Amount transferred to Unrealised appreciation account | | 53,01,044 | -1,08,172 |
| Less: Amount transferred to General Reserve | | 120,64,209 | 10,91,820 |
| Amount carried forward to Balance Sheet | | - | - |
| Significant accounting policies and notes to accounts | | | |

As per our report of even date

For Ray & Ray

Chartered Accountants

Firm Reg. No. 301072E

Anil Karnik

Partner

Membership No. 31005



For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan
(CEO)

S.C. Bhargava
(Director)



Place : Mumbai

Date :

For and on behalf of NPS Trust

Ashvin Parekh

(Chairman, NPS Board)



Munish Malik

(Chief Executive officer)

NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - G Tier I
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31 2019

| Schedule 1: Unit capital | As at March 31, 2019 | As at March 31, 2018 |
|--------------------------|----------------------|----------------------|
| | ₹ | ₹ |

| | | |
|---|------------------|-----------------|
| Unit Capital | | |
| Outstanding at the beginning of the period | 718,33,565 | - |
| Add :Units issued during the period | 295519462 | 111361391 |
| Less: Units redeemed during the period | 119857097 | -39527825 |
| Outstanding at the end of the period | 247495931 | 71833565 |

(Face Value of Rs.10/- each unit, fully paid up)

| | | |
|---|-----------------|----------------|
| Outstanding units at the beginning of the period | 7183357 | |
| Add :Units issued during the period | 29551946 | 11136139 |
| Less: Units redeemed during the period | 11985710 | -3952783 |
| Outstanding Units at the end of the period | 24749593 | 7183357 |

| Schedule 2: Reserves and surplus | As at March 31, 2019 | As at March 31, 2018 |
|----------------------------------|----------------------|----------------------|
| | ₹ | ₹ |

| | | |
|--|-------------------|------------------|
| Unit premium reserve | | |
| Opening balance | 20,56,046 | - |
| Add: Premium on Units issued | 21975368 | 30,64,827 |
| Less: Premium on Units redeemed | 8244209 | -10,08,781 |
| Closing balance | 157,87,204 | 20,56,046 |
| General Reserve | | |
| Opening balance | 10,91,820 | - |
| Add/(Less): Transfer from/(to) Revenue Account | 12064209 | 10,91,820 |
| Closing balance | 13156029.57 | 10,91,820 |
| Unrealised Appreciation Reserve | | |
| Opening balance | -1,08,172 | - |
| Add/(Less): Transfer from/(to) Revenue Account | 5301044 | -1,08,172 |
| Closing balance | 5192872 | -1,08,172 |
| Total | 341,36,106 | 30,39,694 |

| Schedule 3: Current liabilities and provisions | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |

| | | |
|--------------------------------------|-----------------|---------------|
| Sundry creditors for expenses | | |
| Redemption Payable | 2,43,109 | 23,597 |
| NPS charges payable | 666 | 1,084 |
| Management fees payable | 6,655 | 1,279 |
| Custody charges payable | 2,051 | 518 |
| Other payable (CCIL) | 846 | 944 |
| NSDL & SEBI Fees Payable | 700 | - |
| Total | 2,54,027 | 27,422 |

| Schedule 4: Investments | As at March 31, 2019 | As at March 31, 2018 |
|-------------------------|----------------------|----------------------|
| | ₹ | ₹ |

| | | |
|--|--------------------|-------------------|
| Investment Central Government Securities | 2084,64,727 | 653,75,362 |
| Investment SDLC | 532,77,066 | 53,76,363 |
| Mutual Fund Units | 86,77,488 | 29,10,995 |
| Total | 2704,19,282 | 736,62,719 |

| Schedule 5: Other current assets | As at March 31, 2019 | As at March 31, 2018 |
|----------------------------------|----------------------|----------------------|
| | ₹ | ₹ |

| | | |
|--|-------------------|------------------|
| Balances with banks in current account | 64,47,496 | 25,179 |
| Service tax asset | 145 | 145 |
| Other receivable | 435 | - |
| Int Acr Not Due-CGS | 39,67,356 | 11,65,336 |
| Int Ac Not Due-SDL | 10,51,352 | 47,303 |
| Total | 114,66,782 | 12,37,962 |

| Schedule 6: Realised Gain on Sale/redemption of investment | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |

| | | |
|--|-----------------|---------------|
| Profit on sale of Mutual fund scheme Units | 2,91,744 | 77,456 |
| Total | 2,91,744 | 77,456 |



NPS TRUST ADITYA BIRLA SUN LIFE PENSION MANAGEMENT LIMITED (ABSLPML) - SCHEME G TIER I

Note 7

Significant accounting policies & notes to Financial Statements

7.1 Background

Aditya Birla Sun Life Pension Management Limited ('the Company') has been appointed as a Pension Fund Manager ('PFM') by the Pension Fund Regulatory and Development Authority ('PFRDA') for the management of Pension Schemes under the National Pension System ('NPS').

Accordingly, the Company has entered into an Investment Management Agreement ('IMA') with NPS Trust. The Pension Fund Regulatory and Development Authority ('PFRDA' / "Authority") guidelines require each PFM to manage subscribers' funds.

As per unbundled architecture of the NPS, the main responsibility of PFM is to manage funds in accordance with the laid down guidelines and declare NAV. As per the architecture, the NSDL e-Governance Infrastructure Ltd and Karvy Computershare Pvt. Ltd being the Central Recordkeeping Agency (CRA) provides consolidated data to PFM for allotment / redemption of units and Axis Bank, being the Trustee Bank, provides / receives funds on consolidated basis in respect of such allotment / redemption.

Central Record Keeping Agency (CRA): National Securities Depository Limited (NSDL), Karvy Computershare Pvt. Ltd and PFRDA have set up Central Recordkeeping Agency (CRA) for the NPS

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

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

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

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

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



The fees payable to CRA, in terms of IMA, is charged to the investor by redeeming the equivalent number of units on receipt of intimation from CRA.

The Trustee Bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account maintained by the PFM, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM record receipt of funds in the respective schemes only.

7.2 Basis of preparation of Financial Statements

The financial statements have been prepared to comply, in all material respects, with the generally accepted accounting principles in India. These financial statements have been prepared under the historical cost convention (as modified for investments, which are marked to market) on an accrual basis, except as otherwise stated. The significant accounting policies are in accordance with the accounting policies generally accepted in India.

The Financial Statements of the scheme have been prepared in accordance 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, 2013 to the extent made applicable by PFRDA (Preparation of financial statements and Auditor's report of Schemes under National Pension System) Guidelines – 2012

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

7.3 Investments

- (i) The investments are undertaken as per the guidelines specified in the Investment Management agreement with respect to the individual schemes.
- (ii) Purchase and sale of investments are recorded as on the trade date at cost and sale price respectively.
- (iii) Rights/Bonus entitlements, if any are accounted on ex-right/ex-bonus date of the principal stock exchange.
- (iv) 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.
- (v) **Valuation of Investments**

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

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

As per directive received from NPS Trust, the valuation of investments is carried out by Stock Holding Corporation of India Limited (SHCIL) and provided to ABSLPML on daily basis.



(vi) Securities traded at a stock exchange:

- Central Government, State Government securities are valued at the aggregated prices received from independent valuation agencies CRISIL & ICRA on the particular valuation day.
- Treasury bills are valued at the aggregated prices received from independent valuation agencies CRISIL & ICRA on the particular valuation day.
- Mutual fund units are valued based on the net asset value of the preceding day of the valuation date.

7.4 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.
- Other income of a miscellaneous nature is accounted for as and when realised

7.5 Units reconciliation

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

7.6 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 May 05, 2017, in terms of the Pension Fund Regulatory and Development Authority's circular no. PFRDA/6/PFM/9/2 dated July 31, 2014.



7.7 Trustee fees

The Company charges nil Trustee fees with effect from 25th January 2019 per annum, in terms of the National Pension Scheme Trust circular no. 1/20/2015/NPS dated January 25, 2019, prior to that the Trustees fees were charged 0.005% per annum.

7.8 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.

7.9 Computation of Net Asset Value

The NAV of the Scheme is computed by dividing Net Assets by number of units under the Scheme. Net assets are derived by deducting Gross Liabilities, Investment Management Fees and Custodian Charges (on the day when the charges are recorded) as per IMA from Gross Assets.

7.10 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) is recognised on receipt and other incomes of miscellaneous nature are accounted for when there is certainty of collection.

7.11 Provision for Non performing assets

As per the PFRDA (Identification, Income Recognition and Provisioning of NPA) Guidance Note 2013, Provision is charged to the Revenue Account, in respect of:

- a) Non Performing Debt Securities as per the Authority Guidelines issued from time to time.
- b) Securities where the certificates, if any, are not traceable for a protracted period.
- c) Assets other than investments, which in the opinion of the Board Of Directors of PF have suffered substantial impairment in their value.

7.12 Income Taxes

No provision for income tax has been made since the income of the Schemes is exempt under Section 10(44) of the Income Tax Act, 1961.

7.13 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.



7.1 Investments

7.2 All investments of the scheme are in the name of the NPS trust.

7.3 At the end of the financial year, there are no open positions of derivatives in the scheme

The Schemes investments made in associates and Group companies as on Mar 31, 2019

| Security particulars | no of shares/bonds | 31-03-2019 | | no of shares/bonds | 31-03-2018 | |
|----------------------|--------------------|------------|-------------------|--------------------|------------|-------------------|
| | | Cost | Market Value (Cr) | | Cost | Market Value (Cr) |
| NIL | | 0 | 0 | | 0 | 0 |

7.4 As on the date of Balance sheet, the scheme does not have any investments which can be categorized as NPA

| Security particulars | Value of security | 31-03-2019 | | Value of security | 31-03-2018 | |
|----------------------|-------------------|------------|-------------------|-------------------|------------|-------------------|
| | | Cost | Market Value (Cr) | | Cost | Market Value (Cr) |
| NIL | | 0 | 0 | | 0 | 0 |

7.5 Aggregate Unrealized Gain/Loss as at the end of the Financial year and percentage to net assets.

| Particular | As on 31.03.2019 | | As on 31.03.2019 | As on 31.03.2018 | | | As on 31.03.2018 | |
|--------------------------|------------------|-----------|------------------|-------------------|-----------|-----------|------------------|-------------------|
| | Rs in Crs | % to AAUM | Cost | Market Value (Cr) | Rs in Crs | % to AAUM | Cost | Market Value (Cr) |
| Unrealised Gain | 0.57 | 3.60% | 24.47 | 25.03 | 0.002 | 0.12% | 0 | 0 |
| Unrealised Loss | 0.04 | 0.24% | 2.04 | 2.01 | 0.013 | 0.77% | 7.38 | 7.37 |
| Net Unrealised Gain/Loss | 0.53 | 3.84% | 26.51 | 27.04 | 0.01 | 0.89% | 7.38 | 7.37 |

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

| Particular | G-Tier I | G-Tier I |
|------------------------------|--------------|-------------|
| | 31.03.2019 | 31.03.2018 |
| Average Net Asset Value | 1573,98,597 | 167,41,772 |
| Purchase of Investment | 10111,30,528 | 2462,84,378 |
| % to average Net Asset Value | 6.42% | 14.71% |
| Sale of Investment | 8435,50,207 | 1725,90,456 |
| % to average Net Asset Value | 5.36% | 10.31% |

7.7 Following are the transaction with Associates & Group companies under the scheme

| Name of related party | Nature of relationship | FY 2018-19(Amt in Rs) | FY 2017-18(Amt in Rs) |
|--|------------------------|-----------------------|-----------------------|
| Aditya Birla Sun Life Pension Management Ltd | Management fees paid | 11857.11 | 487.73 |

| Particular | G-Tier I | G-Tier I |
|----------------------------|------------|------------|
| | 31.03.2019 | 31.03.2018 |
| Investment management fees | 18511.77 | 1766.58 |

Balance with Aditya Birla Sun life Pension management Ltd

| Particular | G-Tier I | G-Tier I |
|------------------------------------|------------|------------|
| | 31.03.2019 | 31.03.2018 |
| Investment Management Fees payable | 6654.66 | 1278.85 |

7.8 Unit Capital

Units are created and redeemed based on the intimation provided by Central Record keeping Agency (CRA) and the same are reflected as Unit Capital and the net premium or discount to the face value is transferred to the Unit Premium Reserve
Based on confirmation from CRA the number of units as at the year end are 247495930.73

7.9 Unit NAV

| Particular | As on 31.03.2019 | As on 31.03.2018 |
|-------------------|------------------|------------------|
| NAV per unit (Rs) | 11.3793 | 10.4232 |

8.0 Details of sectoral classification of investment has been appended as part of notes to accounts.

8.1 The scheme has no contingent liability as at the end financial year.

As per our report of even date

For Ray & Ray

Chartered Accountants

Firm Reg. No. 301072E & RAY

MUMBAI

CHARTERED ACCOUNTANTS

Anil Karnik

Partner

Membership No. 31005

For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan
(CEO)

S.C.Bhargava
(Director)

Place : Mumbai

Date :

For and on behalf of NPS Trust

Ashwin Parekh

Ashwin Parekh

(Chairman, NPS Board)

Munish Malik

(Chief Executive officer)

13 NAME OF PENSION FUND
SCHEME NAME
MONTH

ADITYA BIRLA SUN LIFE PENSION MANAGEMENT LIMITED
G-TIER I
Mar-19

| Name of the Instrument | ISIN No. | Industry | Quantity | Market Value | % of Portfolio | Ratings |
|--|--------------|-------------------------------|-------------|----------------|----------------|---------|
| 7.50% GOI 10-Aug-2034 | IN0020040039 | central government securities | 1,25,000.00 | 123,63,175.00 | 4.39% | |
| 8.32% GS 02.08.2032 | IN0020070044 | central government securities | 40,000.00 | 42,35,460.00 | 1.50% | |
| 8.83% GOI 12.12.2041 | IN0020110063 | central government securities | 76,000.00 | 85,67,388.80 | 3.04% | |
| 7.72% GOI 26.10.2055 | IN0020150077 | central government securities | 78,000.00 | 78,88,249.20 | 2.80% | |
| 6.79% GSEC (15/MAY/2027) 2027 | IN0020170026 | central government securities | 56,000.00 | 53,78,800.00 | 1.91% | |
| 8.17% GS 2044 (01-DEC-2044) | IN0020140078 | central government securities | 1,75,000.00 | 185,64,000.00 | 6.59% | |
| 8.69% Tamil Nadu SDL 24.02.2026 | IN3120150203 | central government securities | 10,500.00 | 10,89,484.20 | 0.39% | |
| 8.00% Karnataka SDL 2028 (17-JAN-2028) | IN1920170157 | central government securities | 20,000.00 | 19,95,296.00 | 0.71% | |
| 8.13 % KERALA SDL 21.03.2028 | IN2020170147 | central government securities | 22,300.00 | 22,40,416.33 | 0.80% | |
| 8.33 % KERALA SDL 30.05.2028 | IN2020180039 | central government securities | 55,000.00 | 55,95,650.50 | 1.99% | |
| 6.57% GOI 2033 (MD 05/12/2033) | IN0020160100 | central government securities | 1,22,300.00 | 111,06,063.00 | 3.94% | |
| 7.33% MAHARASHTRA SDL 2027 | IN2220170103 | central government securities | 68,000.00 | 65,67,902.40 | 2.33% | |
| SDL TAMIL NADU 8.05% 2028 | IN3120180010 | central government securities | 1,20,000.00 | 120,07,824.00 | 4.26% | |
| 8.08% Maharashtra SDL 2028 | IN2220180052 | central government securities | 90,000.00 | 90,31,500.00 | 3.21% | |
| 8.22 % KARNATAK 30.01.2031 | IN1920180156 | central government securities | 90,000.00 | 91,15,200.00 | 3.24% | |
| 8.39% ANDHRA PRADESH SDL 06.02.2031 | IN1020180411 | central government securities | 55,000.00 | 56,33,793.00 | 2.00% | |
| 6.79% GS 26.12.2029 | IN0020160118 | central government securities | 5,300.00 | 5,00,002.53 | 0.18% | |
| 7.73% GS MD 19/12/2034 | IN0020150051 | central government securities | 1,52,200.00 | 153,55,047.06 | 5.45% | |
| 7.88% GOI 19.03.2030 | IN0020150028 | central government securities | 46,000.00 | 47,10,400.00 | 1.67% | |
| 8.33% GS 7.06.2036 | IN0020060045 | central government securities | 1,57,000.00 | 167,04,250.50 | 5.93% | |
| 7.61% GSEC 09.05.2030 | IN0020160019 | central government securities | 78,000.00 | 78,43,157.40 | 2.78% | |
| 8.28% GOI 15.02.2032 | IN0020060086 | central government securities | 8,500.00 | 8,95,064.45 | 0.32% | |
| 7.59% GOI 20.03.2029 | IN0020150069 | central government securities | 1,03,000.00 | 103,24,421.30 | 3.67% | |
| 8.28% GOI 21.09.2027 | IN0020070069 | central government securities | 1,44,000.00 | 150,98,371.20 | 5.36% | |
| 7.06 % GOI 10.10.2046 | IN0020160068 | central government securities | 1,05,000.00 | 98,46,900.00 | 3.50% | |
| 8.15% GSEC 24.11.2026 | IN0020140060 | central government securities | 1,08,000.00 | 112,80,600.00 | 4.01% | |
| 9.15% GOI 14.11.2024 | IN0020110048 | central government securities | 50,000.00 | 54,63,000.00 | 1.94% | |
| 7.40% GOI 09.09.2035 | IN0020050012 | central government securities | 1,55,600.00 | 152,02,120.00 | 5.40% | |
| 6.30% GOI 09.04.2023 | IN0020030014 | central government securities | 34,400.00 | 33,64,550.48 | 1.19% | |
| 7.68% GS 15.12.2023 | IN0020150010 | central government securities | 55,000.00 | 56,62,250.00 | 2.01% | |
| 8.26% Government of India 02.08.2027 | IN0020070036 | central government securities | 1,73,000.00 | 181,11,456.50 | 6.43% | |
| Total | | | | 2617,41,793.85 | 92.94% | |

| Money Market Instruments:- | Market Value | % of Portfolio | Ratings |
|---|----------------|----------------|---------|
| - Treasury Bills | Nil | - | |
| - Money Market Mutual Funds | 86,77,488.39 | 3.08% | |
| - Certificate of Deposits / Commercial Papers | Nil | - | |
| - Application Pending Allotment | Nil | - | |
| - Bank Fixed Deposits (< 1 Year) | Nil | - | |
| - Cash/ Cash Equivalent & Net Current Assets | 64,47,503.63 | 2.29% | |
| - Other Current Assets (Accrued Interest) | 50,18,705.60 | 1.78% | |
| Net Current Assets | (2,53,454.47) | -0.09% | |
| GRAND TOTAL | 2816,32,037.00 | 100.00% | |

| | |
|--|-------|
| Average Maturity of Portfolio (in yrs) | 14.07 |
| Modified Duration (in yrs) | 7.77 |
| Yield to Maturity (%) (annualised)(at market price | 7.64% |

| CREDIT RATING EXPOSURE | | | |
|----------------------------|----------------|----------------|---------|
| Securities | Market Value | % of Portfolio | Ratings |
| Central Govt. Securities | 2084,64,727.42 | 74.02% | |
| State Development Loans | 53277066.43 | 18.92% | |
| AAA / Equivalent | | - | |
| A1+ (For Commercial Paper) | | - | |
| AA+ / Equivalent | | - | |
| AA / Equivalent | | - | |
| AA- / Equivalent | | - | |
| A+ / Equivalent | | - | |
| A / Equivalent | | - | |
| A- / Equivalent | | - | |
| BBB+ / Equivalent | | - | |
| BBB / Equivalent | | - | |



NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - G Tier I
Key Statistics for the year ended March 31, 2019

| S. No | Particular | As at March 2019 | As at March 2018 |
|-------|---|------------------|------------------|
| 1 | NAV per Unit (Rs)* | | |
| | Open | | |
| | High | 10.4232 | 10.0000 |
| | Low | 11.3793 | 10.6009 |
| | End | 10.1897 | 10.0000 |
| | | 11.3793 | 10.4232 |
| 2 | Closing Assets Under Management (Rs in Lakhs) | | |
| | End | 2,816 | 749 |
| | Average (AAUM) | 157398597 | 16741772 |
| 3 | Gross Income % of AAUM@ | 11.29% | 6.68% |
| 4 | Expense Ratio | | |
| | a.Total Expenses as % of AAUM @ | 0.26% | 0.03% |
| | b.Management fees as a % of AAUM | 0.01% | 0.01% |
| 5 | Net Income as a % of AAUM@ | 11.03% | 5.88% |
| 6 | Portfolio turnover ratio | 0.00 | 4.31 |
| 7 | Returns (%) * Compounded Annualised Yield | | |
| | Last 1 Year | | |
| | Last 3 years | 9.17% | - |
| | Last 5 years | | |
| | Since Launch of the Scheme | 7.06% | 4.23 |
| | Launch Date | 09-05-2017 | 09-05-2017 |
| | @includes unrealised gain or loss | | |
| 1 | Gross income =amount in the Revenue account i.e income | | |
| 2 | Net income =amount in the revenue account i.e net realised gains/loss for the year /period | | |
| 3 | Portfolio turnover = Lower of sales or purchase divided by the average AUM for the year / period. | | |
| 4 | AAUM = Average daily net assets | | |
| 5 | NAV= (Market value of investments 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) | | |



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 **National Pension System Trust (NPS Trust) A/c Scheme G Tier II (the Scheme)** managed by **Aditya Birla Sun Life Pension Management Limited (PFM)** which comprise the Balance Sheet as at 31st March, 2019, and Revenue Account for the period 1st April, 2018 to 31st March, 2019 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 Schedule VII of Pension Fund Regulatory and Development Authority (Pension Fund) Regulations, 2015 (as amended) (the Regulations) and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Scheme as of March 31, 2019;
- b) in the case of the Revenue Account, of the surplus of the Scheme for the period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). 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 PFM / the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements under the Regulations and other applicable guidelines issued by Pension Fund Regulatory and Development Authority (PFRDA) / NPS Trust and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter

Without modifying our opinion, we require your attention to the following:

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.

Other Information

The PFM's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Board of Directors of PFM, in accordance with the the Regulations, Pension Fund Regulatory and Development Authority (PFRDA) Guidelines and the Investment Management Agreement (the IMA) executed with NPS Trust, is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting standards referred to in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) to the extent made applicable by PFRDA to the Scheme. This responsibility also includes maintenance of adequate accounting records in accordance with PFRDA guidelines for safeguarding of the assets of the PFM and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, 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, NPS Trust and PFM 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 NPS Trust / PFM management either intends to liquidate the Schemes or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of PFM is also responsible for overseeing the PFM's financial reporting process on the recommendation of NPS Trust.

Auditor's Responsibility for the Audit of the Financial Statements

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 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 Schemes managed by PFM ability to continue as a going concern. 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 Schemes managed by PFM 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.



We communicate with management of NPS Trust and PFM, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide management of NPS Trust and PFM 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 the Schedule VII to the Regulations, we report that:

- a) We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
- b) The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme;
- c) In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by PFM so far as appears from our examination of those books;
- d) All transaction expenses in excess of the limits (if any) contractually agreed to/approved by the Authority are borne by the PFM and are not charged to the NAV of the Scheme; and
- e) In our opinion, the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards notified under the Companies Act, 2013 read with Rule 7 of the companies (Accounts) Rules, 2014 (as amended) to the extent made applicable by the Regulations.

We further certify that:

- a) Investments have been valued in accordance with the guidelines issued by PFRDA
- b) Transaction and claims/fee raised by different entities are in accordance with the prescribed fee.

Ray & Ray
Chartered Accountants
Firm Registration No. 301072E


Anil Karnik
Partner
M. No. 31005



Place: Mumbai
Date:

NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - G Tier II
BALANCE SHEET AS AT MARCH 31, 2019

| Particulars | Schedules | As at March 31,2019 ₹ | As at March 31,2018 ₹ |
|---|-----------|--------------------------|--------------------------|
| Liabilities | | | |
| Unit Capital | 1 | 283,53,762 | 92,74,924 |
| Reserve & Surplus | 2 | 27,89,916 | 65,720 |
| Current Liabilities | 3 | 1,11,794 | 73,455 |
| Total | | 312,55,472 | 94,14,099 |
| Assets | | | |
| Investment | 4 | 291,82,435 | 91,73,904 |
| Other Current Assets | 5 | 20,73,036 | 2,40,195 |
| Total | | 312,55,472 | 94,14,099 |
| (a) Net asset as per Balance Sheet (Schedule 4+5+6-3) | | 311,43,678 | 93,40,644 |
| (b) Number of units outstanding | | 28,35,376 | 9,27,492 |
| | 7&8 | | |

Significant accounting policies and notes to accounts

As per our report of even date

For Ray & Ray

Chartered Accountants

Firm Reg. No. 301072E

Anil Karnik

Partner

Membership No. 31005

Place : Mumbai

Date :

For and on behalf of NPS Trust

Ashvin Parekh
Ashvin Parekh

(Chairman , NPS Board)

For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan
Sashi Krishnan
 (CEO)

S.C.Bhargava
S.C.Bhargava
 (Director)

Munish Malik
Munish Malik
 (Chief Executive officer)



NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - G- Tier II
REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019

| Particulars | Schedules | As at March 31, 2019 | As at March 31, 2018 |
|--|-----------|----------------------|----------------------|
| | | ₹ | ₹ |
| Income | | | |
| Interest | | 13,34,747 | 2,04,074 |
| Profit on sale/redemption of investments | 6 | 74,571 | 16,886 |
| Unrealised gain on appreciation in investments | | 7,77,493 | 405 |
| Other income | | 7 | |
| Total Income (A) | | 21,86,818 | 2,21,365 |
| Expenses & Losses | | | |
| Unrealised losses in value of investments | | 1,67,445 | 1,68,762 |
| Loss on sale/redemption of investments | | - | 2,262 |
| Management fees (including service tax) | | 2,170 | 364 |
| NPS Trust fees | | 684 | 308 |
| Custodian fees | | 664 | 108 |
| Depository and settlement charges | | 550 | 823 |
| CRA fees | | 8,904 | 2,267 |
| Less : Amount recoverable on sale of units on account of CRA Charges | | -8,904 | -2,267 |
| Provision for Non- Performing Assets | | - | - |
| NSDL & SEBI charges | | 80 | - |
| Total Expenditure (B) | | 1,71,593 | 1,72,627 |
| Surplus/(Deficit) for the year (A-B = C) | | 20,15,225 | 48,739 |
| Less: Amount transferred to Unrealised appreciation account | | 6,10,048 | -1,68,357 |
| Less: Amount transferred to General Reserve | | 14,05,177 | 2,17,096 |
| Amount carried forward to Balance Sheet | | - | - |
| Significant accounting policies and notes to accounts | | | |

As per our report of even date

For Ray & Ray

Chartered Accountants

Firm Reg. No. 301072E

Anil Karnik

Partner

Membership No. 31005

Place : Mumbai

Date :

For and on behalf of NPS Trust

Ashvin Parekh

(Chairman , NPS Board)

For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan

(CEO)

S.C. Bhargava

(Director)

Munish Malik

(Chief Executive officer)



NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C - ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - G Tier II
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31 2019

| Schedule 1: Unit capital | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Unit Capital | | |
| Outstanding at the beginning of the period | 92,74,924 | - |
| Add :Units issued during the period | 458,90,467 | 170,49,003 |
| Less: Units redeemed during the period | 268,11,628 | 77,74,079 |
| Outstanding at the end of the period | 283,53,762 | 92,74,924 |

| | | |
|--|-----------|----------|
| (Face Value of Rs.10/- each unit, fully paid up) | | |
| Outstanding units at the beginning of the period | 9,27,492 | - |
| Add :Units issued during the period | 4589047 | 1704900 |
| Less: Units redeemed during the period | 2681163 | 777408 |
| Outstanding Units at the end of the period | 28,35,376 | 9,27,492 |

| Schedule 2: Reserves and surplus | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Unit premium reserve | | |
| Opening balance | 16,980.55 | - |
| Add: Premium on Units issued | 16,70,470.47 | 2,08,284 |
| Less: Premium on Units redeemed | 9,61,498.29 | 1,91,303 |
| Closing balance | 7,25,952.73 | 16,981 |
| General Reserve | | |
| Opening balance | 2,17,096 | - |
| Add/(Less): Transfer from/(to) Revenue Account | 14,05,177 | 2,17,096 |
| Closing balance | 16,22,272 | 2,17,096 |
| Unrealised Appreciation Reserve | | |
| Opening balance | -1,68,357 | - |
| Add/(Less): Transfer from/(to) Revenue Account | 6,10,048 | -1,68,357 |
| Closing balance | 4,41,691 | -1,68,357 |
| Total | 27,89,916 | 65,720 |

| Schedule 3: Current liabilities and provisions | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Sundry creditors for expenses | | |
| Redemption Payable | 1,10,448 | 72,971 |
| NPS charges payable | 75 | 168 |
| Management fees payable | 733 | 198 |
| Custody charges payable | 222 | 108 |
| CCIL Charges Payable | 236 | 10 |
| NSDL & SEBI Fees Payable | 80 | - |
| Total | 1,11,794 | 73,455 |

| Schedule 4: Investments | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Investment Central Government Securities | 231,62,446 | 83,19,853 |
| Investment SDL | 47,55,459 | 5,58,646 |
| Mutual Fund Units | 12,64,529 | 2,95,405 |
| Total | 291,82,435 | 91,73,904 |

| Schedule 5: Other current assets | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Balances with banks in current account | 15,47,511 | 73,694 |
| Service tax asset | 104 | 105 |
| Income accrue and Due | | |
| Other Receivable | 831 | - |
| Int Acr Not Due-CGS | 4,39,374 | 1,62,841 |
| Int Ac Not Due-SDL | 85,216 | 3,555 |
| Total | 20,73,036 | 2,40,195 |

| Schedule 6: Realised Gain on Sale/redemption of investment | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Profit on sale of Mutual fund scheme Units | 74,571 | 16,886 |
| Total | 74,571 | 16,886 |

As per our report of even date

For Ray & Ray
Chartered Accountants
Firm Reg. No. 301072E

For Aditya Birla Sun Life Pension Management Limited

Anil Karnik
Partner
Membership No. 21905

Sashi Krishnan
(CEO)

S.C.Bhargava
(Director)

Place : Mumbai
Date :

For and on behalf of NPS Trust

Ashvin Parekh
Ashvin Parekh

(Chairman, NPS Board)

Munish Malik
(Chief Executive officer)



NPS TRUSTADITYA BIRLA SUN LIFE PENSION MANAGEMENT LIMITED (ABSLPML) - SCHEME G TIER II

Note 7

Significant accounting policies & notes to Financial Statements

7.1 Background

Aditya Birla Sun Life Pension Management Limited ('the Company') has been appointed as a Pension Fund Manager ('PFM') by the Pension Fund Regulatory and Development Authority ('PFRDA') for the management of Pension Schemes under the National Pension System ('NPS').

Accordingly, the Company has entered into an Investment Management Agreement ('IMA') with NPS Trust. The Pension Fund Regulatory and Development Authority ('PFRDA' / 'Authority') guidelines require each PFM to manage subscribers' funds.

As per unbundled architecture of the NPS, the main responsibility of PFM is to manage funds in accordance with the laid down guidelines and declare NAV. As per the architecture, the NSDL e-Governance Infrastructure Ltd and Karvy Computershare Pvt.Ltd being the Central Recordkeeping Agency (CRA) provides consolidated data to PFM for allotment / redemption of units and Axis Bank, being the Trustee Bank, provides / receives funds on consolidated basis in respect of such allotment / redemption.

Central Record Keeping Agency (CRA): National Securities Depository Limited (NSDL), Karvy Computershare Pvt.Ltd and PFRDA have set up Central Recordkeeping Agency (CRA) for the NPS

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

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

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

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

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



The fees payable to CRA, in terms of IMA, is charged to the investor by redeeming the equivalent number of units on receipt of intimation from CRA.

The Trustee Bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account maintained by the PFM, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM record receipt of funds in the respective schemes only.

7.2 Basis of preparation of Financial Statements

The financial statements have been prepared to comply, in all material respects, with the generally accepted accounting principles in India. These financial statements have been prepared under the historical cost convention (as modified for investments, which are marked to market) on an accrual basis, except as otherwise stated. The significant accounting policies are in accordance with the accounting policies generally accepted in India.

The Financial Statements of the scheme have been prepared in accordance 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, 2013 to the extent made applicable by PFRDA (Preparation of financial statements and Auditor's report of Schemes under National Pension System) Guidelines – 2012

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

7.3 Investments

- (i) The investments are undertaken as per the guidelines specified in the Investment Management agreement with respect to the individual schemes.
- (ii) Purchase and sale of investments are recorded as on the trade date at cost and sale price respectively.
- (iii) Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.
- (iv) 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.

(v) Valuation of Investments

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

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

As per directive received from NPS Trust, the valuation of investments is carried out by Stock Holding Corporation of India Limited (SHCIL) and provided to ABSLPML on daily basis.



(vi) **Securities traded at a stock exchange:**

- Central Government, State Government securities are valued at the aggregated prices received from independent valuation agencies CRISIL & ICRA on the particular valuation day.
- Treasury bills are valued at the aggregated prices received from independent valuation agencies CRISIL & ICRA on the particular valuation day.
- Mutual fund units are valued based on the net asset value of the preceding day of the valuation date.

7.4 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.
- Other income of a miscellaneous nature is accounted for as and when realised

7.5 Units reconciliation

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

7.6 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 May 05, 2017, in terms of the Pension Fund Regulatory and Development Authority's circular no. PFRDA/6/PFM/9/2 dated July 31, 2014.



7.7 Trustee fees

The Company charges nil Trustee fees with effect from 25th January 2019 per annum, in terms of the National Pension Scheme Trust circular no. 1/20/2015/NPS dated January 25, 2019, prior to that the Trustees fees were charged 0.005% per annum.

7.8 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.

7.9 Computation of Net Asset Value

The NAV of the Scheme is computed by dividing Net Assets by number of units under the Scheme. Net assets are derived by deducting Gross Liabilities, Investment Management Fees and Custodian Charges (on the day when the charges are recorded) as per IMA from Gross Assets.

7.10 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) is recognised on receipt and other incomes of miscellaneous nature are accounted for when there is certainty of collection.

7.11 Provision for Non performing assets

As per the PFRDA (Identification, Income Recognition and Provisioning of NPA) Guidance Note 2013, Provision is charged to the Revenue Account, in respect of:

- a) Non Performing Debt Securities as per the Authority Guidelines issued from time to time.
- b) Securities where the certificates, if any, are not traceable for a protracted period.
- c) Assets other than investments, which in the opinion of the Board Of Directors of PF have suffered substantial impairment in their value.

7.12 Income Taxes

No provision for income tax has been made since the income of the Schemes is exempt under Section 10(44) of the Income Tax Act, 1961.

7.13 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.



7.1 Investments

7.2 All investments of the scheme are in the name of the NPS trust .

7.3 At the end of the financial year , there are no open positions of derivatives in the scheme

The Schemes investments made in associates and Group companies as on Mar 31, 2019

| Security particulars | no of shares/bonds | 31-03-2019 | | no of shares/bonds | 31-03-2018 | |
|----------------------|--------------------|------------|---------------------|--------------------|------------|---------------------|
| | | Cost | Market Value (Cr\$) | | Cost | Market Value (Cr\$) |
| NIL | | 0 | 0 | | 0 | 0 |

7.4 As on the date of Balance sheet , the scheme does not have any investments which can be categorized as NPA

| Security particulars | Value of security | 31-03-2019 | | Value of security | 31-03-2018 | |
|----------------------|-------------------|------------|---------------------|-------------------|------------|---------------------|
| | | Cost | Market Value (Cr\$) | | Cost | Market Value (Cr\$) |
| NIL | | 0 | 0 | | 0 | 0 |

7.5 Aggregate Unrealized Gain/Loss as at the end of the Financial year and percentage to net assets.

| Particular | Rs in Cr\$ | % to AAUM | As on 31.03.2019 | | As on 31.03.2018 | | | |
|--------------------------|------------|-----------|------------------|---------------------|------------------|-----------|------|---------------------|
| | | | Cost | Market Value (Cr\$) | Rs in Cr\$ | % to AAUM | Cost | Market Value (Cr\$) |
| Unrealised Gain | 0.08 | 4.21% | 2.28 | 2.36 | 0.00 | 0.00% | 0.00 | 0.00 |
| Unrealised Loss | 0.02 | 0.91% | 0.57 | 0.56 | 0.017 | -4.92% | 0.93 | 0.92 |
| Net Unrealised Gain/Loss | 0.06 | 5.12% | 2.86 | 2.92 | 0.02 | -4.92% | 0.93 | 0.92 |

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

| Particular | G-Tier II | G-Tier II |
|------------------------------|-------------|------------|
| | 31.03.2019 | 31.03.2018 |
| Average Net Asset Value | 184,45,947 | 34,31,132 |
| Purchase of Investment | 2342,58,941 | 389,74,260 |
| % to average Net Asset Value | 12.70% | 11.36% |
| Sale of Investment | 2158,50,580 | 296,46,401 |
| % to average Net Asset Value | 11.70% | 8.64% |

7.7 Following are the transaction with Associates & Group companies under the scheme

| Name of related party | Nature of relationship | FY 2018-19(Amt in Rs) | FY 2017-18(Amt in Rs) |
|--|------------------------|-----------------------|-----------------------|
| Aditya Birla Sun Life Pension Management Ltd | Management fees paid | 1437.66 | 165.48 |

| Particular | G-Tier II | G-Tier II |
|----------------------------|------------|------------|
| | 31.03.2019 | 31.03.2018 |
| Investment management fees | 2170.38 | 363.89 |

Balance with Aditya Birla Sun life Pension management Ltd

| Particular | G-Tier II | G-Tier II |
|------------------------------------|------------|------------|
| | 31.03.2019 | 31.03.2018 |
| Investment Management Fees payable | 732.72 | 198 |

7.8 Unit Capital

Units are created and redeemed based on the intimation provided by Central Record keeping Agency (CRA) and the same are reflected as Unit Capital and the net premium or discount to the face value is transferred to the Unit Premium Reserve
Based on confirmation from CRA the number of units as at the year end are 28353762.46

7.9 Unit NAV

| Particular | As on 31.03.2019 | As on 31.03.2018 |
|-------------------|------------------|------------------|
| NAV per unit (Rs) | 10.984 | 10.071 |

8.0 Details of sectoral classification of Investment has been appended as part of notes to accounts.

8.1 The scheme has no contingent liability as at the end financial year.

As per our report of even date

For Ray & Ray

Chartered Accountants

Firm Reg. No. 301072E & RA

Anil Karnik
Partner
Membership No. 31005

For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan
(CEO)

S.C.Bhargava
(Director)

Place : Mumbai

Date :

For and on behalf of NPS Trust

Ashvin Parekh
Ashvin Parekh

(Chairman, NPS Board)

नई दिल्ली
New Delhi
National Pension System Trust

Munish Malik

(Chief Executive officer)

| Name of the instrument | SIN No. | Industry | Quantity | Market Value | % of Portfolio | Rating |
|--------------------------------------|--------------|-------------------------------|-----------|---------------|----------------|--------|
| 8.15% GSEC 24.11.2026 | IN0020140060 | central government securities | 7,000.00 | 7,31,150.00 | 2.35% | |
| SDI TAMIL NADU 8.05% 2028 | IN1320180010 | central government securities | 10,000.00 | 10,00,652.00 | 3.21% | |
| 6.57% GOI 2033 (MD 05/12/2033) | IN0020160100 | central government securities | 28,600.00 | 25,97,166.00 | 8.34% | |
| 7.33% MAHARASHTRA SDI 2027 | IN2220170103 | central government securities | 12,000.00 | 11,59,041.60 | 3.72% | |
| 8.39% ANDHRA PRADESH SDI 06.02.2031 | IN1020180411 | central government securities | 10,000.00 | 10,24,326.00 | 3.29% | |
| 8.33 % KERALA SDI 30.05.2028 | IN2020180039 | central government securities | 10,000.00 | 10,17,391.00 | 3.27% | |
| 7.61% GSEC 09.05.2030 | IN0020160019 | central government securities | 13,500.00 | 13,57,469.55 | 4.36% | |
| 7.73% GS MD 19/12/2034 | IN0020150051 | central government securities | 14,400.00 | 14,52,777.12 | 4.66% | |
| 8.13 % KERALA SDI 21.03.2028 | IN2020170147 | central government securities | 1,900.00 | 1,90,887.49 | 0.61% | |
| 8.28% GOI 21.09.2027 | IN0020070069 | central government securities | 21,000.00 | 22,01,845.80 | 7.07% | |
| 8.28% GOI 15.02.2032 | IN0020060086 | central government securities | 7,000.00 | 7,37,111.90 | 2.37% | |
| 7.88% GOI 19.03.2030 | IN0020150028 | central government securities | 4,000.00 | 4,09,600.00 | 1.32% | |
| 8.69% Tamil Nadu SDI 24.02.2026 | IN1320150203 | central government securities | 3,500.00 | 3,63,161.40 | 1.17% | |
| 8.17% GS 2044 (01-DEC-2044). | IN0020140078 | central government securities | 25,000.00 | 26,52,000.00 | 8.52% | |
| 8.33% GS 7.06.2036 | IN0020060045 | central government securities | 11,000.00 | 11,70,361.50 | 3.76% | |
| 7.72% GOI 26.10.2055. | IN0020150077 | central government securities | 7,000.00 | 7,07,919.80 | 2.27% | |
| 8.26% Government of India 02.08.2027 | IN0020070036 | central government securities | 7,000.00 | 7,32,833.50 | 2.35% | |
| 6.79% GSEC (15/MAY/2027) 2027 | IN0020170026 | central government securities | 12,000.00 | 11,52,600.00 | 3.70% | |
| 8.83% GOI 12.12.2041 | IN0020110063 | central government securities | 4,000.00 | 4,50,915.20 | 1.45% | |
| 7.06 % GOI 10.10.2046 | IN0020160068 | central government securities | 15,000.00 | 14,06,700.00 | 4.52% | |
| 8.32% GS 02.08.2032 | IN0020070044 | central government securities | 10,000.00 | 10,56,865.00 | 3.40% | |
| 7.40% GOI 09.09.2035 | IN0020050012 | central government securities | 24,000.00 | 23,44,800.00 | 7.53% | |
| 7.50% GOI 10-Aug-2034 | IN0020040039 | central government securities | 15,000.00 | 14,83,581.00 | 4.76% | |
| 7.68% GS 15.12.2023 | IN0020150010 | central government securities | 5,000.00 | 5,14,750.00 | 1.65% | |
| Total | | | | 279,17,905.86 | 89.64% | |

| Money Market Instruments:- | Market Value | % of Portfolio | Rating |
|---|---------------|----------------|--------|
| - Treasury Bills | Nil | - | |
| - Money Market Mutual Funds | 12,64,529.39 | 4.06% | |
| - Certificate of Deposits / Commercial Papers | Nil | - | |
| - Application Pending Allotment | Nil | - | |
| - Bank Fixed Deposits (< 1 Year) | 15,47,513.98 | 4.97% | |
| - Cash / Cash Equivalent | 5,24,590.07 | 1.68% | |
| - Other Current Assets (Accrued Interest) | (1,10,861.74) | -0.36% | |
| Net Current Assets | | | |
| GRAND TOTAL | 311,43,677.56 | 100.00% | |

| | |
|--|-------|
| Average Maturity of Portfolio (in yrs) | 14.88 |
| Modified Duration (in yrs) | 8.12 |
| Yield to Maturity (%) (annualised) (at market price) | 7.65% |

| Securities | CREDIT RATING EXPOSURE | Market Value | % of Portfolio | Rating |
|----------------------------|------------------------|---------------|----------------|--------|
| Central Govt. Securities | | 231,62,446.37 | 74.37% | |
| State Development Loans | | 47,55,459.49 | 15.27% | |
| AAA / Equivalent | | | - | |
| AA+ (For Commercial Paper) | | | - | |
| AA / Equivalent | | | - | |
| AA- / Equivalent | | | - | |
| A+ / Equivalent | | | - | |
| A / Equivalent | | | - | |
| A- / Equivalent | | | - | |
| BBB+ / Equivalent | | | - | |
| BBB / Equivalent | | | - | |



NATIONAL PENSION SYSTEM TRUST

NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - G Tier II

Key Statistics for the year ended March 31, 2019

| S. No | Particular | As at March 2019 | As at March 2018 |
|---|--|------------------|------------------|
| 1 | NAV per Unit (Rs)* | | |
| | Open | 10.0710 | 10.0000 |
| | High | 10.9840 | 10.3103 |
| | Low | 9.8329 | 9.7455 |
| | End | 10.9840 | 10.0710 |
| 2 | Closing Assets Under Management (Rs in Lakhs) | 311.44 | 93.41 |
| | End | | |
| | Average (AAUM) | 184,45,947.48 | 34,31,131.66 |
| 3 | Gross Income % of AAUM@ | 11.86% | 6.45% |
| 4 | Expense Ratio | | |
| | a.Total Expenses as % of AAUM @ | 0.93% | 0.05% |
| | b.Management fees as a % of AAUM | 0.01% | 0.01% |
| 5 | Net Income as a % of AAUM@ | 10.93% | 1.42% |
| 6 | Portfolio turnover ratio | 0.00 | 0.06 |
| 7 | Returns (%) * Compounded Annualised Yield | | |
| | Last 1 Year | 9.07% | - |
| | Last 3 years | | |
| | Last 5 years | | |
| | Since Launch of the Scheme | 5.08% | 0.71% |
| | Launch Date | 09-05-2017 | 09-05-2017 |
| <p>@includes unrealised gain or loss</p> <p>1 Gross income =amount in the Revenue account i.e income</p> <p>2 Net income =amount in the revenue account i.e net realised gains/loss for the year /period</p> <p>3 Portfolio turnover = Lower of sales or purchase divided by the average AUM for the year / period.</p> <p>4 AAUM = Average daily net assets</p> <p>5 NAV= (Market value of investments 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)</p> | | | |



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 **National Pension System Trust (NPS Trust) A/c Scheme A Tier I (the Scheme)** managed by **Aditya Birla Sun Life Pension Management Limited (PFM)** which comprise the Balance Sheet as at 31st March, 2019, and Revenue Account for the period 1st April, 2018 to 31st March, 2019 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 Schedule VII of Pension Fund Regulatory and Development Authority (Pension Fund) Regulations, 2015 (as amended) (the Regulations) and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Scheme as of March 31, 2019;
- b) in the case of the Revenue Account, of the surplus of the Scheme for the period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). 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 PFM / the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements under the Regulations and other applicable guidelines issued by Pension Fund Regulatory and Development Authority (PFRDA) / NPS Trust and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter

Without modifying our opinion, we require your attention to the following:

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.

Other Information

The PFM's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Board of Directors of PFM, in accordance with the the Regulations, Pension Fund Regulatory and Development Authority (PFRDA) Guidelines and the Investment Management Agreement (the IMA) executed with NPS Trust, is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting standards referred to in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) to the extent made applicable by PFRDA to the Scheme. This responsibility also includes maintenance of adequate accounting records in accordance with PFRDA guidelines for safeguarding of the assets of the PFM and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, 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, NPS Trust and PFM 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 NPS Trust / PFM management either intends to liquidate the Schemes or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of PFM is also responsible for overseeing the PFM's financial reporting process on the recommendation of NPS Trust.

Auditor's Responsibility for the Audit of the Financial Statements

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 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 Schemes managed by PFM ability to continue as a going concern. 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 Schemes managed by PFM 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.



We communicate with management of NPS Trust and PFM, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide management of NPS Trust and PFM 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 the Schedule VII to the Regulations, we report that:

- a) We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
- b) The Balance Sheet and Revenue account of the Scheme are in agreement with the books of account of the Scheme;
- c) In our opinion, proper books of account of the Scheme, as required by the PFRDA have been maintained by PFM so far as appears from our examination of those books;
- d) All transaction expenses in excess of the limits (if any) contractually agreed to/approved by the Authority are borne by the PFM and are not charged to the NAV of the Scheme; and
- e) In our opinion, the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with the Accounting Standards notified under the Companies Act, 2013 read with Rule 7 of the companies (Accounts) Rules, 2014 (as amended) to the extent made applicable by the Regulations.

We further certify that:

- a) Investments have been valued in accordance with the guidelines issued by PFRDA
- b) Transaction and claims/fee raised by different entities are in accordance with the prescribed fee.

Ray & Ray
Chartered Accountants
Firm Registration No. 301072E


Anil Karnik
Partner
M. No. 31005



Place: Mumbai
Date:

NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - A Tier I
BALANCE SHEET AS AT MARCH 31, 2019

(in Rs.)

| Particulars | Schedules | As at March 31,2019 ₹ | As at March 31,2018 ₹ |
|---|-----------|--------------------------|--------------------------|
| Liabilities | | | |
| Unit Capital | 1 | 58,52,348 | 10,81,211 |
| Reserve & Surplus | 2 | 8,12,459 | 63,378 |
| Current Liabilities | 3 | 6,566 | 2,628 |
| Total | | 66,71,373 | 11,47,217 |
| Assets | | | |
| Investment | 4 | 65,77,858 | 11,43,327 |
| Other Current Assets | 5 | 93,516 | 3,890 |
| Total | | 66,71,373 | 11,47,217 |
| (a) Net asset as per Balance Sheet (Schedule 4+5+6-3) | | 66,64,807 | 11,44,589 |
| (b) Number of units outstanding | | 5,85,235 | 1,08,121 |

Significant accounting policies and notes to accounts

7&8

As per our report of even date

For Ray & Ray

Chartered Accountants

Firm Reg. No. 301072E

Anil Karnik

Partner

Membership No. 31005

Place : Mumbai

Date :

For and on behalf of NPS Trust

Ashvin Parekh

(Chairman, NPS Board)

For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan
(CEO)

S.C.Bhargava
(Director)

Munish Malik

(Chief Executive officer)



NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - A Tier I
REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019

| Particulars | Schedules | Year ended | Year ended |
|--|----------------|---------------------|---------------------|
| | | As at March 31,2019 | As at March 31,2018 |
| | | ₹ | ₹ |
| Income | | | |
| Profit on sale/redemption of investments | 6 | 2,13,091 | 7,362 |
| Unrealised gain on appreciation in investments | | 60,030 | 7,828 |
| Other income | | 1 | - |
| Total Income (A) | | 2,73,121 | 15,190 |
| Expenses & Losses | | | |
| Management fees (including service tax) | | 436 | 25 |
| NPS Trust fees | | 131 | 21 |
| CRA fees | | 5,382 | 717 |
| Less : Amount recoverable on sale of units on account of CRA Charges | | -5,382 | -717 |
| Total Expenditure (B) | | 566 | 46 |
| Surplus/(Deficit) for the year (A-B = C) | | 2,72,555 | 15,143 |
| Less: Amount transferred to Unrealised appreciation account | | 60,030 | 7,828 |
| Less: Amount transferred to General Reserve | | 2,12,525 | 7,316 |
| Amount carried forward to Balance Sheet | | - | - |
| Significant accounting policies and notes to accounts | 7&8 | | |

As per our report of even date

For Ray & Ray

Chartered Accountants

Firm Reg. No. 301072E

Anil Karnik

Partner

Membership No. 31005

Place : Mumbai

Date :

For and on behalf of NPS Trust

Ashvin Parekh
 Ashvin Parekh

(Chairman , NPS Board)



For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan

(CEO)

S.C.Bhargava

(Director)

Munish Malik
 (Chief Executive officer)



NATIONAL PENSION SYSTEM TRUST
NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - A Tier I
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31 2019

| Schedule 1: Unit capital | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Unit Capital | | |
| Outstanding at the beginning of the period | 10,81,211 | - |
| Add :Units issued during the period | 79,27,710 | 15,52,375 |
| Less: Units redeemed during the period | 31,56,573 | 4,71,164 |
| Outstanding at the end of the period | 58,52,348 | 10,81,211 |

| | | |
|--|----------|----------|
| (Face Value of Rs.10/- each unit, fully paid up) | | |
| Outstanding units at the beginning of the period | 1,08,121 | - |
| Add :Units issued during the period | 7,92,771 | 1,55,237 |
| Less: Units redeemed during the period | 3,15,657 | 47,116 |
| Outstanding Units at the end of the period | 5,85,235 | 1,08,121 |

| Schedule 2: Reserves and surplus | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Reserves and surplus | | |
| Unit premium reserve | | |
| Opening balance | 48235 | - |
| Add: Premium on Units issued | 789362 | 70424 |
| Less: Premium on Units redeemed | 312836 | -22189 |
| Closing balance | 524761 | 48235 |
| General Reserve | | |
| Opening balance | 7316 | - |
| Add/(Less): Transfer from/(to) Revenue Account | 212525 | 7316 |
| Closing balance | 219841 | 7316 |
| Unrealised Appreciation Reserve | | |
| Opening balance | 7828 | - |
| Add/(Less): Transfer from/(to) Revenue Account | 60030 | 7828 |
| Closing balance | 67858 | 7828 |
| Total | 812459 | 63378 |

| Schedule 3: Current liabilities and provisions | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Sundry creditors for expenses | | |
| Redemption Payable | 6381 | 2589 |
| NPS charges payable | 17 | 18 |
| Management fees payable | 169 | 21 |
| Total | 6566 | 2628 |

| Schedule 4: Investments | As at March 31, 2019 | As at March 31, 2018 |
|--------------------------|----------------------|----------------------|
| | ₹ | ₹ |
| Mutual Fund Units | 6577858 | 1143327 |
| Total | 6577858 | 1143327 |

| Schedule 5: Other current assets | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| Balances with banks in current account | 93516 | 3890 |
| Total | 93516 | 3890 |

| Schedule 6: Realised Gain on Sale/redemption of investment | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Profit on sale of Mutual fund scheme Units | 213091 | 7362 |
| Total | 213091 | 7362 |

As per our report of even date

For Ray & Ray
Chartered Accountants
Firm Reg. No. 301072E

Anil Kamik
Partner
Membership No. 31005



For Aditya Birla Sun Life Pension Management Limited

Sashi Krishnan
(CEO)

S.C. Bhargava
(Director)

Place : Mumbai
Date :

For and on behalf of NPS Trust

Ashvin Parekh
(Chairman, NPS Board)



Munish Malik
(Chief Executive officer)



NPS TRUST ADITYA BIRLA SUN LIFE PENSION MANAGEMENT LIMITED (ABSLPML) - SCHEME A TIER I

Note 7

Significant accounting policies & notes to the Financial Statements

7.1 Background

Aditya Birla Sun Life Pension Management Limited ('the Company') has been appointed as a Pension Fund Manager ('PFM') by the Pension Fund Regulatory and Development Authority ('PFRDA') for the management of Pension Schemes under the National Pension System ('NPS').

Accordingly, the Company has entered into an Investment Management Agreement ('IMA') with NPS Trust. The Pension Fund Regulatory and Development Authority ('PFRDA' / "Authority") guidelines require each PFM to manage subscribers' funds.

As per unbundled architecture of the NPS, the main responsibility of PFM is to manage funds in accordance with the laid down guidelines and declare NAV. As per the architecture, the NSDL e-Governance Infrastructure Ltd and Karvy Computershare Pvt.Ltd being the Central Recordkeeping Agency (CRA) provides consolidated data to PFM for allotment / redemption of units and Axis Bank, being the Trustee Bank, provides / receives funds on consolidated basis in respect of such allotment / redemption.

Central Record Keeping Agency (CRA): National Securities Depository Limited (NSDL), Karvy Computershare Pvt.Ltd and PFRDA have set up Central Recordkeeping Agency (CRA) for the NPS

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

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

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

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



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

The fees payable to CRA, in terms of IMA, is charged to the investor by redeeming the equivalent number of units on receipt of intimation from CRA.

The Trustee Bank provides subscription funds on a consolidated basis for all the schemes managed by PFM and credits the same to a control account maintained by the PFM, wherefrom the funds are transferred by the PFM to the respective schemes. The PFM record receipt of funds in the respective schemes only.

7.2 Basis of preparation of Financial Statements

The financial statements have been prepared to comply, in all material respects, with the generally accepted accounting principles in India. These financial statements have been prepared under the historical cost convention (as modified for investments, which are marked to market) on an accrual basis, except as otherwise stated. The significant accounting policies are in accordance with the accounting policies generally accepted in India.

The Financial Statements of the scheme have been prepared in accordance 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, 2013 to the extent made applicable by PFRDA (Preparation of financial statements and Auditor's report of Schemes under National Pension System) Guidelines – 2012

7.3 Investments

- (i) The investments are undertaken as per the guidelines specified in the Investment Management agreement with respect to the individual schemes.
- (ii) Purchase and sale of investments are recorded as on the trade date at cost and sale price respectively.
- (iii) Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.
- (iv) 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.

(v) Valuation of Investments

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

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



As per directive received from NPS Trust, the valuation of investments is carried out by Stock Holding Corporation of India Limited (SHCIL) and provided to ABSLPML on daily basis.

(vi) Securities traded at a stock exchange:

- Equity traded on valuation day (Actively Traded equity): Where a security is traded on any stock exchange on a particular valuation day, the last quoted closing price at which it was traded on the selected stock exchange, as the case may be, may be used (Closing prices from BSE/NSE for the day).
- Equity not traded on valuation day (Thinly traded equity): When a security is not traded on any stock exchange on a particular valuation day, the last quoted closing price at which it was traded on the selected stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than thirty days prior to valuation date.
- Mutual fund units are valued based on the net asset values of the preceding day of the valuation date.

(vii) Debt Securities other than Government Securities

- Debt securities other than Government securities with a residual maturity over 60 days are valued at weighted average traded price on that day. When such securities are not traded on a particular day, they are valued on a yield to maturity basis, by using spreads over risk free benchmark yield obtained from agencies entrusted for the said purpose, by association of mutual fund in India (AMFI) to arrive at the yield for pricing the security.
- Debt securities other than Government securities with a residual maturity upto 60 days are valued at weighted average traded price on that day. When such securities are not traded on a particular day, they are valued at last valuation price plus the difference between the redemption value and last valuation price, spread uniformly over the remaining maturity period of the instrument. In case of floating rate securities with floors and caps on coupon rate and residual maturity of upto 60 days, then those shall be valued on amortisation basis, taking the coupon rate as floor.

(viii) Valuation of securities having call and/or Put options:

- Callable Bonds with single / daily / multiple call options will be valued at lowest value basis.
- Puttable Bonds with single / daily / multiple call options will be valued at highest value basis.
- 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.



- 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.

(ix) 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.

(x) 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)

(xi) Valuation of Money Market Investment and Mutual Fund

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

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

7.4 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.
- Dividend is accounted on accrual basis and recognised on the date the share is quoted on ex-dividend basis.
- 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 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 as on the date of sale.
- Other income of a miscellaneous nature is accounted for as and when realised.



7.5 Units reconciliation

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

7.6 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 May 05, 2017, in terms of the Pension Fund Regulatory and Development Authority's circular no. PFRDA/6/PFM/9/2 dated July 31, 2014.

7.7 Trustee fees

The Company charges nil Trustee fees with effect from 25th January 2019 per annum, in terms of the National Pension Scheme Trust circular no. 1/20/2015/NPS dated January 25, 2019, prior to that the Trustees fees were charged 0.005% per annum..

7.8 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.

7.9 Computation of Net Asset Value

The NAV of the Scheme is computed by dividing Net Assets by number of units under the Scheme. Net assets are derived by deducting Gross Liabilities, Investment Management Fees and Custodian Charges (on the day when the charges are recorded) as per IMA from Gross Assets.

7.10 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) is recognised on receipt and other incomes of miscellaneous nature are accounted for when there is certainty of collection.



7.11 Provision for Non performing assets

As per the PFRDA (Identification, Income Recognition and Provisioning of NPA) Guidance Note 2013, Provision is charged to the Revenue Account, in respect of:

- a) Non Performing Debt Securities as per the Authority Guidelines issued from time to time.
- b) Securities where the certificates, if any, are not traceable for a protracted period.
- c) Assets other than investments, which in the opinion of the Board Of Directors of PF have suffered substantial impairment in their value.

7.12 Income Taxes

No provision for income tax has been made since the income of the Schemes is exempt under Section 10(44) of the Income Tax Act, 1961.

7.13 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.



NOTE 7 Notes to Accounts

7.1 Investments

7.2 All investments of the scheme are in the name of the NPS trust.

7.3 At the end of the financial year, there are no open positions of derivatives in the scheme

The Schemes investments made in associates and Group companies as on Mar 31, 2019

| Security particulars | no of shares/bonds | 31-03-2019 | | no of shares/bonds | 31-03-2018 | |
|----------------------|--------------------|------------|-------------------|--------------------|------------|-------------------|
| | | Cost | Market Value (Cr) | | Cost | Market Value (Cr) |
| NIL | | NIL | NIL | NIL | NIL | NIL |

7.4 As on the date of Balance sheet, the scheme does not have any investments which can be categorized as NPA

7.5 Aggregate Unrealized Gain/Loss as at the end of the Financial year and percentage to net assets.

| Particular | As on 31.03.2019 | | As on 31.03.2019 | | As on 31.03.2018 | | As on 31.03.2018 | |
|--------------------------|------------------|-----------|------------------|-------------------|------------------|-----------|------------------|-------------------|
| | Rs in Crs | % to AAUM | Cost | Market Value (Cr) | Rs in Crs | % to AAUM | Cost | Market Value (Cr) |
| Unrealised Gain | 0.01 | 1.62% | 0.65 | 0.66 | 0.001 | 3.30% | 0.11 | 0.11 |
| Unrealised Loss | 0 | 0 | 0.000 | 0.00 | 0 | 0 | 0.000 | 0.00 |
| Net Unrealised Gain/Loss | 0.01 | 1.62% | 0.65 | 0.66 | 0.001 | 3.30% | 0.11 | 0.11 |

7.6 The Schemes Aggregate Value of Purchase and sale percentage to average assets are set out below

| Particular | 31.03.2019 | 31.03.2018 |
|------------------------------|------------|------------|
| Average assets | 37,03,801 | 2,37,023 |
| Purchase of Investment | 443,34,000 | 18,81,850 |
| % to average Net Asset Value | 11.97% | 7.94% |
| Sale of Investment | 391,72,591 | 7,53,712 |
| % to average Net Asset Value | 10.58% | 3.18% |

7.7 Following are the transaction with Associates & Group companies under the scheme

| Name of related party | Nature of relationship | FY 2018-19(Amt in Rs) | FY 2017-18(Amt in Rs) |
|--|------------------------|-----------------------|-----------------------|
| Aditya Birla Sun Life Pension Management Ltd | Management fees paid | 266.96 | 3.56 |

The following represents significant transactions between the company and its related parties for the year ended Mar 31, 2018

| Particular | 31.03.2019 | 31.03.2018 |
|----------------------------|------------|------------|
| | In Rs | In Rs |
| Investment management fees | 435.55 | 25.04 |

Balance with Aditya Birla Sun life Pension management Ltd

| Particular | 31.03.2019 | 31.03.2018 |
|------------------------------------|------------|------------|
| | In Rs | In Rs |
| Investment Management Fees payable | 168.59 | 21.48 |

7.8 Unit Capital

Units are created and redeemed based on the intimation provided by Central Record keeping Agency (CRA) and the same are reflected as Unit Capital and the net premium or discount to the face value is transferred to the Unit Premium Reserve
Based on confirmation from CRA the number of units as at the year end are 5852347.91

7.9 Unit NAV

| Particular | As on 31.03.2019 | As on 31.03.2018 |
|-------------------|------------------|------------------|
| NAV per unit (Rs) | 11.3883 | 10.5862 |

8.0 Details of sectoral classification of investment has been appended as part of notes to accounts.

8.1 The scheme has no contingent liability as at the end financial year.

As per our report of even date

For Ray & Ray

Chartered Accountants

Firm Reg. No. 301072E

Anil Karnik

Partner

Membership No. 31005

Place : Mumbai

Date :

For and on behalf of NPS Trust

Ashvin Parekh

(Chairman, NPS Board)

For Aditya Birla Sun Life Pension Management Limited

Sashir Krishnan

(CEO)

S.C.Bhargava

(Director)

Munish Malik

(Chief Executive Officer)

New Delhi

New Delhi

New Delhi

New Delhi

New Delhi

New Delhi

New Delhi

New Delhi

NATIONAL PENSION SYSTEM TRUST

NPS TRUST A/C -ADITYA BIRLA SUN LIFE PENSION FUND SCHEME - A Tier I

Key Statistics for the year ended March 31, 2019

| S. No | Particular | As at March 2019 | As at March 2018 |
|-----------------------------------|---|------------------|------------------|
| 1 | NAV per Unit (Rs)* | | |
| | Open | 10.5862 | 10.0000 |
| | High | 11.3883 | 10.5862 |
| | Low | 10.5862 | 10.0000 |
| | End | 11.3883 | 10.5862 |
| 2 | Closing Assets Under Management (Rs in Lakhs) | 66.65 | 11.45 |
| | End | | |
| | Average (AAUM) | 37,03,801 | 2,37,023 |
| 3 | Gross Income % of AAUM @ | 7.37% | 6.41% |
| 4 | Expense Ratio | | |
| | a.Total Expenses as % of AAUM @ | 0.02% | 0.02% |
| | b.Management fees as a % of AAUM | 0.01% | 0.01% |
| 5 | Net Income as a % of AAUM@ | 7.36% | 6.39% |
| 6 | Portfolio turnover ratio | 10.58 | - |
| 7 | Returns (%) * Compounded Annualised Yield | | |
| | Last 1 Year | 7.58% | - |
| | Last 3 years | | |
| | Last 5 years | | |
| | Since Launch of the Scheme | 7.11% | 5.86% |
| | Launch Date | 15-05-2017 | 15-05-2017 |
| @includes unrealised gain or loss | | | |
| 1 | Gross income =amount in the Revenue account i.e income | | |
| 2 | Net income =amount in the revenue account i.e net realised gains/loss for the year /period | | |
| 3 | Portfolio turnover = Lower of sales or purchase divided by the average AUM for the year / period. | | |
| 4 | AAUM = Average daily net assets | | |
| 5 | NAV= (Market value of investments 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) | | |



K M P S & ASSOCIATES

CHARTERED ACCOUNTANTS

H. O.: 102, Yashwant Tower CHSL, Opp. Gurukul Auto Stand, Panchpakhadi, Thane - 400602. Tel-25412102
Branch: 46, R. K. Building, Manorama Nagarkar Road, Taikalwadi, Shivaji Park, Mumbai - 400016. Tel: 24306605

To
The Board of Directors
Aditya Birla Sun Life Pension Management Ltd.,
One India Bulls Centre,
Tower - 1, 16th Floor,
Jupiter Mill Compound,
841, S.B. Marg, Elphinstone Road,
Mumbai - 400 013.

We have reviewed the report on proxy voting for the quarter ending June 2018, September 2018, December 2018 and March 2019 and the proxy voting disclosure uploaded on the company's website with the memorandum of discussions of the meetings of the proxy voting committee, approval mails of the CIO & CEO of the company and the collective decision of the other pension funds.

We hereby certify that the Company has complied with the procedure for exercise of voting rights and submission of periodic reports effective quarter ended June 2018, September 2018, December 2018 and March 2019, as required under the Circular, to the NPS Trust for the Financial Year 2018-19.

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

For KMPS & Associates
Chartered Accountants
Firm Reg. No.115956W

KM Kate
Kamlesh Kate
Partner

M. No. 117656

Mumbai, April 22, 2019

